

Diamond Sawblades from China

Inv. No. 731-TA-1092 (Review)



Diamond Sawblades Manufacturers'
Coalition

June 23, 2015

Treatment of Related Parties

- Under the “related party provision,” 19 U.S.C. § 1677(4)(B), the Commission is authorized to **exclude** producers from the domestic industry.
- The CIT has found that appropriate circumstances to exclude exist where a producer accrues such a substantial benefit from its importation of the subject merchandise that it acts **against the interests of the domestic industry.**

Treatment of Related Parties

- In the past, the Commission excluded related parties when exclusion **would not** skew the domestic industry data – *i.e.*, when exclusion does not have a substantial effect on the domestic industry data.
- This approach appears to render the related party provision a **nullity** – related parties are excluded only when their exclusion does not matter.

Treatment of Related Parties

- Here, several domestic producers, most notably **Husqvarna** and **General Tool**, are related to Chinese diamond sawblades producers.
- Both oppose the order and the record shows that their primary interest is in importing subject blades, not U.S. production. Indeed, *Husqvarna was invited to join the DSMC at the time of the original investigation, and refused.*
- Importantly, **inclusion** of Husqvarna's data in particular skews the domestic industry data set.

But Even with Related Parties Included. . .

- U.S. industries' commercial and financial trends remain the same. From 2012-2014:

capacity <i>fell 9%</i>	gross profits <i>fell 9%</i>
production <i>fell 5.5%</i>	operating income <i>fell 30.5%</i>
shipment quantity <i>fell 6.6%</i>	unit income <i>fell 28%</i>
shipment value <i>fell 10.9%</i>	income/sales <i>fell 26%</i>
- The industry is vulnerable, and in no position to weather a renewed onslaught of Chinese blades.

And Chinese Producers Want Back In . . .

- While Chinese AUVs remain the world's lowest, Chinese import volumes have fallen significantly.
- **BUT . . .** as repeated acts of circumvention show, Chinese producers are willing and able to significantly increase their shipments here.

And Chinese Producers Want Back In . . .

- Here, as detailed in Senator Wyden's report on AD/CVD evasion, a Chinese sawblade producer offers three ways to avoid duties, calling the order "*a political game*":

Hi Sir,

Thanks for your prompt reply.

I don't think it's a big problem for us. We have 3 solutions to help you out of this high duty---it's just a political game: anti-dumping duty.

1. We can change the actual value of products in the Invoice a little bit.(as for small quantity such as trial order)
2. Our factory has responded to the lawsuit and will only be charged with 20% duty. When you order large quantity, it's no big deal.
3. We could ship the blades as the category of core.

Moreover, if you have any solutions, we would like to cooperate your actions from our side.

Regards

And Chinese Producers Want Back In . . .

- Sellers offer to air-freight small quantities and declare false values to avoid Customs clearance.

From: Evelyn-Freet Diamond Tools [mailto:sale05@freet-tools.com]

Sent: Sunday, October 16, 2011 11:49 PM

To: [REDACTED]

Subject: Re: Query of diamond tools.

Dear [REDACTED],

Thanks!

There is anti-dumping of saw blades, but we still export to USA market.
We send out by DHL/FEDEX/UPS, and make lower amount in Commercial Invoice to avoid customs clearance.

Any questions pls don't hesitate to contact us.

Best regards,

Evelyn Chen

JIANGXI FREET DIAMOND TOOLS CO., LTD. (ISO9001:UQ100566RO)

XIAMEN FREETE TRADE CO.,LTD.

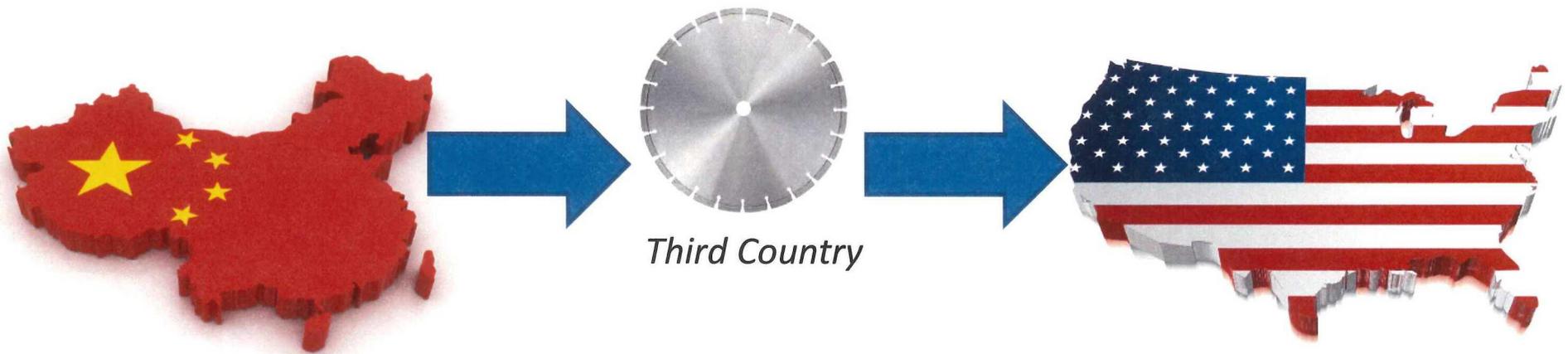
Add: Rm No.1001, Honglianxili 36, Lianqian East Road, Xiamen-361009, Fujian, China

Tel: +86 592 5191448 Fax: +86 592 3776736 Mobile: +86 15980790739 Skype: freetsale05

Web: www.freet-tools.com E-mail: sale05@freet-tools.com MSN: freetsale05@hotmail.com

And Chinese Producers Want Back In . . .

- As another Chinese producer contacted by Senator Wyden's staff indicated: ***"No, we are not affected by the anti-dumping as we can do trans-shipment."***



And Chinese Producers Want Back In . . .

- Or as a producer wrote directly to counsel for the DSMC:

From: diamant-tools <diamant-tools@163.com>
Sent: Monday, November 23, 2009 10:12 PM
To: Pickard, Dan
Subject: Re:diamond saw blade

Dear Dan Pickard

thanks for your email. i know USA are performing Antidumping. but this has little effect on our business. because our old customers still buy standard products from us. like polishing pads, router bits, CNC profile wheels. saw blade. usually we declare value depending on customers request. so everytime customers receive our goods in right time and with less import taxes.

if you are interesting in any products please visit www.redatools.com . we can do according to your request.

best regards

Nancy

Arguments Against Relief Ring Hollow

- Chinese and U.S. imports compete head-to-head in all diameters

Diameter	China	U.S.
<7"	\$17,361,000	\$383,000
>7" <= 10"	\$3,919,000	\$2,635,000
>10" <= 12"	\$1,418,000	\$3,589,000
>12" <= 14"	\$14,704,000	\$14,063,000
>14" <= 20"	\$1,291,000	\$17,719,000
>= 20"	\$848,000	\$29,547,000

Comparison of 2014 U.S. and Chinese Shipments by Diameter

- Competition is particularly intense in midsize blades

Arguments Against Relief Ring Hollow

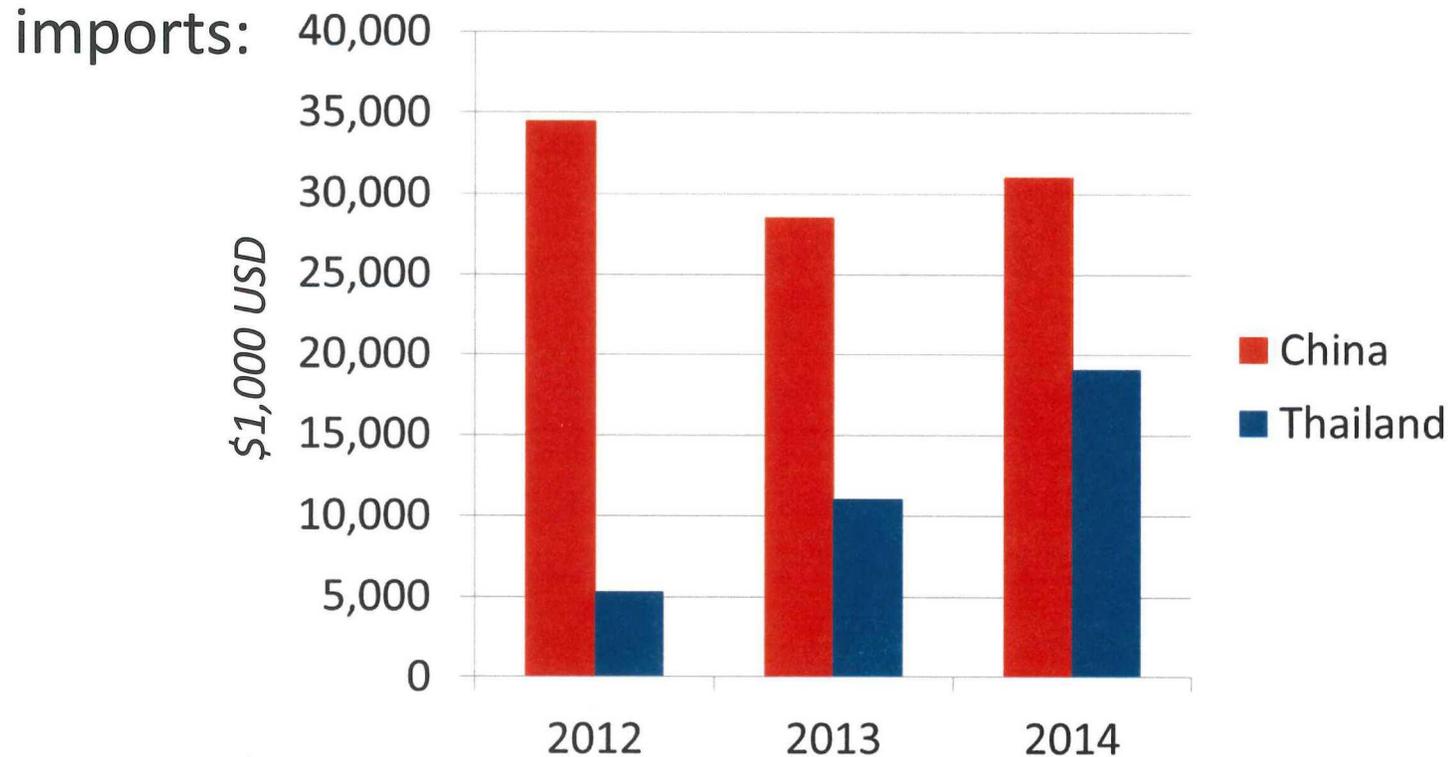
- Chinese and U.S. imports compete in *all* channels of distribution.
- *Both* Chinese and U.S. sales compete intensely for sales to and through distributors.
- Professional users purchase sawblades of *all diameters*, and Chinese producers actively court professional user sales.
- Both Chinese and U.S. sales *heavily overlap* in laser-welded, segmented blades.

Arguments Against Relief Ring Hollow

- Several Chinese producers and U.S. importers have opened Thai factories since the order was imposed:
 - Bosun Tools
 - Gang Yan Diamond Products
 - HXF
 - Hebei Jikai Group
 - Diamond Tools Technology

Arguments Against Relief Ring Hollow

- Yet, Thai prices remain above those of Chinese imports
- Thai import volumes are well below those of Chinese

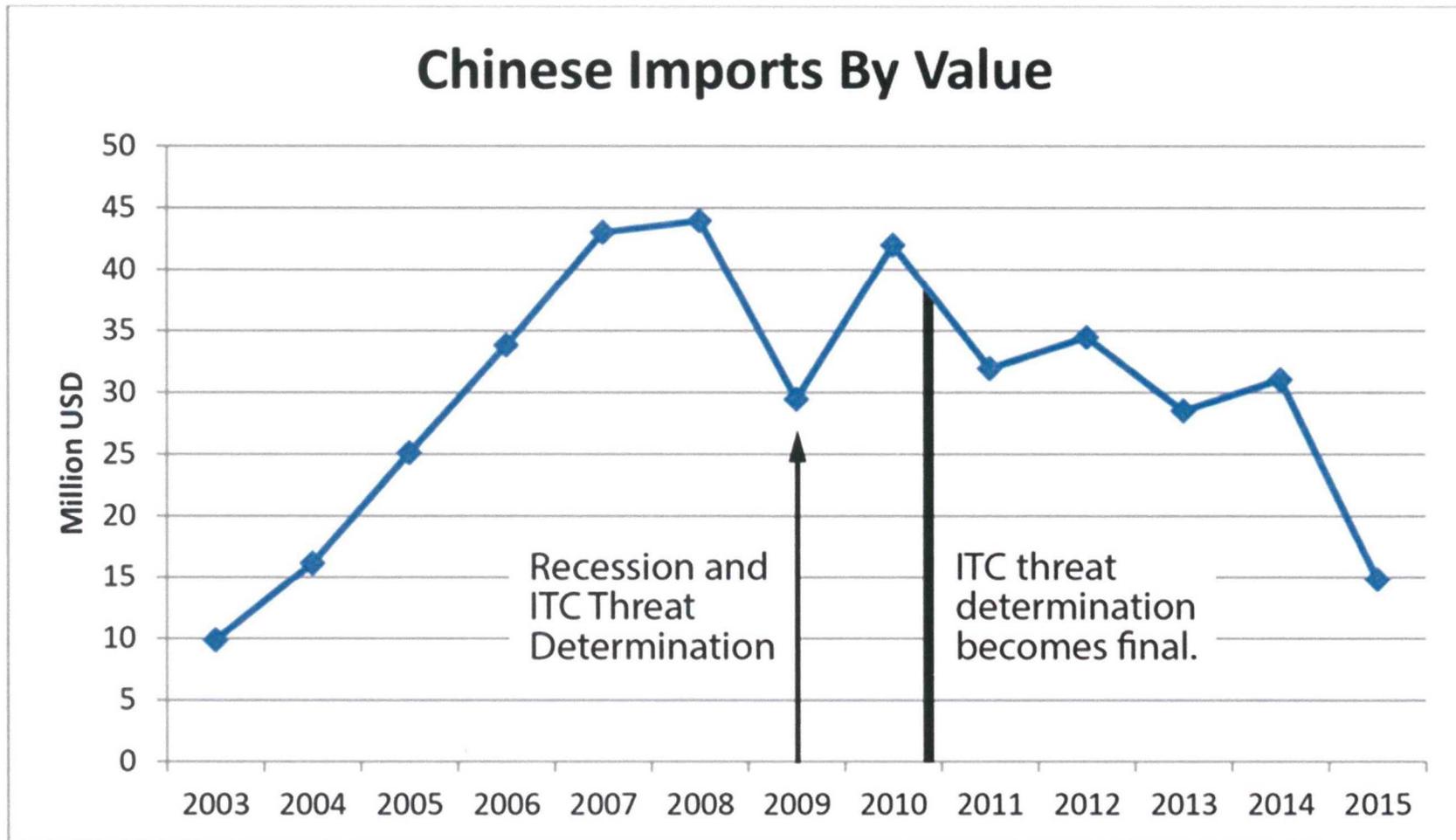


Source: USITC Dataweb

Arguments Against Relief Ring Hollow

- While Husqvarna argues that duties on Chinese exports are only at nuisance levels, the following Chinese companies are currently subject to duties higher than 80%:
 - *Advanced Technology & Materials Co., Ltd. (ATM), Beijing Gang Yan Diamond Products Co. (BGY), Yichang HXF Circular Saw Industrial Co., Ltd. (currently HXF Saw Co., Ltd.) (HXF), Cliff (Tianjin) International Ltd (Cliff), AT&M International Trading Co., Ltd., Central Iron and Steel Research Institute Group, China Iron and Steel Research Institute Group, Danyang Aurui Hardware Products Co., Ltd., Danyang Dida Diamond Tools Manufacturing Co., Ltd., Electrolux Construction Products (Xiamen) Co. Ltd., Fujian Quanzhou Wanlong Stone Co., Ltd., Hebei Jikai Industrial Group Co., Ltd., Huachang Diamond Tools Manufacturing Co., Ltd., Hua Da Superabrasive Tools Technology Co., Ltd., Jiangsu Fengyu Tools Co., Ltd., Jiangyin Likn Industry Co., Ltd., Protech Diamond Tools, Quanzhou Shuangyang Diamond Tools Co., Ltd., Quanzhou Zongzhi Diamond Tool Co. Ltd., Shanghai Deda Industry & Trading Co., Ltd., Shanghai Robtol Tool Manufacturing Co., Ltd., Shijiazhuang Global New Century Tools Co., Ltd., Sichuan Huili Tools Co., Task Tools & Abrasives, Wanli Tools Group, Wuxi Lianhua Superhard Material Tools Co., Ltd., Zhejiang Tea Import & Export Co., Ltd., Zhejiang Wanda Import and Export Co., Zhejiang Wanda Tools Group Corp., and Zhejiang Wanli Super-hard Materials Co., Ltd.*
- These duties also apply to all Chinese firms that have not shown their independence from the Chinese government or otherwise been individually reviewed.

The Order Has Reduced Chinese Shipments



The Order Has Stabilized Prices

- Chinese blades remain the lowest-priced of all imports.
- However, the order has reduced Chinese shipment volumes, and also has resulted in Chinese AUVs increasing by 12.5%.
- Multiple questionnaire respondents attribute stabilized pricing to the order on Chinese imports.

Without the Order . . .

- Significant additional volumes of Chinese blades will enter the market, as confirmed by a wide variety of questionnaire respondents.
- Prices will fall significantly, as confirmed by multiple responding purchasers.
- Weakened U.S. performance indicators will plunge into free-fall.