

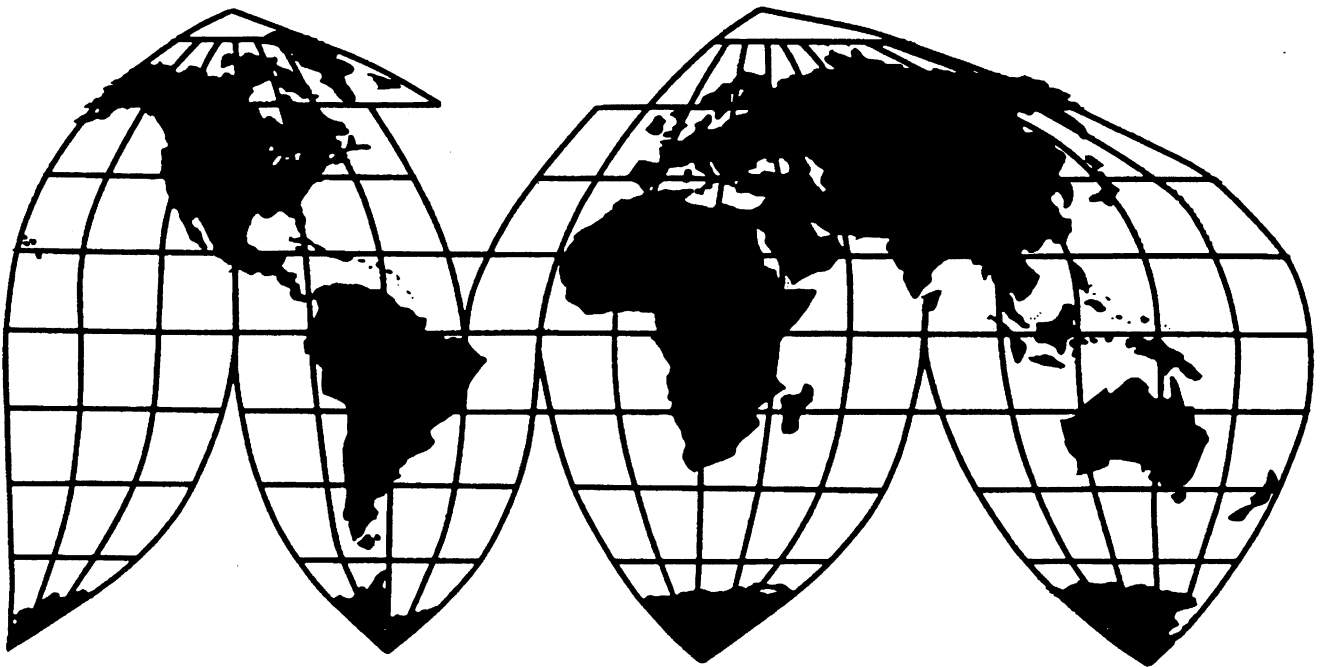
Heavy Forged Hand Tools From China

Investigations Nos. 731-TA-457 (A-D) (Review)

Publication 3322

July 2000

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

Investigations Nos. 731-TA-457 A-D (Review)

HEAVY FORGED HANDTOOLS FROM CHINA

DETERMINATIONS

On the basis of the record¹ developed in the subject five-year reviews, the United States International Trade Commission determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)) (the Act), that revocation of the antidumping duty orders on heavy forged handtools from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

BACKGROUND

The Commission instituted these reviews on July 1, 1999 (64 F.R. 35682) and determined on October 1, 1999 that it would conduct full reviews (64 F.R. 55958, October 15, 1999). Notice of the scheduling of the Commission's reviews and of a public hearing 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* on February 10, 2000 (65 F.R. 6626). The hearing was held in Washington, DC, on May 16, 2000, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

VIEWS OF THE COMMISSION

Based on the record in this five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Act”), that revocation of the antidumping duty orders covering imports of heavy forged handtools from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

I. BACKGROUND

In January 1991, the Commission determined that an industry in the United States was being materially injured by reason of imports of striking tools from China that were being sold at less than fair value. The Commission also made the same determinations with respect to imports of digging tools, hewing tools and bar tools from China that were being sold at less than fair value, corresponding to three separate additional industries.¹ On February 19, 1991, Commerce issued antidumping duty orders on heavy forged handtools from China.²

On April 16, 1997, a major importer and distributor of heavy forged handtools, including picks and mattocks, filed a request for a changed circumstances review, but the Commission declined to initiate an investigation.³

On July 1, 1999, the Commission instituted this review pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”), to determine whether revocation of the antidumping duty orders on heavy forged handtools would likely lead to continuation or recurrence of material injury.⁴ The Commission received an individual response to the notice of institution from Woodings-Verona, a division of O. Ames Co. (“Ames”), which is a domestic manufacturer of each of the four domestic like products. Ames was unable to provide an estimate of the percentage of total U.S. production of each domestic like product accounted for by its production and there is no publicly available information concerning U.S. production of the domestic like products during 1998. However, according to the original staff report, in 1989 Ames accounted for *** percent of total U.S. production of all four domestic like products combined and its shares of U.S. shipments were *** percent of axes/adzes, *** percent of bars/wedges, *** percent of hammers/sledges, and *** percent of picks/mattocks. The Commission also received a joint response from five Chinese exporters of subject merchandise: Fujian Machinery & Equipment I/E Corp., Liaoning Machinery I/E. Corp., Shandong Huarong General Group

¹ Heavy Forged Handtools from the People’s Republic of China, Inv. No. 731-TA-457 (Final), USITC Pub. 2357, at 3 (“Original Determination”).

² 56 Fed. Reg. 6622 (Feb. 19, 1991). Following issuance of the orders, two of the three exporters of the subject merchandise appealed Commerce’s and the Commission’s affirmative determinations to the Court of International Trade, which upheld Commerce’s calculation of the dumping margins and remanded to the Commission an issue concerning standing. Tianjin Machinery Import & Export Corp. v. United States, 16 CIT 1020 (1992). The court found that the Commission’s final determination was “silent” on the issue of the opposition of one manufacturer, a significant producer of hewing tools, to the petition, such that the determination with respect to hewing tools was not supported by substantial evidence. The Commission’s remand decision, *i.e.* that a determination regarding standing is within the purview of Commerce, was affirmed. Tianjin Machinery Import & Export Corp. v. United States, 820 F. Supp. 1456 (Ct. Int’l Trade 1993).

³ 62 Fed. Reg. 36305 (July 7, 1997).

⁴ 64 Fed. Reg. 35682 (July 1, 1999).

Corp., Shandong Machinery I/E Corp., and Tianjin Machinery I/E Corp.⁵ There is no publicly available information on foreign production/exports of the subject merchandise or U.S. imports of the subject merchandise during 1998, and the respondent interested parties were unable to provide an estimate of the percentage of total Chinese production or exports of the subject merchandise accounted for by their production and exports to the United States.

On October 1, 1999, the Commission determined that the domestic interested party group response to the notice of institution was adequate for picks and mattocks, hammers and sledges, and bars and wedges, but was inadequate with respect to axes and adzes. The Commission also determined that the respondent interested party group response was adequate with respect to all heavy forged handtools.⁶ Pursuant to 19 U.S.C. § 1675(c)(5), the Commission decided to conduct a full review of these orders.⁷

Ames opposed revocation of the subject orders, filed a response to the Commission's notice of institution, completed the Commission's questionnaires, filed prehearing and posthearing briefs in this review, and participated in the hearing. The respondents filed a response to the Commission's notice of institution, but only one firm submitted a *** response to the Commission's foreign producer questionnaire. Counsel for respondents then informed Commission staff that ***.⁸ Respondents did not otherwise respond to the Commission's requests for information and did not file prehearing or posthearing briefs or participate in the hearing.

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. Domestic Like Product

In making its determination under section 751(c), the Commission defines the "domestic like product" and the "domestic industry."⁹ 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

⁵ Huarong is also a producer of bars/wedges.

⁶ See Explanation of Commission Determination of Adequacy in Heavy Forged Handtools from China. See also 64 Fed. Reg. 55958 (Oct. 15, 1999). With respect to picks and mattocks, hammers and sledges, and bars and wedges, Chairman Bragg and Commissioner Crawford determined that both the domestic and respondent group responses were inadequate and voted for an expedited review. With regard to axes and adzes, Vice Chairman Miller and Commissioners Hillman and Koplan concluded that the domestic group response was inadequate and the respondent group response was adequate, but that other circumstances warranted a full review; Commissioner Askey concluded that both the domestic and respondent group responses were adequate and voted for a full review; Chairman Bragg and Commissioner Crawford concluded that both the domestic and respondent group responses were inadequate and voted for an expedited review.

⁷ The Commission found that other circumstances warranted conducting a full review with respect to axes and adzes. 64 Fed. Reg. at 55958.

⁸ Confidential Report ("CR") at IV-11, Public Report ("PR") at IV-4.

⁹ 19 U.S.C. § 1677(4)(A).

investigation under this subtitle.”¹⁰ In a section 751(c) review, the Commission must also take into account “its prior injury determination.”¹¹

In its final five-year review determination, Commerce defined the subject merchandise as: HFHTs [heavy forged handtools] include heads for drilling, hammers, sledges, axes, mauls, picks, and mattocks, which may or may not be painted, which may or may not be finished, or which may or may not be imported with handles; assorted bar products and track tools including wrecking bars, digging bars and tampers; and steel wood splitting wedges. HFHTs are manufactured through a hot forge operation in which steel is sheared to the required length, heated to forging temperature, and formed to final shape on forging equipment using dies specific to the desired product shape and size. Depending on the product, finishing operations may include shot-blasting, grinding, polishing, and painting, and the insertion of handles for handled products. . . . Specifically excluded are hammers and sledges with heads 1.5 kilograms (3.33 pounds) in weight and under, and hoes and rakes, and bars 18 inches in length and under.¹²

Heavy hammers may be distinguished from claw-type (carpenters’) hammers or ball peen type (machinists’) hammers by the weight of the tool head, which ranges from two to 20 pounds. Sledge hammers are heavy hammers that are used for driving stakes or wedges into wood. Woodsplitting mauls resemble sledge hammers, except that mauls have one axe-like edge, and are intended primarily to split wood without the use of wedges (however, the blunt end may be used for striking stakes, wedges, or other objects in a manner similar to a sledge hammer).

Bars and wedges include crowbars, wrecking bars, digging bars, and tampers. The principal product in this group is the crowbar, which is a relatively long steel bar that is usually flattened and slightly bent at one or both ends and used as a lever.

Picks are produced in a number of styles and differ principally in the weight of the head, the angle and size of the prongs, and the shape of the pick points. They are used for digging in hard soil. Mattocks are similar to picks but have one end broad instead of pointed. Mattocks are used for digging in soft soil.

Axes are usually divided into two groups: large axes (for chopping wood) and special-purpose axes. Axes may have a single cutting edge (single bit) or double cutting edge (double bit). The single bit axe has a hammer face (used for pounding) on the opposite side of the axe head. The mattock axe is a single bit axe with an adze-shaped grubbing blade on the back, designed for digging, prying, or chopping.

Heavy forged handtools are produced by a basic forging process, wherein fine grain, special bar quality steel is heated and stamped using forging hammers, usually with dies. The material is then

¹⁰ 19 U.S.C. § 1677(10). See *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (CIT 1996); *Torrington Co. v. United States*, 747 F. Supp. 744, 748-49 (CIT 1990), *aff’d*, 938 F.2d 1278 (Fed. Cir. 1991). See also S. Rep. No. 96-249 at 90-91 (1979).

¹¹ 19 U.S.C. §1675(a)(1)(a).

¹² 65 Fed. Reg. 35321 (June 2, 2000) (Commerce’s notice regarding bars and wedges and hammers and sledges); 65 Fed. Reg. 5497 (Feb. 4, 2000) (Commerce’s notice regarding axes and adzes and picks and mattocks). In the original investigation, the Commission determined to include all hammers with heads weighing two pounds or more in the like product. Original Determination at 10. The Commission also found that the like product should include bars of all lengths. Original Determination at 12.

trimmed, heat-treated, ground, polished, and sometimes painted. There are no significant differences reported in the manufacturing process between imported and domestically produced products.¹³

The starting point of the Commission's like product analysis in a five-year review is the like product definition in the Commission's original determination.¹⁴ In the original investigation, the Commission determined that there were four like products: 1) hammers and sledges, with heads weighing two pounds or more, with or without handles (striking tools); 2) all bar tools, track tools, and wedges (bar tools); 3) picks and mattocks, with or without handles (digging tools); and 4) axes, adzes and hewing tools, other than machetes, with or without handles (hewing tools).¹⁵ None of the parties responding to the Commission's notice of institution raised any objections to the original like product definitions.¹⁶ While the record could also support a single like product finding, given the Commission's original like product determination and the absence of any contrary argument from the parties, we find four like products as identified in our original determination.

B. Domestic Industry

Section 771(4)(A) of the Act defines the relevant industry as the "domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product."¹⁷ Given our finding of four domestic like products, we find four domestic industries, consisting of: 1) domestic producers of hammers and sledges, with heads weighing two pounds or more, with or without handles (striking tools); 2) domestic producers of all bar tools, track tools, and wedges (bar tools); 3) domestic producers of picks and mattocks, with or without handles (digging tools); and 4) domestic producers of axes, adzes and hewing tools, other than machetes, with or without handles (hewing tools).

We note that the Commission sought data for each of the four domestic industries and received separate data for each with the exception of financial data. Only one domestic producer was able to provide specific financial data for the four domestic industries, so the best financial data available are in the aggregate for all heavy forged handtools production with appropriate adjustments made by the staff.¹⁸ The statute allows the Commission to rely on such aggregate financial information when "available data do not permit the separate identification of production in terms of such criteria as the production process

¹³ CR at I-14 - I-15, PR at I-8.

¹⁴ In the like product analysis for an investigation, the Commission generally considers a number of factors, including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) common manufacturing facilities, production processes and production employees; (5) customer or producer perceptions; and, where appropriate, (6) price. See Timken Co. v. United States, 913 F. Supp. 580, 584 (CIT 1996). No single factor is dispositive, and the Commission may consider other factors relevant to a particular investigation. The Commission looks for clear dividing lines among possible like products, and disregards minor variations. See, e.g., S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979); Torrington, 747 F. Supp. at 748-49.

¹⁵ Original Determination at 15. With minor differences, these definitions corresponded to the Department of Commerce's class or kind definitions.

¹⁶ Ames Response to Notice of Institution at 13; Joint Respondents' Response to Notice of Institution at 8.

¹⁷ 19 U.S.C. § 1677(4)(A).

¹⁸ CR at III-9, PR at III-2.

or the producer's profits."¹⁹ Thus, we may rely on the financial data for the handtools industry as a whole in analyzing the impact of the subject imports on the four domestic industries.²⁰

C. Related Parties

We must further determine whether any producer of the domestic like product should be excluded from any of the domestic industries as a related party pursuant to section 771(4)(B), which 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 that are themselves importers. Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each case.²¹

In this review, one of the domestic producers is an importer of subject merchandise. ***²² In the original investigation, based on confidential information not disclosed in the opinion²³ the Commission determined not to exclude *** from any of the domestic industries of which it was a member.²⁴

¹⁹ 19 U.S.C. § 1677(4)(D).

²⁰ The parties generally made their arguments with respect to one aggregate handtools industry, although they agree that there should be four separate domestic like products.

²¹ See Sandvik AB v. United States, 721 F. supp. 1322, 1331-32 (CIT 1989), *aff'd without opinion*, 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1352 (CIT 1987). The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude such 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 producer 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 (CIT 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 interest of the related producer lies in domestic production or importation. See, *e.g.*, Sebacic Acid from the People's Republic of China, Inv. No. 731-TA-653 (Final), USITC Pub. 2793, at I-7 - I-8 (July 1994).

²² CR at I-17, PR at I-9.

²³ The Commission's practice at the time of the original investigation was to issue only public opinions.

²⁴ Original Determination at 20. The Commission did determine to exclude Madison Mill, Inc., an importer of subject merchandise, from the three domestic industries to which it belonged based on its opposition to the petition and the fact that it clearly benefitted from the subject imports. Original Determination at 19. Madison Mill is a producer of wood products (including handles for the subject imports) and an ***. Although in the original investigation the Commission included it in three industries, Original Determination at 17, we determine not to do so in this review. We note that in the original investigation the Commission declined to include within the domestic industries companies that did no more than assemble imported heads with handles purchased from a domestic manufacturer, which appears to be somewhat inconsistent with its determination to include Madison Mill within three domestic industries (Madison Mill does make its own handles rather than purchase them, however). Original Determination at 17-18. On the basis of the limited information in the record, we do not find that Madison Mill engages in sufficient production-related activity to be considered a domestic producer. CR at I-16 n.9, PR at I-16

(continued...)

In this review, as noted above, *** imported subject axes in 1999 and therefore may be excluded from the domestic industry if appropriate circumstances exist. In 1999, *** accounted for *** percent of domestic production of axes and adzes.²⁵ Its level of subject imports relative to its domestic production is quite small, indicating that its primary interest is in domestic production, rather than in importing. *** did not indicate in its questionnaire responses why it imported subject merchandise. In terms of its financial position, *** ratio of operating income to net sales was *** percent in 1998 and *** percent in 1999, which is consistent with the financial performance of other members of the industry, indicating that it gained no significant benefit from subject imports.²⁶ We note that *** takes no position on revocation of the orders and no party has requested that *** be excluded from the domestic industry.²⁷ *** did state that “the dumping duties have been very good for our company and the entire domestic tool business.”^{28 29}

On these facts, we therefore determine that appropriate circumstances do not exist to exclude *** from the axes and adzes domestic industry.

III. REVOCATION OF THE ANTIDUMPING DUTY ORDERS ON HEAVY FORGED HANDTOOLS FROM CHINA WOULD LIKELY LEAD TO CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME

A. Legal Standard

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping duty order unless: (1) it makes a determination that subsidization and/or dumping is likely to continue or recur, and (2) the Commission makes a determination that revocation of an order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”³⁰ The SAA states that “under the likelihood standard, the Commission will engage in a counter-factual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation [of the order] . . . and the elimination of its restraining effects on volumes and prices of imports.”³¹ Thus, the likelihood standard is prospective in nature.³² The statute provides

²⁴ (...continued)

n.9.

²⁵ CR at I-16, PR at I-9.

²⁶ CR at Table III-6, PR at Table III-6.

²⁷ CR at I-16, PR at I-9.

²⁸ CR at I-17, PR at I-9.

²⁹ Chairman Koplman and Commissioners Miller and Hillman do not find that *** is benefitting significantly from its current level of subject imports such that its inclusion in the domestic industry would affect their assessment of the industry’s vulnerability. They also do not find that *** is likely to benefit substantially from subject imports if the orders are revoked such that *** inclusion in the domestic industry would affect their assessment of the likelihood of material injury.

³⁰ 19 U.S.C. § 1675a(a).

³¹ SAA, H.R. Rep. No. 103-316, vol. I, at 883-84 (1994). The SAA states that “[t]he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of

(continued...)

that “the Commission shall consider that the effects of revocation . . . may not be imminent, but may manifest themselves only over a longer period of time.”³³ According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ time frame applicable in a threat of injury analysis [in antidumping duty investigations].”^{34 35}

Although the standard in five-year reviews is not the same as the standard applied in original antidumping duty investigations, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked.”³⁶ It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order under review, and whether the industry is vulnerable to material injury if the order is revoked.³⁷

We note that Section 776(a) of the Act authorizes the Commission to take adverse inferences in five-year reviews, but such authorization does not relieve the Commission of its obligation to consider

³¹ (...continued)

material injury, or material retardation of an industry.” SAA at 883.

³² While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued [sic] prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

³³ 19 U.S.C. § 1675a(a)(5).

³⁴ SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” *Id.*

³⁵ In analyzing what constitutes a reasonably foreseeable time, Chairman Koplan examines all the current and likely conditions of competition in the relevant industry. He defines “reasonably foreseeable time” as the length of time it is likely to take for the market to adjust to a revocation. In making this assessment, he considers all factors that may accelerate or delay the market adjustment process including any lags in response by foreign producers, importers, consumers, domestic producers, or others due to: lead times; methods of contracting; the need to establish channels of distribution; product differentiation; and any other factors that may only manifest themselves in the longer term. In other words, this analysis seeks to define “reasonably foreseeable time” by reference to current and likely conditions of competition, but also seeks to avoid unwarranted speculation that may occur in predicting events into the more distant future.

³⁶ 19 U.S.C. § 1675a(a)(1).

³⁷ 19 U.S.C. § 1675a(a)(1). The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

³⁸ Section 752(a)(1)(D) of the Act directs the Commission to take into account in five-year reviews involving antidumping proceedings “the findings of the administrative authority regarding duty absorption.” 19 U.S.C. § 1675a(a)(1)(D). Commerce has not issued any duty absorption findings in connection with the orders under review.

the record evidence as a whole in making its determination.³⁹ We generally give credence to the facts supplied by the participating parties and certified by them as true, but base our decision on the evidence as a whole, and do not automatically accept the participating parties' suggested interpretation of the record evidence. Regardless of the level of participation and the interpretations urged by participating parties, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. "In general, the Commission makes determinations by weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive."⁴⁰ As noted above, while respondents filed a response to the Commission's notice of institution, only one firm submitted a response to the Commission's foreign producer questionnaire, and that response was ***.⁴¹ Counsel for respondents then informed Commission staff that *** and respondents did not file prehearing or posthearing briefs, nor did they participate in the hearing. Accordingly, we have relied on the facts available in this review, which consist primarily of the record in the Commission's original investigation on heavy forged handtools and the limited information collected by the Commission since the institution of these reviews, as well as the information submitted by Ames.

For the reasons stated below, we determine that revocation of the antidumping duty orders on heavy forged handtools from China would be likely to lead to continuation or recurrence of material injury to the domestic industries within a reasonably foreseeable time.

³⁹ Section 776 of the Act authorizes the Commission to "use the facts otherwise available" in reaching a determination when: (1) necessary information is not available on the record or (2) an interested party or any other person withholds information requested by the agency, fails to provide such information in the time or in the form or manner requested, significantly impedes a proceeding, or provides information that cannot be verified pursuant to section 782(i) of the Act. 19 U.S.C. § 1677e(a). The statute permits the Commission to use adverse inferences in selecting from among the facts otherwise available when an interested party has failed to cooperate by acting to the best of its ability to comply with a request for information. 19 U.S.C. § 1677e(b). Such adverse inferences may include selecting from information from the record of our original determination and any other information placed on the record. *Id.*

⁴⁰ SAA at 869.

⁴¹ CR at IV-11, PR at IV-4

B. Conditions of Competition⁴²

In evaluating the likely impact of the subject imports on the domestic industries, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”⁴³

The record in this review indicates that the market for each of these four products is characterized by several conditions of competition, namely: 1) the production of heavy forged handtools is labor intensive, rather than capital intensive,⁴⁴ and there are no significant differences reported in the manufacturing process between imported and domestically produced products;⁴⁵ 2) there is a moderate to high degree of substitution between the domestic products and subject imports;⁴⁶ 3) demand has been relatively flat since the time of the original investigation;⁴⁷ 4) there has been a shift in demand from the industrial sector to large retail accounts as well as to the do-it-yourself market;⁴⁸ 5) price is an important factor in purchasing decisions, particularly with the large retail accounts;⁴⁹ and 6) since the time of the original investigation, there has been a large increase in nonsubject imports, which now account for a large percentage of total imports.⁵⁰

Based on the record evidence, we find that these conditions of competition in the U.S. heavy forged handtools market are not likely to change significantly in the reasonably foreseeable future. Accordingly, we find that current conditions in the U.S. heavy forged handtools market provide us with a

⁴² In our following discussion of the conditions of competition and the likely effects of revocation, we consider the four industries separately wherever possible. Attempts were made to gather all necessary information on each of the separate industries. Only *** was capable of supplying financial data on the four industries individually. CR at III-9, PR at III-2. The one domestic producer that filed briefs and appeared at the hearing generally discussed the conditions of competition and the likely effects of revocation on the aggregate handtools industry, rather than on the four industries individually. *See, e.g.*, Ames Prehearing Brief at 21-25. Given that most of the domestic producers make most of the four products, we find that the important conditions of competition are similar for each of the industries, as are the likely effects of revocation as discussed below.

⁴³ 19 U.S.C. § 1675a(a)(4).

⁴⁴ Ames Prehearing Brief at 17.

⁴⁵ CR at I-15, PR at I-8.

⁴⁶ CR at II-9; PR at II-7. All responding purchasers and all responding importers indicated that the domestic like product and the subject imports could be used interchangeably. CR at II-11, PR at II-7. While some quality differences may exist, the record indicates that these differences would not be readily apparent to a non-professional purchaser, and these non-professional purchasers represent the most likely source of growth in demand for heavy forged handtools in the future. Tr. at 14 (Mr. Foster); Ames Prehearing Brief at 17.

⁴⁷ CR at II-8, PR at II-5.

⁴⁸ CR at II-8, PR at II-5; Tr. at 14 (Mr. Foster).

⁴⁹ CR at II-10, PR at II-6.

⁵⁰ The quantity of nonsubject imports of hammers and sledges has increased from *** in 1989 to *** in 1999; for bars and wedges, the increase was from *** to *** over the same period; for picks and mattocks, the increase was from *** to *** over the same period; and for axes and adzes, the increase was from *** to *** from 1989 to 1999. CR at Tables I-1 - I-3, PR at Tables I-1 - I-3. In 1999, nonsubject imports of hammers and sledges accounted for *** percent of the total value of such imports; similarly, bars and wedges accounted for *** percent; picks and mattocks accounted for *** percent; and axes and adzes accounted for *** percent. CR at Tables I-1 - I-4, PR at Tables I-1 - I-4.

sufficient basis upon which to assess the likely effects of revocation of the antidumping duty orders within the reasonably foreseeable future.

C. Likely Volume of Subject Imports

In evaluating the likely volume of imports of subject merchandise if the orders under review are revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.⁵¹ In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.⁵²

In the original investigations, the Commission found that the market share of subject imports corresponding to each of the four like products had increased significantly.⁵³ Between 1987 and 1989, the share of total domestic consumption of hammers and sledges accounted for by subject imports rose from *** percent to *** percent, as the actual volume of subject imports rose by *** percent, growing from *** units in 1987 to *** in 1989.⁵⁴ The share of total domestic consumption of bars and wedges by volume accounted for by subject imports rose from *** percent in 1987 to *** percent in 1989, with actual imports rising by *** percent, from *** units in 1987 to *** in 1989.⁵⁵ The share of total domestic consumption of picks and mattocks by volume accounted for by subject imports rose from *** percent in 1987 to *** percent in 1989, as the actual volume of imports rose by *** percent, rising from *** units in 1987 to *** in 1989.⁵⁶ For axes and adzes, the share of total domestic consumption by volume accounted for by subject imports rose from *** percent in 1987 to *** percent in 1989; the volume of subject axe and adze imports rose from *** units in 1987 to *** in 1989, or *** percent.

In the instant period of review, subject imports accounted for a significantly lower share of the market for three of the four product groups compared to their share during the original investigation. In 1999, subject imports of hammers accounted for *** percent of the market, subject imports of picks and mattocks accounted for *** percent, and subject imports of axes and adzes accounted for *** percent.⁵⁷ Despite the imposition of antidumping duties, however, subject imports have continued to account for a significant, and increased, share of total domestic consumption of bars and wedges, accounting for *** percent in 1998 and *** percent in 1999.⁵⁸

⁵¹ 19 U.S.C. § 1675a(a)(2).

⁵² 19 U.S.C. § 1675a(a)(2)(A)-(D).

⁵³ Original Determination at 27-30.

⁵⁴ CR at Table I-1, PR at Table I-1.

⁵⁵ CR at Table I-2, PR at Table I-2.

⁵⁶ CR at Table I-3, PR at Table I-3.

⁵⁷ CR at Tables I-1, I-3, and I-4, PR at Tables I-1, I-3, and I-4.

⁵⁸ CR at Table I-2, PR at Table I-2. However, these figures are inflated by the absence of a questionnaire

(continued...)

Only one subject producer in China submitted a response to the Commission's foreign producer questionnaire, and that response did not include capacity data.⁵⁹ The Commission was unable to gather complete capacity data in the course of the original investigations. Information on the subject industries in China is not readily available from public sources.⁶⁰ Information regarding general forging capacity in China was submitted by the domestic producer. In the absence of information regarding capacity, we rely on the behavior of subject producers and exporters during the period of the original investigations, along with data supplied by the domestic producer, in reaching our determination.^{61 62 63}

Several factors suggest that the volume of subject imports would increase significantly if the orders are revoked. First, during the original investigation the Chinese producers and exporters demonstrated the ability to rapidly increase exports to the U.S. market. In the years 1987-1989, the volume of subject imports rose between *** and *** percent for each of the four products.⁶⁴ While the volume of subject imports was lower in 1998-1999 for three of the four products, the continuing presence of subject imports in the market, despite the presence of antidumping duties, is an indication that subject

⁵⁸ (...continued)

response from the *** domestic producer of bars. CR at I-17, PR at I-11.

⁵⁹ CR at IV-11, PR at IV-4.

⁶⁰ CR at IV-10, PR at IV-2.

⁶¹ Chairman Koplán and Commissioners Miller and Hillman note that five Chinese companies, which appear to account for a significant percentage of Chinese exports of heavy forged handtools, responded to the Commission's notice of institution and expressed their willingness to participate in the review by providing information requested by the Commission. On the basis of their response to the notice of institution, the Commission determined that the respondent interested party group response was adequate and voted to conduct a full review. Subsequently, four of these companies refused to respond to the Commission's questionnaire and the fifth company provided only a partial response, which omitted critical information such as handtools production capacity. Chairman Koplán and Commissioners Miller and Hillman conclude that it is appropriate in such circumstances to take adverse inferences pursuant to 19 U.S.C. § 1677e(b). Accordingly, they rely on the information submitted by O. Ames Co. regarding general forging capacity in China and infer from this information that the Chinese heavy forged handtools industry is large and has substantial excess production capacity.

⁶² As discussed above, Vice Chairman Okun and Commissioner Askey base their decision on all of the available record evidence. They note that the record contains reliable evidence regarding general forging capacity in China. While this evidence is limited, they believe that it indicates that subject producers in China have significant excess capacity with which to direct a significant volume of heavy forged handtool exports to the U.S. market, for each of the four domestic like products. In addition, they believe the record indicates that, at a minimum, subject producers in China continue to possess the same aggregate production capacity as they did at the time of the original investigation, and that such production capacity similarly would result in significant volumes of imports into the U.S. market in the event of revocation, for each of the four domestic like products.

⁶³ While Commissioner Bragg concurs in the reliance upon the unrefuted data on the record regarding general forging capacity in China, she does so under a somewhat different analytical framework. Based upon the record evidence regarding Chinese forging capacity, Commissioner Bragg infers that subject producers in China have significant excess capacity with which to direct a significant volume of heavy forged handtools exports to the U.S. market, for each of the four types of product. Separately, Commissioner Bragg also infers that, at a minimum, subject producers in China continue to possess the same aggregate production capacity as they did at the time of the original investigations, and that such production capacity similarly would result in significant volumes of imports into the U.S. market in the event of revocation, for each of the four types of product.

⁶⁴ CR at Tables I-1 - I-4, PR at Tables I-1 - I-4.

foreign producers and exporters and U.S. importers have the contacts and distribution network necessary to support an increase in volume.

Second, the limited information available indicates that the Chinese industry remains very large. At the time of the original investigations, more than 130 firms in China were believed to be producers of heavy forged handtools.⁶⁵ Subject firms in China responding to the Commission's notice of institution listed 12 producers of heavy forged handtools.⁶⁶ According to data submitted by the domestic producer, there are approximately 350 "key" forgers in China.⁶⁷ Although many of these producers make other forged products such as automotive parts, handtools production is considered a "major" forging market in China.⁶⁸ Manufacturing industries, including forging, have actively solicited foreign investment.⁶⁹ In light of the importance of the forging industry in China, its pursuit of foreign investment, and its demonstrated ability to rapidly increase imports, we find the available evidence indicates that the industry in China continues to be very large and to have substantial excess capacity.

Third, the United States is the most important export market for Chinese heavy forged handtools.⁷⁰ Evidence indicates that subject foreign producers and importers have aggressively pursued accounts in the U.S. market, and that, despite the presence of the antidumping duty orders, this aggressive strategy has been rewarded with contracts at some of the largest and most important domestic mass retailers.⁷¹ ***⁷² Continued presence in the market, the importance of the U.S. market for subject producers and exporters, and the aggressive pursuit of contracts with mass retailers all indicate that subject foreign producers and exporters and U.S. importers would likely significantly increase the volume of subject imports if the orders were revoked.

Based on the record in these reviews, it is likely that producers and exporters in China would significantly increase exports to the U.S. market if the orders are revoked, given significant excess production capacity, previous rapid and significant increases in subject imports from China, and demonstrated continued interest in the U.S. market. We therefore conclude that, based on the record evidence, the volume of subject imports would likely be significant if the orders are revoked.

D. Likely Price Effects

In evaluating the likely price effects of subject imports if the antidumping duty orders are revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared with domestic like products and whether the subject imports are likely to enter the United States at prices that would have a significant depressing or suppressing effect on the prices of domestic like products.⁷³

⁶⁵ CR at II-5, PR at II-3.

⁶⁶ CR at II-5, PR at II-3.

⁶⁷ CR at II-6, PR at II-4.

⁶⁸ Ames Prehearing Brief at Attachment 3.

⁶⁹ Ames Prehearing Brief at 10-11.

⁷⁰ Ames Prehearing Brief at Attachment 5.

⁷¹ Ames Posthearing Brief at Attachment 1, p.12.

⁷² Ames Posthearing Brief at 5.

⁷³ 19 U.S.C. § 1675a(a)(3). The SAA states that "[c]onsistent with its practice in investigations, in considering

(continued...)

During the original investigation, the Commission found persistent or sustained underselling occurred with subject imports of picks and mattocks and axes and adzes.⁷⁴ The Commission found evidence of underselling of subject imports of hammers and sledges and bars and wedges, although the patterns of underselling were less consistent than those exhibited by the other two products.⁷⁵ During the years 1987-1989, average unit values (AUVs) for subject imports from China were below both the AUVs for the domestic like product and for nonsubject imports for each of the four products.⁷⁶

The Commission was unable to gather significant pricing data in the course of these reviews.⁷⁷ Despite these limitations, the pricing data showed significant underselling by subject imports of ***.⁷⁸ Pricing data on hammers and sledges showed mixed patterns of overselling and underselling, with *** on some products and mixed *** for others.⁷⁹ We note that, with a dumping order in place, overselling is not necessarily indicative of likely behavior absent the order. Moreover, despite the imposition of antidumping duties, AUVs for two of the four products, bars and wedges and picks and mattocks, remain well below AUVs for the domestic like products.⁸⁰ The AUV for subject imports of axes and adzes in 1999 was virtually identical to the AUV of domestic shipments of axes and adzes.⁸¹ The responding domestic producer indicates that Chinese product is the lowest-priced in the market.⁸² Given this record, we find that increased underselling is likely if the orders are revoked.⁸³

We have already noted that a high degree of interchangeability exists between subject imported heavy forged handtools and the domestic like products. We have also noted that demand for heavy forged handtools in the U.S. market is increasingly price-driven, as mass market retailers and do-it-yourself consumers have come to dominate the domestic market. Even with antidumping duties, subject foreign producers and exporters and U.S. importers have aggressively pursued sales to these mass

⁷³ (...continued)

the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

⁷⁴ Original Determination at 29-30.

⁷⁵ Original Determination at 27-28.

⁷⁶ CR at Tables I-1 - I-4, PR at Tables I-1 - I-4.

⁷⁷ The bulk of the pricing data supplied by one of the importers was particularly flawed. CR at V-4 n.4, PR at V-4, n. 4.

⁷⁸ CR at Tables V-4 and V-6 - V-8, PR at Tables V-4 and V-6 - V-8.

⁷⁹ CR at Tables V-1 - V-3, PR at Tables V-1 - V-3. Domestic producer Ames argues that the pricing data for domestic hammers and sledges are skewed towards the low end because Ames did not include its higher-quality hammers and sledges, produced for industrial users, in its pricing data. Ames Posthearing Brief at Attachment 1, pp.4-5.

⁸⁰ CR at Tables I-2 - I-3, PR at Tables I-2 - I-3. We note that prices for domestically-produced bars and wedges do not contain data from the largest U.S. producer of bars and wedges. CR at I-17, PR at I-10.

⁸¹ CR at Table I-4, PR at Table I-4.

⁸² Ames Posthearing Brief at Attachment 1, p.3.

⁸³ Even where the AUVs of nonsubject imports were lower than the AUVs of subject imports, Commissioner Bragg infers that in the event of revocation Chinese producers would price aggressively with regard to exports to the United States, and that significant volumes of highly interchangeable Chinese imports would result in significant price depression or suppression in the U.S. market within a reasonably foreseeable time.

market retailers, and have displaced domestic producers.⁸⁴ Little or no growth in demand is expected. Moreover, nonsubject imports have obtained significant shares in the domestic market for heavy forged handtools. The increase in volume and market share for nonsubject imports of hammers and sledges and picks and mattocks has been particularly notable.⁸⁵ The largest gains made by nonsubject imports appear to have come mainly at the expense of subject imports rather than domestic products. In this very competitive market, subject producers and exporters in China and U.S. importers would have a strong incentive to price even more aggressively in order to expand market share. We therefore find that the likely significantly increased volumes of lower-priced subject imports would adversely and significantly affect prices for the domestic like products upon revocation.

Thus, based on the record in this review, we find that revocation of the antidumping duty orders would be likely to lead to significant price suppression or depression by the subject imports of the domestic like product in the reasonably foreseeable future.

E. Likely Impact of Subject Imports

In evaluating the likely impact of imports of subject merchandise if the orders are revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.⁸⁶ All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.⁸⁷ As required by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the antidumping duty order at issue and whether the industry is vulnerable to material injury if the order is revoked.⁸⁸

⁸⁴ Ames Posthearing Brief at Attachment 1, p.12.

⁸⁵ Nonsubject imports of picks and mattocks accounted for over *** percent of total domestic consumption in 1998-1999, although its share of total domestic consumption never exceeded *** percent in the years 1987-1989. CR at Table I-3, PR at Table I-3. Nonsubject imports accounted for *** percent of total domestic consumption of hammers. CR at Table I-1, PR at Table I-1. For bars and wedges and axes and adzes, nonsubject imports accounted for approximately *** percent of total domestic consumption. CR at Tables I-2 and I-4, PR at Tables I-2 and I-4.

⁸⁶ 19 U.S.C. § 1675a(a)(4).

⁸⁷ 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that “the Commission may consider the magnitude of the margin of dumping” in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the “magnitude of the margin of dumping” to be used by the Commission in five-year reviews as “the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title.” 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887.

Commerce found that revocation of the antidumping duty orders would likely lead to continuation or recurrence of dumping at the following margins: hammers and sledges, 45.42 percent; bars and wedges, 31.76 percent; picks and mattocks, 50.81 percent; and axes and adzes, 15.02 percent. CR at I-10, PR at I-4 - I-5.

⁸⁸ The SAA states that in assessing whether the domestic industry is vulnerable to injury if the orders are revoked, the Commission “considers, in addition to imports, other factors that may be contributing to overall injury.

(continued...)

In the original investigation, the Commission found that subject imports had a detrimental impact on each of the domestic industries producing heavy forged handtools.⁸⁹ We note that Woodings-Verona, the original complainant and ***, was forced into bankruptcy in 1991 just after the orders were imposed; it was acquired by Ames in 1997.⁹⁰ The domestic producers believe that imposition of the orders was crucial to the industries' survival after the injury suffered in the 1980s.⁹¹

In both 1998 and 1999 the industries generated operating income, with net income equal to 2.6 and 2.1 percent of sales, respectively.⁹² Over the two-year period only one firm reported an operating loss and for only one year.⁹³ *** made capital expenditures in 1998 and 1999.⁹⁴ In the industries producing hammers and sledges, picks and mattocks, and axes and adzes, employment has been ***, with *** in wages and productivity.⁹⁵ The number of production and related workers in the bars and wedges industry *** between 1998 and 1999, as did the number of hours worked.^{96 97 98}

Even with the orders in place, imports from China have successfully competed for contracts with some of the largest and most important mass market retailers in the U.S. market, contracts that the domestic industries can ill afford to lose.⁹⁹ In 1999, capital expenditures and research and development expenses by the industries ***.¹⁰⁰ While the industries have continued to generate net income, that net income is ***.¹⁰¹ Production of heavy forged handtools remains labor intensive, and no improvements in technology or process are likely in the near future to significantly improve costs or the labor-intensive nature of production.

Given the likely significant increase in volume of subject imports and the resultant intense price competition in a market with sluggish demand growth, the domestic industries would likely experience

⁸⁸ (...continued)

While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

⁸⁹ Original Determination at 26-30.

⁹⁰ Ames Prehearing Brief at 1.

⁹¹ Ames Prehearing Brief at 4-7. As noted above, in making our determination, we have used separate industry data wherever possible, but have relied on the aggregate heavy forged handtools industry data where necessary.

⁹² CR at Table III-5, PR at Table III-5.

⁹³ CR at Table III-5, PR at Table III-5.

⁹⁴ CR at Table III-8, PR at Table III-8.

⁹⁵ CR at Tables III-1 - III-4, PR at Tables III-1 - III-4.

⁹⁶ CR at Table III-2, PR at Table III-2.

⁹⁷ Chairman Koplán and Commissioners Miller and Hillman find the domestic industries to be vulnerable based on the increasingly price-sensitive nature of the market and the weak financial performance of the heavy forged handtools industry. They also took into account the fact that the domestic producer with the strongest financial performance recently lost ***, which would represent approximately *** of the value of the company's total shipments in 1999. Therefore, this large producer, and, consequently, the industry as a whole, appears to be in a significantly weaker financial position than the 1999 financial data would suggest.

⁹⁸ Based on the foregoing, Vice Chairman Okun and Commissioners Bragg and Askey do not find the domestic industry to be in a weakened state.

⁹⁹ Ames Posthearing Brief, Attachment 1 at p.12.

¹⁰⁰ CR at Table III-8, PR at Table III-8.

¹⁰¹ CR at Table III-6, PR at Table III-6.

significant declines in output, sales, and income, with eventual losses in employment and capital and research and development expenditures similar to those experienced in the years of the original investigation.

In reaching these determinations, we are mindful that since the original investigation, nonsubject imports of three of the four products have increased significantly.¹⁰² Despite the presence of fairly significant, and increased, levels of nonsubject imports, we do not find that the impact of increased volumes of subject imports after revocation would fall largely on nonsubject imports. All suppliers, including the domestic producers, compete and are likely to continue to compete most intensely in the large and growing retail segment of the market.

Accordingly, based on the record in this review, we conclude that, if the antidumping duty orders are revoked, subject imports would be likely to have a significant adverse impact on the domestic industries within a reasonably foreseeable time.

CONCLUSION

For the foregoing reasons, we determine that revocation of the antidumping duty orders on heavy forged handtools from China would be likely to lead to continuation or recurrence of material injury to the respective domestic industries within a reasonably foreseeable time.

¹⁰² CR at Tables I-1 - I-4, PR at Tables I-1 - I-4.

PART I: INTRODUCTION AND OVERVIEW

BACKGROUND

On July 1, 1999, the Commission gave notice, pursuant to section 751(c) of the Tariff Act of 1930 (the Act), that it had instituted reviews to determine whether revocation of the antidumping duty orders on heavy forged handtools from China would likely lead to the continuation or recurrence of material injury to a domestic industry.¹ Effective October 1, 1999, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act. Information relating to the background and schedule of the reviews is provided in the following tabulation.²

Effective date	Action
February 19, 1991	Commerce's antidumping duty orders (56 FR 6622)
July 1, 1999	Commission's institution of reviews (64 FR 35682)
October 1, 1999	Commission's decision to conduct full reviews (64 FR 55958, October 15, 1999)
January 24, 2000	Commerce's preliminary results of full reviews on hammers and sledges, bars and wedges (65 FR 3658)
February 3, 2000	Commission's scheduling of the reviews (65 FR 6626, February 10, 2000)
February 4, 2000	Commerce's final results of expedited reviews on picks and mattocks, axes and adzes (65 FR 5497)
May 16, 2000	Commission's hearing ¹
June 2, 2000	Commerce's final results of full reviews on bars and wedges, hammers and sledges (65 FR 35321)
July 7, 2000	Commission's votes
July 18, 2000	Commission's determinations transmitted to Commerce

¹ App. B contains a list of witnesses who appeared at the hearing.

The Original Investigation

On April 4, 1990, a petition was filed with Commerce and the Commission alleging that an industry in the United States was materially injured or threatened with material injury by reason of dumped imports of heavy forged handtools from China.³ On January 3, 1991, Commerce made final

¹ Investigation No. 731-TA-457 A (Review) covers hammers and sledges with heads weighing over 1.5 kg (3.33 pounds) ("hammers and sledges"); investigation No. 731-TA-457 B (Review) covers bars over 18 inches in length, track tools, and wedges ("bars and wedges"); investigation No. 731-TA-457 C (Review) covers picks and mattocks ("picks and mattocks"); and investigation No. 731-TA-457 D (Review) covers axes, adzes, and similar hewing tools ("axes and adzes").

² The Commission's notice of institution, notice to conduct full reviews, scheduling notice, and statement on adequacy appear in app. A and may also be found at the Commission's web site (internet address www.usitc.gov). Commissioners' votes on whether to conduct expedited or full reviews may also be found at the web site.

³ The petition was filed by Woodings-Verona Toolworks, Verona, PA. The company was acquired by O. Ames Co. in 1997, which is a party in these reviews.

affirmative dumping determinations, with margins as follows: hammers and sledges, 45.42 percent; bars and wedges, 31.76 percent; picks and mattocks, 50.81 percent; and axes and adzes, 15.02 percent. The Commission made its final affirmative injury determinations on February 11, 1991, and Commerce issued antidumping duty orders on February 19, 1991.

Tables I-1 through I-4 present a summary of data from the original investigation and from these reviews. For hammers and sledges, U.S. producers' and nonsubject imports' shares of consumption by value have increased, while the share of imports from China has decreased during the 10-year interval between the original investigation and these reviews. Also, U.S. producers' capacity, production, productivity, and number of production workers have increased, while capacity utilization has declined.

For bars and wedges, the data show a different trend; however, the difference may be attributable to ***. While U.S. producers' share of consumption remained static in 1998 over 1989, it increased by 1999. While the share of Chinese imports declined, the share of nonsubject imports increased during the interval. U.S. capacity increased, but production and capacity utilization decreased. Productivity increased as the number of production workers declined.

The U.S. producers' share of picks and mattocks consumption has traditionally been small; however, it did increase slightly in the last 10 years, while the Chinese imports' share declined significantly and the share of nonsubject imports increased dramatically. The U.S. industry's capacity, capacity utilization, and number of production workers declined, while productivity increased substantially.

Finally, for axes and adzes, the U.S. producers' and nonsubject imports' shares of consumption increased while the share of Chinese imports decreased during the last 10 years. U.S. producers' capacity and productivity increased, while their capacity utilization and number of production workers declined.

Table I-1

Hammers and sledges: Summary data from the original investigation and current reviews, 1987-89 and 1998-99

* * * * *

Table I-2

Bars and wedges: Summary data from the original investigation and current reviews, 1987-89 and 1998-99

* * * * *

Table I-3

Picks and mattocks: Summary data from the original investigation and current reviews, 1987-89 and 1998-99

* * * * *

Table I-4

Axes and adzes: Summary data from the original investigation and current reviews, 1987-89 and 1998-99

* * * * *

Statutory Criteria

Section 751(c) of the Act requires Commerce and the Commission to conduct a review no later than five years after the issuance of an antidumping or countervailing duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation “would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury.”⁴

Section 752(a)(1) of the Act states that the Commission “shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account--

- (A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,*
- (B) whether any improvement in the state of the industry is related to the order or the suspension agreement,*
- (C) whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and*
- (D) in an antidumping proceeding, Commerce’s findings regarding duty absorption.”*

Section 752(a)(2) of the Act states that in “evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including--

- (A) any likely increase in production capacity or existing unused production capacity in the exporting country,*
- (B) existing inventories of the subject merchandise, or likely increases in inventories,*
- (C) the existence of barriers to the importation of such merchandise into countries other than the United States, and*
- (D) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.”*

Section 752(a)(3) of the Act states that in “evaluating the likely price effects of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether--

- (A) there is likely to be significant price underselling by imports of the subject merchandise as compared to domestic like products, and*

⁴ Certain transition rules apply to the scheduling of reviews (such as these) involving antidumping and countervailing duty orders and suspensions of investigations that were in effect prior to January 1, 1995 (the date the WTO Agreement entered into force with respect to the United States). Reviews of these transition orders will be conducted over a three-year transition period running from July 1, 1998, through June 30, 2001. Transition reviews must be completed not later than 18 months after institution.

(B) imports of the subject merchandise are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.”

Section 752(a)(4) of the Act states that in “evaluating the likely impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated, the Commission shall consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to--

(A) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,

(B) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and

(C) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.

The Commission shall evaluate all such relevant economic factors within the context of the business cycle and the conditions of competition that are distinctive to the affected industry.”

Section 752(a)(6) of the Act states that in making its determination, “the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy. If a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement.”

Information obtained during the course of the reviews that relates to the above factors is presented throughout this report. A summary of data collected in the reviews is presented in appendix C. U.S. industry data are based on questionnaire responses of four out of five firms that accounted for *** percent of U.S. production of heavy forged handtools during 1999. U.S. subject imports from China are based on questionnaire responses of six firms that accounted for imports in 1998 as follows: hammers and sledges, *** percent; bars and wedges, *** percent; picks and mattocks, *** percent; and axes and adzes, *** percent.⁵ U.S. import data for heavy forged handtools from all other countries are based on questionnaire responses of seven firms (with some overlap with the group importing from China) that accounted for over *** percent of such imports in 1999. Responses by U.S. producers, importers, and purchasers of heavy forged handtools and producers of heavy forged handtools in China to a series of questions concerning the significance of the existing antidumping duty orders and the likely effects of revocation are presented in appendix D.

COMMERCE’S RESULTS OF EXPEDITED AND FULL REVIEWS

On February 4, 2000, Commerce found that revocation of the antidumping duty orders on picks and mattocks and axes and adzes from China would likely lead to continuation or recurrence of dumping as follows: picks and mattocks, 50.81 percent; and axes and adzes, 15.02 percent. On June 2, 2000, Commerce found that revocation of the antidumping duty orders on hammers and sledges and bars and

⁵ Importers’ questionnaire responses accounted for approximately *** percent of imports of heavy forged handtools from China in 1999. Official statistics of the Department of Commerce were not available for the exact product definitions in these reviews. Questionnaire coverage was estimated using Customs’ data for subject imports from China included in the section of this report entitled “antidumping duties collected.”

wedges from China would likely lead to continuation or recurrence of dumping as follows: hammers and sledges, 45.42 percent; and bars and wedges, 31.76 percent. Commerce has not issued duty absorption determinations with respect to these orders.

COMMERCE'S ADMINISTRATIVE REVIEWS

Hammers and Sledges

Commerce has conducted seven administrative reviews of the antidumping duty order on hammers and sledges from China as shown in the following tabulation:

Period of review	Date review results issued or amended	Companies and margins (percent)
2/1/92-1/31/93	March 23, 2000 (65 FR 15615)	Fujian..... 27.71 SMC..... 22.44
2/1/93-1/31/94	May 8, 2000 (65 FR 26573)	Fujian..... 8.90 SMC..... 10.02
2/1/94-1/31/95	May 8, 2000 (65 FR 26574)	Fujian..... 1.23 SMC..... 4.77 PRC wide 44.41
2/1/95-1/31/96	March 13, 1997 (62 FR 11813)	Fujian..... 15.95 SMC..... 3.20 Tianjin..... 44.41
2/1/96-1/31/97	April 6, 1998 (63 FR 16758) October 16, 1998 (63 FR 55577)	Fujian..... 5.71 SMC..... 6.02 Tianjin..... 27.60
2/1/97-1/31/98	August 11, 1999 (64 FR 43659)	Tianjin..... 0.14 PRC wide..... 27.71
2/1/98-1/31/99	March 8, 2000 (65 FR 12202) (Preliminary determination; final determination due July 6, 2000)	Tianjin..... 26.38 SMC..... 27.71 PRC wide 27.71

Bars and Wedges

Commerce has conducted seven administrative reviews of the antidumping duty order on bars and wedges from China as shown in the following tabulation:

Period of review	Date review results issued or amended	Companies and margins (percent)
2/1/92-1/31/93	March 23, 2000 (65 FR 15615)	Fujian..... 47.88 SMC..... 33.87
2/1/93-1/31/94	May 8, 2000 (65 FR 26573)	Fujian..... 16.14 SMC..... 29.84
2/1/94-1/31/95	May 8, 2000 (65 FR 26574)	Fujian..... 1.05 SMC..... 25.93 PRC wide..... 66.32
2/1/95-1/31/96	March 13, 1997 (62 FR 11813)	Fujian..... 18.72 SMC..... 36.66
2/1/96-1/31/97	April 6, 1998 (63 FR 16758)	Shandong..... 34.00 Liaoning..... 2.94 SMC..... 38.30
2/1/97-1/31/98	August 11, 1999 (64 FR 43659)	Shandong..... 1.27 Liaoning..... 0.00 Tianjin..... 47.88 PRC wide..... 47.88
2/1/98-1/31/99	March 8, 2000 (65 FR 12202) (Preliminary determination; final determination due July 6, 2000)	Shandong..... 27.29 Liaoning..... 20.23 Tianjin..... 43.99 SMC..... 47.88 PRC wide..... 47.88

Picks and Mattocks

Commerce has conducted seven administrative reviews of the antidumping duty order on picks and mattocks from China as shown in the following tabulation:

Period of review	Date review results issued or amended	Companies and margins (percent)
2/1/92-1/31/93	March 23, 2000 (65 FR 15615)	Fujian..... 89.70 SMC..... 36.62
2/1/93-1/31/94	May 8, 2000 (65 FR 26573)	SMC..... 52.60
2/1/94-1/31/95	May 8, 2000 (65 FR 26574)	Fujian..... 65.11 SMC..... 52.82 PRC wide..... 108.20
2/1/95-1/31/96	March 13, 1997 (62 FR 11813)	Fujian..... 98.77 SMC..... 63.87
2/1/96-1/31/97	April 6, 1998 (63 FR 16758)	SMC..... 32.38
2/1/97-1/31/98	August 11, 1999 (64 FR 43659)	Tianjin..... 0.00 PRC wide..... 98.77
2/1/98-1/31/99	March 8, 2000 (65 FR 12202) (Preliminary determination; final determination due July 6, 2000)	Tianjin..... 138.78 SMC..... 138.78 PRC wide..... 138.78

Axes and Adzes

Commerce has conducted seven administrative reviews of the antidumping duty order on axes and adzes from China as shown in the following tabulation:

Period of review	Date review results issued or amended	Companies and margins (percent)
2/1/92-1/31/93	March 23, 2000 (65 FR 15615)	Fujian..... 14.23 SMC..... 14.23
2/1/93-1/31/94	May 8, 2000 (65 FR 26573)	Fujian..... 5.68
2/1/94-1/31/95	May 8, 2000 (65 FR 26574)	Fujian..... 1.84 PRC wide 21.92
2/1/95-1/31/96	March 13, 1997 (62 FR 11813)	Fujian..... 18.72 Tianjin..... 2.42
2/1/96-1/31/97	April 6, 1998 (63 FR 16758)	Fujian..... 5.11 Tianjin..... 1.96
2/1/97-1/31/98	August 11, 1999 (64 FR 43659)	Shandong..... 18.72 Tianjin..... 18.72 PRC wide..... 18.72
2/1/98-1/31/99	March 8, 2000 (65 FR 12202) (Preliminary determination; final determination due July 6, 2000)	Shandong..... 51.52 Tianjin..... 51.52 SMC..... 51.52 PRC wide 51.52

ANTIDUMPING DUTIES COLLECTED

Table I-5 presents the actual amount of Customs duties collected under the antidumping duty orders from 1994 to 1998.

Table I-5
Heavy forged handtools: Actual duties collected and imports from China, fiscal years 1994-98

(In 1,000 dollars)

Item	1994	1995	1996	1997	1998
Hammers/sledges:					
Total duties collected	795	577	269	132	121
Total imports	1,751	1,270	839	1,145	937
Bars/wedges:					
Total duties collected	477	277	507	545	376
Total imports	1,504	872	1,172	1,184	1,048
Picks/mattocks:					
Total duties collected	115	77	118	298	136
Total imports	226	152	219	323	192
Axes/adzes:					
Total duties collected	286	202	166	194	199
Total imports	1,902	1,423	1,101	990	1,014
Source: U.S. Customs Service Annual Report, Part A.					

THE SUBJECT PRODUCTS

The imported products subject to the antidumping orders under review are defined by Commerce as follows:

Heavy forged handtools include heads for drilling, hammers, sledges, axes, mauls, picks, and mattocks, which may or may not be painted, which may or may not be finished, or which may or may not be imported with handles; assorted bar products and track tools including wrecking bars, digging bars, and tampers; and steel wood splitting wedges. Heavy forged handtools are currently classifiable under the following HTS item numbers: 8205.20.60, 8205.59.30, 8201.30.00, and 8201.40.60. Specifically excluded are hammers and sledges with heads 1.5 kilograms (3.33 pounds) in weight and under, hoes and rakes, and bars 18 inches in length and under. Specifically included is the Forrest Tool Company's Max Multipurpose Tool. Heavy forged handtools are manufactured through a hot forge operation in which steel is sheared to the required length, heated to forging temperature, and formed to final shape on forging equipment using dies specific to the desired product shape and size. Depending on the product, finishing operations may include shot-blasting, grinding, polishing, and painting, and the insertion of handles for handled products.⁶

Heavy hammers may be distinguished from claw-type (carpenters') hammers or ball peen type (machinists') hammers by the weight of the tool head, which ranges from 2 to 20 pounds. Sledge hammers are heavy hammers that are used for driving stakes or wedges into wood. Woodsplitting mauls resemble sledge hammers, except that mauls have one axe-like edge, and are intended primarily to split wood without the use of wedges (however, the blunt end may be used for striking stakes, wedges, or other objects in a manner similar to a sledge hammer).

Bars and wedges include crowbars, wrecking bars, digging bars, and tampers. The principal product in this group is the crowbar, which is a relatively long steel bar that is usually flattened and slightly bent at one or both ends and used as a lever.

Picks are produced in a number of styles and differ principally in the weight of the head, the angle and size of the prongs, and the shape of the pick points. They are used for digging in hard soil. Mattocks are similar to picks but have one end broad instead of pointed. Mattocks are used for digging in soft soil.

Axes are usually divided into two groups: large axes (for chopping wood) and special-purpose axes. Axes may have a single cutting edge (single bit) or double cutting edge (double bit). The single bit axe has a hammer face (used for pounding) on the opposite side of the axe head. The mattock axe is a single bit axe with an adze-shaped grubbing blade on the back, designed for digging, prying, or chopping.

Heavy forged handtools are produced by a basic forging process, wherein fine grain, special bar quality steel is heated and stamped using forging hammers, usually with dies. The material is then trimmed, heat-treated, ground, polished, and sometimes painted. There are no significant differences reported in the manufacturing process between imported and domestically produced products.

DOMESTIC LIKE PRODUCT ISSUES

In its original determination the Commission found the appropriate domestic like products to be "four separate like products, defined as follows: (1) hammers and sledges, with heads weighing two pounds or more, with or without handles; (2) all bar tools, track tools, and wedges; (3) picks and mattocks, with or without handles; and (4) axes, adzes, and hewing tools, other than machetes, with or

⁶ 65 FR 5497, February 4, 2000.

without handles.”⁷ The original domestic like products were defined more broadly than the subject merchandise in two respects: (1) subject imports of hammers and sledges are limited to those with heads weighing over 1.5 kg (or 3.33 pounds); and (2) subject imports of bars and wedges are limited to those measuring over 18 inches in length. In response to a question soliciting comments regarding the appropriate domestic like product(s) in the Commission’s notice of institution of these reviews, counsel for Ames and the respondents agreed with the Commission’s definition of the domestic like products.⁸

U.S. MARKET PARTICIPANTS

U.S. Producers

There are five known firms that produce heavy forged handtools in the United States.⁹ Their plant locations, shares of production and commercial shipment values, and positions on revocation of the orders are summarized in the tabulation below.

With the exception of O. Ames (Ames), the industry is characterized by small or medium-sized family-run firms which have been in existence for a long period of time. Three of the five firms produce all four types of heavy forged handtools, and the firms that produce more than one type of tool had difficulty separating data along product lines, as they consider heavy forged handtools as a single business. *** of the five firms imported the subject products from China in ***.

Firm	Plant locations	Share of 1999 production				Share of commercial shipment value in 1999: all heavy forged handtools	Position on revocation
		Hammers/sledges	Bars/wedges	Picks/mattocks	Axes/adzes		
O. Ames Co.	Falls City, NE Columbiana, OH	***	***	***	***	***	Opposes
Council Tool Co.	Lake Waccamaw, NC	***	***	***	***	***	***
J&H Manufacturing	Columbiana, OH	***	***	***	***	***	***
Mann Edge Tool Co.	Lewistown, PA	***	***	***	***	***	***
Warwood Tool Co.	Wheeling, WV	***	***	***	***	***	***

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

⁷ *Heavy Forged Handtools from China*, Investigation No. 731-TA-457 (Final), USITC Pub. 2357, February 1991, p. 15.

⁸ Ames’ August 20, 1999 submission, p. 13, and respondents’ August 18, 1999 submission, p. 8.

⁹ In the original investigation, ***, a producer of wood products (including handles for the subject imports), was considered part of the U.S. industry, but was excluded for related party reasons. ***.

Ames is the only firm with a parent company, U.S. Industries, Inc., Iselin, NJ. Ames bought the assets of Woodings-Verona Toolworks, the petitioner in the original investigation, in 1997. Woodings-Verona had filed for Chapter 11 bankruptcy in February 1991, reportedly ***.

Although Mann Edge ***.

J&H Manufacturing is ***. J&H produces only bars, ***.¹⁰ Council Tool and Warwood are very small producers of most of the products in these reviews.

U.S. Importers

There are 11 responding firms that import heavy forged handtools in the United States. Their locations and shares of reported imports of handtools from China and from all sources are summarized in the following tabulation:

Firm	Locations	Share of reported import quantity from China in 1999				Share of import value in 1999 from all sources: all heavy forged handtools
		Hammers/sledges	Bars/wedges	Picks/mattocks	Axes/adzes	
Ace Hardware	Oak Brook, IL	***	***	***	***	***
American Presto Corp.	Ontario, CA	***	***	***	***	***
***	***	***	***	***	***	***
Garden Tools Div., Fiskars Consumer Products, Inc.	Sauk City, WI	***	***	***	***	***
Fiskars Inc., Gerber Legendary Blades Div.	Portland, OR	***	***	***	***	***
Home Depot, Inc.	Atlanta, GA	***	***	***	***	***
K-Mart Corp.	Troy, MI	***	***	***	***	***
Madison Mill, Inc.	Nashville, TN	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
Wal-Mart Stores, Inc.	Bentonville, AR	***	***	***	***	***

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

The major importers of the subject products from China are ***.

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Tables I-6 through I-9 present apparent U.S. consumption for the review period and tables I-10 through I-13 present U.S. market shares for the same period. Hammers and sledges are the largest

¹⁰ ***.

category of heavy forged handtools by value of consumption, followed by axes and adzes. Consumption of bars and wedges is understated due to ***. Picks and mattocks are a very small category of heavy forged handtools in terms of consumption in the United States.

Table I-6

Hammers and sledges: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 1998-99

* * * * *

Table I-7

Bars and wedges: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 1998-99

* * * * *

Table I-8

Picks and mattocks: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 1998-99

* * * * *

Table I-9

Axes and adzes: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 1998-99

* * * * *

Table I-10

Hammers and sledges: U.S. market shares, 1998-99

* * * * *

Table I-11

Bars and wedges: U.S. market shares, 1998-99

* * * * *

Table I-12

Picks and mattocks: U.S. market shares, 1998-99

* * * * *

Table I-13

Axes and adzes: U.S. market shares, 1998-99

* * * * *

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

U.S. MARKET SEGMENTS

Each type of heavy forged handtool performs different functions. Even within the four types of tools, differences among tools may prevent product interchangeability. However, the different types of tools are often produced by the same producers and often sold in the same channels of distribution. The questionnaires requested that respondents answer for each type of tool separately if their responses differed by type of tool. In most cases respondents did not provide separate information by tool; however, where they have done so the information is reported in this part of the report.

CHANNELS OF DISTRIBUTION

Four channels of distribution exist: sales to distributors; sales to retailers; sales to large end users; and sales to OEMs.¹ Both producers and importers predominantly sell in the spot market. Three of the four responding importers sold only on the spot market² while the four responding U.S. producers reported selling between 70 and 100 percent of their tools on the spot market. All four responding U.S. producers and five of the six responding importers reported selling nationwide.

One U.S. producer, ***, reported selling a large share³ of its products under a “Buy American” program. It also reported that there was currently ***.

MARKET STRUCTURE

Participants

There have been some changes in the heavy forged handtools market in the United States since the implementation of the antidumping duties on imports from China in 1991. Two of the four responding U.S. producers reported changes in the market since 1991. Ames reported that the growth of large retailers such as Wal-Mart, Home Depot, and Lowe’s has increased its purchasers’ concentration, lengthened the time frame of sales agreements, and increased the importance of price competition.⁴ The other reported that in order to survive it has changed its production to more private labels and specialty customers. Four of the six responding importers reported no changes; one importer reported that increased cost of materials, labor, and freight has increased the cost of imports; and one reported that the growth of large retailers has increased pressure on producers to reduce prices. The responding Chinese producer reported that the most important change has been ***.

¹ Most OEMs manufacture handles, purchase heads, and assemble the finished tool which they sell under their own name.

² One importer, ***, reported that it sold 1 percent of its imports on a contract basis. One importer (not included in the four above) did not tell its percent of spot sales, but reported selling 0 percent on contract; it nonetheless reported contract terms with contracts lasting 2 to 3 months.

³ They did not report how much.

⁴ Mr. Jeffrey Foster, Controller, Ames Co., hearing transcript, pp. 14 and 22.

Production

Between 1989 and 1999, U.S. production of hammers and sledges, axes and adzes, and picks and mattocks grew, but reported production of bars and wedges fell slightly.⁵ U.S. total capacity data were not available in the report from the original investigation. The Commission did not have data to estimate Chinese production capacity.

When asked about nonsubject imports, all three responding U.S. producers, the responding Chinese producer, and two of the eight responding importers reported that competition from nonsubject countries has increased since 1991.

Product

The product itself has remained relatively unchanged since 1991. Four of the eight responding importers reported importing Chinese product in 1998 and 1999; three of these, however, also import from other countries. Of the four importing product from China, two firms imported hammers and sledges (with and without handles), three imported bars and wedges, one imported picks and mattocks, and three imported axes and adzes.

U.S. Market Leadership

Producers, importers, and purchasers were asked if individual firms affected price. Three of the four responding producers reported that one or more firms affected or controlled price. *** reported that price is affected by what purchasers will pay; *** reported that the price was affected by Chinese and Mexican imports; and *** reported that *** and *** are using low prices to increase their market shares. Five of the nine responding importers reported individual firms did not affect price, while the remaining four reported that individual firms did affect price. Two of these reported that domestic producers were aggressively seeking market shares.⁶ Eight of nine responding purchasers reported that individual firms did not affect price; the remaining purchaser reported that *** had affected prices.

Pricing

U.S. producers and importers were asked to compare U.S. prices with prices in the rest of the world. Only two U.S. producers and two importers responded to this question. One producer reported U.S. prices were competitive while the other reported that U.S. prices were lower than prices in Mexico, South America, Canada, Eastern Europe, and Africa. One importer reported that U.S. producers were very competitive and that prices for the U.S. product were similar to those for Chinese imports while the other reported that prices within the United States were 30 to 50 percent higher than prices outside the United States.

⁵ Table I-2 shows U.S. production falling between 1989 and 1999. This data, however, excludes ***.

⁶ ***.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

Based on available information, the U.S. producers are likely to respond to changes in price with relatively large changes in the quantity of shipments to the U.S. market. There are few constraints to the U.S. producers' ability to reduce or increase production.

Industry capacity

The responding U.S. producers' 1999 capacity utilization for hammers and sledges was *** percent, for bars and wedges it was *** percent, for picks and mattocks it was *** percent, and for axes and adzes it was *** percent. U.S. producers' capacity data were not available in the original investigation.

Export markets

In 1999, responding U.S. producers' exports were *** percent of their total production for hammers and sledges, *** percent for bars and wedges, *** percent for picks and mattocks, and *** percent for axes and adzes. They reported exporting to Canada and Australia. All four responding U.S. producers reported that it would be difficult to increase the percentage of shipments to export markets. Reported difficulties include having little foreign presence, competition from other imports, and logistical problems.

Production alternatives

Firms were asked what production alternatives existed; all four responding reported that they do not manufacture other products on the same equipment. Two of the four responding producers reported they could not produce other products with their equipment. Another reported that it would try to find something to manufacture if it could no longer sell heavy forged handtools. The fourth, ***, reported that with expensive conversion it could produce a wide range of forged products on its equipment. *** reported that with the current excess forge capacity in the United States it would close its facility rather than convert production.⁷ Ames reported that equipment used to produce one type of heavy forged handtool could produce other types of tools; however, this retooling of the equipment would take weeks.⁸

Chinese Production

Based on available information, it is unclear how Chinese heavy forged handtool producers are likely to respond if the antidumping orders are removed. Chinese producers are currently exporting

⁷ Staff discussion with ***, March 23, 2000.

⁸ Mr. Randy Rogers, Manager of Manufacturing Engineering, Ames Co., hearing transcript, pp. 47-48.

substantial amounts into the U.S. market in the HTS categories that include the subject product. The one responding Chinese producer ***.⁹

Industry capacity alternative markets

Data about Chinese producers are very limited. The only responding Chinese firm reported ***. This firm reported that approximately *** percent of its total production was heavy forged handtools and that it was unable to shift production between heavy forged handtools and other products. It reported that ***.

At the time of the original investigation, more than 130 Chinese firms were believed to be producers of heavy forged handtools. It is unclear how many Chinese firms currently produce heavy forged handtools. The Chinese respondents listed 12 Chinese producers of heavy forged handtools in their list of the largest producers in each of the four categories. However, heavy forged handtools from only five producers are known to have been exported to the United States since 1991.¹⁰ According to one report, there are 350 “key” forgers in China; however, many of these produce products such as automobile and motorcycle parts, not heavy forged handtools.¹¹

Data are not available for Chinese exports of heavy forged handtools; however, 1998 data for four HTS headings that include these products are available. For axes, bill hooks, etc., the United States purchased 16.4 percent of Chinese exports to the world, by weight; for mattocks, picks, hoes, rakes, etc., the United States purchased 15.5 percent of Chinese exports; for hammers, sledge hammers, etc., the United States purchased 21.3 percent of Chinese total exports; and for other handtools, the United States purchased 35.0 percent of total Chinese exports. The value shares were similar: 16.4, 15.2, 27.9, and 34.7 percent of total exports, respectively. Thus, the Chinese producers could possibly transfer sales from other countries to the United States if the duties were removed, and the large year-to-year variations in exports to various countries may indicate that this could be done relatively easily.¹²

U.S. Demand

Demand Characteristics

Two of the four responding U.S. producers and two¹³ of the five responding importers reported that demand had fallen since 1991.¹⁴ The third U.S. producer reported that demand was related to population and the construction industry, and the fourth U.S. producer, Ames, stated that overall demand was relatively unchanged.¹⁵ In its response to the notice of institution, the Chinese respondent reported that the U.S. market for each of the products was mature.

⁹ Response to institution of the review.

¹⁰ These were the five Chinese producers included in the Commerce administrative reviews over the period.

¹¹ U.S. producers' response to the institution of the review, attachment 2.

¹² *GTI Corp., World Trade Atlas, China, 1998, CD-ROM*, HTS headings 8201.40, 8201.30, 8205.20, and 8205.59.

¹³ ***.

¹⁴ One of the U.S. producers, ***, reported that the market was shrinking by 1 to 2 percent a year; the other did not report on overall demand but reported less Federal procurement since 1991. One of the importers reported changes in demand for mauls because of wood burning restrictions; another, ***.

¹⁵ Mr. Jeffrey Foster, Controller, Ames Co., hearing transcript, pp. 14, 23.

According to the data provided to the Commission, apparent consumption of hammers and sledges, bars and wedges, and picks and mattocks increased between 1989 and 1999 while consumption of axes and adzes fell. Ames reported that natural disasters could increase demand for some types of heavy forged handtools and that demand was somewhat higher in the spring and fall.¹⁶ Five of 11 responding purchasers reported that there was no seasonal variation in demand over the course of a year while the remaining six reported seasonal variations with higher demand in the spring and/or fall. Specifically, one reported that demand for hammers and sledges was higher in the spring, two reported that the demand for axes was higher in the fall, one reported heavier demand in the spring and around Christmas, and another reported high fall demand due to weather and the need to cut wood but did not report the specific tool.

Substitute Products

All of the responding producers, importers, and purchasers reported that there were no possible substitutes for heavy forged handtools. Heavy forged handtools typically are a one-time purchase and tend to be inexpensive.

TRENDS IN U.S. SUPPLY AND DEMAND

Producers, importers, and purchasers were asked to discuss any supply factors that affected the availability of heavy forged handtools in the U.S. market since 1991. Two of six responding importers reported changes in supply; they reported that increases in the cost of materials, labor, and freight had increased the cost of imports.¹⁷ Only two of the nine responding purchasers reported changes in supply; one reported that the costs of labor and energy in the United States had risen while the other reported that the price of steel had softened. Three of the four responding producers reported changes in supply since 1991. These changes included ***.¹⁸

The U.S. producers, importers, and purchasers were also asked to discuss how demand for heavy forged handtools has changed in the U.S. market since 1991. Of the six responding importers, one reported demand was unchanged, two reported demand had increased,¹⁹ two reported that demand had fallen,²⁰ and one, ***, reported that ***. Of the 13 responding purchasers, 11 reported they did not know or that demand was unchanged,²¹ one reported demand was growing, and the other reported demand was falling 1 to 5 percent per year. The four responding U.S. producers each reported different changes in demand: one reported that demand was declining by 1 to 2 percent per year because homeowners used tools less; one reported that demand had shifted from industrial to retail accounts and demand had grown with retail accounts; and one reported that increased automation and falling *** had influenced demand.²²

When asked to anticipate future demand, one of the three responding producers reported that it expected demand to continue to fall, one reported it expected accounts to continue to shift to retail, and

¹⁶ Mr. Jeffrey Foster, Controller, and Mr. Randy Rogers, Manager of Manufacturing Engineering, Ames Co., hearing transcript, p. 35.

¹⁷ ***.

¹⁸ Most producers reported more than one change.

¹⁹ One of these reported demand was increasing by 2 to 4 percent per year.

²⁰ One of these, ***, reported that it was falling by 1 to 2 percent per year.

²¹ Eight purchasers reported they did not know, and three reported that demand was unchanged.

²² In addition, one reported demand was related to population and construction.

one reported that it expected demand to grow in less developed countries but that U.S. producers could not take advantage of this. Of the five responding purchasers, four expected no changes in demand and one expected demand to continue to grow with incomes. Four of the six responding importers did not report any expected changes in demand.²³

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported heavy forged handtools depends on such factors as relative prices, quality (durability, ergonomics, defect rate, quality of the forging, finish quality, overstrike protection, reliability of supply, etc.), availability of the specific tools required, and conditions of sale (e.g., price discounts, lead times, payment terms, value added services, etc.). Based on available data, staff believes that there would be a moderate to high degree of substitution between the domestic heavy forged handtools and Chinese heavy forged handtools.

One factor that might reduce substitutability is that many purchasers report that they do not change their suppliers frequently. Seven of the 12 responding purchasers reported they seldom or never changed suppliers. The remaining five purchasers reported changing suppliers for specific reasons. Specifically, one purchaser changes suppliers if the current supplier cannot meet demand or stay competitive; another reviews its vendor every 1 to 2 years, at which time the vendor might be changed; the third purchases from another supplier if the current supplier does not have the product it wants; the fourth changes suppliers when needed; and the fifth changes suppliers every 2 to 5 years.

Factors Affecting Purchasing Decisions

Available data indicate that there are a variety of factors that influence purchasing decisions for heavy forged handtools. Purchasers were asked to list the top three factors that they consider when choosing a supplier of heavy forged handtools. Table II-1 summarizes responses to this question.

The results depicted in table II-1 are further supported by purchasers' responses to the question on how often their firm's purchasing decisions for heavy forged handtools are mainly based on price. No purchaser reported that they never purchase heavy forged handtools based mainly on price; one (***) reported that they always purchase mainly on price; five purchasers reported that they usually purchase based mainly on price; and seven sometimes purchase based mainly on price. Ten purchasers reported other factors that were important in their purchasing decisions, including quality (reported by six), availability (four), value (two), appearance (one), customer requests (one), product line (one), vendor partnership (one), and service (one).

Eleven of 13 responding purchasers reported that they did not require suppliers to be prequalified. The remaining firms required all of their heavy forged handtools to be prequalified. One required a test for quality assurance and the other, ***, required plant visits and sample testing. While not requiring prequalification, eight of 11 responding purchasers have some qualification requirement. For these purchasers, the time required for qualification ranged from 1 to 9 months.²⁴ Purchasers were also asked to rate the importance of 18 factors in their purchasing decisions (table II-2). Eleven purchasers responded to this question; some reported for all tools combined and some reported for one or more specific types of tools.

²³ The remaining two importers ***.

²⁴ In addition, one purchaser required only availability and price -- only one day was required to qualify its suppliers.

**Table II-1
Heavy forged handtools: Ranking of factors used in purchasing decisions, as reported by U.S. purchasers**

Factor	Number one factor	Number two factor	Number three factor	Other factors
	<i>Number of firms responding</i>			
Quality/value	5	6	0	0
Price	3	4	4	0
Availability/deliverability	1	2	1	0
Buy from one source/vendor partnership	2	0	0	0
Range of product	0	0	2	0
Service	0	0	2	0
Other ¹	2	0	3	4

¹ Other factors include: integrity of the supplier and customer requirements for the first factor; brand, dependability/deliveries, and supplier's product line for the third factor; and for other factors, range of line, payment terms, the supplier's attitude and their credibility, and marketing/promotional strategy.

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

Comparisons of Domestic Product and Imports from China

Questionnaire respondents were asked to discuss the interchangeability between U.S.-produced heavy forged handtools and Chinese-produced product. All four responding U.S. producers and all six of the responding importers reported that the U.S. product and the Chinese product could be used interchangeably. All seven purchasers that compared U.S. and Chinese heavy forged handtools reported that they could be used interchangeably in the same applications.²⁵ Six purchasers compared U.S. and Chinese heavy forged handtools on the same 18 factors discussed previously (table II-3).

Comparisons of Domestic Product and Nonsubject Imports

Imports of heavy forged handtools are available from a variety of sources not subject to the antidumping orders under review, including Brazil, Finland, India, Mexico, Poland, Sweden, and Taiwan, although all types of tools may not be available from all of these sources. In 1999, nonsubject imports accounted for the majority of all imports (by value). Nonsubject imports of the four HTS subheadings accounted for the following percentages of the total value of imports: hammers and sledges, 56.5 percent; bars and wedges, 81.7 percent; picks and mattocks, 74.7 percent; and axes and adzes, 55.0

²⁵ One purchaser reported that all products were interchangeable for all countries; two reported that all U.S. and Chinese subject product were interchangeable; two merely reported yes; one reported that U.S. and Chinese hammers, bars, and axes were interchangeable; and one reported interchangeability for U.S. and Chinese sledges.

Table II-2
Heavy forged handtools: Ranking of factor importance, as reported by U.S. purchasers

Factor	All tools			Axes			Bars			Hammers		
	V	S	N	V	S	N	V	S	N	V	S	N
	<i>Number of firms responding</i>											
Availability	7			2			1	1		2		
Delivery terms	5	3			2		1	1			2	
Delivery time	7			1	1		1	1		2	1	
Discounts offered	1	4	2	2			1	1			2	
Lowest price	2	4	1	1	1		1		1		2	
Minimum quantity requirements	1	5	1		1	1		2		1	1	
Packaging	1	4	2		2			2		1	1	
Product consistency	6	1		1		1	1	1		2		
Product quality	7			1		1	1	1		2		
Handle's quality	7			1	1		1	1		2		
Head's quality	7			1		1	1	1		2		
Ability to last	6	1		1		1	1	1		2		
Quality of the handle's fit	6	1		1	1		1	1		1	1	
Product range	2	4	1		2			2			2	
Reliability of supply	7			1	1			2		2		
Technical support/service		3	4			2		1	1	1		1
Transportation network	2	2	3		2			2			2	
U.S. transportation costs	2	4	1	1	1			2			2	
Other ¹	5	1										

¹ Other factors included product liability insurance, sales support, promotional support, show support, and problem resolution (reported as very important for all tools by one firm), and returns warranty (reported as somewhat important for all tools by one firm).

Note: V = very important, S = somewhat important, N = not important.

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

Table II-3
Heavy forged handtools: Comparison of U.S. product with Chinese product, as reported by U.S. purchasers

Factor	All tools			Axes			Bars			Hammers		
	S	C	I	S	C	I	S	C	I	S	C	I
	<i>Number of firms responding</i>											
Availability	1	2		1			1			2	2	
Delivery terms	1	2		1			1			3	1	
Delivery time	2	1		1			1			3	1	
Discounts offered		3		1			1			1	2	1
Lowest price	1	1	1		1				1		1	3
Minimum quantity requirements	1		2	1			1			2	2	
Packaging		3		1				1		1	3	
Product consistency	1	2			1			1		1	3	
Product quality		3			1			1		1	3	
Handle's quality	1	1	1	1				1		2	2	
Head's quality		3			1			1		1	3	
Ability to last	1	2			1			1		1	3	
Quality of the handle's fit	1	2			1			1		2	2	
Product range	1		2		1			1		1	2	1
Reliability of supply	1	1	1		1			1		1	3	
Technical support/service	1	1	1		1			1		1	3	
Transportation network	1		2	1			1			2	2	
U.S. transportation costs	1	1	1	1			1			1	3	

Note: S = U.S. superior, C = U.S. and China comparable, I = U.S. inferior.

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

percent. All four responding U.S. producers and eight of the nine responding importers reported that domestic and nonsubject heavy forged handtools can be used interchangeably.²⁶ Only one purchaser specifically compared U.S. and nonsubject heavy forged handtools; it reported that U.S. and Taiwan bars

²⁶ The one importer reporting that they could not be used interchangeably reported that its nonsubject products are unique, used by hobbyists and workers, and not interchangeable on a continuing basis.

were interchangeable.²⁷ Three purchasers compared U.S. and Taiwan bars and hammers on 18 factors requested (table II-4).

U.S. producers and importers were asked if there were differences in product characteristics or sales conditions between the domestically produced heavy forged handtools and nonsubject imported heavy forged handtools that are a significant factor in terms of competition among these products. Only one of the three responding U.S. producers reported differences; it reported that the domestic heavy forged handtools carry a price premium. Four of the eight responding importers reported differences including: U.S. product has higher profit margins and consumers prefer U.S.-produced product; U.S. hammers and sledges and mauls and wedges are better quality; U.S. product is better quality but costs are also higher; and Chinese handtools do not have sufficient technical backing and are of lower quality.²⁸

Comparisons of Imports from China with Nonsubject Imports

All four U.S. producers and all seven responding importers reported that Chinese and nonsubject imports were used interchangeably. U.S. producers and importers were asked if there were differences in product characteristics or sales conditions between the Chinese heavy forged handtools and nonsubject imported heavy forged handtools that are a significant factor in terms of competition among these products. Three of the four responding U.S. producers reported no differences; the remaining firm reported that product from China did not have sufficient technical backing and was lower quality. Four of the six importers answering this question reported no differences; the other two reported that the European axes were more expensive and that some items (they did not report which) from India were of better quality and better priced.

One purchaser compared Chinese and Taiwan axes, wedges, picks, and hammers, reporting that all were interchangeable. One purchaser compared Indian and Chinese bars and one compared Mexican and Chinese mauls and sledges, and picks and mattocks on the 18 factors (table II-4).

MODELING ESTIMATES

This section discusses the elasticity estimates and exogenous growth in demand estimate that are used in the economic modeling analysis that follows.

U.S. Supply Elasticity²⁹

The domestic supply elasticity for heavy forged handtools measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price for heavy forged handtools. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternative markets for U.S.-produced heavy forged handtools. Analysis of these factors earlier indicates that the U.S. heavy forged handtools industry is likely to be able to greatly increase or decrease shipments to the U.S. market within a one-year time frame; an estimate in the range of 5 to 7 is suggested.

²⁷ Another firm reported that all tool categories from all countries were interchangeable, and two firms simply answered yes without specifying either type of tool or country.

²⁸ For example, ***. Staff discussion with ***, June 14, 2000.

²⁹ A supply function is not defined in the case of a non-competitive market.

Table II-4
Heavy forged handtools: Comparison of U.S. product and subject product with nonsubject product, as reported by U.S. purchasers

Factor	U.S. vs. Taiwan						India vs. China			Mexico vs. China					
	Bars			Hammers			Bars			Sledges			Picks		
	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I
	<i>Number of firms responding</i>														
Availability	1			2			1			1			1		
Delivery terms	1			1 1			1			1			1		
Delivery time	1			1 1			1			1			1		
Discounts offered	1			1 1			1			1			1		
Lowest price	1			2			1			1			1		
Minimum qty requirements	1			2			1			1			1		
Packaging	1			1 1			1			1			1		
Product consistency	1			1 1			1			1			1		
Product quality	1			1 1			1			1			1		
Handle's quality	1			1 1						1			1		
Head's quality	1			1 1						1			1		
Ability to last	1			1 1			1			1			1		
Quality of the handle's fit	1			1 1						1			1		
Product range	1			1 1			1			1			1		
Reliability of supply	1			2			1			1			1		
Technical support/service	1			2											
Transportation network	1			2											
U.S. transportation costs	1			2			1			1			1		

Note: S = first country superior, C = both countries comparable, I = first country inferior.

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

U.S. Demand Elasticity

The U.S. demand elasticity for heavy forged handtools measures the sensitivity of the overall quantity demanded to a change in the U.S. market price for heavy forged handtools. This estimate depends on the factors discussed earlier such as the existence, availability, and commercial viability of substitute products. As noted earlier, few potential substitutes for heavy forged handtools exist. Based on the available information, the aggregate demand for heavy forged handtools is likely to be inelastic; a range of -0.3 to -0.7 is suggested.

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.³⁰ Product differentiation, in turn, depends upon such factors as quality and conditions of sale. Based on available information, the elasticity of substitution between U.S.-produced and Chinese heavy forged handtools is likely to be moderate to high, in the range of 3 to 6.

Exogenous Growth in Demand

As discussed previously, U.S. producers of heavy forged handtools did not have the same expectations of demand growth. One reported that demand was falling from 1 to 2 percent while another reported that demand was growing with population growth and growth in the amount of construction. Importers also reported that demand may be shrinking or growing, with one firm reporting growth in demand at 2 to 4 percent per year. Based on available information, exogenous growth in demand for heavy forged handtools is likely to be in the range of -2 to 4 percent per year.

Elasticity of Foreign Supply

The limited information available indicates that the supply of imports of heavy forged handtools would be relatively inelastic. Elasticity of supply depends on unused capacity and the ability to shift supply between markets. Analysis of these factors earlier indicates that the Chinese heavy forged handtools industry is likely to be able to increase shipments relatively rapidly to the U.S. market within a one-year time frame; an estimate in the range of 4 to 6 is suggested.

MODEL RESULTS

This analysis uses a nonlinear partial equilibrium model that assumes that domestic and imported products are less than perfect substitutes. Such models, also known as Armington models, are relatively standard in applied trade policy analysis and are used for the analysis of trade policy changes in both partial and general equilibrium. Based on discussion earlier, staff has selected a range of estimates that represent price-supply, price-demand, and product-substitution relationships (i.e., supply elasticity, demand elasticity, and substitution elasticities) in the U.S. heavy forged handtools market. The model uses these estimates along with data on market shares and Commerce's estimation of the likely level of dumping that will recur or continue. A weighted average of the estimated dumping rates has been used.

³⁰ The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and U.S. like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.

The analysis uses the most recent one-year period, 1999, as the base year. The model results suggest the possible effects of revocation of the antidumping orders on the domestic heavy forged handtools industry over a one-year time period only, i.e., from 1999 to 2000.³¹ The possible effects over a longer time period are not part of this modeling exercise. Finally, the model does not assume that all of the dumping margin will be passed forward to U.S. prices of the subject imports. The model simulates zero growth, “low growth,” and “high growth” scenarios based on staff’s estimates and the dumping margins provided by Commerce. The results are presented in the tabulation below. More details are provided in appendix E.

Heavy forged handtools:

Simulation	Reduction in Price	Reduction in Output	Reduction in Revenue
Zero growth simulation	0.5 to 1.1	2.7 to 7.2	3.2 to 8.2
Low growth simulation- 2.0 percent reduction	0.7 to 1.5	4.4 to 8.9	5.2 to 10.1
High growth simulation- 4.0 percent growth	(0.1) to 0.6	(0.6) to 3.8	(0.7) to 4.4

Note: Numbers in parentheses reflect increases rather than reductions in price, output, or revenue.

³¹ The model results presented in this report estimate the effects of the revocation of the antidumping orders on heavy forged handtools from China on the U.S. industry as it existed in 1999. The predicted results are for 2000, but as of June 2000 the orders are still in place.

PART III: CONDITION OF THE U.S. INDUSTRY

U.S. PRODUCERS' CAPACITY, PRODUCTION, CAPACITY UTILIZATION, SHIPMENTS, INVENTORIES, AND EMPLOYMENT

Hammers and Sledges

Table III-1 presents data on the U.S. industry producing hammers and sledges during 1998-99. Over *** percent of U.S. shipments of hammers and sledges included handles. There was no internal consumption of hammers and sledges during the review period. In 1999, *** percent of U.S. shipments went to the hardware segment of the market, with slightly more going to hardware wholesalers (*** percent) than hardware retailers (*** percent). About *** percent of shipments were sold to the industrial segment, about *** percent were shipped to OEMs, and less than *** percent were sold to the government sector in 1999.

Table III-1

Hammers and sledges: U.S. production capacity, production, capacity utilization, shipments, end-of-period inventories, and employment-related indicators, 1998-99

* * * * *

Bars and Wedges

Table III-2 presents data on the U.S. industry producing bars and wedges during 1998-99. The data do not include ***. Bars and wedges are not tools that require handles. There was no internal consumption of bars and wedges during the review period. In 1999, *** percent of U.S. shipments went to the hardware segment of the market, with a small percentage going to hardware wholesalers (*** percent) and the majority going to hardware retailers (*** percent). About *** percent of shipments were sold to the industrial segment, about *** percent were shipped to OEMs, and *** percent were sold to the government sector in 1999.

Table III-2

Bars and wedges: U.S. production capacity, production, capacity utilization, shipments, end-of-period inventories, and employment-related indicators, 1998-99

* * * * *

Picks And Mattocks

Table III-3 presents data on the U.S. industry producing picks and mattocks during 1998-99. ***. Virtually all shipments of picks and and mattocks included handles. There was no internal consumption of picks and mattocks during the review period. In 1999, *** percent of U.S. shipments went to the hardware segment of the market, with *** hardware wholesalers and hardware retailers. About *** percent of shipments were sold to the industrial segment, about *** percent were shipped to OEMs, and *** percent were sold to the government sector in 1999.

Table III-3

Picks and mattocks: U.S. production capacity, production, capacity utilization, shipments, end-of-period inventories, and employment-related indicators, 1998-99

* * * * *

Axes And Adzes

Table III-4 presents data on the U.S. industry producing axes and adzes during 1998-99. ***. Over *** percent of shipments of axes and adzes included handles. There was no internal consumption of axes and adzes during the review period. In 1999, *** percent of U.S. shipments went to the hardware segment of the market, with the majority going to hardware wholesalers ***, and the remainder *** shipped to hardware retailers. About *** percent of shipments were sold to the industrial segment, about *** percent were shipped to OEMs, and *** percent were sold to the government sector in 1999.

Table III-4

Axes and adzes: U.S. production capacity, production, capacity utilization, shipments, end-of-period inventories, and employment-related indicators, 1998-99

* * * * *

FINANCIAL CONDITION OF THE U.S. INDUSTRY

Background

The Commission staff requested the companies to provide income-and-loss data on overall establishment operations, all heavy forged handtools, and specific types of handtools. Four firms, Ames, Council, Mann Edge, and Warwood, accounting for *** percent of shipment values of all forged handtools, provided both overall establishment data and data on all heavy forged handtools. As in the original 1991 investigation, ***.¹ The best financial data available are the aggregate of all heavy forged handtools with adjustments made by the staff to better reflect the specific types of handtools that are under review.^{2 3}

Council, Mann Edge, and Warwood are independent private companies. Ames' operations⁴ are included in the USI Hardware and Tools Division of US Industries, a public company, and were discussed in US Industries' public report.

USI Hardware and Tools manufactures and distributes hand tools, lawn and

¹ ***.

² Except for ***, the data submitted for all heavy forged handtools were larger than the estimated actual sales of the specific handtools. ***. The results of operations data included in this section were estimated using the *** and the shipment values (domestic and export) for the other producers and applying the profit margins that these three other producers had in their original submissions. All of the producers have different fiscal years than the December 31 date used for trade data.

³ Results of operations for the overall establishments and for all heavy forged handtools operations as originally submitted are presented in app F.

⁴ Ames' operations include other products besides the subject products.

garden tools, wheeled goods and industrial products through O. Ames (“Ames”), True Temper, Spear & Jackson and other companies.

Ames is a leading manufacturer of non-powered lawn and garden tools and industrial hand and striking tools in North America. Ames primarily sells its products under the brand names AMES, EAGLE, WOODINGS-VERONA and GARANT and, to a lesser extent, under private labels. Ames’ product lines include lawn, garden, and agricultural tools, snow shovels and other winter tools as well as various types of wheelbarrows.

.....Sales of Ames and True Temper products are seasonal in nature, with substantial quantities manufactured for sale in the spring and fall. Weather conditions may impact results materially.

.....Ames, True Temper and Spear & Jackson distribute their products primarily through independent wholesale distributors, home centers, mass merchants and large buying groups including cooperatives. The sale of Ames and True Temper products and, to a lesser extent, Spear & Jackson products, have become increasingly concentrated among home centers and other mass merchants. The Home Depot is the division’s largest customer and accounted for 19%, 16%, and 27% of the total revenues of the USI Hardware division in fiscal 1999, 1998, and 1997, respectively.^{5 6}

All Heavy Forged Handtools

The aggregate results of operations for the producers of all heavy forged handtools are presented in table III-5. Aggregate sales increased slightly between 1998 and 1999, but operating income ratios declined between the two periods. ***.

The results of operations, by firm, are presented in table III-6. ***.

⁵ US Industries’ 10-K for the fiscal year ending September 30, 1999, pp. 6-7. Internet: www/sec.gov/archives/edgar.

⁶ For the specific products under investigation, the largest customer for ***.

**Table III-5
Results of operations of U.S. producers in the production of all heavy forged handtools
(adjusted), fiscal years 1998-99**

Item	1998	1999
	Value (\$1,000)	
Trade sales	***	***
Company transfers	***	***
Total sales	35,099	36,530
Cost of goods sold	27,659	28,660
Gross profit	7,440	7,870
SG&A expenses	6,168	6,735
Operating income	1,272	1,135
Interest expense	374	400
Other expense	9	8
Other income items	35	29
Net income	924	756
Depreciation/amortization	740	760
Cash flow	1,664	1,516
	Ratio to net sales (percent)	
Cost of goods sold	78.8	78.5
Gross profit	21.2	21.5
SG&A expenses	17.6	18.4
Operating income	3.6	3.1
Net income	2.6	2.1
	Number of firms reporting	
Operating losses	0	1
Data	4	4
Note: Fiscal years are May 31 for Council, June 30 for Mann Edge and Warwood, and September 30 for Ames.		
Source: Compiled from data submitted in response to Commission questionnaires.		

**Table III-6
Results of operations of U.S. producers in the production of all heavy forged handtools, by firms, fiscal
years 1998-99**

* * * * *

In the original investigation, ***.

Sterling Commerce, a company that provides electronic commerce tools, said the following about the Mann Edge Tool Co.⁷

Mann Edge implemented electronic commerce at the request of a major customer. The program has grown to 20 trading partners, including major home store chains such as Ace, The Home Depot, Lowe's, Sears and buying groups such as Hardware Wholesalers Inc. and TruServ.

The majority of Mann Edge's business is handled through electronic commerce. Sixty-seven percent of all sales, 74 percent of all purchases orders, and 74 percent of all invoices are handled via electronic commerce, according to Rich Freed, MIS Manager at Mann Edge. In addition, the Advance Ship Notice is used for 51 percent of all sales dollars.⁸

Operations by Type of Heavy Forged Handtools

The results of operations *** for each of the subject products are shown in table III-7. *** of the specific products were profitable except ***. According to ***, the major reason that *** were *** is that production of these products is very labor intensive.⁹

Table III-7

Results of operations of Ames in the production of heavy forged handtools, by type of handtools, fiscal years 1998-99

* * * * *

Data on Handles

*** reported that it produces *** percent of its handles that are used in heavy forged handtools production and that handles accounted for approximately *** percent of its total cost of goods sold. The company said that the production of handles is complicated and capital intensive, and that significant operator expertise is required.

*** estimated that it produces *** percent of its handles, and for hammers, picks/mattocks, and axes the proportions of the cost of goods sold are *** percent, respectively. It said that for the production of handles a knowledge of general woodworking principles is required.

*** said that it produces *** percent of its handles and it estimated that the proportion of cost is approximately *** percent and varies *** by product and by type of handle (i.e., wood versus fiberglass).

*** said it does *** handles ***.

⁷ ***.

⁸ Internet: [www.sterlingcommerce.com/csuc/Mann Edge](http://www.sterlingcommerce.com/csuc/Mann_Edge), p. 1. Also refer to Mann Edge's home page, at [www.Mann Edge.com](http://www.Mann_Edge.com).

⁹ Telephone conversation with ***, April 3, 2000.

**Investment in Productive Facilities, Capital Expenditures,
and Research and Development Expenses**

The value of fixed assets (property, plant, and equipment), capital expenditures, and research and development expenses for all heavy forged handtools are shown in table III-8. The values include other products besides the subject products. The data are from ***. *** did not supply information on these items.

Table III-8 Capital expenditures, research and development expenses, and value of assets of U.S. producers of all heavy forged handtools, fiscal years 1998-99		
Item	1998	1999
	(\$1,000)	
Capital expenditures:		
***	***	***
***	***	***
***	***	***
Total	1,200	***
R&D expenses:		
***	***	***
***	***	***
***	***	***
Total	***	***
Fixed assets:		
***	***	***
***	***	***
***	***	***
Total	18,316	18,979
Book value:		
***	***	***
***	***	***
***	***	***
Total	7,342	7,627
Source: Compiled from data submitted in response to Commission questionnaires.		

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRY

U.S. IMPORTS

Tables IV-1 through IV-4 present data on U.S. imports of heavy forged handtools from China and from all other sources. Subject imports from China include hammers and sledges weighing over 1.5 kg (or 3.33 pounds), bars and wedges over 18 inches in length, all picks and mattocks, and all axes and adzes. Imports from other sources include hammers and sledges and bars and wedges from China that fall outside of the definition of subject imports, and heavy forged handtools from all other countries that meet the original definition of the like products (including hammers and sledges with heads weighing 2 pounds or more, and all bars and wedges, regardless of length).

Nonsubject sources of imports of hammers and sledges included Taiwan, Mexico, and Brazil. For bars and wedges, nonsubject sources of imports included Taiwan and Hong Kong. Imports of nonsubject picks and mattocks originated from Taiwan, Mexico, India, and Poland. Nonsubject imports of axes and adzes came from Taiwan, Mexico, Sweden, and Finland.

Almost all U.S. shipments of subject hammers and sledges imported from China included handles. In 1999, *** percent of U.S. shipments of subject imports went to the hardware segment of the market, with an *** hardware wholesalers and hardware retailers. About *** percent of U.S. import shipments were sold to the industrial segment, and *** percent were shipped to OEMs.

In 1999, *** percent of U.S. shipments of subject bars and wedges from China went to the hardware segment of the market, with slightly less going to hardware wholesalers (*** percent) than hardware retailers (*** percent). About *** percent of such shipments were sold to the industrial segment.

Almost all U.S. shipments of subject imports of picks and mattocks from China included handles. In 1999, *** percent of U.S. shipments of subject imports went to the hardware segment of the market, with slightly more going to hardware wholesalers (*** percent) than hardware retailers (*** percent). About *** percent of such shipments were sold to the industrial segment, and about *** percent were shipped to OEMs.

Almost all U.S. shipments of subject imports of axes and adzes from China included handles. In 1999, *** percent of U.S. shipments of subject imports went to the hardware segment of the market, with more going to hardware wholesalers (*** percent) than hardware retailers (*** percent). About *** percent of such shipments were sold to the industrial segment, and about *** percent were shipped to OEMs.

Table IV-1

Hammers and sledges: U.S. imports, by sources, 1998-99

* * * * *

Table IV-2

Bars and wedges: U.S. imports, by sources, 1998-99

* * * * *

Table IV-3
 Picks and mattocks: U.S. imports, by sources, 1998-99

* * * * *

Table IV-4
 Axes and adzes: U.S. imports, by sources, 1998-99

* * * * *

U.S. IMPORTERS' INVENTORIES

Tables IV-5 through IV-8 present data on U.S. importers' inventories and the ratios of inventories to imports and shipments of imports. With the exception of inventories of *** in 1999, inventory holdings from China were fairly small in relation to imports.

Table IV-5
 Hammers and sledges: U.S. importers' end-of-period inventories, by principal sources, 1998-99

* * * * *

Table IV-6
 Bars and wedges: U.S. importers' end-of-period inventories, by principal sources, 1998-99

* * * * *

Table IV-7
 Picks and mattocks: U.S. importers' end-of-period inventories, by principal sources, 1998-99

* * * * *

Table IV-8
 Axes and adzes: U.S. importers' end-of-period inventories, by principal sources, 1998-99

* * * * *

SUBJECT COUNTRY PRODUCERS

Information on the Chinese heavy forged handtools industry is not readily available from public sources.¹ According to counsel for the respondents in these reviews, the Chinese industry producing heavy forged handtools has three companies producing hammers and sledges, four companies producing bars and wedges, two companies producing picks and mattocks, and four companies producing axes and adzes.² These producers and their locations, by product, are listed as follows:

¹ Staff research in industry publications and on the internet.

² Respondents' submission of August, 18, 1999, exhibit. 4, pp. 1-2.

Hammers and sledges

Bars and wedges

Picks and mattocks

Axes and adzes

Chinese exports of heavy forged handtools are generally handled by large export and import companies that deal with a wide variety of other machinery and equipment products. Of the respondent exporters to the United States, only Shandong Huarong General Group Corp. (SHC) is both a producer and exporter of the subject merchandise.³

SUBJECT COUNTRY CAPACITY, PRODUCTION, SHIPMENTS, AND INVENTORIES

Incomplete data were submitted by respondents covering Chinese capacity, production, shipments, and inventories. Respondent ***. All exporters involved in Commerce's administrative reviews provided export data in response to the Commission's notice of institution of these reviews; however, they account for substantially less than *** percent of subject imports reported by U.S. Customs in 1998.⁴ Respondents together reported exports to the United States in 1998 as follows:⁵

³ Respondents' August 18, 1999 submission, p. 5.

⁴ Respondents' exports to the United States accounted for the following shares of subject imports in 1998: hammers and sledges, *** percent; bars and wedges, *** percent; picks and mattocks, *** percent; and axes and adzes, *** percent.

⁵ Respondents' August 18, 1999 submission, exhibits 6-9.

Quantity of exports (1,000 units)				Value of exports (1,000 dollars)			
Hammers/ sledges	Bars/ wedges	Picks/ mattocks	Axes/ adzes	Hammers/ sledges	Bars/ wedges	Picks/ mattocks	Axes/ adzes
***	***	***	***	***	***	***	***

Only one firm, ***, submitted a response to the Commission's foreign producer questionnaire. Its response did not include ***. It did not export any ***. Counsel for respondents informed Commission staff that ***.⁶ There are no known antidumping or countervailing duty orders covering imports of heavy forged handtools into third countries.

⁶ E-mail from Ted Hume, counsel for respondents, April 11, 2000.

PART V: PRICING AND RELATED DATA

FACTORS AFFECTING PRICING

Raw Material Costs

All four of the U.S. producers and the one responding Chinese producer report that the costs of raw materials have not changed significantly between 1998 and 1999. One U.S. producer, however, reported that since 1999 increased oil prices have increased the cost of transportation. One U.S. producer reported on the cost of inputs, reporting that steel prices have remained low, in the high \$0.20 to low \$0.30 per pound range. Another U.S. producer reported that it expected steel prices to increase by 10 percent over the next 3 years.

Transportation Costs to the U.S. Market

Based on 1999 official statistics, transportation charges from China to the U.S. market are estimated to be 8.8 percent of customs value. Transportation charges from the rest of the world to the U.S. market are estimated to average 3.9 percent.

U.S. Inland Transportation Costs

Three U.S. producers reported U.S. inland transportation costs which accounted for from 5 to 12 percent of the total delivered price of heavy forged handtools. Six importers reported transportation costs which accounted for between 5 and 13 percent of total delivered costs; four of these reported that transportation costs were between 10 and 13 percent of the delivered price of heavy forged handtools.

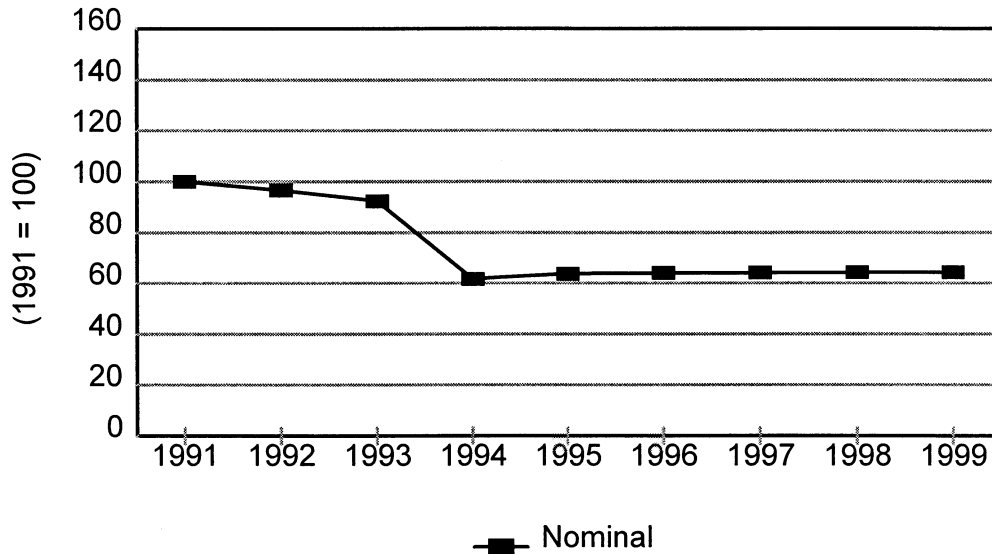
Tariff Rates

Heavy forged handtools are covered by HTS subheadings 8205.20.60, 8205.59.30, 8201.30.00, and 8201.40.60. The normal trade relations tariff rate for these subheadings in 1999 was free for 8201.30.00 (mattocks...), 8205.20.60 (hammer heads over 1.5 kg...), and 8205.59.30 (crowbars, wedges...); and 6.2 percent ad valorem for 8201.40.60 (axes...).

Exchange Rates

Annual exchange rates reported by the International Monetary Fund for China during the period January 1991-December 1999 are shown in figure V-1.

Figure V-1
Exchange rates: Index of the nominal exchange rate of the Chinese yuan relative to the U.S. dollar, by year, 1991-99



Source: International Monetary Fund, *International Financial Statistics*, March 2000.

PRICING PRACTICES

Heavy forged handtools are sold by the unit. Prices of tools differ by the type of tool, its weight, its quality, the type of handle, and other characteristics of the tools.

In 1999, U.S. producers' heavy forged handtools were sold through wholesalers/distributors; or directly to retailers, industrial accounts, OEMs, or government accounts. Imports of Chinese product were sold to retailers, distributors, and OEMs. ***. Three of the responding importers imported only nonsubject product.

Three of the four U.S. producers use price lists, although this was not the only pricing method used. One producer reported that it tries to provide what the customer wants; one reported that wholesale and industrial accounts were based on price lists, while retail prices were negotiated; one reported quoting fixed prices to specific customers; and one reported selling based on price lists with discounts. Six of the nine responding importers reported using price lists. Two of the nine importers reported using discounts, while most reported that their prices were normally determined using bids.

Ames reported that a large share of its sales were under exclusive supplier agreements with large retailers such as Wal-Mart. Under these agreements, Ames agrees to sell a range of its products to the retailer at a set price for an unspecified period of time. The retailers typically review these agreements

every 2 to 3 years, or when there is a problem with a supplier. Ames may gain or lose a sale for 2 to 3 years. Mr. Foster of Ames reported that "losing these sales could be somewhat devastating."¹

Two U.S. producers reported selling on both an f.o.b. and delivered basis, and one reported selling on a delivered basis. Three of the six responding importers reported selling on a delivered basis, two reported selling on both an f.o.b. and a delivered basis, and one reported selling c.i.f. (***)

PRICE DATA

The Commission requested that the U.S. producers and importers provide quarterly quantity and delivered value data for sales to retailers between January 1998 and December 1999 for the following products:

Product 1.— 8-pound sledge hammer -- 8-pound head, manufactured from fine grain special bar-quality steel, forged, trimmed, heat-treated, ground, shot-blasted (wheelabrated), polished, and painted, with attached 36-inch wooden handle.

Product 2.— 8-pound splitting maul -- 8-pound head, manufactured from high carbon steel, sheered, forged, trimmed, upset, heat-treated to fine grain, magnetically inspected, ground, shot-blasted, polished, sharpened, and painted, with attached 36-inch wooden handle.

Product 3.— 2-pound sledge hammer -- 2-pound head, manufactured from high carbon steel, forged, trimmed, heat-treated to fine grain, magnetically inspected, ground, shot-blasted, polished, and painted, with attached 16-inch wooden handle.

Product 4.— 4-pound sledge hammer -- 4-pound head, manufactured from high carbon steel, forged, trimmed, heat-treated to fine grain, magnetically inspected, ground, shot-blasted, polished, and painted, with attached 16-inch wooden handle.

Product 5.— 18-pound pinch or wedge point crowbar -- 18-pound bar (dimensions 60 inches by 1-1/4 inches) manufactured from high carbon steel, forged, sheered, rolled, ground, sharpened, and painted.

Product 6.— 24-inch wrecking bar -- manufactured from fine grain special bar-quality steel, forged, trimmed, bent (both ends), shot blasted, ground, and painted.

Product 7.— 14-1/2-inch nail puller/utility bar -- manufactured from high carbon steel, sheered, forged, trimmed- both ends, ground, sharpened, painted, and polished.

Product 8.— 5-pound pick/mattock -- 5-pound head, manufactured from fine grain special bar-quality steel, eye forged, pick and mattock blades forged, ground, heat-treated, shot-blasted, and painted, without handle.

¹ Mr. Foster, Controller, Ames Co., reported that these agreements are not contracts, hearing transcript, pp. 21, 22, 40-42, and 49-50.

Product 9.— 3-1/2-pound single bit Michigan axe -- 3-1/2-pound head, manufactured from fine grain special bar-quality steel, forged, trimmed, upset, ground, heat-treated, shot blasted, polished, painted, and sharpened, with attached 36-inch bent wooden handle.

No price data for imported product 3 were available; therefore no table is presented for product 3.²

Three of the four U.S. producers and four importers provided price data for sales of the requested products in the U.S. market, although not for all products and all quarters.³ However, ***, the importer ***, reports that its data include transactions other than sales to retailers.⁴ In addition, *** reported that it did not include all of its sales in some categories.⁵ Data from both of these firms continue to be included in the tables. Products 1-4 are hammers and sledges; usable pricing data for these products accounted for *** percent of U.S. domestic shipments and *** percent by Chinese imports of responding importers in 1998 and 1999. Products 5-7 are bars and wedges and accounted for *** percent of U.S. domestic shipments and *** percent of Chinese imports by responding importers. Product 8 is a pick/mattock and accounted for *** percent of U.S. domestic shipments and *** percent of Chinese imports by responding importers. Product 9 is an axe/adze and accounted for *** percent of U.S. domestic shipments and *** percent of Chinese imports by responding importers.

Price Trends

Weighted-average prices for U.S.-produced and imported Chinese heavy forged handtools sold to retailers, and margins of under/overselling, are shown in tables V-1 through V-8 and figures V-2 to V-9.

Table V-1

Heavy forged handtools: Weighted-average delivered prices and quantities of domestic and imported product 1 sold to retailers and margins of underselling/(overselling), by quarters, January 1998-December 1999

* * * * *

Table V-2

Heavy forged handtools: Weighted-average delivered prices and quantities of domestic and imported product 2 sold to retailers and margins of underselling/(overselling), by quarters, January 1998-December 1999

* * * * *

² The unit price of U.S.-produced product 3 was ***.

³ The other responding U.S. producer was able to ***.

⁴ The data it provided included exports, sales to ***, and some pieces not sold. *** reported that about *** percent of the sales for which it provided pricing data were for sales to retailers. *** was asked to provide corrected data but it reported that it was not able to provide the data requested. Staff discussions with ***, May 23, 2000 and June 8, 2000, and ***, June 5, 2000.

⁵ *** reported that it did not include sales of its *** that fit the descriptions for products 1 through 4. *** was asked to provide complete data but has not yet done so. Posthearing brief of the domestic industry, Attachment 1, p. 4.

Table V-3

Heavy forged handtools: Weighted-average delivered prices and quantities of domestic and imported product 4 sold to retailers and margins of underselling/(overselling), by quarters, January 1998-December 1999

* * * * *

Table V-4

Heavy forged handtools: Weighted-average delivered prices and quantities of domestic and imported product 5 sold to retailers and margins of underselling/(overselling), by quarters, January 1998-December 1999

* * * * *

Table V-5

Heavy forged handtools: Weighted-average delivered prices and quantities of domestic and imported product 6 sold to retailers and margins of underselling/(overselling), by quarters, January 1998-December 1999

* * * * *

Table V-6

Heavy forged handtools: Weighted-average delivered prices and quantities of domestic and imported product 7 sold to retailers and margins of underselling/(overselling), by quarters, January 1998-December 1999

* * * * *

Table V-7

Heavy forged handtools: Weighted-average delivered prices and quantities of domestic and imported product 8 sold to retailers and margins of underselling/(overselling), by quarters, January 1998-December 1999

* * * * *

Table V-8

Heavy forged handtools: Weighted-average delivered prices and quantities of domestic and imported product 9 sold to retailers and margins of underselling/(overselling), by quarters, January 1998-December 1999

* * * * *

Figure V-2
Weighted-average net delivered prices (per unit) of product 1, by quarters, January 1998-December 1999

* * * * *

Figure V-3
Weighted-average net delivered prices (per unit) of product 2, by quarters, January 1998-December 1999

* * * * *

Figure V-4
Weighted-average net delivered prices (per unit) of product 4, by quarters, January 1998-December 1999

* * * * *

Figure V-5
Weighted-average net delivered prices (per unit) of product 5, by quarters, January 1998-December 1999

* * * * *

Figure V-6
Weighted-average net delivered prices (per unit) of product 6, by quarters, January 1998-December 1999

* * * * *

Figure V-7
Weighted-average net delivered prices (per unit) of product 7, by quarters, January 1998-December 1999

* * * * *

Figure V-8
Weighted-average net delivered prices (per unit) of product 8, by quarters, January 1998-December 1999

* * * * *

Figure V-9
Weighted-average net delivered prices (per unit) of product 9, by quarters, January 1998-December 1999

* * * * *

Price Comparisons

The following tabulation shows a summary of underselling/(overselling) information for the eight products for which data from both countries were collected.

	<u>Hammers and sledges:</u>			<u>Bars and wedges:</u>		
Year	Number of quarters of underselling	Number of quarters of overselling	Average margin of underselling/(overselling) (percent)	Number of quarters of underselling	Number of quarters of overselling	Average margin of underselling/(overselling) (percent)
1998.....	1	11	(10.8)	11	1	11.6
1999.....	3	9	(10.5)	8	4	13.7
Total...	4	20	(10.6)	19	5	12.7

	<u>Picks and mattocks:</u>			<u>Axes and adzes:</u>		
Year	Number of quarters of underselling	Number of quarters of overselling	Average margin of underselling/(overselling) (percent)	Number of quarters of underselling	Number of quarters of overselling	Average margin of underselling/(overselling) (percent)
1998.....	3	3	1.1	4	0	18.6
1999.....	4	0	3.9	4	0	17.0
Total...	7	1	2.5	8	0	17.8

All heavy forged handtools:

Year	Number of quarters of underselling	Number of quarters of overselling	Average margin of underselling/overselling (percent)
1998.....	19	13	10.5
1999.....	19	13	11.3
Total.....	38	26	10.9

APPENDIX A

***FEDERAL REGISTER* NOTICES AND ADEQUACY STATEMENT**

from the People's Republic of China (PRC) were being sold in the United States at less than fair value. In a separate investigation, the U.S. International Trade Commission (ITC) determined that a U.S. industry is being materially injured by reason of imports of HFHTs from the PRC.

Based on the affirmative findings of the Department and the ITC, all unliquidated entries or warehouse withdrawals of HFHTs from the PRC, made on or after October 19, 1990, the date on which the Department published its preliminary determinations in the Federal Register (55 FR 42420), will be liable for the possible assessment of antidumping duties. Further, a cash deposit of estimated antidumping duties must be made on all such entries, and withdrawals from warehouse, for consumption made on or after the date of publication of these antidumping duty orders in the Federal Register.

EFFECTIVE DATE: February 19, 1991.

FOR FURTHER INFORMATION CONTACT: James Terpstra or Brad Hess, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC, 20230; (202) 377-3965 or (202) 377-3773.

SCOPE OF INVESTIGATION: The products covered by these investigations are HFHTs comprising the following classes or kinds of merchandise: (1) Hammers and sledges with heads over 1.5 kg. (3.33 pounds) ("hammers/sledges"); (2) bars over 18 inches in length, track tools and wedges ("bars/wedges"); (3) picks and mattocks ("picks/mattocks"); and (4) axes, adzes and similar hewing tools ("axes/adzes").

HFHTs include heads for drilling hammers, sledges, axes, mauls, picks and mattocks, which may or may not be painted, which may or may not be finished, or which may or may not be imported with handles; assorted bar products and track tools including wrecking bars, digging bars and tampers; and steel woodsplitting wedges. HFHTs are manufactured through a hot forge operation in which steel is sheared to required length, heated to forging temperature and formed to final shape on forging equipment using dies specific to the desired product shape and size. Depending on the product, finishing operations may include shot blasting, grinding, polishing and painting, and the insertion of handles for handled products. HFHTs are currently provided for under the following *Harmonized Tariff System* (HTS) subheadings:

[A-570-803]

Antidumping Duty Orders: Heavy Forged Hand Tools, Finished or Unfinished, With or Without Handles From the People's Republic of China

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: In its investigations, the U.S. Department of Commerce determined that heavy forged hand tools (HFHTs)

8205.20.60, 8205.59.30, 8201.30.00, and 8201.40.60. Specifically excluded from these investigations are hammers and sledges with heads 1.5 kg. (3.33 pounds) in weight and under, hoes and rakes, and bars 18 inches in length and under.

SUPPLEMENTARY INFORMATION: In accordance with section 735(a) of the Tariff Act of 1930, as amended (19 U.S.C. 1673 (a)) (the Act), on December 24, 1990, the Department made its final determinations that HFHTs from the PRC are being sold at less than fair value (56 FR 241, January 3, 1991). On February 11, 1991, in accordance with section 735(d) of the Act, the ITC notified the Department that such imports materially injure a U.S. industry.

In its final determinations, the Department also found that critical circumstances existed with respect to certain products. However, on February 11, 1991, the ITC notified the Department that critical circumstances do not exist with respect to any imports from the PRC. As a result of the ITC's negative critical circumstances determination, pursuant to section 735(c)(3) of the Act, the U.S. Customs Service will refund all cash deposits and release all bonds collected on hammers/sledges, bars/wedges, and picks/mattocks entered, or withdrawn from warehouse, for consumption, on or after July 12, 1990, and before October 19, 1990.

Therefore, in accordance with sections 738 and 751 of the Act, the Department will direct U.S. Customs officers to assess, upon further advice by the administering authority pursuant to section 736(a)(1) of the Act, antidumping duties equal to the amount by which the foreign market value of the merchandise exceeds the United States price for all entries of HFHTs from the PRC. These antidumping duties will be assessed on all unliquidated entries of HFHTs from the PRC entered, or withdrawn from warehouse, for consumption on or after October 19, 1990, the date on which the Department published its preliminary determinations notice in the Federal Register.

Suspension of Liquidation:

On or after the date of publication of this notice in the Federal Register, U.S. Customs officers must require, at the same time as importers would normally deposit estimated duties, the following cash deposits for each of the four classes or kinds of merchandise:

All exports of HFHTs from the PRC	Deposit rate
Picks/mattocks	50.61
Axes/adzes	15.02

This notice constitutes the antidumping duty orders with respect to HFHTs from the PRC, pursuant to section 736(a) of the Act. Interested parties may contact the Central Records Unit, room B-099 of the Main Commerce Building, for copies of an updated list of antidumping duty orders currently in effect.

These orders are published in accordance with section 736(a) of the Act and 19 CFR 353.21.

Dated: February 12, 1991.
 Eric I. Garfinkel,
 Assistant Secretary for Import Administration.
 [FR Doc. 91-3669 Filed 2-15-91; 8:45 am]
 BILLING CODE 3510-06-M

All exports of HFHTs from the PRC	Deposit rate
Hammers/sledges	45.42
Bars/wedges	31.76

**INTERNATIONAL TRADE
COMMISSION**

[Investigation No. 731-TA-457 (Review)]

Heavy Forged Handtools From China

AGENCY: United States International Trade Commission.

ACTION: Institution of five-year reviews concerning the antidumping duty orders on heavy forged handtools from China.

SUMMARY: The Commission hereby gives notice that it has instituted reviews pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the antidumping duty orders on heavy forged handtools from China would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission;¹ to

¹ No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117-0016/USITC No. 99-5-018. Public reporting burden for the request is estimated to average 7 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW, Washington, DC 20436.

be assured of consideration, the deadline for responses is August 20, 1999. Comments on the adequacy of responses may be filed with the Commission by September 13, 1999.

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). Recent amendments to the Rules of Practice and Procedure pertinent to five-year reviews, including the text of subpart F of part 207, are published at 63 F.R. 30599, June 5, 1998, and may be downloaded from the Commission's World Wide Web site at <http://www.usitc.gov/rules.htm>.

EFFECTIVE DATE: July 1, 1999.

FOR FURTHER INFORMATION CONTACT: Mary Messer (202-205-3193) or Vera Libeau (202-205-3176), 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>).

SUPPLEMENTARY INFORMATION:

Background

On February 19, 1991, the Department of Commerce issued antidumping duty orders on imports of the following classes or kinds of heavy forged handtools from China: (1) Axes & adzes, (2) bars & wedges, (3) hammers & sledges, and (4) picks & mattocks (56 F.R. 6622). The Commission is conducting reviews to determine whether revocation of the orders would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. It will assess the adequacy of interested party responses to this notice of institution to determine whether to conduct full reviews or expedited reviews. The Commission's determinations in any expedited reviews will be based on the facts available, which may include information provided in response to this notice.

Definitions

The following definitions apply to these reviews:

(1) Subject Merchandise is the class or kind of merchandise that is within the scope of the five-year reviews, as defined by the Department of Commerce.

(2) The Subject Country in these reviews is China.

(3) The Domestic Like Product is the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the Subject Merchandise. In its original determinations, the Commission found four Domestic Like Products: (1) Axes, adzes and hewing tools, other than machetes, with or without handles; (2) bar tools, track tools, and wedges; (3) hammers and sledges, with heads weighing 2 pounds or more, with or without handles; and (4) picks and mattocks, with or without handles.

(4) The Domestic Industry is the U.S. producers as a whole of the Domestic Like Product, or those producers whose collective output of the Domestic Like Product constitutes a major proportion of the total domestic production of the product. In its original determinations, the Commission found four Domestic Industries: (1) producers of axes, adzes and hewing tools, other than machetes, with or without handles; (2) producers of bar tools, track tools, and wedges; (3) producers of hammers and sledges, with heads weighing 2 pounds or more, with or without handles; and (4) producers of picks and mattocks, with or without handles. The Commission excluded from the Domestic Industries companies that do no more than assemble imported heads with handles purchased from a domestic manufacturer. The Commission also excluded one domestic producer, Madison Mill, from the Domestic Industries under the related parties provision.

(5) The Order Date is the date that the antidumping duty orders under review became effective. In these reviews, the Order Date is February 19, 1991.

(6) An Importer is any person or firm engaged, either directly or through a parent company or subsidiary, in importing the Subject Merchandise into the United States from a foreign manufacturer or through its selling agent.

Participation in the Reviews 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 the reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11(b)(4) of the Commission's rules, no later than 21 days after publication of this notice in the **Federal Register**. 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 APO Service List

Pursuant to § 207.7(a) of the Commission's rules, the Secretary will make BPI submitted in these reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made no later than 21 days after publication of this notice in the **Federal Register**. Authorized applicants must represent interested parties, as defined in 19 U.S.C. 1677(9), who are parties to the reviews. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Certification

Pursuant to § 207.3 of the Commission's rules, any person submitting information to the Commission in connection with these reviews must certify that the information is accurate and complete to the best of the submitter's knowledge. In making the certification, the submitter will be deemed to consent, unless otherwise specified, for the Commission, its employees, and contract personnel to use the information provided in any other reviews or investigations of the same or comparable products which the Commission conducts under Title VII of the Act, or in internal audits and investigations relating to the programs and operations of the Commission pursuant to 5 U.S.C. Appendix 3.

Written Submissions

Pursuant to § 207.61 of the Commission's rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is August 20, 1999. Pursuant to § 207.62(b) of the Commission's rules, eligible parties (as specified in Commission rule 207.62(b)(1)) may also file comments concerning the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. The deadline for filing such comments is

September 13, 1999. All written submissions must conform with the provisions of § 201.8 and 207.3 of the Commission's rules and any submissions that contain BPI must also conform with the requirements of §§ 201.6 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. Also, in accordance with §§ 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (as identified by either the public or APO service list as appropriate), and a certificate of service must accompany the document (if you are not a party to the reviews you do not need to serve your response).

Inability To Provide Requested Information

Pursuant to § 207.61(c) of the Commission's rules, any interested party that cannot furnish the information requested by this notice in the requested form and manner shall notify the Commission at the earliest possible time, provide a full explanation of why it cannot provide the requested information, and indicate alternative forms in which it can provide equivalent information. If an interested party does not provide this notification (or the Commission finds the explanation provided in the notification inadequate) and fails to provide a complete response to this notice, the Commission may take an adverse inference against the party pursuant to section 776(b) of the Act in making its determinations in the reviews.

Information To Be Provided in Response to This Notice of Institution

Please provide the requested information separately for each Domestic Like Product, as defined by the Commission in its original determinations, and for each of the products identified by Commerce as Subject Merchandise. As used below, the term "firm" includes any related firms.

(1) The name and address of your firm or entity (including World Wide Web address if available) and name, telephone number, fax number, and E-mail address of the certifying official.

(2) A statement indicating whether your firm/entity is a U.S. producer of the Domestic Like Product to which your response pertains, a U.S. union or worker group, a U.S. importer of the Subject Merchandise, a foreign producer or exporter of the Subject Merchandise, a U.S. or foreign trade or business

association, or another interested party (including an explanation). If you are a union/worker group or trade/business association, identify the firms in which your workers are employed or which are members of your association.

(3) A statement indicating whether your firm/entity is willing to participate in these reviews by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the antidumping duty orders on each Domestic Industry for which you are filing a response in general and/or your firm/entity specifically. In your response, please discuss the various factors specified in section 752(a) of the Act (19 U.S.C. 1675a(a)) including the likely volume of subject imports, likely price effects of subject imports, and likely impact of imports of Subject Merchandise on the Domestic Industry.

(5) A list of all known and currently operating U.S. producers of each Domestic Like Product for which you are filing a response. Identify any known related parties and the nature of the relationship as defined in section 771(4)(B) of the Act (19 U.S.C. 1677(4)(B)).

(6) A list of all known and currently operating U.S. importers of the Subject Merchandise and producers of the Subject Merchandise in the Subject Country that currently export or have exported Subject Merchandise to the United States or other countries since 1990.

(7) If you are a U.S. producer of a Domestic Like Product, provide the following information separately on your firm's operations on each product during calendar year 1998 (report quantity data in units and value data in thousands of U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total U.S. production of each Domestic Like Product accounted for by your firm's(s'') production; and

(b) The quantity and value of U.S. commercial shipments of each Domestic Like Product produced in your U.S. plant(s); and

(c) The quantity and value of U.S. internal consumption/company transfers of each Domestic Like Product produced in your U.S. plant(s).

(8) If you are a U.S. importer or a trade/business association of U.S. importers of the Subject Merchandise

from the Subject Country, provide the following information on your firm's(s'') operations on that product during calendar year 1998 (report quantity data in units and value data in thousands of U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) The quantity and value (landed, duty-paid but not including antidumping or countervailing duties) of U.S. imports and, if known, an estimate of the percentage of total U.S. imports of Subject Merchandise from the Subject Country accounted for by your firm's(s'') imports; and

(b) The quantity and value (f.o.b. U.S. port, including antidumping and/or countervailing duties) of U.S. commercial shipments of Subject Merchandise imported from the Subject Country; and

(c) The quantity and value (f.o.b. U.S. port, including antidumping and/or countervailing duties) of U.S. internal consumption/company transfers of Subject Merchandise imported from the Subject Country.

(9) If you are a producer, an exporter, or a trade/business association of producers or exporters of the Subject Merchandise in the Subject Country, provide the following information on your firm's(s'') operations on that product during calendar year 1998 (report quantity data in units and value data in thousands of U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping or countervailing duties). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total production of Subject Merchandise in the Subject Country accounted for by your firm's(s'') production; and

(b) The quantity and value of your firm's(s'') exports to the United States of Subject Merchandise and, if known, an estimate of the percentage of total exports to the United States of Subject Merchandise from the Subject Country accounted for by your firm's(s'') exports.

(10) Identify significant changes, if any, in the supply and demand conditions or business cycle for each Domestic Like Product that have occurred in the United States or in the market for the Subject Merchandise in the Subject Country since the Order Date, and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include technology; production methods;

development efforts; ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production); and factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad).

Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the Domestic Like Product produced in the United States, Subject Merchandise produced in the Subject Country, and such merchandise from other countries.

(11) (OPTIONAL) A statement of whether you agree with the above definitions of the Domestic Like Product and Domestic Industry; if you disagree with either or both of these definitions, please explain why and provide alternative definitions.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.61 of the Commission's rules.

Issued: June 25, 1999.

By order of the Commission.

Donna R. Koehnke
Secretary.

[FR Doc. 99-16825 Filed 6-30-99; 8:45 am]

BILLING CODE 7020-02-U

FOR FURTHER INFORMATION CONTACT:

Robert Carpenter (202-205-3172),
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>).

By order of the Commission.

Donna R. Koehnke,
Secretary.

[FR Doc. 99-26909 Filed 10-14-99; 8:45 am]

BILLING CODE 7020-02-P

**INTERNATIONAL TRADE
COMMISSION**

[Investigation No. 731-TA-457-A-D
(Review)]

Heavy Forged Handtools From China

AGENCY: United States International
Trade Commission.

ACTION: Notice of Commission
determinations to conduct full five-year
reviews concerning the antidumping
duty orders on heavy forged handtools
from China.

SUMMARY: The Commission hereby gives
notice that it will proceed with full
reviews pursuant to section 751(c)(5) of
the Tariff Act of 1930 (19 U.S.C.
1675(c)(5)) to determine whether
revocation of the antidumping duty
orders on heavy forged handtools from
China would be likely to lead to
continuation or recurrence of material
injury within a reasonably foreseeable
time. The Commission has determined
to exercise its authority to extend the
review period by up to 90 days pursuant
to 19 U.S.C. 1675(c)(5)(B); a schedule for
the reviews will be established and
announced at a later date.

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). Recent amendments to the Rules
of Practice and Procedure pertinent to
five-year reviews, including the text of
subpart F of part 207, are published at
63 FR 30599, June 5, 1998, and may be
downloaded from the Commission's
World Wide Web site at <http://www.usitc.gov/rules.htm>.

EFFECTIVE DATE: October 1, 1999.

SUPPLEMENTARY INFORMATION:

On October 1, 1999, the Commission
determined that it should proceed to
full reviews in the subject five-year
reviews pursuant to section 751(c)(5) of
the Act.

With regard to bars and wedges,
hammers and sledges, and picks and
mattocks, the Commission found that
both the domestic interested party group
responses¹ and the respondent
interested party group responses² to its
notice of institution³ were adequate and
voted to conduct full reviews.⁴ With
regard to axes and adzes, the
Commission found that the domestic
interested party group response was
inadequate⁵ and the respondent
interested party group response was
adequate.⁶ The Commission also found
that other circumstances warranted
conducting a full review.⁷

A record of the Commissioners' votes,
the Commission's statement on
adequacy, and any individual
Commissioner's statements will be
available from the Office of the
Secretary and at the Commission's web
site.

Authority: These reviews are being
conducted under authority of title VII of the
Tariff Act of 1930; this notice is published
pursuant to section 207.62 of the
Commission's rules.

Issued: October 8, 1999.

¹ Chairman Bragg and Commissioner Crawford
dissenting.

² Chairman Bragg and Commissioner Crawford
dissenting.

³ The notice of institution for the subject reviews
was published in the *Federal Register* on July 1,
1999 (64 FR 35682).

⁴ Chairman Bragg and Commissioner Crawford
dissenting.

⁵ Commissioner Askey dissenting.

⁶ Chairman Bragg and Commissioner Crawford
dissenting.

⁷ Chairman Bragg and Commissioner Crawford
dissenting.

**INTERNATIONAL TRADE
COMMISSION****[Investigations Nos. 731-TA-457 A-D
(Review)]****Heavy Forged Handtools From China****AGENCY:** United States International Trade Commission.**ACTION:** Scheduling of full five-year reviews concerning the antidumping duty orders on heavy forged handtools from China.**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 heavy forged handtools from China would be likely to lead to continuation or recurrence of material injury. 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). Recent amendments to the rules of practice and procedure pertinent to five-year reviews, including the text of subpart F of part 207, are published at 63 FR 30599, June 5, 1998, and may be downloaded from the Commission's World Wide Web site at <http://www.usitc.gov/rules.htm>.**EFFECTIVE DATE:** February 3, 2000.**FOR FURTHER INFORMATION CONTACT:** Olympia DeRosa Hand (202-205-3182), Office of Investigations, U.S.

¹ Investigation No. 731-TA-457 A covers hammers and sledges with heads over 1.5 kg (3.33 pounds) ("hammers and sledges"); investigation No. 731-TA-457 B covers bars over 18 inches in length, track tools, and wedges ("bars and wedges"); investigation No. 731-TA-457 C covers picks and mattocks ("picks and mattocks"); and investigation No. 731-TA-457 D covers axes, adzes, and similar hewing tools ("axes and adzes").

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>).

SUPPLEMENTARY INFORMATION:

Background

On October 1, 1999, 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 (64 FR 55958, October 15, 1999). A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's web site.

Participation in the Reviews 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 § 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 § 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 Secretary for those parties authorized to receive BPI under the APO.

Staff Report

The prehearing staff report in the reviews will be placed in the nonpublic record on April 26, 2000, and a public version will be issued thereafter, pursuant to § 207.64 of the Commission's rules.

Hearing

The Commission will hold a hearing in connection with the reviews beginning at 9:30 a.m. on May 16, 2000, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before May 8, 2000. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on May 11, 2000, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by §§ 201.6(b)(2), 201.13(f), 207.24, and 207.66 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 days prior to the date of the hearing.

Written Submissions

Each party to the reviews may submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of § 207.65 of the Commission's rules; the deadline for filing is May 5, 2000. Parties may also file written testimony in connection with their presentation at the hearing, as provided in § 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.67 of the Commission's rules. The deadline for filing posthearing briefs is May 25, 2000; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the reviews may submit a written statement of information pertinent to the subject of the reviews on or before May 25, 2000. On June 23, 2000, the Commission will make available to parties all information on which they have not had an opportunity to

comment. Parties may submit final comments on this information on or before June 27, 2000, but such final comments must not contain new factual information and must otherwise comply with § 207.68 of the Commission's rules. All written submissions must conform with the provisions of § 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of §§ 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.

In accordance with §§ 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (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 reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to § 207.62 of the Commission's rules.

Issued: February 4, 2000.

By order of the Commission.

Donna R. Koehnke,
Secretary.

[FR Doc. 00-3025 Filed 2-9-00; 8:45 am]

BILLING CODE 7020-02-P

751(c) of the Tariff Act of 1930, as amended ("the Act"). We provided interested parties an opportunity to comment on our preliminary results. We did not receive comments from either domestic or respondent interested parties. As a result of these reviews, the Department finds that revocation of these orders would be likely to lead to continuation or recurrence of dumping at the rates indicated in the *Final Results of Review* section of this notice.

FOR FURTHER INFORMATION CONTACT: Eun W. Cho or Carole Showers, Office of Policy for Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-1698 or (202) 482-3217, respectively.

EFFECTIVE DATE: June 2, 2000.

Statute and Regulations

Unless otherwise indicated, all citations to the Act are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act ("URAA"). In addition, unless otherwise indicated, all citations to the Department regulations are to 19 CFR part 351 (1999). Guidance on methodological or analytical issues relevant to the Department's conduct of sunset reviews is set forth in the Department Policy Bulletin 98:3—Policies Regarding the Conduct of Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders; Policy Bulletin, 63 FR 18871 (April 16, 1998) (Sunset Policy Bulletin).

Background

On January 24, 2000, the Department published a notice of preliminary results of the full sunset reviews of the antidumping duty orders on bars and wedges and hammers and sledges from the People's Republic of China ("PRC") (65 FR 3658)² pursuant to section 751(c) of the Act. In our preliminary results, we determined that revocation of the antidumping duty orders would be likely to lead to continuation or recurrence of dumping. In addition, we preliminarily determined that the following weighted-average dumping margins are likely to prevail if the orders were revoked: PRC-wide rate of 31.76 percent ad valorem for bars/wedges and 45.42 percent ad valorem for hammers/sledges.

Neither domestic nor respondent interested parties submitted case briefs

within the deadline specified in 19 CFR 351.309(c)(1)(i).

Scope of Review

The products covered by these orders include bars/wedges and hammers/sledges from the PRC. Although we provide the full scope language for the order on heavy forged hand tools ("HFHTs") below, this determination applies only to the types of HFHTs which fall under the orders (A-570-803) on bars/wedges and hammers/sledges from the PRC. HFHTs include heads for drilling, hammers, sledges, axes, mauls, picks, and mattocks, which may or may not be painted, which may or may not be finished, or which may or may not be imported with handles; assorted bar products and track tools including wrecking bars, digging bars and tampers; and steel wood splitting wedges. HFHTs are manufactured through a hot forge operation in which steel is sheared to the required length, heated to forging temperature, and formed to final shape on forging equipment using dies specific to the desired product shape and size. Depending on the product, finishing operations may include shot-blasting, grinding, polishing, and painting, and the insertion of handles for handled products. HFHTs are currently classifiable under the following Harmonized Tariff Schedule ("HTS") item numbers 8205.20.60, 8205.59.30, 8201.30.00, and 8201.40.60. Specifically excluded are hammers and sledges with heads 1.5 kilograms (3.33 pounds) in weight and under, and hoes and rakes, and bars 18 inches in length and under. The HTS item numbers are provided for convenience and customs purposes only. The written description of the scope remains dispositive.

There has been one scope ruling with respect to the orders on HFHTs from the PRC in which the Forrest Tool Company's Max Multipurpose Tool was determined to be within the scope of the order (58 FR 59991, (November 12, 1993)).

Analysis of Comments Received

The Department did not receive a case brief from either domestic or respondent interested parties. We have not made any changes to our preliminary results of January 24, 2000 (65 FR 3658).³

Final Results of Review

As a result of these reviews, the Department finds that revocation of the antidumping duty orders would be likely to lead to continuation or

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-803, A-570-803]

Final Results of Full Sunset Reviews: Bars and Wedges and Hammers and Sledges From the People's Republic of China

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

ACTION: Notice of Final Results of Full Sunset Reviews: Bars and Wedges and Hammers and Sledges from the People's Republic of China.

SUMMARY: On January 24, 2000, the Department of Commerce ("the Department") published a notice of preliminary results of the full sunset reviews of antidumping duty orders on bars and wedges and hammers and sledges from the People's Republic of China (65 FR 3658)¹ pursuant to section

¹ See also Bars and Wedges and Hammers and Sledges from the People's Republic of China: Corrected Preliminary Results of Full Sunset Reviews, 65 FR 16167 (March 27, 2000).

² See footnote 1, supra.

³ See footnote 1, supra.

recurrence of dumping at the rates listed below:

PRC wide	Margin (percent)
Bars/Wedges	31.76
Hammers/Sledges	45.42

This notice also serves as the only reminder to parties subject to administrative protective orders ("APO") of their responsibility concerning the return or disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305 of the Department's regulations. Timely written notification of the return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

This five-year ("sunset") review and notice are in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: May 26, 2000.

Troy H. Cribb,

Acting Assistant Secretary for Import Administration.

[FR Doc. 00-13880 Filed 6-1-00; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE**International Trade Administration**

[A-570-803, A-570-803]

Final Results of Expedited Sunset Reviews: Axes and Adzes and Picks and Mattocks From the People's Republic of China

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

ACTION: Notice of final results of expedited sunset reviews: Axes and adzes and picks and mattocks from the People's Republic of China.

SUMMARY: On July 1, 1999, the Department of Commerce ("the Department") initiated sunset reviews of the antidumping duty orders on axes and adzes and on picks and mattocks from the People's Republic of China ("PRC") (64 FR 35588) pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). On the basis of notices of intent to participate and adequate substantive comments filed on behalf of domestic interested parties and inadequate responses from respondent interested parties, the Department determined to conduct expedited reviews. As a result of these reviews, the Department finds that revocation of the antidumping orders would likely lead to continuation or recurrence of dumping at the levels indicated in the Final Results of Reviews section of this notice.

EFFECTIVE DATE: February 4, 2000.

FOR FURTHER INFORMATION CONTACT: Darla D. Brown or Melissa G. Skinner, Office of Policy for Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-3207 or (202) 482-1560, respectively.

Statute and Regulations

These reviews were conducted pursuant to sections 751(c) and 752 of the Act. The Department's procedures for the conduct of sunset reviews are set forth in *Procedures for Conducting Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders*, 63 FR 13516 (March 20, 1998) ("Sunset Regulations") and 19 CFR Part 351 (1999) in general. Guidance on methodological or analytical issues relevant to the Department's conduct of sunset reviews is set forth in the Department's Policy Bulletin 98:3—*Policies Regarding the Conduct of Five-year ("Sunset") Reviews of*

Antidumping and Countervailing Duty Orders; Policy Bulletin 63 FR 18871 (April 16, 1998) ("Sunset Policy Bulletin").

Scope

Although we provide the full scope language for the order on heavy forged hand tools ("HFHTs") below, this determination applies only to the types of HFHTs which fall under the orders (A-570-803) on axes and adzes and picks and mattocks from the PRC. HFHTs include heads for drilling, hammers, sledges, axes, mauls, picks, and mattocks, which may or may not be painted, which may or may not be finished, or which may or may not be imported with handles; assorted bar products and track tools including wrecking bars, digging bars and tampers; and steel wool splitting wedges. HFHTs are manufactured through a hot forge operation in which steel is sheared to the required length, heated to forging temperature, and formed to final shape on forging equipment using dies specific to the desired product shape and size. Depending on the product, finishing operations may include shot-blasting, grinding, polishing, and painting, and the insertion of handles for handled products. HFHTs are currently classifiable under the following Harmonized Tariff Schedule ("HTS") item numbers 8205.20.60, 8205.59.30, 8201.30.00, and 8201.40.60. Specifically excluded are hammers and sledges with heads 1.5 kilograms (3.33 pounds) in weight and under, and hoes and rakes, and bars 18 inches in length and under. The HTS item numbers are provided for convenience and customs purposes only. The written description of the scope remains dispositive.

There has been one scope ruling with respect to the order on HFHTs from the PRC in which the Forrest Tool Company's Max Multipurpose Tool was determined to be within the scope of the order (58 FR 59991; November 12, 1993).

These reviews cover imports from all manufacturers and exporters of axes and adzes and picks and mattocks from the PRC.

History of the Orders

The Department published its final affirmative determination of sales at less than fair value ("LTFV") with respect to imports of HFHTs from the PRC on January 3, 1991 (56 FR 241). In this determination, the Department published four country-wide weighted-average dumping margins, one each for hammers/sledges, bars/wedges, picks/mattocks and axes/adzes. The

Department subsequently issued the antidumping duty orders on HFHTs from the PRC on February 19, 1991 (56 FR 6622). Since the imposition of the orders, the Department has conducted several administrative reviews.¹ The orders remain in effect for all manufacturers and exporters of the subject merchandise from the PRC.

To date, the Department has not issued any duty absorption findings in these cases.

Background

On July 1, 1999, the Department initiated sunset reviews of the antidumping duty orders on axes and adzes and picks and mattocks from the PRC (64 FR 35588), pursuant to section 751(c) of the Act. For both of the reviews, the Department received notices of intent to participate on behalf of O. Ames Co. and its division, Woodings-Verona (collectively, "domestic interested parties") on July 16, 1999, within the deadline specified in section 351.218(d)(1)(i) of the *Sunset Regulations*. Pursuant to section 771(9)(C) of the Act, the domestic interested parties claimed interested

¹ See *Heavy Forged Hand Tools, Finished and Unfinished, With or Without Handles, from the People's Republic of China; Final Results of Antidumping Duty Administrative Reviews*, 60 FR 49251 (September 22, 1995); *Heavy Forged Hand Tools, Finished and Unfinished, With or Without Handles, from the People's Republic of China; Final Results of Antidumping Duty Administrative Review*, 61 FR 15028 (April 4, 1996); as amended, *Heavy Forged Hand Tools, Finished and Unfinished, With or Without Handles, from the People's Republic of China; Amendment of Final Results of Antidumping Duty Administrative Review*, 61 FR 24285 (May 14, 1996); *Heavy Forged Hand Tools, Finished and Unfinished, With or Without Handles, from the People's Republic of China; Final Results of Antidumping Duty Administrative Review*, 61 FR 51269 (October 1, 1996); as amended, *Heavy Forged Hand Tools from the People's Republic of China; Notice of Amendment of Final Results of Antidumping Duty Administrative Review*, 62 FR 24416 (May 5, 1997); *Heavy Forged Hand Tools from the People's Republic of China; Final Results of Antidumping Duty Administrative Reviews*, 62 FR 11813 (March 13, 1997); *Heavy Forged Hand Tools, Finished and Unfinished, With or Without Handles, from the People's Republic of China; Final Results of Antidumping Duty Administrative Reviews*, 63 FR 16758 (April 6, 1998); as amended, *Amended Final Results of Antidumping Duty Administrative Reviews Pursuant to Remand from the Court of International Trade: Heavy Forged Hand Tools, Finished and Unfinished, With or Without Handles, from the People's Republic of China* 63 FR 55577 (October 16, 1998) and *Amended Final Results of Antidumping Duty Administrative Reviews Pursuant to Remand from the Court of International Trade: Heavy Forged Hand Tools, Finished and Unfinished, With or Without Handles, from the People's Republic of China: Correction*, 64 FR 851 (January 6, 1999); *Heavy Forged Hand Tools, Finished and Unfinished, With or Without Handles, from the People's Republic of China; Final Results and Partial Recission of Antidumping Duty Administrative Reviews*, 64 FR 43659 (August 11, 1999).

party status as domestic manufacturers of the subject merchandise. The Department received complete substantive responses from the domestic interested parties on August 2, 1999, within the 30-day deadline specified in the *Sunset Regulations* under section 351.218(d)(3)(i). In addition, we received substantive responses on behalf of Fujian Machinery and Equipment Import and Export Corp., Shandong Huarong General Group Corp., Shandong Machinery Import and Export Corp., and Tianjin Machinery Import and Export Corp. (collectively, "respondents"). The respondents claimed interested party status under section 771(9)(A) as exporters of the subject merchandise.

Using information on the value of exports submitted by the respondents and the value of imports as reported in U.S. Census Bureau IM146 Reports, the Department determined that respondents' exports to the United States accounted for significantly less than fifty percent of the total volume of subject merchandise to the U.S. over the five calendar years preceeding the initiation of these sunset reviews. Therefore, respondents provided inadequate response to the notice of initiation and, pursuant to 19 CFR 351.218(e)(1)(ii)(C), the Department determined to conduct expedited, 120-day reviews of the orders.²

In accordance with section 751(c)(5)(C)(v) of the Act, the Department may treat a review as extraordinarily complicated if it is a review of a transition order (*i.e.*, an order in effect on January 1, 1995). On November 16, 1999, the Department determined that the sunset reviews of the antidumping duty orders on axes/adzes and picks/mattocks from the PRC are extraordinarily complicated and extended the time limit for completion of the final results of these reviews until not later than January 27, 2000, in accordance with section 751(c)(5)(B) of the Act.³

Although the deadline for this determination was originally January 27, 2000, due to the Federal Government shutdown on January 25 and 26, 2000, resulting from inclement weather, the time-frame for issuing this determination has been extended by one day.

Determination

In accordance with section 751(c)(1) of the Act, the Department conducted

² See memoranda concerning adequacy of respondent response dated October 19, 1999.

³ See *Extension of Time Limit for Final Results of Five-Year Reviews*, 64 FR 62167 (November 16, 1999).

these reviews to determine whether revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping. Section 752(c) of the Act provides that, in making these determinations, the Department shall consider the weighted-average dumping margins determined in the investigation and subsequent reviews and the volume of imports of the subject merchandise for the period before and the period after the issuance of the antidumping order, and shall provide to the International Trade Commission ("the Commission") the magnitude of the margins of dumping likely to prevail if the order were revoked.

The Department's determinations concerning continuation or recurrence of dumping and the magnitude of the margins are discussed below. In addition, domestic interested parties' and respondents' comments with respect to continuation or recurrence of dumping and the magnitude of the margins are addressed within the respective sections below.

Continuation or Recurrence of Dumping

Drawing on the guidance provided in the legislative history accompanying the Uruguay Round Agreements Act ("URAA"), specifically the Statement of Administrative Action ("the SAA"), H.R. Doc. No. 103-316, vol. 1 (1994), the House Report, H.R. Rep. No. 103-826, pt. 1 (1994), and the Senate Report, S. Rep. No. 103-412 (1994), the Department issued its *Sunset Policy Bulletin* providing guidance on methodological and analytical issues, including the bases for likelihood determinations. In its *Sunset Policy Bulletin*, the Department indicated that determinations of likelihood will be made on an order-wide basis (*see* section II.A.2). In addition, the Department indicated that it normally will determine that revocation of an antidumping duty order is likely to lead to continuation or recurrence of dumping where (a) dumping continued at any level above *de minimis* after the issuance of the order, (b) imports of the subject merchandise ceased after the issuance of the order, or (c) dumping was eliminated after the issuance of the order and import volumes for the subject merchandise declined significantly (*see* section II.A.3).

In their substantive responses, the domestic interested parties argue that revocation of the orders would likely lead to continuation or recurrence of dumping. They base their conclusion on the combined facts that dumping has continued over the life of the orders at

levels well above *de minimis* and that import volumes, in the case of axes/adzes, declined significantly after the issuance of the orders. The domestic interested parties maintain that imports of axes/adzes from the PRC declined significantly from approximately \$1.9 million worth of subject merchandise in 1989 to approximately \$1.5 million worth of merchandise in 1997 and to roughly \$1.2 million in 1998. They argue that although import quantities are not publicly available, the decline in total value of imports indicates that volume also declined substantially. The domestic interested parties, however, do not discuss import volumes for picks/mattocks in their substantive response. They conclude that it is reasonable to assume that the PRC exporters could not sell in the United States without dumping and that, to reenter to U.S. market, they would have to increase or continue dumping (*see* August 2, 1999, substantive response of the domestic interested parties at 3-4).

The respondents argue that if the orders were revoked, shipments would likely continue at average levels as seen in 1996 through 1998. They maintain that there is greater competition from other supplying countries and that demand in the U.S. is fairly inelastic, indicating that even with lower prices (without dumping duties), demand for imports of the subject merchandise from the PRC is not likely to change much (*see* July 30, 1999, substantive response of the respondents at 2).

As discussed in section II.A.3 of the *Sunset Policy Bulletin* the SAA at 890, and the House Report at 63-64, if companies continue to dump with the discipline of an order in place, the Department may reasonably infer that dumping would continue if the discipline were removed. As pointed out above, dumping margins above *de minimis* continue to exist for shipments of the subject merchandise from China.

Consistent with section 752(c) of the Act, the Department also considers the volume of imports before and after issuance of the order. As mentioned before, the domestic interested parties maintain that imports of axes/adzes from the PRC declined significantly from approximately \$1.9 million worth of subject merchandise in 1989 to approximately \$1.5 million worth of merchandise in 1997 and roughly \$1.2 million in 1998.

Using the Department's statistics, including IM146 reports, on imports of the subject merchandise from the PRC, the Department concludes that imports of axes/adzes and picks/mattocks from the PRC have fluctuated over the life of the orders, showing no overall trend.

As noted above, in conducting its sunset reviews, the Department considers the weighted-average dumping margins and volume of imports when determining whether revocation of an antidumping duty order would lead to the continuation or recurrence of dumping. Based on this analysis, the Department finds that the existence of dumping margins above de minimis levels is highly probative of the likelihood of continuation or recurrence of dumping. A deposit rate above a de minimis level continues in effect for exports of the subject merchandise by at least one Chinese manufacturer/exporter. Therefore, given that dumping has continued over the life of the orders, the Department determines that dumping is likely to continue if the orders were revoked. Because we are basing our determination on the fact that dumping has continued throughout the life of the orders, it is not necessary to address respondent's arguments concerning demand.

Magnitude of the Margin

In the *Sunset Policy Bulletin*, the Department stated that it normally will provide to the Commission the margin that was determined in the final determination in the original investigation. Further, for companies not specifically investigated or for companies that did not begin shipping until after the order was issued, the Department normally will provide a margin based on the "all others" rate from the investigation. (See section II.B.1 of the *Sunset Policy Bulletin*.) Exceptions to this policy include the use of a more recently calculated margin, where appropriate, and consideration of duty absorption determinations. (See sections II.B.2 and 3 of the *Sunset Policy Bulletin*.) We note that, to date, the Department has not issued any duty absorption findings in either of these cases.

In their substantive responses, the domestic interested parties recommend that the Department deviate from its normal practice of using margins from the original investigation and instead use margins from a more recent administrative review. In the case of axes/adzes, the domestic interested parties recommend using the PRC-wide margin of 21.92 calculated in the fourth administrative review. For picks/mattocks, the domestic interested parties argue that the dumping margins likely to prevail if the orders were revoked would be 98.77 percent for Fujian Machinery & Equipment Import & Export Corp., as calculated in the fifth administrative review; 70.31 percent for Shandong Machinery Import & Export

Corp., as calculated in the fourth administrative review; and 50.81 percent for Tianjin Machinery Import & Export Corp., Liaoning Machinery Import & Export Corp. and Shandong Huarong General Group Corp., as calculated in the original investigation. The domestic interested parties argue further that, in the case of picks/mattocks, while the dumping margins calculated by the Department have fluctuated, the margins have increased for most of the PRC producers.

The respondents argue that the dumping margin likely to prevail if the orders were revoked would be zero, but no higher than the average margin for the latest reviews.

The Department disagrees with both domestic and respondent interested parties. As noted in the *Sunset Regulations* and *Sunset Policy Bulletin*, the Department may provide to the Commission a more recently calculated margin for a particular company where dumping margins increased after the issuance of the order where that particular company increased dumping to maintain or increase market share. In these cases, the domestic interested parties do not provide any company-specific argument or evidence that any Chinese companies have increased dumping in order to maintain or gain market share or increase import volumes. Moreover, while it is true that dumping margins have increased for some Chinese companies, we have no company-specific information demonstrating that imports of the subject merchandise have increased over the life of the orders. Since we have no company-specific information correlating an increase in exports for one company with an increase in the dumping margin for that particular company, we cannot conclude that the use of more recently calculated margins is warranted in this case. Further, we do not agree with the respondents that a more recently calculated margin is appropriate, because we have no company-specific information demonstrating that the lower, more recent rates are associated with steady or increasing imports.

Therefore, consistent with the *Sunset Policy Bulletin*, the Department finds that the margins calculated in the original investigation are probative of the behavior of Chinese producers/exporters if the orders were revoked as they are the only margins which reflect their behavior absent the discipline of the orders. As such, the Department will report to the Commission the PRC-wide rates from the original investigations as contained in the Final Results of Reviews section of this notice.

Final Results of Reviews

As a result of these reviews, the Department finds that revocation of the antidumping orders would likely lead to continuation or recurrence of dumping at the margins listed below:

PRC-wide	Margin (percent)
Axes/adzes	15.02
Picks/mattocks	50.81

This notice serves as the only 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 of the Department's regulations. Timely notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

These five-year ("sunset") reviews and notices are in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: January 28, 2000.

Holly A. Kuga,

Acting Assistant Secretary for Import Administration.

[FR Doc. 00-2581 Filed 2-3-00; 8:45 am]

BILLING CODE 3510-05-P

EXPLANATION OF COMMISSION DETERMINATION OF ADEQUACY

in

Heavy Forged Handtools from China, Inv. No. 731-TA-457 (Review)

On October 1, 1999, the Commission determined that it should proceed to a full review in the subject five-year review pursuant to section 751(c)(3)(B) of the Tariff Act of 1930, as amended, 19 U.S.C. § 1675(c)(3)(B). Chairman Bragg and Commissioner Crawford dissented.

The Commission received a response to the notice of institution from Woodings-Verona, a division of O. Ames Co., a domestic manufacturer of each of the four domestic like products. Based on the information available, including information from the original investigation,¹ the Commission determined the Woodings-Verona response to be an adequate domestic interested party group response for picks and mattocks; hammers and sledges; and bars and wedges because the company appears to account for a significant share of U.S. production. The Commission determined the Woodings-Verona response to be an inadequate domestic interested party group response for axes and adzes because the company appears to account for a small share of U.S. production.²

The Commission received a joint response to the notice of institution, with company-specific information, from Fujian Machinery & Equipment I/E Corp.; Liaoning Machinery I/E Corp.; Shandong Huarong General Group Corp.; Shandong Machinery I/E Corp; and Tianjin Machinery I/E Corp. Each of the five firms exports the subject merchandise to the United States; Shandong Huarong is also a producer of the subject merchandise. Respondent interested parties were unable to estimate the share of total production or exports of subject merchandise represented by responding firms, but neither the domestic producer nor the respondent companies were able to identify other exporters of the subject merchandise. Consequently, the Commission determined that the respondent interested party group represented a significant share of total exports of subject merchandise and found the respondent interested party group response was adequate.

The Commission therefore determined to conduct a full review for all products. Despite finding the domestic interested party group response for axes and adzes to be inadequate, the Commission determined to conduct a full review for reasons of administrative efficiency.³

Chairman Bragg and Commissioner Crawford found both domestic and respondent responses to be inadequate as group responses and voted to proceed to an expedited review.

¹ The domestic interested party was unable to provide data regarding its current domestic market share.

² Commissioner Askey found the Woodings-Verona response to be an adequate domestic interested party response for all four like products.

³ Vice Chairman Miller also concluded that a full review is warranted because of significant like product issues.

APPENDIX B

**LIST OF WITNESSES WHO APPEARED
AT THE COMMISSION'S HEARING**

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject: Heavy Forged Handtools from China
Invs. Nos.: 731-TA-457 A-D (Review)
Date and Time: May 16, 2000 - 9:30 a.m.

Sessions were held in connection with these reviews in the Main Hearing Room, 500 E Street, SW, Washington, DC.

**In Support of the Continuation of
the Orders:**

Wiley, Rein & Fielding
Washington, D.C.
on behalf of

O. Ames Company

Jeffrey T. Foster, Controller

Randy Rogers, Manager of Manufacturing Engineering, Plant One,
and Manager, Columbiana Plant

Eileen P. Bradner)
)—OF COUNSEL
Timothy C. Brightbill)

CLOSING REMARKS

In Support of Continuation (**Timothy C. Brightbill**, Wiley, Rein & Fielding)

APPENDIX C
SUMMARY DATA

Table C-1

Hammers and sledges: Summary data concerning the U.S. market, 1998-99

* * * * *

Table C-2

Bars and wedges: Summary data concerning the U.S. market, 1998-99

* * * * *

Table C-3

Picks and mattocks: Summary data concerning the U.S. market, 1998-99

* * * * *

Table C-4

Axes and adzes: Summary data concerning the U.S. market, 1998-99

* * * * *

Table C-5

Heavy forged handtools: Summary data concerning the U.S. market, 1998-99

* * * * *

APPENDIX D

**RESPONSES OF PRODUCERS, IMPORTERS, AND PURCHASERS
CONCERNING THE SIGNIFICANCE
OF THE ANTIDUMPING DUTY ORDERS AND
THE LIKELY EFFECTS OF REVOCATION**

U.S. PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE ANTIDUMPING DUTY ORDERS AND THE LIKELY EFFECTS OF REVOCATION

The Commission requested producers to describe any anticipated changes in their operations or organization relating to the production of heavy forged handtools in the future if the existing antidumping duty orders were revoked. (Question II-4)

Yes. "The heavy forged handtool market is highly competitive. Today, the business is driven more and more by lower costs, and less by premium quality. This is especially true of retail markets such as ***. We make the assumption that the revoking of the antidumping duty order on heavy forged hand tools from China would intensify pressure on our *** business. This business accounts for approximately *** percent of our total heavy forged hand tool business. Loss of the *** business would result in the loss of approximately *** employees, and likely the closing of ***."

Yes. "We would anticipate a portion (***) of our forging to move from our U.S. plant to China."

Yes. "If the market level pricing were to decline as a result of revocation, we would probably import all or part of the product. Do not believe we could compete."

Yes.

The Commission requested producers to describe the significance of the existing antidumping orders on their production capacity, production, U.S. shipments, inventories, purchases, and employment. (Question II-25)

“Basic production capacity *** been affected by the duties. Production has ***. Employment has ***.”

“Fortunately our doors are still open.”

“***. The orders are significant to *** because they protect our business from unfair trade practices and to injury from dumped Chinese imports. Currently, *** shipments, production and employment are aided by having the orders in place against dumped imports. As shown in the annual reviews of the orders, Chinese producers have continued to dump at very high margins. Without these orders, our sales and production levels could not be maintained.”

“We now produce *** as compared to 1991.”

The Commission asked producers whether they anticipated changes in their production capacity, production, U.S. shipments, inventories, purchases, or employment relating to the production of heavy forged handtools if the antidumping duty orders were revoked. (Question II-26)

Yes. "As before, it would depend on the market price structure. If it went down—we would likely curb domestic production and import finished or semi-finished goods."

Yes. "We would anticipate intense pricing pressure, especially within our retail business. Potentially, we could lose our retail business (***) percent of total). This would result in excessive capacity and inventories, as well as a *** percent reduction in production, purchases and employment. Importers such as *** would lower their prices and take business away from a domestic supplier. *** could be forced to exit the heavy forged handtools business."

Yes. "See their prices and our attached letter."

Yes. "We would anticipate *** of our forging to move from the USA to China."

The Commission asked U.S. producers to describe the significance of the existing antidumping duty orders on their revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values relating to the production of heavy forged handtools. (Question III-17)

Ames

“***.”

Council

“***.”

Mann Edge

“***.”

Warwood

“***.”

The Commission asked U.S. producers to describe any anticipated changes in their revenues, costs, products, cash flow, capital expenditures, research and development expenditures, or asset values relating to the production of all heavy forged handtools in the future if the antidumping orders on imports from China were revoked. (Question III-18)

“We would anticipate the loss of positive cash flows due to loss of business and price competitiveness. Further, we anticipate *** to minimize capital investment and support of product line growth (R&D expense). Manufacturing costs would escalate due to lower production levels and less product to absorb fixed costs.”

“As before, it would depend on the pricing structure of the market. If revoking the duties drove pricing down, we would be forced to import some or all of much of our product line.”

“We would not be able to spend money on capital additions if our volume went down.”

“Yes.”

**U.S. IMPORTERS' COMMENTS REGARDING THE EFFECTS OF THE
ANTIDUMPING DUTY ORDERS AND THE LIKELY
EFFECTS OF REVOCATION**

The Commission requested importers to describe any anticipated changes in their operations or organization relating to the importation of heavy forged handtools from China if the existing antidumping duty orders were revoked. (Question II-4)

Eight importers responded no to this question. The following are the responses from the other three importers.

Yes. "Imports would grow ***."

Yes. "****."

Yes. "We will evaluate the situation to see if it is worth for us to import from China ***."

The Commission requested importers to describe the significance of the existing antidumping duty orders covering imports of heavy forged handtools from China in terms of their effect on their firm's imports, U.S. shipments of imports, and inventories. (Question II-14)

Five importer responses indicated that there have been no effects. The other importers' responses follow.

"Due to the duty is too high, we do not import from China anymore. Our total sales on those items have dropped. Today, consumers have to pay a higher price, it is an unfair duty and it is against free trade."

"Significance of the existing antidumping duty orders affected the change of country of origin."

"***."

"There is a disadvantage with competitors who produce domestically. India and Mexico are cheaper than China and more competitive than the regular prices without the antidumping charges. We have lost business, lost profits, and lost growth."

"Sledges/bars and most axes switched from China to ***."

"Our import decisions are based more on quality than price. The existing anti-dumping duties do not have a big effect on us."

The Commission requested importers to describe any anticipated changes in their imports, U.S. shipments of imports, or inventories of heavy forged handtools in the future if the existing antidumping duty orders were revoked. (Question II-15)

Only three importers reported anticipated changes if the existing antidumping duty orders were revoked. Their answers appear below. All others indicated no anticipated changes.

Yes. "More production would move from the USA to China."

Yes. "We may evaluate the new situation to import from China again. But the problem is that the market has been hammered by the antidumping duty for 9 years. We are not sure if we can get the business back."

Yes. "****."

**U.S. PURCHASERS' COMMENTS REGARDING THE EFFECTS OF THE ANTIDUMPING
DUTY ORDERS AND THE LIKELY EFFECTS OF REVOCATION**

The Commission asked the purchasers to comment on the effect of the revocation of the antidumping orders on (1) the future activities of their firm and (2) the U.S. market as a whole. (Question III-7)

- (1) "We would review any changes in price and, if deemed appropriate, adjust product sources. Our vendor would probably review any changes in price and, if deemed appropriate, adjust product sources."
- (2) "Unknown."

- (1) "Possible reduction in price of domestic product."
- (2) No answer

- (1) "None."
- (2) "None."

- (1) "None."
- (2) "Unknown."

- (1) "No doubt we would research additional availability, pricing and quality from China. China may be more competitive with other exporting countries in this category. This would have little to no effect on domestic purchases because the availability is there and there are few domestic sources for the product and none at competitive prices versus the imports."
- (2) "No effect just allowing all countries to have an even playing field and those customers willing to pay the higher U.S. domestic product prices will continue to do so as they are now."

- (1) "I don't know."
- (2) "I don't know."

- (1) "We do not see any substantial increase in purchases for our firm of these products."
- (2) "Do not think any great change will occur in the amount of goods purchased."

- (1) "Maybe higher prices, haven't really noticed any difference other than normal price increases due to inflationary pressure."
- (2) "Don't know answer to this."

- (1) "It will not affect our business."
- (2) No answer.

- (1) "More heavy forged handtools will be purchased from China due to more favorable costs."
- (2) "Do not know."

APPENDIX E
COMPAS PRESENTATION

Heavy Forged Handtools

The following model estimates the effects of antidumping duty revocation using elasticities and market growth estimates from Part II, Commerce margins, market shares, and tariff and transportation costs obtained from Customs' data for heavy forged handtools. The margin used is the weighted average of the dumping margins based on 1999 quantities. The results examine the potential changes in price, quantity, and revenue for various producers under the range of different elasticity scenarios. Values are in thousands of dollars.

Model inputs, heavy forged handtools:

* * * * *

Zero Growth Simulations:

* * * * *

Low Growth Simulations:

* * * * *

High Growth Simulations:

* * * * *

APPENDIX F

**RESULTS OF OPERATIONS FOR THE OVERALL ESTABLISHMENTS
AND ALL HEAVY FORGED HANDTOOLS (ORIGINAL SUBMISSION)**

Table F-1

Overall establishment operations of the U.S. producers of all heavy forged handtools, fiscal years 1998-99

* * * * *

Table F-2

Results of operations of U.S. producers in the production of all heavy forged handtools (original submission), fiscal years 1998-99

* * * * *