

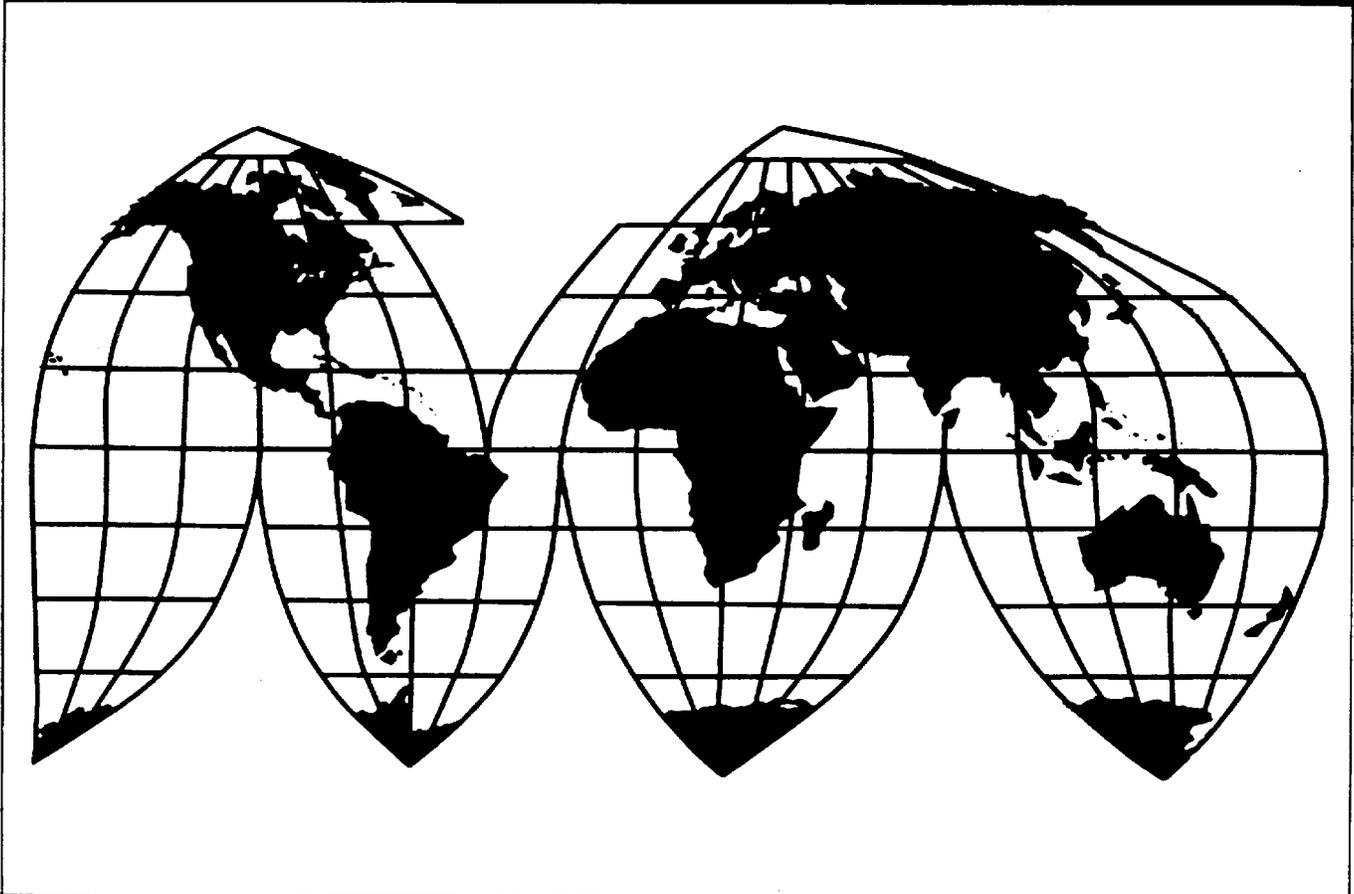
Metal Calendar Slides From Japan

Investigation No. 731-TA-1094 (Preliminary)

Publication 3792

August 2005

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

Investigation No. 731-TA-1094 (Preliminary)

METAL CALENDAR SLIDES FROM JAPAN

DETERMINATION

On the basis of the record¹ developed in the subject investigation, the United States International Trade Commission (Commission) determines,² pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)) (the Act), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Japan of metal calendar slides, provided for in subheading 7326.90.10 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV).

COMMENCEMENT OF FINAL PHASE INVESTIGATION

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

BACKGROUND

On June 29, 2005, a petition was filed with the Commission and Commerce by Stuebing Automatic Machine Co., Cincinnati, OH, alleging that an industry in the United States is materially injured by reason of LTFV imports of metal calendar slides from Japan. Accordingly, effective June 29, 2005, the Commission instituted antidumping duty investigation No. 731-TA-1094 (Preliminary).

Notice of the institution of the Commission's investigation and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of July 11, 2005 (70 FR 39788). The conference was held in Washington, DC, on July 20, 2005, 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)).

² Vice Chairman Deanna Tanner Okun and Commissioner Daniel R. Pearson dissenting. Commissioner Marcia E. Miller did not participate in this determination.

VIEWS OF THE COMMISSION¹

Based on the record in this preliminary phase investigation, we find² that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of metal calendar slides from Japan that are allegedly sold in the United States at less than fair value (“LTFV”).

I. BACKGROUND & SUMMARY

The petition in this investigation was filed on June 29, 2005 by Stuebing Automatic Machine Company (“Stuebing” or “Petitioner”). Petitioner is the sole U.S. producer of metal calendar slides, which are “V” or “U” shaped strips used for binding and finishing the edges of calendars. The production and sale of metal calendar slides is the vast majority of Stuebing’s business, and through the end of 2002, Petitioner had been the sole supplier of metal calendar slides to the U.S. market.

Norwood Promotional Products, Inc. (“Norwood”) is the largest consumer of metal calendar slides in the United States. Until the beginning of 2003, Norwood purchased all of its metal calendar slides from Stuebing. However, in 2003, it began importing metal calendar slides from Nishiyama Kinzoku Co., Ltd. (“Nishiyama”) in Japan. In 2003, Norwood’s imports from Japan totaled *** units, or *** percent of the U.S. market. In 2004, its imports from Japan increased to *** units, or *** percent of the U.S. market. During the period of investigation, Norwood was the sole importer of metal calendar slides from Japan.

Stuebing contends that Norwood began sourcing its metal calendar slides from Japan in order to obtain lower pricing, while Norwood claims that it switched suppliers because of quality and productivity problems with Stuebing’s slides. The record indicates that the Japanese slides imported by Norwood significantly undersold the domestic like product in all quarters for which price comparisons were possible. However, there is also a dispute about the degree of interchangeability between the Stuebing slides and those imported from Japan, with Norwood contending that the two are not interchangeable at all and Stuebing claiming that the two are always fully interchangeable. Overall, Stuebing’s prices were relatively stable over the period of investigation.

Norwood’s decision to switch to a Japanese supplier for most of its metal calendar slide purchases, together with a decline in U.S. consumption of metal calendar slides, resulted in a *** percent decline in Stuebing’s U.S. shipments between 2002 and 2003. Although Stuebing’s U.S. shipments increased by *** percent when consumption picked back up in 2004, Stuebing’s U.S. shipment volume in 2004 was *** percent lower than in 2002. The overall downturn in U.S. shipments during 2002 to 2004 resulted in a reduction in the number of production workers and declines in net sales value. Net income and profitability suffered, particularly in 2004 as imports captured a greater share of the U.S. market.

In light of the significant increase in import volumes and the commensurate loss of market share by Stuebing, along with the persistent underselling by imports and the declines in workers, net income, and profitability experienced by Stuebing, we determine that the record in this preliminary phase indicates a substantial likelihood that the domestic industry has been injured by reason of imports from Japan. In any final investigation, we intend to explore a number of the issues related to reasons for Norwood’s decision to source increasing amounts of metal calendar slides from Japan, the degree of interchangeability between U.S.-produced and Japanese metal calendar slides, and the reasons for and implications of Stuebing’s decision to move much of its production to Mexico and ***.

¹ Commissioner Marcia E. Miller did not participate in this determination.

² Vice Chairman Okun and Commissioner Pearson join the majority opinion only on the issues of the definition of the domestic like product and domestic industry. See Dissenting Views of Vice Chairman Deanna Tanner Okun and Commissioner Daniel R. Pearson.

II. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

The legal standard for preliminary antidumping and countervailing duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determinations, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury, or that the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.³ In applying this standard, the Commission weighs the evidence before it and determines whether “(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation.”⁴

III. DOMESTIC LIKE PRODUCT

A. In General

To determine whether an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the “domestic like product” and the “industry.”⁵ Section 771(4)(A) of the Tariff Act of 1930, as amended (“the Act”), defines the relevant domestic industry as the “producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”⁶ In turn, the Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation.”⁷

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of “like” or “most similar in characteristics and uses” on a case-by-case basis.⁸ No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.⁹ The Commission looks for clear dividing lines among possible like products, and disregards minor

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

⁴ American Lamb, 785 F.2d at 1001; see also Texas Crushed Stone Co. v. United States, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

⁵ 19 U.S.C. § 1677(4)(A).

⁶ Id.

⁷ 19 U.S.C. § 1677(10).

⁸ See, e.g., NEC Corp. v. Department of Commerce, 36 F. Supp.2d 380, 383 (Ct. Int’l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (Ct. Int’l Trade 1990), aff’d, 938 F.2d 1278 (Fed. Cir. 1991) (“every like product determination ‘must be made on the particular record at issue’ and the ‘unique facts of each case’”). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. See, e.g., Nippon, 19 CIT at 455, n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int’l. Trade 1996).

⁹ See, e.g., S. Rep. No. 96-249, at 90-91 (1979).

variations.¹⁰ Although the Commission must accept the determination of the Department of Commerce (“Commerce”) as to the scope of the imported merchandise allegedly subsidized or sold at LTFV, the Commission determines what domestic product is like the imported articles that Commerce has identified.¹¹ The Commission must base its domestic like product determination on the record in the investigation before it.

B. Product Description

In its notice of initiation, Commerce defined the imported merchandise within the scope of the investigation as:

‘V’ and/or ‘U’ shaped metal calendar slides manufactured from cold-rolled steel sheets, whether or not left in black form, tin plated or finished as tin-free steel (TFS), typically with a thickness from 0.19 mm to 0.23 mm, typically in lengths from 152 mm to 915 mm, typically in widths from 12 mm to 29 mm when the slide is lying flat and before the angle is pressed into the slide (although they are not typically shipped in this flat form), that are typically either primed to protect the outside of the slide against oxidization or coated with a colored enamel or lacquer for decorative purposes, whether or not stacked, and excluding paper and plastic slides. Metal calendar slides are typically provided with either a plastic attached hanger or eyelet to hang and bind calendars, posters, maps or charts, or the hanger can be stamped from the metal body of the slide itself.¹²

Metal calendar slides are “V” or “U”-shaped metal strips, manufactured from cold-rolled steel metal with a thickness of 0.19 mm to 0.23 mm, and used for binding and hanging calendars along the top margin.¹³ The top strip may have an integrated eyelet or hanger that is stamped into the metal, or an attached eyelet, typically made from plastic or paper.¹⁴ Similar slides, although without the eyelet, can be used at the bottom margin to prevent the calendar from curling.¹⁵ Metal calendar slides are manufactured in standard sizes and in sizes produced to customers’ requirements. The metal calendar slides are

¹⁰ See, e.g., Nippon, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49; see also, e.g., S. Rep. No. 96-249, at 90-91 (1979) (Congress has indicated that the domestic like product standard should not be interpreted in “such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not ‘like’ each other, nor should the definition of ‘like product’ be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.”)

¹¹ See, e.g., Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find determination of six domestic like products in investigations where Commerce found five classes or kinds); Torrington, 747 F. Supp. at 748-52 (affirming Commission’s determination of six domestic like products in investigations where Commerce found five classes or kinds).

¹² 70 F.R. 43122 (July 26, 2005).

¹³ CR/PR at II-1.

¹⁴ Id.

¹⁵ Id.

clamped onto the calendar by binding machines by means of a double fold that locks the paper into the slide.¹⁶

Petitioner sells metal calendar slides to calendar manufacturers, printing companies, and publishers for calendar assembly.¹⁷ The finished products are then sold to retailers and planning companies for final sales to customers.¹⁸ Calendars bound with metal slides are particularly popular with production plants, trade unions, and similar businesses, where pages of multi-sheet calendars can be ripped off monthly or weekly or where all 12 months can be displayed on a single hanger.¹⁹

C. Analysis

Applying the Commission's traditional six-factor like product analysis, Petitioner argues that the Commission should find one domestic like product consisting of all metal calendar slides.²⁰ Although Respondents have identified other products for holding calendars such as metal stitches, metal and plastic loops, and spiral binding, they do not dispute Petitioner's like product definition at this preliminary phase of the investigation.²¹ Accordingly, for purposes of this preliminary determination, we find a single domestic like product consisting of all metal calendar slides coextensive with Commerce's scope.

IV. DOMESTIC INDUSTRY & RELATED PARTIES²²

A. In General

The domestic industry is defined as the "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."²³ In defining the domestic industry, the Commission's general practice has been to include in the industry all domestic production of the domestic like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.²⁴

B. Analysis

Petitioner argues that the relevant domestic industry is itself, the only domestic producer of metal calendar slides.²⁵ Respondents do not dispute Petitioner's proposed domestic industry definition at this

¹⁶ Id.

¹⁷ Id.

¹⁸ Id.

¹⁹ Id.

²⁰ See Petition at 18-20; Petitioner's Postconference Br. at 13.

²¹ See Respondents' Postconference Br. at 5.

²² Neither Petitioner nor Respondents have raised any related parties issues at this preliminary phase. In any event, there are no related parties issues presented in this preliminary determination.

²³ 19 U.S.C. § 1677(4)(A).

²⁴ See United States Steel Group v. United States, 873 F. Supp. 673, 681-84 (Ct. Int'l Trade 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996).

²⁵ See Petitioner's Postconference Br. at 13 .

preliminary phase of the investigation.²⁶ It is beyond dispute that Petitioner is the sole domestic producer of metal calendar slides.²⁷ Accordingly, for purposes of this preliminary determination, we find that the domestic industry consists of Stuebing Automatic Machine Company, the sole domestic producer of metal calendar slides in the United States.

V. REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF THE SUBJECT IMPORTS²⁸

A. In General

In the preliminary phase of antidumping or countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured by reason of the imports under investigation.²⁹ In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.³⁰ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”³¹ In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.³² No single factor is dispositive, and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”³³

For the reasons discussed below, we find that there is a reasonable indication that the domestic industry producing metal calendar slides is materially injured by reason of subject imports from Japan.

B. Conditions of Competition

Several conditions of competition inform our analysis of whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports from Japan.

²⁶ See Respondents’ Postconference Br. at 5-7.

²⁷ CR/PR at II-1.

²⁸ 19 U.S.C. § 1677(24)(A)(I)(I). In this preliminary phase investigation, subject imports accounted for more than three percent of the volume of metal calendar slides imported into the United States from all sources in the most recent 12-month period for which data are available preceding the filing of the petition. As such, we find that subject imports are not negligible under 19 U.S.C. § 1677(24).

²⁹ 19 U.S.C. §§ 1671b(a) and 1673b(a).

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

³¹ 19 U.S.C. § 1677(7)(A).

³² 19 U.S.C. § 1677(7)(C)(iii).

³³ Id.

1. Demand Conditions

Domestic demand for metal calendar slides is derived primarily from calendar assembly companies, printers, publishers, and other companies that sell downstream calendar products.³⁴ Calendars bound with metal calendar slides are particularly popular with production plants, trade unions, and similar businesses, where pages of multi-sheet calendars can be ripped off monthly or weekly or where all 12 months can be displayed on a single hanger.³⁵

Demand for metal calendar slides is seasonal.³⁶ Although domestic production of metal calendar slides occurs continuously throughout the year, the majority of domestic production occurs in the second half of the year in order to fulfill blanket orders placed earlier in the year and to satisfy customer demand as the new calendar year approaches.³⁷ As a result of seasonality, interim to full year data are not comparable; therefore, we have placed limited weight on the interim data for January-June collected in this preliminary determination.

Petitioner reported that domestic demand for metal calendar slides has remained relatively constant for the period examined.³⁸ Respondents reported that domestic demand increased during the period examined.³⁹ The data collected by the Commission indicate that apparent U.S. consumption of metal calendar slides remained relatively flat overall between 2002 and 2004 declined from *** slides in 2002 to *** slides in 2003, and then recovering to *** slides in 2004.⁴⁰ The data collected by the Commission also indicate that apparent U.S. consumption of metal calendar slides increased from *** slides in interim 2004 to *** slides in interim 2005.⁴¹

2. Supply Conditions

Petitioner is the sole producer of metal calendar slides in the United States.⁴² According to Respondents, Petitioner became incapable of meeting domestic supply needs after moving most of its production machinery from Cincinnati to Mexico in January 2005.⁴³ However, data on the record indicate that during the first half of 2005 Petitioner's production capacity exceeded apparent domestic consumption, indicating that Petitioner had the capacity to supply the U.S. market. We note, however, that during the 2005 interim period, Stuebing's capacity utilization increased significantly as its

³⁴ CR at II-4; PR at II-3.

³⁵ CR/PR at II-1.

³⁶ CR/PR at III-1.

³⁷ Id.

³⁸ CR at II-4; PR at II-3.

³⁹ Id.

⁴⁰ CR/PR at Table IV-3.

⁴¹ Id.

⁴² CR/PR at II-1.

⁴³ In January 2005, Petitioner moved *** machines that produce metal calendar slides to ***, its sister company in Mexico. CR at III-2; PR at III-1.

production capacity decreased.⁴⁴ In any final phase investigation, we will further explore the issues raised by the sole domestic producer's transfer of production facilities to Mexico.⁴⁵

The parties contest whether subject imports are substitutable for the domestic like product. In its questionnaire response, Petitioner reported that the domestic like product and subject imports are "always" interchangeable.⁴⁶ According to Petitioner, it took various steps to address all of Norwood's quality concerns with the domestic like product, most notably by converting its machines to produce "Japanese-style" metal calendar slides, which Petitioner claims are simply copies of the exact specification of subject imports that Norwood had purchased from Nishiyama.⁴⁷ Petitioner maintains that its own "Japanese-style" metal calendar slides are equal if not better quality than Nishiyama's metal calendar slides.⁴⁸ In support of this contention, Petitioner has submitted two May 2004 emails from a Norwood employee, Ms. Shelly Shoen, stating that the "runability" of Petitioner's "Japanese-style" metal calendar slides were the "same" as Nishiyama's slides, and that Petitioner's metal calendar slides had "acceptable runability and very few problems."⁴⁹ Petitioner also emphasizes that Norwood accepted more than 96 percent of its metal calendar slides for delivery in 2002 and 2004.⁵⁰

On the other hand, in its questionnaire response, Norwood reported that the domestic like product and subject imports are "never" interchangeable.⁵¹ Respondents maintain that Petitioner's metal calendar slides had numerous defects including: "embedded" slides, significant variations in thickness and hardness, warping and bowing, irregular spacing, slides with a sharp "V" shape that adversely affected binding, rectangular, sharp ends on slides making them difficult to handle, irregularly curled plastic eyelets, and packaging problems.⁵² Respondents claim that all of these problems with Petitioner's metal calendar slides were longstanding and worsened in 2001.⁵³ They contend that Norwood complained repeatedly to Petitioner about these problems, but that Petitioner never addressed these concerns to Norwood's satisfaction.⁵⁴ Respondents dispute the significance of two May 2004 emails submitted by Petitioner emphasizing that they referred only to a limited number of production runs and that the primary

⁴⁴ Between 2002 and 2004, Petitioner's production capacity was constant at *** slides per year. A comparison of interim data shows that Petitioner's production capacity dropped by almost *** percent in the first half of 2005. CR/PR at Table III-1.

⁴⁵ To the extent that Respondents claim that the Commission is legally unable to make an affirmative finding of material injury by reason of subject imports because the domestic industry is incapable of supplying domestic demand, they are incorrect. "[T]he fact that the domestic industry may not be able to supply all of demand does not mean that the industry may not be materially injured or threatened with material injury by reason of subject imports." Softwood Lumber from Canada, Inv. Nos. 701-TA-414 and 731-TA-928 (Article 1904 NAFTA Remand), USITC Pub. 3658 (December 2003) at 108, n. 310.

⁴⁶ CR/PR at Table II-1.

⁴⁷ See Petitioner's Postconference Br. at 28.

⁴⁸ Id.

⁴⁹ Id. at 28-29.

⁵⁰ Id. at 27.

⁵¹ Id.

⁵² See Respondents' Postconference Br. at 7.

⁵³ Id. at 8-9.

⁵⁴ Id. at 9.

problem with Petitioner's slides was lack of consistently high quality.⁵⁵ According to Respondents, based upon certain tests performed by Norwood on its own machines, subject imports performed at 100 percent of optimal rates compared with the domestic like product, which performed at 60 percent of optimal rates.⁵⁶

Based upon the evidence in the record at this preliminary phase of the investigation, we find that there is at least a moderate degree of substitution between domestically produced metal calendar slides and subject imports from Japan.⁵⁷ In the final phase of the investigation, we will further consider the issue of interchangeability between the domestic like product and subject imports from Japan.

B. Volume of Subject Imports

Section 771(7)(C)(i) of the Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."⁵⁸

The overall increase in subject import volume over the period examined, both in absolute terms and relative to production and consumption in the United States, was significant. By quantity, subject imports increased from 0 slides in 2002 to *** slides in 2003 to *** slides in 2004.⁵⁹ The quantity of subject imports also increased from *** slides in interim 2004 to *** slides in interim 2005.⁶⁰ By value, subject imports rose from \$*** in 2002 to \$*** in 2003 to \$*** in 2004, and increased from \$*** in interim 2004 to \$*** in interim 2005.⁶¹

Subject imports' share of the U.S. market also climbed steadily throughout the period examined, while the domestic producer's market share fell.⁶² Subject imports share of the U.S. market rose from *** percent in 2002 to *** percent in 2003 to *** percent in 2004, and increased from *** percent in interim 2004 to *** percent in interim 2005.⁶³ The share of the U.S. market for the sole domestic producer declined overall by *** percentage points between 2002 and 2004, and dropped by *** percentage points between interim 2004 and interim 2005.⁶⁴ The ratio of subject imports to domestic production rose from *** percent in 2002 to *** percent in 2003, and to *** percent in 2004.⁶⁵ The ratio of subject imports to domestic production also increased from *** percent in interim 2004 to *** percent in interim 2005.⁶⁶

⁵⁵ Id. at 13-14.

⁵⁶ Id. at 17-18.

⁵⁷ CR/PR at II-5.

⁵⁸ 19 U.S.C. § 1677(7)(C)(i).

⁵⁹ CR/PR at Table IV-1.

⁶⁰ Id.

⁶¹ Id.

⁶² CR/PR at Table IV-3. *** nonsubject imports.

⁶³ Id.

⁶⁴ Petitioner's domestic market share fell from *** percent in 2002 to *** percent in 2003 to *** percent in 2004. Petitioner's domestic market share also declined from *** percent in interim 2004 to *** percent in interim 2005. CR/PR at Tables IV-3 & C-1.

⁶⁵ CR/PR at Table IV-4.

⁶⁶ Id.

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

C. Price Effects of the Subject Imports

Section 771(C)(ii) of the Act provides that, in evaluating the price effects of subject imports,

the Commission shall consider whether – (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.⁶⁷

As noted above, Petitioner and Respondents contest the issue of whether the domestic like product and subject imports are interchangeable. Petitioner and Respondents also were divided on the issue of whether price is an important factor in purchasing decisions. Petitioner reported that differences other than price are “never” significant in purchasing decisions for metal calendar slides.⁶⁸ By contrast, Norwood reported that differences other than price are “always” significant in purchasing decisions for metal calendar slides.⁶⁹ For purposes of this preliminary determination, price appears to be a factor in purchasing decisions for metal calendar slides, although its degree of importance is unclear at this preliminary phase of the investigation.⁷⁰ Accordingly, it appears that Norwood may have switched suppliers to take advantage of the lower prices offered by Nishiyama.⁷¹ In any final phase investigation, we will further examine the importance of price in purchasing decisions for metal calendar slides, including any additional data from purchaser questionnaires that the Commission may collect from purchasers besides Norwood.

⁶⁷ 19 U.S.C. § 1677(7)(C)(ii).

⁶⁸ CR/PR at Table II-2.

⁶⁹ Id.

⁷⁰ Norwood acknowledges that it realized cost-savings due to the lower price of the Nishiyama slides; however, Norwood contends that price was not a deciding factor for its decision to switch to Nishiyama. See Respondents Postconference Br. at 25 (“Certainly, the lower price of Nishiyama’s product was welcome news, although it was not the deciding factor in discontinuing the bulk of its purchases from Petitioner in favor of the Nishiyama product”). At the conference, Kathleen Burns, Norwood’s General Counsel and Vice-President, testified as follows: “As someone who is on the management team, I will tell you, of course, price is a factor. I’m not going to deny that at all. If we have a like product, exactly the same quality, and one is 10 cents cheaper, I would have to answer to my stakeholders as to why we went with the more expensive supplier.” Conf. Tr. at 143.

⁷¹ Petitioner has made 3 allegations of lost sales due totaling over *** due to competition from subject imports from Japan during the period examined. CR at V-12; PR at V-6. All 3 lost sales allegations involved Norwood ***. Norwood denied reporting that it switched from Petitioner to subject imports for quality and productivity reasons, not price reasons. CR at V-12 to V-14; PR at V-6. In any final phase investigation, we will further consider the lost sales allegations made by Petitioner.

The record in this preliminary determination contains a limited amount of pricing data. The Commission requested pricing data in this preliminary phase of the investigation for four products.⁷² Approximately *** percent of the quantity of domestically produced commercial shipments of metal calendar slides in 2004 was accounted for by these four products.⁷³ Approximately *** percent of subject imports in 2004 was accounted for by these products.⁷⁴

Subject imports appear to have undersold the comparable domestic like product by significant margins in *** out of *** quarters for which price comparisons were possible during the period examined⁷⁵, although, as noted above, there is some dispute about the substitutability of the domestic and imported products. Additionally, the pricing data collected results in a comparison of selling or purchase prices with direct import prices for subject imports. Notwithstanding some evidence that prices for the domestic like product remained essentially flat for Norwood while increasing only slightly for other purchasers besides Norwood⁷⁶ there is evidence in the record that the domestic industry faced a cost-price squeeze during the period examined, with the ratio of COGS to net sales increasing from *** percent in 2002 to *** percent in 2004, and rising even more sharply from *** percent in interim 2004 to *** percent in interim 2005.⁷⁷ This cost-price squeeze may be due in part to the increase in raw material costs reflected in the financial data for interim 2005.⁷⁸ Accordingly, at this preliminary phase, there is some support for finding that the subject imports had price-suppressing effects on domestic prices during the period examined. In any final phase investigation, we will further examine the cost-price squeeze issue and any price-suppressing effects that subject imports had on domestic prices during the period examined.⁷⁹

⁷² The four products are as follows:

- Product 1.— Coated metal calendar slides with the following dimensions: 17" x 7/8" (432 mm x 23 mm);
 - Product 2.— Coated metal calendar slides with the following dimensions: 18" x 7/8" (457 mm x 23 mm);
 - Product 3.— Coated metal calendar slides with the following dimensions: 22" x 7/8" (559 mm x 23 mm); and
 - Product 4.— Coated metal calendar slides with the following dimensions: 27" x 7/8" (686 mm x 23 mm).
- CR at V-4; PR at V-3.

⁷³ CR/PR at V-4.

⁷⁴ CR/PR at V-4.

⁷⁵ CR V-11; PR at V-3. We invite arguments from interested parties regarding the utility of pricing data collected in any final phase investigation.

⁷⁶ CR/PR at Tables V-1 to V-4. With respect to Norwood's purchase prices, the pricing data indicates that prices for Products 1, 2, and 4 remained flat throughout the entire period examined, and that prices for Product 3 remained flat in 2002 and 2003, and rose by just *** between 2003 and 2004. Id. At the same time, however, there is evidence in the record suggesting that Petitioner offered to lower its price for the domestic like product to Norwood in order to compete with subject imports from Nishiyama. See Conf. Tr. at 12, 30.

⁷⁷ CR/PR at Table VI-1.

⁷⁸ Id.

⁷⁹ In any final phase investigation, we will also seek to collect additional information on Petitioner's pricing methods and practices in order to determine what impact (if any) these may have had on prices for domestically produced metal calendar slides.

D. Impact of the Subject Imports⁸⁰

Section 771(7)(C)(iii) provides that the Commission, in examining the impact of the subject imports on the domestic industry, “shall evaluate all relevant economic factors which have a bearing on the state of the industry.”⁸¹ These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”⁸²

By most measures, the domestic industry’s condition worsened over the period examined. While the absolute volume of subject imports rose sharply over the period examined, domestic shipments of metal calendar slides declined overall for most of the period examined.⁸³ Market share for the sole domestic producer declined steadily from *** percent in 2002 to *** in 2003 to *** percent in 2004, and fell from *** percent in interim 2004 to *** percent in interim 2005.⁸⁴ Domestic industry capacity remained flat from 2002 to 2004, then declined sharply during the first half of 2005.⁸⁵ Domestic industry capacity utilization increased throughout the period examined, most notably rising by *** percentage points in interim 2005.⁸⁶ The number of production related workers (“PRWs”) and hours worked declined during the period examined.⁸⁷ Wages paid to PRWs also declined during the period examined.⁸⁸ Furthermore, the sole domestic producer moved the majority of its production equipment to its sister company in Mexico in order to reduce production and labor costs in an effort to better compete with subject imports.⁸⁹

⁸⁰ In its notice of initiation, Commerce estimated that dumping margins for subject imports from Japan ranged from 22.09 percent to 48.24 percent. See 70 Fed. Reg. 43122 (July 26, 2005).

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

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

⁸³ The quantity of domestic shipments declined from *** slides in 2002 to *** slides in 2004, although it increased from *** slides in interim 2004 to *** slides in interim 2005. CR/PR at Table IV-2.

⁸⁴ CR/PR at Table IV-3.

⁸⁵ Domestic industry capacity was *** slides in 2002, 2003, and 2004, before falling from *** slides in interim 2004 to *** slides in interim 2005. CR/PR at Table III-1.

⁸⁶ Domestic industry capacity utilization increased from *** percent in 2002 to *** percent in 2003 to *** percent in 2004, and increased from *** percent in interim 2004 to *** percent in interim 2005. CR/PR at Table III-1.

⁸⁷ The number of PRWs declined from *** in 2002 to *** in 2004, and from *** in interim 2004 to *** in interim 2005. The hours worked by PRWs declined from *** hours in 2002 to *** hours in 2004, and dropped from *** hours in interim 2004 to *** hours in interim 2005. CR/PR at Table III-4.

⁸⁸ Wages paid to PRWs declined from \$*** in 2002 to \$*** in 2004, and fell from \$*** in interim 2004 to \$*** in interim 2005. CR/PR at Table III-4.

⁸⁹ See Petitioner’s Postconference Br. at A-4 & Exh. 2. According to a declaration submitted by Petitioner’s Director, Murray Blumberg, “the pressure from the Japanese [subject] imports gave [Stuebing] no choice” but to move the majority of its production machines to Mexico. See Exh. 2 at 2-3.

The domestic industry's financial indicators also worsened over the period examined. Net sales values for the domestic industry decreased along with net sales quantities during the period examined.⁹⁰ The domestic industry also experienced deteriorating profitability between 2002 and 2004,⁹¹ and losses in interim 2005; operating income fell from *** in 2002 to *** in 2004, with operating losses of *** in interim 2005.⁹² Cash flow shows a similar overall decline during the period examined.⁹³ Operating income as a ratio of net sales fell from *** percent in 2002 to *** percent in 2004, and deteriorated even more sharply from *** percent in interim 2004 to *** in interim 2005.⁹⁴ Total capital expenditures also dropped during the period examined.⁹⁵

For purposes of this preliminary determination, we conclude that subject imports had a negative impact on the condition of the domestic industry during the period examined. As discussed above, we find the volume of subject imports to be significant and that the subject imports undersold the domestic like product, apparently resulting in price suppression. We also find that the volume and price effects of the subject imports adversely affected the performance of the domestic industry during the period examined in that the impact of subject imports caused the sole domestic producer to reduce its capacity by *** percent by relocating *** machines used to produce metal calendar slides to Mexico.

VI. CONCLUSION

For the reasons stated above, we find a reasonable indication that the domestic industry producing metal calendar slides is materially injured by reason of subject imports from Japan.

⁹⁰ By value, net sales increased *** from \$*** in 2002 to \$*** in 2003 before falling to \$*** in 2004, and then falling again from \$*** in interim 2004 to \$*** in interim 2005. By quantity, net sales declined from *** slides in 2002 to *** slides in 2003 before climbing to *** slides in 2004. By quantity, net sales declined from *** slides in interim 2004 to *** slides in interim 2005. CR/PR at Table VI-1. While net sales volume by quantity was higher in 2004 than in 2002 and 2003, Petitioner has explained that net sales by value were lower in 2004 compared with 2002 and 2003 due to changes in ***. CR at VI-3; PR at VI-1.

⁹¹ Gross profits declined from \$*** in 2002 to \$*** in 2004, and fell again from \$*** in interim 2004 to \$*** in interim 2005. CR/PR at Table VI-1.

⁹² Id.

⁹³ Cash flow declined from \$*** in 2002 to \$*** in 2004, and deteriorated further from a negative \$*** in interim 2004 to a negative \$*** in interim 2005. Id.

⁹⁴ Id.

⁹⁵ Total capital expenditures declined from \$*** in 2002 to \$*** in 2003 to \$*** in 2004. Total capital expenditures also dropped from \$*** in interim 2004 to \$*** in interim 2005. CR/PR at Table VI-3.

**DISSENTING VIEWS OF VICE CHAIRMAN DEANNA TANNER OKUN AND
COMMISSIONER DANIEL R. PEARSON**

Based on the record in this preliminary phase investigation, we find that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of certain metal calendar slides from Japan that are allegedly sold in the United States at less than fair value (“LTFV”).

I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

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

II. NO REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF THE SUBJECT IMPORTS³

In the preliminary phase of antidumping or countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured by reason of the imports under investigation.⁴ In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.⁵ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”⁶ In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the

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

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

³ We adopt as our own the discussion of domestic like product and domestic industry as laid out in sections IV and V of the Views of the majority. 19 U.S.C. § 1677(24)(A)(I)(I). In this investigation, subject imports accounted for more than three percent of the volume of certain metal calendar slides imported into the United States from all sources in the most recent 12-month period for which data are available preceding the filing of the petition. As such, we find that subject imports are not negligible under 19 U.S. C. § 1677(24).

⁴ 19 U.S.C. §§ 1671b(a) and 1673b(a).

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

⁶ 19 U.S.C. § 1677(7)(A).

state of the industry in the United States.⁷ No single factor is dispositive, and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”⁸

For the reasons discussed below, we find that there is not a reasonable indication that the domestic industry producing certain metal calendar slides is materially injured by reason of subject imports from Japan.

A. Conditions of Competition

The following conditions of competition inform our analysis of whether there is a reasonable indication that the domestic industry is materially injured or threatened with material injury by reason of subject imports from Japan.

1. The product

Metal calendar slides sold in the U.S. market during the period of investigation (POI) were made in one of two configurations. All of the imports from Japan consisted of one-piece slides with integral eyelets, *i.e.*, the eyelet for hanging the calendar was stamped from the metal of the slide itself. The vast majority of Stuebing’s domestic production consisted of a metal slide with a plastic eyelet attached. In 2003 Stuebing began developing its own version of a one-piece, integral-eyelet slide. However, Norwood remained the only customer for Stuebing’s integral-eyelet slide, and integral-eyelet slides accounted for approximately 10 percent of its production after its development.⁹

According to Norwood and Nishiyama, integral-eyelet and attached-eyelet slides are not interchangeable.¹⁰ According to Stuebing’s questionnaire response and conference testimony, the integral-eyelet and attached-eyelet slides are “always” interchangeable, and differences other than price are never significant.¹¹ But other record evidence suggests that Stuebing did not, and does not, find the products to be so completely comparable. Stuebing describes the integral-eyelet slide as “a different specification” from the attached-eyelet slide.¹² Stuebing developed an integral-eyelet slide, similar in design to subject imports, with some reluctance and disparaged it to Norwood.¹³ Stuebing acknowledges that integral-eyelet slides “stack well and lay flat” in the binding machines, leading to faster production,¹⁴ and Stuebing also acknowledges that a binding machine’s hopper can only be half-filled with its slides,

⁷ 19 U.S.C. § 1677(7)(C)(iii).

⁸ 19 U.S.C. § 1677(7)(C)(iii).

⁹ Conference Transcript at 44 (Mr. Blumberg); CR at I-5 n.12, PR at I-4 n.12.

¹⁰ CR/PR at II-5-II-7 and Tables II-1-II-2; Norwood and Nishiyama postconference brief at 7-8.

¹¹ CR at Table II-1, PR at Table II-1; Tr. at 32 (Mr. Gavronsky: “Other than a small difference in hangers, the U.S. slides...were 100 percent substitutable”).

¹² Stuebing postconference brief at 27.

¹³ Norwood and Nishiyama postconference brief at Exh. 18 (October 2003 letter of Gavronsky, describing the integral-eyelet slide as a product used “by third and fourth world countries”).

¹⁴ Stuebing postconference brief at Exh. 2, Affidavit of Murray Blumberg, ¶ 7.8.

rather than being fully loaded.¹⁵ Stuebing now produces and sells an integral-eyelet slide, but still believes that the two-piece, attached-eyelet slide is the superior product.¹⁶

2. Demand conditions

Metal calendar slides are purchased by producers who use them to bind and finish the edges of calendars. The calendars are typically promotional and intended to be given away. Norwood is believed to be the largest of such calendar producers.¹⁷

There is a distinct seasonality to demand for the product. Production of these calendars tends to be concentrated in the second half of the year, and demand rises and falls accordingly. This seasonality is pronounced, and the second half of the year may account for *** of the year's shipments.¹⁸ The seasonality in demand appears to apply with equal force to subject import shipments as well as shipments of the domestic like product.¹⁹

In 2004, apparent U.S. consumption increased sharply, up *** percent over 2003. However, apparent U.S. consumption in 2003 was unusually low, and the sharp increase in 2004 actually represented an increase of only *** percent over 2002.²⁰

2. Supply conditions

The domestic industry dominated the U.S. market for most of the POI, accounting for 100 percent of the market as recently as 2002. In 2003, subject imports from Japan entered the U.S. market. By 2004, subject imports accounted for *** of the U.S. market. Throughout the period of investigation, Norwood was the only purchaser of subject imported calendar slides.

In interim 2005, ***. In interim 2005, ***.

3. The Stuebing-Norwood relationship

Both Stuebing and Norwood have been in their respective businesses for many years, and Norwood and its predecessor have performed been long-time customers of Stuebing's,²¹ as Stuebing effectively has been the sole domestic producer of metal calendar slides since the 1980s.²²

At least as far back as 2000, Norwood registered complaints about Stuebing's slides. In particular, Norwood complained about inconsistency in the hardness and thickness of the steel used; about slides that were "embedded," or stuck together; and about plastic eyelets that were missing or so

¹⁵ Stuebing postconference brief at Exh. 5 (Report of Bill Pierman's visit to Norwood, item 2).

¹⁶ Stuebing postconference brief at Exh. 2, ¶¶ 7.2.1-7.2.3, 7.8.

¹⁷ Tr. at 86 (Ms. Burns).

¹⁸ CR/PR at Table III-2A.

¹⁹ CR/PR at Table III-2A.

²⁰ CR/PR at Table C-1.

²¹ Tr. at 22 (Mr. Blumberg).

²² Tr. at 18 (Mr. Blumberg). No subject imports from Japan had entered the U.S. market for at least a decade prior to 2003. Norwood and Nishiyama postconference brief at Exh. 13.

misshapen that they caused misfeeds.²³ Eyelet problems seemed to account for a significant portion of the complaints registered by those Norwood employees actually working with the slides.²⁴

Stuebing acknowledged the increase in difficulties²⁵ and made efforts to address some of these issues. It developed dimpled slides to reduce the incidence of embedded slides.²⁶ It was less successful in addressing Norwood's complaints about the hardness or softness of the material; Stuebing had difficulty sourcing the preferred grade of steel from domestic producers.²⁷

The record indicates that Stuebing was not successful in addressing Norwood's complaints about misshapen or missing eyelets. In 2000 Stuebing thought the problems were caused by packing methods and indicated it would look for less damaging methods and materials.²⁸ In 2003, however, Stuebing again acknowledged the existence of the problem with curling or misshapen eyelets but did not indicate what additional steps it could take to mitigate the incidence of damaged slides.²⁹ In that same letter, Stuebing agreed that Norwood's reported production rate was "unacceptable."³⁰

In October 2002, Norwood contacted Nishiyama, seeking information on Nishiyama's "***." (Nishiyama, like Stuebing, produces binding equipment as well as binding slides, and Nishiyama once sold its binding machines to Stuebing.³¹ Most of Norwood's binding machines were Nishiyama-built machines.³²) Nishiyama sent samples of its integral-eyelet slide to Norwood.³³ While investigating Nishiyama's products, Norwood also contacted a producer of metal calendar slides in Italy; that firm also made integral-eyelet slides.³⁴

Norwood tested the Nishiyama products in late 2002 and in early 2003, and in February placed an order for 50,000 slides, at which time it also requested pricing information. Later in 2003, Norwood dropped Stuebing as its primary, or "blanket," supplier and began running Nishiyama's integral-eyelet slides.

In response, Stuebing began developing its own version of the integral-eyelet slide.³⁵ Norwood requested samples of the prototype.³⁶ However, by Stuebing's own admission, these early prototypes were "not designed to be run in automatic machinery," that the integral eye "weakens the slide

²³ Tr. at 90-91 (Mr. Haala); Norwood and Nishiyama postconference brief at Exhs. 1-B and 24.

²⁴ Norwood and Nishiyama postconference brief at Exh. 1-B

²⁵ Norwood and Nishiyama postconference brief at Exh. 1-B (Hoendorf letter of 11/22/2000, "We recognize that you are experiencing more production difficulties than in the past...").

²⁶ Norwood and Nishiyama postconference brief at Exh. 4.

²⁷ Norwood and Nishiyama postconference brief at Exh. 1-B (Hoendorf letter of 1/30/2001; Starnes letter of 5/1/2001).

²⁸ Norwood and Nishiyama postconference brief at Exh. 1-B (Hoendorf letter of 11/22/2000).

²⁹ Norwood and Nishiyama postconference brief at Exh. 11 (Gavronsky letter of 9/9/2003).

³⁰ *Id.*

³¹ Norwood and Nishiyama postconference brief at Exh. 13 (Akamatsu email of 11/5/2002).

³² Tr. at 94 (Mr. Haala).

³³ Tr. at 93 (Mr. Haala).

³⁴ Tr. at 95 (Mr. Haala).

³⁵ Norwood and Nishiyama postconference brief at Exh. 18.

³⁶ Norwood and Nishiyama postconference brief at Exh. 17.

dramatically,” and the eyelet itself was “extremely sharp.”³⁷ By March 2004, Stuebing had a prototype that ran in Norwood’s machines without “immediate problems.”³⁸

Early in 2004, Norwood requested quotations for its 2004 slide purchases, asking for bids for 20 percent, 50 percent, 80 percent, and 100 percent of Norwood’s requirements. Norwood sought bids from Stuebing, Nishiyama, and a U.S. company that had not yet entered the calendar-slide market.³⁹ Stuebing replied in March 2004, but Norwood considered the offer “non-responsive,” as it included new binding machines (though offered at “no cost”) and prices were only for 50 percent of Norwood’s requirements.⁴⁰ Stuebing later offered to match the Nishiyama price; Norwood did not accept this re-tender.⁴¹ Norwood opted to continue using Nishiyama as its primary supplier, purchasing from Stuebing only in limited circumstances.⁴²

B. Volume of Subject Imports

Section 771(7)(C)(i) of the Act provides that the “Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant.”⁴³

At first glance, the volume of subject imports would appear to be significant, both absolutely and relatively. Subject imports were absent from the market in 2002; in 2003, the volume of subject imports topped ***; in 2004, subject imports were ***. Subject imports rose from no presence in the U.S. market in 2002, to *** percent of the U.S. market in 2003, to *** percent in 2004. All of these gains in market share came at the expense of the domestic industry, as no other imports were in the U.S. market ***.⁴⁴

But the record suggests that subject imports and the domestic like product were, throughout most of the POI, not good substitutes for one another, and that competition between the products was attenuated. As noted above, subject imports consisted entirely of integral-eyelet slides and the volume was intended solely for one customer, Norwood; the domestic like product consisted entirely of attached-eyelet slides throughout most of the POI. The domestic industry apparently did not have a viable prototype of the integral-eyelet slide until sometime in 2004, long after Norwood had found the integral-eyelet slide to be more effective in its binding equipment. The record indicates that Norwood’s complaints about the attached-eyelet slides supplied by Stuebing began well before Norwood contacted other suppliers in 2002-2003. The record also indicates that Stuebing did attempt to take steps to address Norwood’s concerns, but that some problems were not alleviated. In particular, Stuebing acknowledged the problem of curled, missing, or deformed eyelets in 2000 and thought different packing methods or materials would solve the problem. By 2003 Stuebing had to acknowledge that the problem had persisted, but pointed out that it had replaced the “relatively small quantity” of slides with damaged eyelets.⁴⁵ Stuebing’s letter of September 9, 2003, did not indicate that it had come up with any better

³⁷ Norwood and Nishiyama postconference brief at Exh. 18.

³⁸ CR/PR at Table E-5; Norwood and Nishiyama postconference brief at 22-23.

³⁹ Norwood and Nishiyama postconference brief at 22; Tr. at 107-108 (Ms. Shoen).

⁴⁰ Norwood and Nishiyama postconference brief at 23 and Exh. 19.

⁴¹ Stuebing postconference brief at Exh. 6; Tr. at 27 (Mr. Blumberg).

⁴² Norwood and Nishiyama postconference brief at 23-24.

⁴³ 19 U.S.C. § 1677(7)(C)(i).

⁴⁴ CR/PR at Table C-1.

⁴⁵ Stuebing postconference brief at Exh. 5, item 1.1.

solution than replacing the damaged slides. And the record indicates that Stuebing significantly underestimated the percentage of slides it provided to Norwood that were too damaged to use.⁴⁶

Integral-eyelet slides, though offering Norwood increased productivity, apparently remain of little or no interest to other domestic purchasers of calendar slides. Nishiyama has no other customers in the U.S. market, and even Stuebing has no other customers for its own integral-eyelet slide, though the product is made and used in other countries. This failure of the market to react to the introduction of a new product further suggests attenuation of competition between these products in the U.S. market.

The record is uncontroverted that, in 2003, subject imports offered a product, the integral-eyelet slide, that the domestic industry did not offer. The record is also uncontroverted that this product offered improved productivity rates to Norwood.⁴⁷ Given the differences in the product, competition between the two types of slide was attenuated. We therefore find that the volume of subjects was not significant, either absolutely or relatively.⁴⁸

C. Price Effects of the Subject Imports

Section 771(C)(ii) of the Act provides that, in evaluating the price effects of subject imports, the Commission shall consider whether – (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.⁴⁹

The parties disagree sharply on the importance of price in the market. Stuebing claims that price is the only difference in the products, and price is the only reason it lost most of Norwood's business. Norwood and Nishiyama claim that other differences separate the product, and price is not an important factor to Norwood.

The record suggests that subject imports undersold the domestic like product throughout the POI. Norwood reports consistently paying less for subject imports than for the domestic like product, and the

⁴⁶ In a letter of November 11, 2000, a Stuebing executive estimated that returns were “****.” Norwood and Nishiyama postconference brief at Exh. 1-B. In fact, according to Stuebing's records, returns in 2002-2004 were closer to *** percent. Stuebing postconference brief at Exh. 2-H. Even this figure may understate the problem, as the record indicates that Norwood at least occasionally used otherwise damaged slides. Norwood and Nishiyama postconference brief at Exh. 7.

⁴⁷ Stuebing postconference brief at Exh. 2 ¶ 7.8.

⁴⁸ A great many arguments were offered regarding the quality of the slides that Stuebing supplied to Norwood. A few facts stand out as uncontroverted: that Norwood's complaints began well before 2002-2003; that Stuebing acknowledged the problems at the time; that Stuebing made efforts to resolve the problems; that the problem of the attached eyelets was never satisfactorily resolved; and that the integral-eyelet slide was capable of delivering greater production rates than was the attached-eyelet slide. Given these facts, and the acknowledged differences in the attached-eyelet and integral-eyelet slide, we do not find it necessary to reach any further conclusions about the quality of Stuebing's product.

⁴⁹ 19 U.S.C. § 1677(7)(C)(ii).

reported differences in Norwood's purchase prices were generally significant.⁵⁰ *** Stuebing's lost sales and lost revenue allegations concern ***.⁵¹

However, the foregoing indicates that significant differences existed between the domestic like product and the subject imports, and that Norwood chose the integral-eyelet slide for its characteristics rather than its price. This conclusion is further bolstered by Norwood's reaction to Stuebing's second 2004 tender, in which it offered to meet the Nishiyama price. Had Norwood been concerned with price alone, and had there been no significant differences in the products themselves, Norwood would have accepted the offer and regained the convenience of having its supplier relatively close.⁵² Instead, Norwood continued to place the bulk of its orders with Nishiyama, despite the significant price concession offered by Stuebing.

The price of subject imports also failed to affect the price of the domestic like product. Although Norwood shifted to the integral-eyelet slide of Nishiyama, no other domestic purchaser did so. The record does not indicate that Stuebing was forced to lower its price to any purchaser to meet competition from Nishiyama. Indeed, the record is uncontroverted that Norwood was Nishiyama's only customer in the U.S. market over the POI, and evidence that it was soliciting bids elsewhere is, at best, ambiguous.⁵³ Prices for the domestic like product generally rose over the POI, and even the prices paid by Norwood generally remained flat.⁵⁴ The record thus indicates that subject import prices neither suppressed nor depressed prices for the domestic like product. We therefore find that subject imports did not have significant price effects.

D. Impact of the Subject Imports⁵⁵

Section 771(7)(C)(iii) provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry."⁵⁶ These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, research and development, and factors affecting domestic prices. No single factor is dispositive and all

⁵⁰ CR/PR at Tables V-1-V-4. As there was no importer, a comparison of Norwood's purchase prices for subject imports with its purchase price for the domestic like product may raise questions as to whether this comparison is appropriate in light of the relative level of trade. However, in light of our conclusion regarding the attenuation of competition and the lack of other evidence of price effects, we need not resolve this issue.

⁵¹ CR/PR at Tables V-5-V-6.

⁵² Norwood continued to purchase from Stuebing after 2003 because of its proximity and ability to respond to rush orders. Norwood and Nishiyama postconference brief at 23.

⁵³ Stuebing asserts that Nishiyama was seeking other slide customers in the U.S. market. But the record is uncontroverted that Norwood sought out Nishiyama, rather than the reverse; Nishiyama had been out of the U.S. market for at least a decade and was not otherwise prepared to sell in the U.S. market. Stuebing points to a letter it received from Nishiyama, seeking Stuebing's advice on reentering the U.S. market, as evidence of Nishiyama's intent. But the letter specifically refers to Nishiyama's interest to sell its machines in the U.S. market, rather than its slides; in the past Stuebing itself had sold Nishiyama's binding machines in the U.S. market.

⁵⁴ CR/PR at Tables V-1-V-4.

⁵⁵ In its notice of initiation, Commerce estimated that dumping margins for subject imports from Japan ranged from 22.09 percent to 48.24 percent. 70 Fed. Reg. 43122 (July 26, 2005).

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

relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”⁵⁷

By most measures, the domestic industry’s condition worsened over the period of investigation.⁵⁸ Production actually increased in both 2003 and 2004, and domestic production in 2004 was *** percent higher than in 2002. Capacity utilization improved as well, rising from *** percent in 2002 to *** percent in 2004. Total net sales in 2004 were *** million, up *** percent over both 2002 and 2003.⁵⁹

Apparent U.S. consumption increased sharply between 2003 and 2004, but shipments to the U.S. market by Stuebing increased by only *** percent. The unit value of those sales declined, as did the total value of those sales. Stuebing’s export shipments ballooned, increasing by *** percent between 2003 and 2004 alone, and by *** percent between 2002 and 2004. But the average value of those shipments declined by *** percent between 2003 and 2004, and as a result the total value of export shipments declined by *** percent. Despite the significant increase in production between 2002 and 2004, the number of production and related workers declined by *** percent, and total hours worked and total wages paid declined, as did average wages. Productivity increased by *** percent.⁶⁰

Operating income in 2002 was *** percent of sales; in 2003, despite the loss of sales to Norwood, operating income was even more impressive, at *** percent. In 2004, operating income was down significantly, but was still fairly impressive, at *** percent.⁶¹

Stuebing’s exports increased dramatically over the POI. Stuebing claims that the increase was necessary to offset the loss of sales to Norwood, but the increase in exports far exceeded the drop in domestic shipments. (Indeed, there was an increase, not a drop, in domestic shipments in 2004, despite the loss of “blanket” sales to Norwood.) In 2005 total exports actually exceeded total domestic shipments.⁶² These exports were largely directed to *** accounted for *** percent of Stuebing’s total sales in 2004.⁶³ But the value of these export sales dropped nearly as quickly as the volume rose. The record suggests that most of the drop off in Stuebing’s financial performance in 2004 was driven not by the loss of sales to Norwood, but by the immense volume of export sales at extremely modest prices. The loss of sales to Norwood does not explain this shift to exports, as Stuebing’s domestic sales in 2004 were essentially unchanged from its 2003 sales level—and 2003 was Stuebing’s most profitable year, despite a significant drop in U.S. shipments.⁶⁴

We have already concluded that significant product differences attenuated competition between the domestic like product to the extent that the volume of integral-eyelet subject imports was not significant, and this attenuated competition was further apparent in the absence of any price effects caused by subject imports. The financial data further support this conclusion. In 2003, when Stuebing lost most of its Norwood business, and the volume of its domestic shipments dropped by *** percent, its operating margin actually improved. In 2004, the volume of its domestic shipments was little changed; the average

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

⁵⁸ In 2005, Stuebing relocated most of its productive assets to Mexico and downsized its U.S. operations to a smaller facility. This transfer renders a comparison with 2004 difficult; the marked seasonality of the market would have made comparisons of first-half data of doubtful value in any case. For these reasons, we have concentrated on data for the full years 2002-2004.

⁵⁹ CR/PR at Table C-1.

⁶⁰ CR/PR at Table C-1.

⁶¹ CR/PR at Table C-1.

⁶² CR/PR at Table C-1.

⁶³ Stuebing’s producer questionnaire at IV.C.

⁶⁴ CR/PR at Table C-1.

unit value declined somewhat, but costs declined as well, and its financial performance on its domestic sales would probably have not been much different from its 2002 or 2003 performance.⁶⁵ The significant drop off in financial performance was driven by the huge increase in low-priced export sales, and the substantial increase in export volumes suggests that these sales were far more than a reaction to the loss of blanket sales to Norwood. We therefore find no reasonable indication that subject imports had a significant impact on the domestic industry.⁶⁶

II. NO REASONABLE INDICATION OF THREAT OF MATERIAL INJURY BY REASON OF THE SUBJECT IMPORTS

We likewise determine that there is no reasonable indication that subject imports are threatened with material injury by reason of subject imports. We have already determined that competition between the domestic like product and subject imports is attenuated because of product differences, and this is not likely to change in the immediate future. Nishiyama apparently does not make the attached-eyelet slide on which Stuebing focuses, and Stuebing apparently has little interest in promoting its integral-eyelet slide to its other customers. The volume of subject imports was not significant, and, in light of the fact that there appear to be no other customers for Nishiyama's integral-eyelet slide, this is not likely to change in the immediate future.⁶⁷ We found no evidence that subject imports either suppressed or depressed the price of the domestic like product, and we find no evidence on the record to indicate that this situation will change in the immediate future. The industry in Japan is large and is projected to have unused capacity in 2005. However, the industry had significant unused capacity in 2002 and yet was not soliciting sales in the U.S. market.⁶⁸ Exports increased over the POI, but the industry remains focused on its home market; Nishiyama was the only producer known to export to the U.S. market, and even Nishiyama has only two export clients.⁶⁹ Nishiyama had significant inventories on hand at the end of the POI, but Norwood is its only U.S. client. Nishiyama's other clients purchase slides in millimeter sizes, and the record does not indicate that any of Nishiyama's inventories would be attractive to potential U.S. customers.⁷⁰ Stuebing has argued that the U.S. market would be particularly attractive to Nishiyama as paper slides are replacing metal slides in the market in Japan, but Nishiyama has begun selling machines for paper slide binding as well.⁷¹ We therefore determine there is no reasonable indication that the domestic industry is threatened with material injury by reason of subject imports.

⁶⁵ CR/PR at Table C-1.

⁶⁶ We are mindful that Stuebing has shifted a significant portion of its productive assets to Mexico, at least in part allegedly because of its belief that it has been injured by the presence of subject imports. We note that Stuebing has left some productive assets in the U.S., and based on its interim 2005 data, the assets remaining in the U.S. may still be capable of supplying a significant portion of U.S. demand. CR/PR at Table C-1. We are also mindful, however, that, by Stuebing's own admission, its transfer to Mexico has resulted in substantial costs savings, and therefore is not likely to be reversed. Stuebing postconference brief at Exh. 2F. This information, together with the significant increase in subject imports to Mexico in 2004, raises the issue of whether Stuebing's decision to transfer assets to Mexico was also prompted by a desire to be more competitive and responsive in a newly-important market. However, in light of our findings of attenuated competition between the products, we do not find it necessary to further explore, or resolve, the issues surrounding Stuebing's decision to transfer its assets to Mexico.

⁶⁷ We also note the lack of evidence in the record that Nishiyama actively solicited U.S. purchasers for its product.

⁶⁸ CR/PR at Table VII-1.

⁶⁹ Tr. at 115 (Mr. Akamatsu).

⁷⁰ Norwood and Nishiyama postconference brief at 42-43.

⁷¹ Norwood and Nishiyama postconference brief at 49.

IV. CONCLUSION

For the reasons stated above, we do not find a reasonable indication that the domestic industry producing certain metal calendar slides is materially injured or threatened with material injury by reason of subject imports from Japan.

PART I: INTRODUCTION

BACKGROUND

This investigation results from a petition filed on June 29, 2005, by Stuebing Automatic Machine Company (“Stuebing”), Cincinnati, OH, alleging that an industry in the United States is materially injured and threatened with material injury by reason of less-than-fair-value (“LTFV”) imports of metal calendar slides from Japan. Information relating to the background of this investigation is provided below.¹

Effective date	Action
June 29, 2005	Petition filed with Commerce and the Commission; institution of Commission’s investigation (70 FR 39788, July 11, 2005)
July 20, 2005	Commission’s conference ¹
July 26, 2005	Commerce’s initiation of investigation (70 FR 43122)
August 11, 2005	Commission’s vote
August 15, 2005	Commission’s determination transmitted to Commerce
August 22, 2005	Commission’s views transmitted to Commerce

¹ A list of witnesses appearing at the conference is presented in app. B.

ORGANIZATION OF THE REPORT

Section 771(7)(B) of the Tariff Act of 1930 (the “Act”) (19 U.S.C. § 1677(7)(B)) provides that in making its determinations of injury to an industry in the United States, the Commission--

shall consider (I) the volume of imports of the subject merchandise, (II) the effect of imports of that merchandise on prices in the United States for domestic like products, and (III) the impact of imports of such merchandise on domestic producers of domestic like products, but only in the context of production operations within the United States; and. . . may consider such other economic factors as are relevant to the determination regarding whether there is material injury by reason of imports.

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--

In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant.

. . .

In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether . . . (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such

¹ Federal Register notices cited in the tabulation are presented in app. A.

merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.

...
In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to

. . . (I) actual and potential declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.

Information on the subject merchandise, alleged margins of dumping, and domestic like product is presented in *Part I*. Information on conditions of competition and other relevant economic factors is presented in *Part II*. *Part III* presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. The volume and pricing of imports of the subject merchandise are presented in *Parts IV and V*, respectively. *Part VI* presents information on the financial experience of U.S. producers. Information obtained for use in the Commission's consideration of the question of threat of material injury is presented in *Part VII*.

THE U.S. METAL CALENDAR SLIDE MARKET

Petitioner Stuebing is the sole domestic producer of metal calendar slides in the United States. Metal calendar slides represent *** percent of Stuebing's annual sales.² Norwood Promotional Products, Inc. ("Norwood") of Sleepy Eye, MN, is the largest importer and consumer of metal calendar slides in the United States. Norwood's facility in Sleepy Eye, MN is the only Norwood establishment that imports metal calendar slides from Japan and it also internally consumes all such imports.³ Norwood sourced its "blanket" order of metal calendar slides from Stuebing until 2003, when it began importing from Japan.⁴ During the period of investigation, Norwood was the only importer of metal calendar slides from Japan.

Nishiyama Kinzoku Co., Ltd. ("Nishiyama"), Osaka, Japan, is the only known manufacturer of metal calendar slides in Japan to have exported to the United States during the period of investigation, through its export sales agent in Osaka, BSI Corp. ("BSI"). Petitioner's sister company in Mexico, ***, is the only other known producer/exporter of metal calendar slides, ***.

The customer base for the U.S. metal calendar slides industry is small, with Norwood being *** domestic customer along with several other small U.S. firms. In 2004, Stuebing's top two customers were ***, and accounted for *** percent of sales.⁵

² Petitioner's postconference brief, p. A-4.

³ Norwood's importer questionnaire response, section I-2.

⁴ Conference transcript, p. 21 (Blumberg). "Blanket" orders are bulk orders placed in the first part of the year for delivery in the second part of the year. Typically, the manufacturing related to these large orders takes place throughout the year.

⁵ Stuebing's producer questionnaire response, section IV-C.

SUMMARY DATA

A summary of data collected in this investigation for the U.S. metal calendar slides market is presented in appendix C. The period of investigation is January 2002 through June 2005. U.S. industry data are based on the questionnaire response of Stuebing, the sole U.S. producer. U.S. import data are based on questionnaire responses submitted by U.S. importers.

PREVIOUS INVESTIGATIONS

The Commission has not previously conducted an import injury investigation concerning metal calendar slides.

NATURE AND EXTENT OF ALLEGED SALES AT LTFV

Commerce has initiated an antidumping investigation based on petitioner's allegations of LTFV sales of metal calendar slides from Japan. The dumping margins (in percent *ad valorem*) as alleged by petitioner and revised by Commerce, range from 22.09 percent to 48.24 percent.⁶

THE SUBJECT PRODUCT

Commerce has defined the imported merchandise subject to investigation as:

'V' and/or 'U' shaped metal calendar slides manufactured from cold-rolled steel sheets, whether or not left in black form, tin plated or finished as tin-free steel (TFS), typically with a thickness from 0.19 mm to 0.23 mm, typically in lengths from 152 mm to 915 mm, typically in widths from 12 mm to 29 mm when the slide is lying flat and before the angle is pressed into the slide (although they are not typically shipped in this flat form), that are typically either primed to protect the outside of the slide against oxidization or coated with a colored enamel or lacquer for decorative purposes, whether or not stacked, and excluding paper and plastic slides. Metal calendar slides are typically provided with either a plastic attached hanger or eyelet to hang and bind calendars, posters, maps or charts, or the hanger can be stamped from the metal body of the slide itself.

These metal calendar slides are provided for under Harmonized Tariff Schedule of the United States ("HTS") subheading 7326.90.10 (which covers nonenumerated articles of iron and steel, of tinplate). A column 1-general rate of "free" is applicable to imports of metal calendar slides from Japan.

⁶ Notice of Initiation of Antidumping Duty Investigation: Metal Calendar Slides from Japan, 70 FR 43122, July 26, 2005.

THE DOMESTIC LIKE PRODUCT

The Commission's determination regarding the appropriate domestic product that is "like" the subject imported product is based on a number of factors, including (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and, where appropriate, (6) price.

Petitioner contends that there is one domestic like product consisting solely of metal calendar slides, coextensive with the scope of the investigation.⁷ According to petitioner, plastic and paper calendar slides are not "like" the subject product as they are not used to bind calendars in the United States.^{8 9} Although asserting that the petitioner has not adequately supported its narrow like-product definition, the respondents, Norwood and Nishiyama, concede to petitioner's definition but reserve the right to revisit this issue if the investigation proceeds beyond the preliminary stage.¹⁰

Physical Characteristics and Uses

Metal calendar slides (known as "tins"), whether of domestic or Japanese origin, have similar physical characteristics and uses, being folded lengthwise into open "V"- or "U"-shaped strips, for the binding and finishing the edges of a calendar.¹¹ One leg of the "V" or "U" is typically longer than the other, so it can be double folded around the calendar sheet(s) to bind the calendar into the slide. An eyelet stamped into or a separate eyelet attached to the center of the slide enables the finished calendar to be hung for display.¹² A similar slide without the hanger or eyelet may be attached to the bottom of the calendar for weight to prevent curling. Metal calendar slides may have bulges ("dimples") along their lengths to prevent them from sticking together when stacked during storage and shipment, to promote uniform stacking in feed magazines for binding ("tinning") equipment, and to prevent scratching or marring of stacked slides. Both domestic and Japanese calendar slides are made of cold-rolled sheet steel within a limited range of thickness and temper specifications.¹³ However, there are no industry-wide standards or specifications for metal calendar slides.¹⁴ Although slides may be left unplated ("black form"), the outer surface of slides may be tin plated or finished with a tin-free coating (i.e., "tin-free"

⁷ Petition, p. 17.

⁸ Petition, pp. 18 and 22.

⁹ Petitioner indicated that aluminum and heavier-gauge steel slides are also distinct from the subject product as they are designed to be reusable in other applications (e.g., for display posters or signs), rather than for single-use binding of calendars. Petition, pp. 18-19.

¹⁰ Conference transcript, pp. 126 (Thomas) and 129 (Vander Schaaf) and respondents' postconference brief, p. 5.

¹¹ Respondents argued that Nishiyama uses the U-shaped design, in contrast with the V-shaped design generally used by petitioner, that ensure more reliable and efficient feeding of the slides into the binding machine. Respondents' postconference brief, p. 20.

¹² Respondents argued that Nishiyama's process for stamping integral hanger eyelets into the body of its slides offers stacking and loading advantages over the attached plastic eyelets primarily used on petitioner's slides. Respondents postconference brief, p. 20. Petitioner testified that its "Japanese-style" metal calendar slides with integrated eyelets accounted for approximately 10 percent of its production. Conference transcript, p. 44 (Blumberg).

¹³ Petition, p. 5 and petitioner's postconference brief, pp. 5 and 12. Respondents argued that petitioner's metal calendar slides were of "too soft" metal and inconsistent thickness, while Nishiyama slides were made of thicker steel with consistent hardness. Respondents postconference brief, p. 19.

¹⁴ Petition, p. 7.

steel, or TFS) for protection against oxidation. Alternatively, coating the outside surface with either colored enamel or lacquer provides not only a decorative finish but also protects against oxidation.¹⁵

In the United States, metal calendar slides range from 0.19 to 0.23 mm (0.0075 to 0.0091 inch) thick, and are available in several common lengths,¹⁶ or can be produced to a customer's length and width specifications.¹⁷ A large portion of slides are for binding single-sheet calendars, and are typically 16 mm (5/8 inch) wide.¹⁸ In Japan, the typical metal calendar slide is 23 mm (7/8 inch) wide, as the vast majority of Japanese calendars are multi-sheet, although sometimes wider slides are utilized. Slides imported from Japan are also available to the customer's length and width specifications.¹⁹

Metal calendar slides are sometimes used to finish and hang posters, maps, and charts, but petitioner estimates that these applications constitute less than 2 percent of all such usage in the United States.²⁰ Calendar slides can also be of plastic or paper (cardstock) but are not used as such in the United States,²¹ although paper slides are used for binding calendars in Japan.²² Plastic, aluminum, and heavier-gauge steel slides used to display large posters ("poster holders" according to petitioner) are longer and heavier than metal calendar slides, being produced from heavier gauge material, and are reusable as opposed to the single-use application of metal calendar slides.²³ Unlike metal calendar slides that are double folded to lock-in the calendar sheet, heavier slides of plastic, aluminum, or heavier-gauge steel are designed for the printed material to be slid into the slide. In Japan, paper slides are folded over the top edge and stapled to the calendar.²⁴

Manufacturing Processes, Facilities, and Employees

Petitioner asserted that both domestic and subject products are produced by similar manufacturing methods.²⁵ The manufacturing process for metal calendar slides is reportedly similar in both the United States and Japan.²⁶ Strips are first cut to width from a coil of pre-coated, sheet steel. The cut strips are subsequently fed into a machine that automatically cuts the strips to the specified length, then folds them lengthwise into a V- or U-shaped angle with one leg typically shorter than the other, and finally either

¹⁵ Petition, pp. 5-6.

¹⁶ Petition, p. 6. The most common lengths for metal calendar slides sold in the U.S. market are 305 mm (12 inches), 432 mm (17 inches), 457 mm (18 inches), 559 mm (22 inches), 610 mm (24 inches), and 686 mm (27 inches).

¹⁷ Petition, p. 6. Such slides can also be produced to a customer's specifications in lengths ranging from 152 to 914 mm (6 to 36 inches) and in widths ranging from 13 to 23 mm (1/2 to 7/8 inch) before folding.

¹⁸ Petition, p. 6. Slides of 19 mm (3/4 inch) width are typical for binding medium to heavy multi-sheet calendars, whereas those of 23 mm (7/8 inch) width are for very heavy, multi-sheet calendars.

¹⁹ Petition, p. 6.

²⁰ Petition, p. 18.

²¹ Petition, pp. 18 and 22, and conference transcript, pp. 46 and 47 (Blumberg).

²² Petition, p. 21, and conference transcript, p. 46 (Blumberg).

²³ Petition, pp. 18-19. Petitioner testified that aluminum calendar slides are not used in the United States. Conference transcript, pp. 65-66 (Blumberg).

²⁴ Petition, p. 21.

²⁵ Petition, p. 17.

²⁶ Conference transcript, pp. 65-66 (Blumberg).

stamps an eyelet into or attaches a separate hanger onto the slide. The completed slides are stacked in bundles for packaging and shipment.²⁷

Petitioner argued that metal calendar slides do not share common manufacturing processes, facilities, or employees with plastic or paper calendar slides.²⁸ Moreover, petitioner asserted that the production process for metal calendar slides differs from that for slides of aluminum or heavier-gauge steel.²⁹

Interchangeability and Customer and Producer Perceptions

Petitioner asserted that both domestic and Japanese-origin metal calendar slides are perceived by both producers and purchasers as being interchangeable products,³⁰ and that the two are “always” interchangeable.³¹ Petitioner argued that both domestic and Japanese metal calendar slides are available in the same product descriptions and specifications,³² are produced from similar raw materials,³³ are used in equally modern and sophisticated calendar binding equipment whether domestic or imported,³⁴ with the finished calendars being “virtually one and the same” product.³⁵ Norwood asserted that the subject U.S. and Japanese-origin products are never interchangeable.³⁶ Respondents characterized the petitioner as manufacturing “inferior products with unacceptable physical characteristics and product specifications,...”³⁷ and that Norwood prefers the “imported slides that, unlike petitioner’s product, will not ‘plug up,’ jam, or cause feeding problems for its binding machines.”³⁸

Petitioner principally produces metal calendar slides with either an attached plastic eyelet or with an integrated eyelet stamped into the slide. Slides of petitioner’s earlier design are characterized by an attached plastic eyelet, whereas the subject product has an integral eyelet stamped into the slide. Norwood claimed, and petitioner acknowledged, that slides with integrated eyelets decreased production time for binding calendars.³⁹

Petitioner also argued that both customers and producers consider metal calendar slides as distinct from slides of other materials. Metal calendar slides are distinguishable in both appearance and application from those of other materials which are different types of slides. Petitioner argued that plastic and paper (and similarly, aluminum and heavier-gauge steel) slides are not interchangeable with metal calendar slides, for they are not designed to be double-folded around the calendar sheet to lock it in

²⁷ Petition, p. 21; and conference transcript, pp. 63-65 (Blumberg).

²⁸ Petition, p. 20.

²⁹ Petition, p. 21.

³⁰ Petition, p. 17.

³¹ Petitioner’s postconference brief, p. 22.

³² Ibid.

³³ Conference transcript, pp. 32 and 46 (Blumberg).

³⁴ Conference transcript, p. 46 (Blumberg) and petitioner’s postconference brief, p. 23, fn. 69.

³⁵ Conference transcript, pp. 32-33 (Blumberg).

³⁶ Norwood’s importer questionnaire response, attachment to section III-B-15, and conference transcript, pp. 88-92 (Haala). Petitioner argued that Norwood claim of lack of interchangeability is belied by Norwood’s acknowledgment in its questionnaire response that “***.” Petitioner’s postconference brief, p. 5.

³⁷ Respondents’ postconference brief, p. 3.

³⁸ Respondents’ postconference brief, p. 27.

³⁹ Respondents’ postconference brief, p. 2 and petitioner’s postconference brief, p. 2.

place.⁴⁰ Other common methods for binding multi-sheet calendars in the United States include metal stitching, single- or double-loop wire, and plastic spiral bindings. Norwood offers calendars bound with metal stitching and spiral bindings.

Channels of Distribution

Both domestic and imported metal calendar slides are sold through the same channel of distribution: direct sales to calendar “assembly” companies— e.g., calendar manufacturers, printing companies, and publishers— that are the end users of metal calendar slides.⁴¹

Price

The average unit value of Stuebing’s U.S. shipments of metal calendar slides fluctuated between \$*** and \$*** per slide during the period of investigation. The average unit value of Norwood’s imports of the subject product from Japan fluctuated between \$*** and \$*** per slide during the period. Pricing practices and prices reported for metal calendar slides in response to Commission questionnaires are presented in *Part V* of this report.

According to petitioner, the *** in Japan for paper slides would preclude their use for binding calendars in the United States. Similarly, although plastic, aluminum, and heavier-gauge steel slides could theoretically be used in metal calendar slide applications, the higher cost for these heavier and larger slide products limits their use.⁴²

⁴⁰ Petition, pp. 19 and 21.

⁴¹ Petition, p. 19 and exhibit 14.

⁴² Petition, p. 20.

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

U.S. MARKET SEGMENTS AND CHANNELS OF DISTRIBUTION

Metal calendar slides are “V”- or “U”-shaped metal strips, manufactured from cold-rolled steel sheet metal with a thickness of 0.19 mm to 0.23 mm, and are used for binding and hanging calendars along the top margin. The top strip may have an integrated eyelet, or hanger that is stamped into the metal, or an attached eyelet, typically made of plastic or paper. Similar slides, although without the eyelet, can be used at the bottom margin to prevent the calendar from curling. Metal calendar slides are manufactured in standard sizes and in sizes produced to customers’ requirements.¹ The metal calendar slides are clamped onto the calendar by binding or tinning machines by means of a double fold that locks the paper into the slide.² These metal slides also are used for binding and hanging posters, maps, and charts.

There is one manufacturer of metal calendar slides in the United States.³ Stuebing⁴ produces metal calendar slides and sells them to calendar manufacturers, printing companies, and publishers for calendar assembly. The finished products are then sold to retailers and planning companies for final sales to customers. Calendars bound with metal slides are particularly popular with production plants, trade unions, and similar business, where pages of multi-sheet calendars can be ripped off monthly or weekly or where all 12 months can be displayed on a single hanger.⁵

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

Based on available information, U.S. producers are likely to respond to changes in demand with moderate changes in the quantity of shipments of U.S.-produced metal calendar slides to the U.S. market. The main contributing factors to the moderate degree of responsiveness of supply are the *** of unused capacity and *** export shipments.

When asked if there had been any changes in the product range or marketing of metal calendar slides, Stuebing said no, and Norwood said that the introduction of the Japanese-produced slides provided the U.S. market with higher quality slides that are made of better material and use a different hanging method than the U.S.-produced metal calendar slides.

Industry capacity

U.S. producers’ reported capacity utilization increased from *** percent in 2002 to *** percent in 2004 (see table III-1).

¹ Petition, p. 6.

² Both Stuebing and Nishiyama also manufacture calendar binding machines. Conference transcript, pp. 76-77 and 80-81 (Blumberg).

³ Petition, pp. 2-4.

⁴ ***.

⁵ Conference transcript, p. 171 (Burns and Haala).

Alternative markets

Alternative markets for U.S.-produced metal calendar slides include Europe, Asia, Mexico, and Latin America. Prices for metal calendar slides in the United States are reportedly higher than global prices.⁶ U.S. producers' export shipments increased from *** percent of total shipments in 2002 to *** percent of total shipments in 2004 (see table III-2), and this *** level of exports during the period indicates that domestic producers are likely to be able to shift shipments between the United States and other markets in response to price changes.

Inventory levels

Sales of metal calendar slides are seasonal, with production starting early in the calendar year after blanket orders are received and progressing until shipments are made. Companies in this industry build their capacity for several months in order to supply enough for the entire season, with sales heaviest in the second and third quarters.⁷ U.S. producers' inventories, as a share of total shipments, rose from *** percent in 2002 to *** percent in 2004 (see table III-3).

Production alternatives

Stuebing reported that it does not produce other products on the same equipment and machinery used in the production of metal calendar slides.⁸

Subject Imports

Based on available information, Nishiyama is likely to respond to changes in demand with low to moderate changes in the quantity of shipments of metal calendar slides to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the *** unused capacity and *** inventories.

Reported capacity utilization for Nishiyama, the one Japanese producer that exports metal calendar slides to the United States, increased from *** percent in 2002 to *** percent in 2003 before falling to *** percent in 2004 (see table VII-1). Nishiyama produces metal calendar slides for their home market and exports ***.⁹ In addition, Norwood is the *** customer for whom Nishiyama produces metal calendar slides in inches. Nishiyama does not maintain inventories of the product that it produces for Norwood.¹⁰

Nishiyama reported that it does not produce other products on the same equipment and machinery used in the production of metal calendar slides.¹¹

⁶ Conference transcript, p. 63 (Blumberg) and petitioner's postconference brief, p. A-1.

⁷ Conference transcript, pp. 64-65 (Blumberg).

⁸ Conference transcript, p. 77 (Blumberg).

⁹ Conference transcript, p. 119 (Akamatsu) and respondents' postconference brief, p. 45.

¹⁰ Conference transcript, pp. 119-120 (Akamatsu) and respondents' postconference brief, pp. 46-47.

¹¹ Conference transcript, pp. 118-119 (Akamatsu).

Nonsubject Imports

Although there are other producers of metal calendar slides in various countries, Japan and *** are the only countries now known to be exporting metal calendar slides to the U.S. market.¹²

U.S. Demand

Demand Characteristics

Demand for metal calendar slides comes from primarily calendar assembly companies, printers, and publishers. *** reported that demand for metal calendar slides has been largely unchanged since January 2002. *** reported that demand has increased during that time, attributing the increase to increased sales of calendars.

Substitute Products

The petitioner stated that there are no substitutes for metal calendar slides. Stuebing reported that, although they are used in other countries, in the U.S. market, paper and plastic slides are not used for binding calendars.¹³ Norwood reported that numerous substitute products exist, including metal stitching, staples, and single- or double-loop metal or plastic spiral binding.¹⁴ There was no information provided on any change in the price of metal calendar slides due to the use of these products.

Cost Share

Producers and importers were asked to provide information on the cost share of metal calendar slides relative to the end products in which they are used. While Stuebing reported that the cost share was unknown, Norwood stated that metal calendar slides account for *** percent of the finished calendars, depending on the size of the calendar.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported products depends upon such factors as relative prices, quality, and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Based on available data, staff believes that there may be some differences in specification between domestic and imported metal calendar slides, but there is likely to be at least a moderate degree of substitution between metal calendar slides produced in the United States and those produced in Japan.

Factors Affecting Purchasing Decisions

Petitioner described U.S.-produced metal calendar slides as competing with those produced in Japan mostly or entirely on price. However, according to Norwood, although Stuebing has an advantage in lead times, there are a number of quality differences between the metal calendar slides produced in the United States and those produced in Japan. These differences include variations in thickness and

¹² Conference transcript, pp. 62-64 (Blumberg).

¹³ Conference transcript, pp. 46-48 (Blumberg).

¹⁴ Conference transcript, p. 127 (Thomas) and respondents' postconference brief, p. 29.

hardness of the metal, the width of the opening of the “V” shape, the surface finish, the smoothness of the slides’ edges, the hanger or eyelet, and in the way the slides feed in to the binding machines.

Lead Times

Stuebing reported that *** percent of its material was sold produced to order and available in *** and *** percent was sold out of inventory and available ***.

Comparisons of Domestic Products, Subject Imports, and Nonsubject Imports

Producers and importers were asked to assess how interchangeable metal calendar slides from the United States are with metal calendar slides from both subject and nonsubject countries. Their answers are summarized in table II-1. In both its producer and importer questionnaire responses, Stuebing reported that metal calendar slides from the United States and from other countries are always interchangeable. Norwood reported that metal calendar slides from the United States and Japan are never interchangeable.

Table II-1
Metal calendar slides: U.S. producer’s and importer’s perceived degree of interchangeability of products produced in the United States and in other countries¹

Country comparison	U.S. producer					U.S. importer				
	A	F	S	N	0	A	F	S	N	0
U.S. vs. Japan	1	0	0	0	0	0	0	0	1	0
U.S. vs. other countries	1	0	0	0	0	0	0	0	0	0
Japan vs. other countries	1	0	0	0	0	0	0	0	0	0

¹ Producers and importers were asked if metal calendar slides produced in the United States and in other countries are used interchangeably.

Note.--“A” = Always, “F” = Frequently, “S” = Sometimes, “N” = Never, and “0” = No familiarity.

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

Producers and importers were asked to assess how often differences other than price were significant in sales of metal calendar slides from the United States, subject countries, and nonsubject countries (table II-2). Stuebing said differences other than price were never significant. Norwood said differences other than price were always significant in sales of metal calendar slides produced in the United States and in Japan.

Table II-2

Metal calendar slides: U.S. producer's and importer's perceived importance of factors other than price in sales of product produced in the United States and in other countries¹

Country comparison	U.S. producer					U.S. importer				
	A	F	S	N	0	A	F	S	N	0
U.S. vs. Japan	0	0	0	1	0	1	0	0	0	0
U.S. vs. other countries	0	0	0	1	0	0	0	0	0	0
Japan vs. other countries	0	0	0	1	0	0	0	0	0	0

¹ Producers and importers were asked if differences other than price between metal calendar slides produced in the United States and in other countries are a significant factor in their sales of the products.

Note.--“A” = Always, “F” = Frequently, “S” = Sometimes, “N” = Never, and “0” = No familiarity.

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

In explaining the factors that limit or preclude interchangeability and the significance of these non-price factors, Norwood reported that the domestic metal calendar slides are unsuited for the efficient production of calendars. Quality problems that were cited by Norwood relating to the domestic product but not the product manufactured in Japan include curling or missing eyelets, variation in the thickness or hardness of the metal, embedded slides and slides that warp and cause feed problems in the binding machines, rough or sharp edges, marred surfaces, and others. Norwood stated that the domestic product's quality problems affected both the appearance of the finished calendars and the production rates of its calendar binding operation. By contrast, Norwood reported that Nishiyama's slides with a stamped-in integrated eyelet stacked together more precisely than petitioner's product and had rounded ends;¹⁵ are produced from thicker steel of consistent hardness for a stronger slide;¹⁶ are cut from the coiled sheet steel so that the rough edge of the slide faces the inside of the bound calendar;¹⁷ and have a less-sharp "U"-shaped fold that enables slides to be stacked more uniformly in the feed magazine.¹⁸ A comparison of domestic and imported slides based on factors that Norwood argued limit or preclude interchangeability, is presented in appendix D.

Stuebing argued that Norwood's allegations of poor quality are unsubstantiated and cited Norwood's long history of purchases from petitioner without any material issues relating to quality, evidence of low return rates, and the fact that it runs contrary to Stuebing's experience with other domestic purchasers.¹⁹ In addition, Stuebing argued that it was responsive to Norwood's production concerns by incorporating "dimples" in its metal calendar slides to improve feedability, and beginning in January 2004, it "spent a considerable amount of labor, time and money" to convert to a Japanese-style slide with hangers bent from the body itself.²⁰

¹⁵ Conference transcript, pp. 93-94 (Haala) and respondents' postconference brief, p. 16.

¹⁶ Conference transcript, p. 114 (Akamatsu) and respondents' postconference brief, p. 19.

¹⁷ Conference transcript, pp. 115-116 (Akamatsu) and respondents' postconference brief, p. 19.

¹⁸ Conference transcript, pp. 116-117 (Akamatsu) and respondents' postconference brief, pp. 19-20.

¹⁹ Petitioner's postconference brief, pp. 26-32.

²⁰ Conference transcript, p. 32 (Blumberg).

Norwood argued that it received much better production rates when using Nishiyama slides: *** percent in the Nishiyama slide period compared to *** percent in the Stuebing slide period.²¹ Appendix D presents efficiency rate data reported by Norwood for its metal calendar slide “tinning” operations during the period of investigation (table D-1). In 2002, the average efficiency rate for Norwood’s automatic tinning operations was *** percent, increased to *** percent in 2003, and then decreased to *** percent in 2004. Norwood’s average efficiency rate during January-June 2005 was *** percent compared to *** percent during the same period in 2004. Also presented in appendix D are data (table D-2) and a graphic presentation (figure D-3) regarding Norwood’s quarterly purchases of domestic and imported metal calendar slides, and corresponding efficiency rates during the period of investigation.

²¹ Conference transcript, pp. 94-98 (Haala), and respondents’ postconference brief, exh. 1, p. 6 and 1-C.

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

U.S. PRODUCER

Since 2002, Stuebing has been the only producer of metal calendar slides in the United States, and the firm operated one plant located in Cincinnati, OH. Stuebing has been in business since 1894 and is ***. In the 1940s, a company called E.B. Wobbe (“Wobbe”) started manufacturing metal calendar slides in Springfield, OH. In the 1950s another company, Carpenters of Allentown (“Carpenters”) in Pennsylvania, entered the metal calendar slides production business. Stuebing purchased Wobbe in the 1980s. In 1988, Carpenters went out of business and Stuebing purchased Carpenters’ machines to use as spare parts. Finally in November 2002, Wobbe’s operation was merged with Stuebing. Sales of metal calendar slides accounts for *** percent of Stuebing’s overall business.¹

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Metal calendar slides are a seasonal business, where large “blanket” orders are received in the first quarter and delivered later in the year. Custom orders can be made throughout the year. Metal calendar slides production occurs continuously throughout the year, with the majority of production taking place in the second half of the year. Data in this report are presented on an annual and semi-annual basis.

Stuebing’s production, capacity, and capacity utilization data are presented in tables III-1 (annual) and III-1A (semi-annual). Metal calendar slides are produced on dedicated machinery and equipment.² From 2002 to 2004, Stuebing’s capacity remained steady and was *** U.S. consumption needs plus exports. Stuebing’s production increased steadily from 2002 to 2004, by *** percent. In the January to June period of 2005, however, Stuebing’s production declined by *** percent. During this period of declining production, Stuebing began importing metal calendar slides from Mexico which accounted for *** percent of total imports for January-June 2005 period. Limits on production and production capacity occurred in January 2005, when Stuebing shipped *** machines that produce metal calendar slides to ***, its sister company in Mexico.³ In addition, Stuebing ended the lease on its large production facility of *** square feet and began leasing a space of *** square feet to produce metal calendar slides.^{4 5} Capacity utilization rates for Stuebing from 2002 to 2004 rose from *** percent in 2002 to *** percent in 2003 and then to its peak of *** percent in 2004. Due to the relocation to the smaller facility in mid January 2005 with *** machines, Stuebing’s capacity utilization rate for the January to June 2005 period jumped to *** percent.

¹ Petitioner’s postconference brief, p. A-1.

² Stuebing’s producer questionnaire, section II-5.

³ Petition, p. 31 and Stuebing’s producer questionnaire response, section II-2. A chronology of events leading to Stuebing’s partial relocation to Mexico is presented in app. E.

⁴ Petitioner’s statements that Stuebing owned its Cincinnati, OH production facility prior to 2005 (petition, exh. 3-A, p. 7; conference transcript, p. 20 (Blumberg); and petitioner’s postconference brief, p. 15) were clarified to indicate that ***.

⁵ Stuebing argued that these changes in production and capacity were the result of unfairly traded imports from Japan and the sole reason for its relocation of *** machines to Mexico. Conference transcript, p. 20 (Blumberg) and Stuebing’s producer questionnaire response, section II-2.

Table III-1

Metal calendar slides: Stuebing's capacity, production, and capacity utilization, 2002-04, January-June 2004, and January-June 2005

* * * * *

Table III-1A

Metal calendar slides: Stuebing's capacity, production, and capacity utilization, January-June 2002-05, and July-December 2002-04

* * * * *

U.S. PRODUCER'S U.S. SHIPMENTS AND EXPORTS

All of Stuebing's U.S. shipments were sold to unrelated customers during the period examined. U.S. shipments *** in 2002, prior to the entry of Japanese metal calendar slides in the U.S. market. In 2003 and 2004, U.S. shipments declined in both periods compared to shipments in 2002, despite a stable demand for metal calendar slides.⁶ Stuebing attributed the decline in its U.S. shipments after 2002 to the unfairly priced imports of metal calendar slides from Japan and the loss of several sales to Norwood, Stuebing's *** U.S. customer.⁷

Tables III-2 (annual) and III-2A (semi-annual) present data on Stuebing's shipments during the period of investigation. Export shipments accounted for *** percent of total shipments for both the January to June and July to December periods in 2002, then increased steadily to *** percent of total shipments in July-December 2004 before falling *** percent in January-June 2005. Exports markets include ***.⁸ Stuebing explained its rapid growth of exports as an ***.⁹ The average unit values for exports were *** than those for U.S. shipments during the period examined.

Table III-2

Metal calendar slides: Stuebing's shipments, by type, 2002-04, January-June 2004, and January-June 2005

* * * * *

Table III-2A

Metal calendar slides: Stuebing's shipments, by type, January-June 2002-05, and July-December 2002-04

* * * * *

⁶ Petition, p. 23.

⁷ Conference transcript, p. 21 (Blumberg).

⁸ Stuebing's producer questionnaire response, section IV-C.

⁹ Conference transcript, pp. 20-21 (Blumberg).

U.S. PRODUCER'S INVENTORIES

Tables III-3 (annual) and III-3A (semi-annual) present data on Stuebing's inventories during the period of investigation. Stuebing had *** inventories in 2002, but *** inventories in July to December of 2003. Stuebing stated that the inventory first accrued as a result of the blanket order Norwood had placed in January 2003, which Norwood canceled in September 2003, after Stuebing had already produced the order.¹⁰ Inventories, as a ratio to U.S. shipments, increased in January to June of 2004 and declined in subsequent periods.

Table III-3
Metal calendar slides: Stuebing's end-of-period inventories, 2002-04, January-June 2004, and January-June 2005

* * * * *

Table III-3A
Metal calendar slides: Stuebing's end-of-period inventories, 2002-04, January-June 2002-05, and July-December 2002-04

* * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Tables III-4 (annual) and III-4A (semi-annual) present Stuebing's employment-related data during the period examined. Stuebing used dedicated production and related workers for producing metal calendar slides. From 2003 to 2004, Stuebing reduced the number of employees by *** percent, from ***. Employment further declined in January-June 2005 to *** employees, or a ***-percent change from a 2003 *** employees. Stuebing attributed the declining employment from 2002 to 2005 to the negative impact of LTFV imports of metal calendar slides from Japan.¹¹ Productivity increased slightly from 2002 to 2004, in both the January-June and the July-December periods.

Table III-4
Metal calendar slides: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2002-04, January-June 2004, and January-June 2005

* * * * *

Table III-4A
Metal calendar slides: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, January-June 2002-05, and July-December 2002-04

* * * * *

¹⁰ Conference transcript, p. 70 (Blumberg) and petitioner's postconference brief, pp. 32 and 33. Norwood switched to Nishiyama for its supply of "standard" metal calendar slides in August 2003.

¹¹ Petition, p. 32.

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

U.S. IMPORTERS

There were two known importers of metal calendar slides during the period of investigation. As the only importer from Japan, Norwood accounted for all of the subject imports during the period. In the 1950s, Mr. Morris Smith founded Radio Cap Company and sold promotional mugs, sporting, and leisure products. In 1989, Radio Cap Company was recapitalized and renamed Norwood Acquisition Company. In 1993, the company was again renamed to Norwood Promotional Products. Finally in October 1998, Norwood Promotional Products was bought by Liberty Partners and became privately held again as it remains today. Norwood reportedly is the dominant player in the highly competitive promotional calendars industry, calendars account for over 25 percent of Norwood's overall revenues.¹ Norwood does not produce any metal calendar slides, but rather imports and purchases metal calendar slides for use in its calendar assembly operations, and internally consumes all of its purchases. Aside from Norwood, ***.²

U.S. IMPORTS

Data regarding U.S. subject imports are based on Norwood's questionnaire response and are presented in tables IV-1 (annual) and IV-1A (semi-annual). Import data account for all known subject and nonsubject imports during the period. The HTS statistical reporting number (7326.90.1000) covering metal calendar slides includes other items made of tinplate, and given that there is no industry standard class specification for metal calendar slides,³ the official statistics of the Department of Commerce would be inaccurate for purposes of determining the volume of subject imports.

Table IV-1
Metal calendar slides: U.S. imports by sources, 2002-04, January-June 2004, and January-June 2005

* * * * *

Table IV-1A
Metal calendar slides: U.S. imports by sources, January-June 2002-05, and July-December 2002-04

* * * * *

The peak of imports in July-December of 2004 corresponds with the seasonality of the calendar business, where the majority of the business takes place in the second half of each year. Norwood plans to import all of its orders of metal calendars slides from Nishiyama by carrying an inventory and

¹ Conference transcript, pp. 81-83 (Burns).
² See part III for a discussion of Stuebing's partial relocation to Mexico.
³ Petition, p. 7.

eliminating nonstandard calendar orders.⁴ Average unit values for imports from Japan fluctuated between an initial high at \$*** per slide in January to June of 2003 to a low of \$*** per slide in January to June of 2004, before increasing to \$*** per slide in January to June of 2005.

APPARENT U.S. CONSUMPTION

Tables IV-2 (annual) and IV-2A (semi-annual) present apparent U.S. consumption during the period, based on shipments of imports and Stuebing's U.S. shipments. The annual quantity of consumption declined from 2002 to 2003 before increasing in 2004 and January-June 2005. Petitioner and respondents both described the demand for metal calendar slides as strong and healthy.⁵

Table IV-2

Metal calendar slides: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 2002-04, January-June 2004, and January-June 2005

* * * * *

Table IV-2A

Metal calendar slides: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, January-June 2002-05, and July-December 2002-04

* * * * *

U.S. MARKET SHARES

With the onset of imports of metal calendar slides from Japan in 2003, Stuebing's market share shifted *** downward, especially in the peak second half of the year when metal calendar slide sales are at their peak, as shown in tables IV-3 (annual) and IV-3A (semi-annual).

Table IV-3

Metal calendar slides: U.S. consumption and market shares, 2002-04, January-June 2004, and January-June 2005

* * * * *

Table IV-3A

Metal calendar slides: U.S. consumption and market shares, January-June 2002-05, and July-December 2002-04

* * * * *

⁴ Conference transcript, pp. 107, 118, and 119 (Shoen). Norwood testified that since importing the higher quality metal calendar slides from Nishiyama, it would only purchase from Stuebing to fill short-term and custom orders. In the future, Norwood plans to eliminate all nonstandard calendar orders and carry an inventory of metal calendar slides to avoid sourcing from Stuebing.

⁵ Petition, p. 23 and respondents' postconference brief, p. 36.

IMPORTS AS A SHARE OF U.S. PRODUCTION

The ratio of imports to U.S. production during the period examined are presented in tables IV-4 (annual) and IV-4A (semi-annual). The ratio of imports to production has risen *** since 2003.

Table IV-4

Metal calendar slides: U.S. production, U.S. imports, and ratios of imports to production, by sources, 2002-04, January-June 2004, and January-June 2005

* * * * *

Table IV-4A

Metal calendar slides: U.S. production, U.S. imports from Japan, and ratios of imports to production, by sources, January-June 2002-05, and July-December 2002-04

* * * * *

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Materials

The main raw material used in the production of metal calendar slides is cold-rolled sheet. In 2005, the price of steel in cold-rolled sheets was more than double the price in 2002, but prices in 2005 were down from their recent peak in mid-to-late 2004 (figure V-1).

Transportation Costs to the U.S. Market

Transportation costs for metal calendar slides to the United States (excluding U.S. inland transportation costs) are estimated to be equivalent to 11.6 percent of the total customs value for metal calendar slides from Japan in 2004. These estimates are derived from official import data and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared with customs value.¹

U.S. Inland Transportation Costs

Stuebing reported that U.S. inland transportation costs were paid for by its customers, and that it does not know the percent of its costs of metal calendar slides.² Norwood reported that U.S. inland transportation costs were *** percent of its costs of metal calendar slides from Stuebing and *** percent of their costs of metal calendar slides from Nishiyama.³ Stuebing reported that it *** delivery and shipped *** percent of its metal calendar slides over 1,000 miles and *** percent between 101 and 1,000 miles, and that it served the entire U.S. market.

Exchange Rates

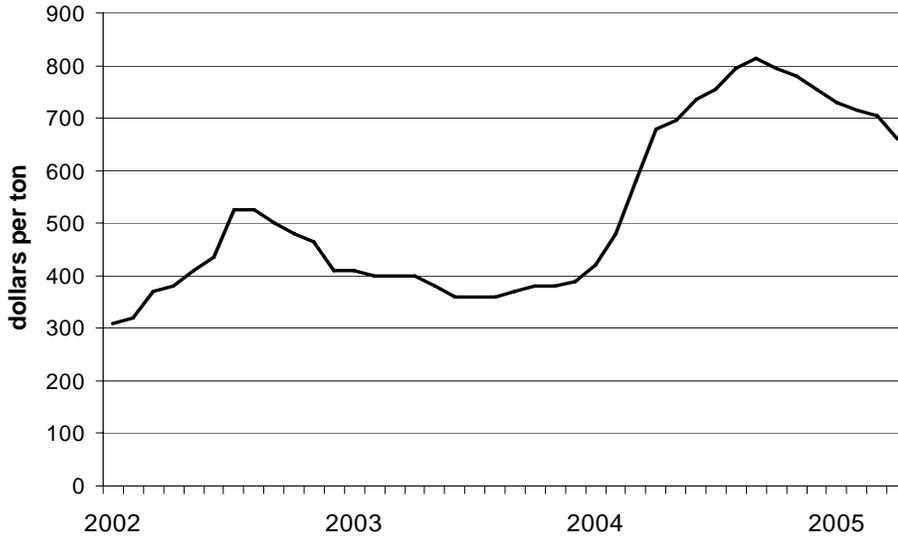
Quarterly data reported by the International Monetary Fund indicate that both the nominal and real values of the Japanese yen appreciated relative to the U.S. dollar from January 2002 to March 2005 (figure V-2).

¹ These estimates are based on HTS subheading 7326.90.10.

² Staff conversation with Andre Barlow of Sheppard Mullin, August 1, 2005.

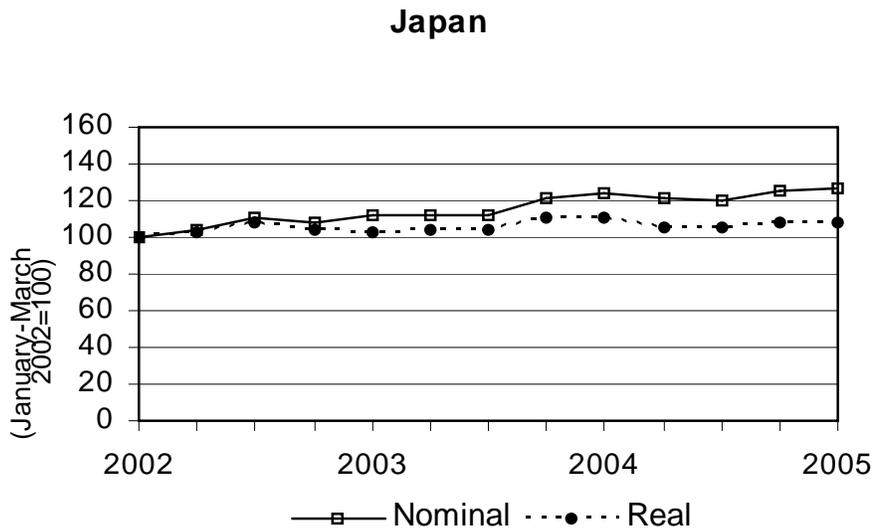
³ ***.

Figure V-1
Steel in cold-rolled sheets: Average monthly price in dollars per ton, January 2002-March 2005



Source: Purchasing Magazine.

Figure V-2
Exchange rates: Indices of the nominal and real exchange rates of the Japanese currency relative to the U.S. dollar, by quarters, January 2002-March 2005



Source: International Monetary Fund, *International Financial Statistics*, retrieved at <http://ifs.apdi.net/imf/about.asp> on July 12, 2005.

PRICING PRACTICES

Pricing Methods

Stuebing reported using set price lists in the pricing of metal calendar slides. Stuebing reported that it does not enter into contracts with customers, nor does it sell on a spot sales basis; rather, customers send blanket purchase orders based on the company's set price lists, which are then filled in either single or multiple deliveries.⁴

Sales Terms and Discounts

Stuebing reported issuing discounts based on quantity and ***.

Price Trends

Petitioner reported that it has been unable to pass along increased raw material costs to its largest customer.⁵ Stuebing reduced prices for *** in March 2004 and did not raise prices for other customers in 2004.⁶ Respondents stated that subject imports did not depress prices in the U.S. market because the price of the domestic like product increased during periods when subject imports were occurring.⁷

PRICE DATA

The Commission requested U.S. producers and importers⁸ of metal calendar slides to provide quarterly data for the total quantity and f.o.b. value of metal calendar slides that were shipped to unrelated customers in the U.S. market. Importers also were asked to report the quantity and value for direct import purchases of metal calendar slides from Japan. Data were requested for the period January 2002 to June 2005. The products for which pricing data were requested are as follows:

Product 1.—Coated metal calendar slides with the following dimensions: 17" x 7/8" (432 mm x 23 mm)

Product 2.—Coated metal calendar slides with the following dimensions: 18" x 7/8" (457 mm x 23 mm)

Product 3.—Coated metal calendar slides with the following dimensions: 22" x 7/8" (559 mm x 23 mm)

Product 4.—Coated metal calendar slides with the following dimensions: 27" x 7/8" (686 mm x 23 mm)

⁴ Norwood internally consumes all of the metal calendar slides that it imports, thus, it has no resales of imported product.

⁵ Petition, p. 23.

⁶ Petition, p. 24 and conference transcript, pp. 59-60 (Ramp and Gavronsky).

⁷ Respondent's postconference brief, pp. 32-33.

⁸ All of Norwood's imports of metal calendar slides are internally consumed, so there is no selling price data from importers.

One U.S. producer provided usable pricing data for sales of the requested products, and one importer provided usable pricing data for purchases of the requested products, although neither firm reported pricing for all products for all quarters. Pricing data for the four requested sizes of metal calendar slides reported by these firms, shown in tables V-1 to V-4 and figures V-3 to V-6, accounted for *** percent of the U.S. producer's shipments of metal calendar slides in 2004 and *** percent of U.S. imports from Japan in 2004.

Table V-1

Metal calendar slides: Stuebing's weighted-average f.o.b. selling prices and quantities and Norwood's weighted-average delivered purchase prices and quantities of product 1, by quarters, January 2002-June 2005

* * * * *

Table V-2

Metal calendar slides: Stuebing's weighted-average f.o.b. selling prices and quantities and Norwood's weighted-average delivered purchase prices and quantities of product 2, by quarters, January 2002-June 2005

* * * * *

Table V-3

Metal calendar slides: Stuebing's weighted-average f.o.b. selling prices and quantities and Norwood's weighted-average delivered purchase prices and quantities of product 3, by quarters, January 2002-June 2005

* * * * *

Table V-4

Metal calendar slides: Stuebing's weighted-average f.o.b. selling prices and quantities and Norwood's weighted-average delivered purchase prices and quantities of product 4, by quarters, January 2002-June 2005

* * * * *

Figure V-3

Metal calendar slides: Stuebing's weighted-average f.o.b. selling prices per unit and Norwood's weighted-average delivered purchase prices per unit of product 1, by quarters, January 2002-June 2005

* * * * *

Figure V-4

Metal calendar slides: Stuebing's weighted-average f.o.b. selling prices per unit and Norwood's weighted-average delivered purchase prices per unit of product 2, by quarters, January 2002-June 2005

* * * * *

Figure V-5

Metal calendar slides: Stuebing's weighted-average f.o.b. selling prices per unit and * weighted-average delivered purchase prices per unit of product 3, by quarters, January 2002-June 2005**

* * * * *

Figure V-6

Metal calendar slides: Stuebing's weighted-average f.o.b. selling prices per unit and * weighted-average delivered purchase prices per unit of product 4, by quarters, January 2002-June 2005**

* * * * *

F.o.b. selling prices for the specific products for which pricing data were collected generally fluctuated a great deal from January 2002 to June 2005, while delivered purchase prices of the domestic and imported product were relatively stable. Direct import purchase prices of the Japanese product were generally lower than the purchase prices of the domestic product.

Price Comparisons

Product 1 is a coated metal calendar slide with the dimensions of 17 inches by 7/8 inches, or 432 mm by 23 mm. Direct import purchase prices of the imported product were lower by an average of approximately 45 percent than purchase prices of the U.S. product in the two quarters where comparisons were possible (table V-1).

Product 2 is a coated metal calendar slide with the dimensions of 18 inches by 7/8 inches, or 457 mm by 23 mm. In one quarter where a comparison was possible, direct import purchase prices of the imported product were lower than purchase prices of the U.S. product by approximately 35 percent (table V-2).

Product 3 is a coated metal calendar slide with the dimensions of 22 inches by 7/8 inches, or 559 mm by 23 mm. Direct import purchase prices of the imported product were lower by an average of approximately 36 percent than purchase prices of the U.S. product in all three quarters where comparisons were possible (table V-3).

Product 4 is a coated metal calendar slide with the dimensions of 27 inches by 7/8 inches, or 686 mm by 23 mm. In both quarters where comparisons were possible, direct import purchase prices of the imported product were lower than purchase prices of the U.S. product by an average of approximately 35 percent (table V-4).

LOST SALES AND LOST REVENUES

The Commission requested that the U.S. producer of metal calendar slides report any instances of lost sales and lost revenues that it experienced due to competition from imports from Japan since January 2001. All the lost sales and lost revenue allegations are presented in tables V-5 and V-6 and are discussed in more detail below. There were six lost sales allegations totaling over \$*** and six lost revenue allegations totaling over \$***. The listed purchasers were contacted to confirm or deny the allegations. Additional information is summarized in the individual responses below.

Table V-5

U.S. producer's lost sales allegations

* * * * *

Table V-6
U.S. producer's lost revenue allegations

* * * * *

Norwood was cited by Stuebing in *** lost sales and *** lost revenue allegations involving over *** units and totaling over \$***. Norwood disagreed with all of the allegations. *** of Norwood stated that in 2003, Norwood elected to source the vast majority of its metal calendar slides from the Japanese supplier because of quality and productivity reasons, not price considerations.

With regard to the lost revenue allegations, *** stated that although the Japanese supplier became Norwood's preferred supplier because of quality issues, Norwood expected it would continue to place special orders with Stuebing on occasion. In June 2004, Stuebing offered Norwood reduced prices in response to Norwood's request for quotation, and Norwood paid the prices quoted by Stuebing for special orders in both 2003 and 2004. The price cited in table V-6 as the "rejected" price was the price Norwood paid Stuebing for metal calendar slides until late 2003. The price cited in table V-6 as the "revised" price was the price Stuebing offered Norwood in its June 2004 quote.⁹

⁹ Respondent's postconference brief, p. 35.

PART VI: FINANCIAL EXPERIENCE OF THE U.S. PRODUCER

BACKGROUND

This section of the report presents Stuebing's financial results on metal calendar slides. The financial results are based on U.S. generally accepted accounting principles ("GAAP") and represent calendar-year periods.¹

All of Stuebing's sales were commercial and reflect domestic shipments and exports. The absolute volume of export sales increased during the full-year periods, while domestic sales decreased in 2003 and then increased marginally in 2004. Export sales volume accounted for *** percent of total sales volume in 2002 and around *** percent in 2004. Interim 2005 was somewhat different with the relative share of exports decreasing. As discussed in a previous section of this report, Stuebing physically relocated the *** of its metal calendar-slide making machines to Mexico in early 2005. The decline in exports in interim 2005 appears to be due, at least in part, to the operations of the new sister company in Mexico. As noted below, the downsizing of the company's operations in the United States affected both manufacturing and selling, general, and administrative ("SG&A") expenses.²

OPERATIONS ON METAL CALENDAR SLIDES

Income-and-loss data for producers of metal calendar slides are presented in table VI-1 and on an average unit basis in table VI-2. The financial results, as noted later in this section of the report, reflect changes in period-to-period product mix. Accordingly, a variance analysis is not presented.

Table VI-1

Metal calendar slides: Results of operations, 2002-04, January-June 2004, and January-June 2005

* * * * *

Table VI-2

Metal calendar slides: Results of operations (*per slide*), 2002-04, January-June 2004, and January-June 2005

* * * * *

While 2004 sales volume was higher compared to previous periods, revenue was lower due to reduced average unit sales values. This decline was explained by Stuebing as follows: "****."³

As shown in table VI-2, average unit direct labor and other factory costs for 2004 declined compared to 2003 while average unit raw material costs were unchanged.⁴ Given the sharp increase in steel input costs generally experienced by steel consumers in 2004, the absence of higher average raw material costs for Stuebing in 2004 appears somewhat unusual. According to the company, in addition to

¹ Based on a review of the company's audited financial statements, the majority of Stuebing's overall sales represents metal calendar slides which are estimated to have ranged from around *** percent to *** percent of its total net sales in 2002 through 2004.

² The company has confirmed that the financial results reported for all periods reflect only the production and sale of U.S.-produced metal calendar slides; i.e., sales and costs associated with metal calendar slides produced in Mexico are not included in the reported financial results. Fax (first) from counsel to Stuebing, July 27, 2005.

³ Letter with attachments from counsel to Stuebing, July 19, 2005.

⁴ Full-year 2004 was the *** level of annual capacity utilization achieved. As appears to be the case for Stuebing, this ***.

a change in product mix in 2004 to ***, slides in that year were produced using *** which remained available after Norwood cancelled its 2003 blanket purchase order. Additionally, a large share of Stuebing's exports were reportedly *** which contributed to lower average raw material costs in 2004.

Along with revenue, Stuebing's absolute gross profitability was lower in 2004 because a corresponding reduction in average unit cost of goods sold ("COGS") did not offset lower average unit revenue. In 2004, SG&A expenses were marginally higher compared to 2003. This appears to be consistent with both the higher volume of activity and period-to-period variability inherent in this category of expenses. As such and in conjunction with lower gross profit, Stuebing's absolute operating income and operating income as a percent of sales declined in 2004 compared to 2003.

The company noted in its initial questionnaire response that its metal calendar slide operations are ***.⁵ When evaluating the interim data, Stuebing's transfer of *** of its productive capacity should also be kept in mind.⁶

While the company reported its highest level of capacity utilization in interim 2005, average unit direct labor and other factory costs increased. As capacity utilization increases, large components of other factory costs, as well as direct labor to some extent, generally exhibit lower average unit costs due to higher fixed cost absorption. Pursuant to a request for clarification, the company indicated that it experienced *** which offset the positive effect of higher capacity utilization.⁷ As such and given the significant change in the company's operations at the end of the period, a direct comparison between the interim periods does not appear to be meaningful.

According to Stuebing, the end-of-period reconfiguration of the company's operations will have the following impact on SG&A expenses: "****."⁸ As shown in table VI-1, Stuebing's interim 2005 SG&A expenses were marginally higher compared to interim 2004. This is consistent with an intermediate period when some expenses (associated with the original configuration of its operations) were still being incurred; e.g., ***.⁹

While the nature of the change to Stuebing's sales and administrative structure is not entirely clear, the company's response indicates that in interim 2005 its activity (beyond manufacturing) was in the process of being reduced in conjunction with lower levels of U.S. calendar slide production.^{10 11}

Notwithstanding the seasonal nature of Stuebing's metal calendar slide sales and other unique aspects which tend to limit comparability, interim 2005 revenue was lower compared to the previous period. Lower gross profitability matched against marginally higher SG&A expenses resulted in a larger operating loss in interim 2005 compared to interim 2004.

⁵ Note to section III-6, Stuebing's original producers' questionnaire response.

⁶ The company's 2002, 2003, and 2004 overall establishment financial statements reflect elements which are generally consistent with the reported product-specific financial and trade-related information. For example, ***.

⁷ Fax (second) from counsel to Stuebing, July 27, 2005. Interim overall-establishment financial results are reportedly not prepared by the company and therefore cannot be compared to interim product-specific results for consistency. Since interim 2005 product-specific financial results are not based on a period that has been formally closed, they should be considered estimates and not as precise as the annual financial results. The profitability trends reflected in the product-specific financial results for the annual periods are consistent with the company's annual overall establishment financial results.

⁸ Fax (first) from counsel to Stuebing, July 27, 2005.

⁹ According to Stuebing, " {t}he LTFV imports forced the U.S. producer to sell the building it once owned and rent space at a smaller facility . . ." Petitioner's postconference brief (emphasis added), p. 15. The company made similar statements at the staff conference. ***." Fax from counsel for Stuebing, August 2, 2005.

¹⁰ ***.

¹¹ ***.

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Data on capital expenditures and research and development (“R&D”) expenses are shown in table VI-3.

Table VI-3

Metal calendar slides: Capital expenditures and R&D expenses, 2002-04, January-June 2004, and January-June 2005

* * * * *

The *** capital expenditures reported during the period were about the same as the company’s annual depreciation expense.¹² R&D expenses were described as follows: “***.”¹³

ASSETS AND RETURN ON INVESTMENT

The reported value of assets (related to the production of metal calendar slides) and calculated return on investment are shown in table VI-4.

Table VI-4

Metal calendar slides: Value of assets and return on investment, 2002-04, January-June 2004, and January-June 2005

* * * * *

As noted previously, the company transferred *** of its productive capacity to Mexico at the end of the period. The decline in total asset value in 2004 compared to 2003 shown in table VI-4 is consistent with this transfer.¹⁴ In addition to physical assets, ***.¹⁵ The decline in interim 2005 total asset value was primarily due to the ***.¹⁶

CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual or potential negative effects of imports of metal calendar slides from Japan on their firms’ growth, investment, and ability to raise capital or development and production efforts (including efforts to develop a derivative or more advanced version of the product).

Stuebing stated that it experienced actual negative effects as follows: ***. Anticipated negative effects were described as “***.”

¹² Based on information contained in Stuebing’s overall establishment financial statements, the line item “depreciation/amortization” presented in table VI-1 is divided approximately ***.

¹³ Letter with attachments from counsel to Stuebing, July 19, 2005.

¹⁴ The 2004 depreciation expense (see also footnote 7) indicates that the transfer of equipment for balance sheet purposes took place at the end of 2004. The actual shipment of the equipment to Mexico reportedly occurred in ***. Petitioner’s postconference brief, Exh. 3E.

¹⁵ Stuebing described the ***. Fax (second) from counsel to Stuebing, July 27, 2005.

¹⁶ Ibid. The company subsequently confirmed that the *** was not included in the expenses reported to the Commission. Fax from counsel to Stuebing, August 2, 2005.

PART VII: THREAT CONSIDERATIONS

Section 771(7)(F)(i) of the Act (19 U.S.C. § 1677(7)(F)(i)) provides that--

In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors¹--

(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,

(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,

(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,

(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,

(V) inventories of the subject merchandise,

(VI) 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,

(VII) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),

¹ Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that “The Commission shall consider [these factors]. . . as a whole in making a determination of whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition.”

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

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).²

Subsidies are not relevant to this investigation; information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V; and information on the effects of imports of the subject merchandise on the U.S. producer's existing development and production efforts is presented in Part VI. Information on inventories of the subject merchandise; foreign producer's operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows.

THE INDUSTRY IN JAPAN

The petitioner alleged that there are four known producers of metal calendar slides in Japan: Nishiyama; Sanko Shoji KK ("Sanko"); Taiyo Shoko KK ("Taiyo"); and KK Shino Kanagu ("KK Shino"). Additionally, BSI is the export agent for Nishiyama. No questionnaire responses were received from Sanko, Taiyo, or KK Shino. The petition acknowledged that Nishiyama is the only confirmed producer of metal calendar slides for export to the United States.³ Nishiyama's metal calendar slides sales accounted for *** percent of its total sales in 2004.⁴

Nishiyama provided data in response to the Commission's foreign producers' questionnaire. There were no exports to the United States of the subject product in 2002 and Nishiyama's exports to the United States accounted for all known imports of the subject product into the United States in 2003 and 2004.

Norwood only imports from Nishiyama and claims that Nishiyama is the only exporter of Japanese metal calendar slides.⁵ Both Norwood and Nishiyama contended that Norwood approached Nishiyama as a possible source for metal calendar slides and that Nishiyama did not seek to export to the United States.⁶ Petitioner contended that Nishiyama sought to sell metal calendar slides in the United States to offset a depressed metal calendar slides market in Japan as a result of increasing popularity of paper calendar slides and increasing competition.⁷ Respondents argue that demand for metal calendar

² Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other WTO member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

³ Petition, p. 8.

⁴ Nishiyama's foreign producer questionnaire response, section II-2.

⁵ Respondents' postconference brief, p. 4.

⁶ Conference transcript, pp. 113-115 (Akamatsu).

⁷ Petition, p. 33. Little information is available on the size of the metal calendar slides market in Japan. The petition cited a private market research firm which noted that Nishiyama is the *** manufacturer of metal calendar slides in Japan, accounting for *** percent with sales of *** in 2003.

slides in Japan “remains strong” and that the majority of Nishiyama’s sales are in its domestic market.⁸ Nishiyama reported that the metal calendar slides that it exports to the United States are made to the exact specifications of Norwood and that it does not sell the same metal calendar slides in its home market.⁹ Nishiyama began exporting to the United States in 2003, and the quantity of its exports peaked in July to December of 2004 to *** slides, as shown in table VII-1A. As mentioned earlier, Norwood intends to source all of its metal calendar slides needs from Nishiyama in the future, thereby potentially increasing Nishiyama’s exports to the United States.¹⁰

Data for Nishiyama are presented in tables VII-1 (annual) and VII-1A (semi-annual). Nishiyama’s capacity to produce metal calendar slides in Japan was more than *** U.S. apparent consumption in 2002-04, and *** of the capacity of Stuebing. During the period 2002 to 2004, production increased by *** percent, with capacity utilization ranging from *** percent. Projections for 2005 show capacity utilization at *** percent. Nishiyama reported that most of its production capacity for metal calendar slides is dedicated to producing slides in millimeters and that it only produces slides in inches for Norwood.¹¹ Nishiyama reported *** capacity utilization.

Table VII-1
Metal calendar slides: Nishiyama’s production capacity, production, shipments, and inventories, 2002-04, and projected 2005

* * * * *

Table VII-1A
Metal calendar slides: Nishiyama’s production capacity, production, shipments, and inventories, January-June 2002-04, July-December 2002-04, and projected 2005

* * * * *

Home market shipments accounted for the majority of total shipments, declined by *** percent from 2002 to 2004, and are expected to decline by *** percent in 2005. Recent exports to the United States are *** to Nishiyama’s *** and are projected to remain so in 2005. Projections call for total exports to account for under *** of total shipments in 2005. Nishiyama’s exports to the United States increased from zero in 2002 to *** slides during 2003, *** to *** slides during 2004, and are projected to increase by *** percent to *** slides during 2005.

Due to the seasonality of the calendar business, inventories were higher in the first part of the year, from January to June, and were drawn down in the second part of the year, from July to December in 2002 to 2004. Nishiyama carried much higher inventory levels than Stuebing during the period of investigation, with inventories to total shipments ranging from *** percent to *** from 2002 to 2004 and a projected high of *** percent in 2005. Nishiyama typically keeps *** inventories to meet *** delivery on orders in its home market.¹²

⁸ Respondents’ postconference brief, p. 48.

⁹ Respondents’ postconference brief, pp. 43-45.

¹⁰ Respondents’ postconference brief, p. 45.

¹¹ Respondents’ postconference brief, p. 43.

¹² E-mail from Lyle Vander Schaaf, counsel to Nishiyama, August 3, 2005.

U.S. INVENTORIES OF METAL CALENDAR SLIDES

U.S. importers' inventory holdings are shown in tables VII-2 (annual) and VII-2A (semi-annual).

Table VII-2

Metal calendar slides: U.S. importers' end-of-period inventories of imports, 2002-04, and projected 2005

* * * * *

Table VII-2A

Metal calendar slides: U.S. importers' end-of-period inventories of imports, January-June 2002-05, and July-December 2002-04

* * * * *

DUMPING IN THIRD-COUNTRY MARKETS AND PRODUCT SHIFTING

Based on available information, metal calendar slides from Japan have not been subject to any other import relief investigation. There are currently no antidumping orders on metal calendar slides in any WTO member countries. Aside from metal calendar slides, Nishiyama also produces higher-valued products such as binding machines and birdcages. Given that these products are "very different" in production process than metal calendar slides, Nishiyama reportedly cannot shift its production on these products to increase the production of metal calendar slides.¹³

¹³ Respondents' postconference brief, p. 48.

APPENDIX A
***FEDERAL REGISTER* NOTICES**

**INTERNATIONAL TRADE
COMMISSION****[Investigation No. 731-TA-1094
(Preliminary)]****Metal Calendar Slides From Japan****AGENCY:** United States International Trade Commission.**ACTION:** Institution of antidumping investigation and scheduling of a preliminary phase investigation.

SUMMARY: The Commission hereby gives notice of the institution of an investigation and commencement of preliminary phase antidumping investigation No. 731-TA-1094 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) (the Act) to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Japan of metal calendar slides,¹ provided for in subheading 7326.90.10 of the Harmonized Tariff Schedule of the United States, that are

¹ The imported products subject to this investigation are "V" shaped metal calendar slides manufactured from cold-rolled steel sheets, whether or not left in black form, tin plated or finished as tin free steel ("TFS"), with a thickness from 0.19 mm to 0.23 mm, in lengths from 152 mm to 915 mm, in widths from 12 mm to 29 mm, that have been coated/primed, whether or not stacked, and excluding paper and plastic slides. Metal calendar slides are typically provided with either a plastic attached hanger or eyelet to hang and bind calendars, posters, maps and charts, or the hanger can be stamped from the metal body of the slide itself. These metal calendar slides are classified under HTS subheading 7326.90.10 (Other articles of iron and steel: Forged or stamped; but not further worked: Other: Of tinplate). This HTS number is provided for convenience and U.S. Customs purposes. The written description of the scope of this investigation is dispositive.

alleged to be sold in the United States at less than fair value. Unless the Department of Commerce extends the time for initiation pursuant to section 732(c)(1)(B) of the Act (19 U.S.C. 1673a(c)(1)(B)), the Commission must reach a preliminary determination in antidumping investigations in 45 days, or in this case by August 15, 2005. The Commission's views are due at Commerce within five business days thereafter, or by August 22, 2005.

For further information concerning the conduct of this investigation and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and B (19 CFR part 207).

DATES: Effective June 29, 2005.

FOR FURTHER INFORMATION CONTACT:

Joanna Lo (202-205-1888), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Background.—This investigation is being instituted in response to a petition filed on June 29, 2005, by Stuebing Automatic Machine Company, Cincinnati, Ohio.

Participation in the investigation and public service list.—Persons (other than petitioners) wishing to participate in the investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in sections 201.11 and 207.10 of the Commission's rules, not later than seven days after publication of this notice in the **Federal Register**. Industrial users and (if the merchandise under investigation is sold at the retail level) representative consumer organizations have the right to appear as parties in Commission antidumping investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in this investigation available to authorized applicants representing interested parties (as defined in 19 U.S.C. 1677(9)) who are parties to the investigation under the APO issued in the investigation, provided that the application is made not later than seven days after the publication of this notice in the **Federal Register**. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference.—The Commission's Director of Operations has scheduled a conference in connection with this investigation for 9:30 a.m. on July 20, 2005, at the U.S. International Trade Commission Building, 500 E Street, SW., Washington, DC. Parties wishing to participate in the conference should contact Joanna Lo (202-205-1888) not later than July 15, 2005, to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written submissions.—As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before July 25, 2005, a written brief containing information and arguments pertinent to the subject matter of the investigation. Parties may file written testimony in connection with their presentation at the conference no later than three days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II (C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

In accordance with sections 201.16(c) and 207.3 of the rules, each document

filed by a party to the investigation must be served on all other parties to the investigation (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: This investigation is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.12 of the Commission's rules.

By order of the Commission.

Issued: July 5, 2005.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 05-13504 Filed 7-8-05; 8:45 am]

BILLING CODE 7020-02-P

DEPARTMENT OF COMMERCE**International Trade Administration
(A-588-867)****Initiation of Antidumping Duty
Investigation: Metal Calendar Slides
from Japan****AGENCY:** Import Administration,
International Trade Administration,
Department of Commerce.**EFFECTIVE DATE:** July 26, 2005.**FOR FURTHER INFORMATION CONTACT:**
Scott Lindsay or Nicholas Czajkowski,
AD/CVD Operations, Office 6, Import
Administration, International Trade
Administration, U.S. Department of
Commerce, 14th Street and Constitution
Avenue, NW, Washington, DC 20230;
telephone: (202) 482-0780 or (202) 482-
1395, respectively.**SUPPLEMENTARY INFORMATION:****The Petition**

On June 29, 2005, the Department of
Commerce (the Department) received a
petition on imports of metal calendar

slides from Japan filed in proper form by Stuebing Automatic Machine Company (the petitioner). See *Petition for Imposition of Antidumping Duties on Metal Calendar Slides from Japan* (June 29, 2005) (petition). On July 5, 2005, the Department issued a request for additional information and clarification of certain areas of the petition. On July 6, 2005, the Department met with the petitioner's counsel to clarify issues regarding the information requested by the Department's July 5, 2005 questionnaire. See *Memorandum from Dara Iserson through Thomas Gilgunn to the File, Antidumping Duty Investigation of Calendar Metal Slides from Japan* (July 8, 2005). On July 8, 2005, the petitioner filed a petition amendment. See *Imposition of Antidumping Duties on Metal Calendar Slides from Japan* (July 11, 2005) (petition amendment). On July 13, 2005, the Department spoke with the vice president of the market research firm used by the petitioner to discuss information included in the petition. See *Memorandum from Nicholas Czajkowski through Thomas Gilgunn to the File, Telephone Call to Market Research Firm Regarding the Antidumping Petition on Metal Calendar Slides from Japan* (July 19, 2005).

In accordance with section 732(b) of the Tariff Act of 1930, as amended ("the Act"), the petitioner alleges that imports of metal calendar slides are being, or are likely to be, sold in the United States at less than fair value, within the meaning of section 731 of the Act, and that such imports are materially injuring, or threatening material injury to, an industry in the United States.

The Department finds that the petitioner filed this petition on behalf of the domestic industry because the petitioner is an interested party as defined in section 771(9)(C) of the Act, and petitioner has demonstrated sufficient industry support with respect to the investigation that the petitioner is requesting the Department to initiate (see "Determination of Industry Support for the Petition" below).

Scope of Investigation

The merchandise covered in this investigation is "V" and/or "U" shaped metal calendar slides manufactured from cold-rolled steel sheets, whether or not left in black form, tin plated or finished as tin free steel ("TFS"), typically with a thickness from 0.19 mm to 0.23 mm, typically in lengths from 152 mm to 915 mm, typically in widths from 12 mm to 29 mm when the slide is lying flat and before the angle is pressed into the slide (although they are

not typically shipped in this "flat" form), that are typically either primed to protect the outside of the slide against oxidation or coated with a colored enamel or lacquer for decorative purposes, whether or not stacked, and excluding paper and plastic slides. Metal calendar slides are typically provided with either a plastic attached hanger or eyelet to hang and bind calendars, posters, maps or charts, or the hanger can be stamped from the metal body of the slide itself. These metal calendar slides are believed to be classified under Harmonized Tariff Schedule of the United States (HTSUS) subheading 7326.90.1000 (Other articles of iron and steel: Forged or stamped; but not further worked: Other: Of tinplate). This HTSUS number is provided for convenience and U.S. Customs and Border Protection purposes. The written description of the scope of this investigation is dispositive.

During our review of the petition, we discussed the scope with the petitioner to ensure that it is an accurate reflection of the products for which the domestic industry is seeking relief. Moreover, as discussed in the preamble to the regulations (*Antidumping Duties, Countervailing Duties, Final Rule*, 62 FR 27296, 27323 (May 19, 1997)), we are setting aside a period for interested parties to raise issues regarding product coverage. The Department encourages all interested parties to submit such comments within 20 calendar days of the publication of this notice. Comments should be addressed to Import Administration's Central Records Unit at Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and to consult with parties prior to the issuance of the preliminary determination.

Determination of Industry Support for the Petition

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for (1) at least 25 percent of the total production of the domestic like product and (2) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition.

Section 771(4)(A) of the Act defines the "industry" as the producers as a whole of a domestic like product. Thus, to determine whether the petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission (ITC) is responsible for determining whether "the domestic industry" has been injured and must also determine what constitutes a domestic like product in order to define the industry. While the Department and the ITC must apply the same statutory definition regarding the domestic like product, they do so for different purposes and pursuant to separate and distinct authority. See section 771(10) of the Act. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the domestic like product, such differences do not render the decision of either agency contrary to law.¹

Section 771(10) of the Act defines the domestic like product as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle." Thus, the reference point from which the domestic like product analysis begins is "the article subject to an investigation," *i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition.

With regard to domestic like product, the petitioner does not offer a definition of domestic like product distinct from the scope of the investigation. Based on our analysis of the information presented by the petitioner, we have determined that there is a single domestic like product, metal calendar slides, which is defined in the "Scope of Investigation" section above, and we have analyzed industry support in terms of the domestic like product.

We received no opposition to this petition. The petitioner accounts for 100 percent of the total production of the domestic like product, and the requirements of section 732(c)(4)(A) are met. Accordingly, the Department determines that the petition was filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act. See "Office of AD/CVD Operations Initiation Checklist for the Antidumping Duty Petition on Metal Calendar Slides from Japan," at Att. I (July 19, 2005) (*Initiation Checklist*) on file in the

¹ See *USEC, Inc. v. United States*, 25 CIT 49, 132 F. Supp. 2d 1, 8 (Jan. 24, 2001) (citing *Algoma Steel Corp. v. United States*, 12 CIT 518, 523, 688 F. Supp. 639, 642-44 (June 8, 1988)).

Central Records Unit, Room B-099 of the Department of Commerce.

Period of Investigation

The anticipated period of investigation (POI) is April 1, 2004, through March 31, 2005.

U.S. Price and Normal Value

The following is a description of the allegation of sales at less than fair value upon which the Department based its decision to initiate this investigation. The sources of data for the deductions and adjustments relating to U.S. price and normal value are discussed in greater detail in the *Initiation Checklist*. Should the need arise to use any of this information as facts available under section 776 of the Act, we may reexamine the information and revise the margin calculation, if appropriate.

The petition identified four producers of metal calendar slides in Japan. See petition, at 8; and petition amendment, at 2. We have relied on an actual sale price provided by the petitioner for establishing U.S. price (see petition, at Exh. 13a, at pp. 5 and 13b). This price is for metal calendar slides from Japan sold to a customer in the United States during 2004.

The petitioner deducted an amount for freight costs to the United States from the price provided to the petitioner. However, we have also made some revisions to the calculation of freight. See *Initiation Checklist* at Att. 4. We examined the information provided regarding U.S. price; we have determined that it represents information reasonably available to the petitioner; and, we have reviewed it for adequacy and accuracy.

Pursuant to section 773(a)(1)(B)(i) of the Act, the petitioner calculated normal value based on a written offer for sale by the Japanese producer. The petitioner obtained the information on home market prices and volume discounts for metal calendar slides, sold in the Japanese market in 2004, from two foreign market research reports. We reviewed the prices in the written offer and we determined that it represents information reasonably available to the petitioner. We have also reviewed the normal-value information the petitioner provided for adequacy and accuracy. However, we re-calculated normal value to apply exchange rates consistent with our normal practice. See *Initiation Checklist* at Att. 4.

Critical Circumstances

The petitioner alleges, based on trade statistics since 2002 and the seasonal nature of the industry, that there is a reasonable basis to believe or suspect

that critical circumstances will exist with regard to imports of metal calendar slides from Japan. See petition, at 10 and 39.

Section 733(e)(1) of the Act states that if a petitioner alleges critical circumstances, the Department will find that such circumstances exist, at any time after the date of initiation, when there is a reasonable basis to believe or suspect that under, subparagraph (A)(i), there is a history of dumping and there is material injury by reason of dumped imports in the United States or elsewhere of the subject merchandise, or (ii) the person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the subject merchandise at less than its fair value and that there was likely to be material injury by reason of such sales, and (B) there have been massive imports of the subject merchandise over a relatively short period. Section 351.206(h) of the Department's regulations defines "massive imports" as imports that have increased by at least 15 percent over the imports during an immediately preceding period of comparable duration. Section 351.206(i) of the regulations states that a relatively short period will normally be defined as the period beginning on the date the proceeding begins and ending at least three months later.

The petitioner alleges that importers knew, or should have known, that metal calendar slides were being sold at less than fair value. Specifically, the petitioner's recalculated margins are as high as 48.24 percent, a level high enough to impute importer knowledge that merchandise was being sold at less than its fair value. See e.g., *Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Prestressed Concrete Steel Wire Strand from Thailand*, 68 FR 68,348 (Dec. 8, 2003) (citing *Preliminary Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate From the People's Republic of China*, 62 FR 31,972, 31,978 (June 11, 1997)). In addition, the petitioner provided direct evidence that the importer knew, or should have known, that the exporter was selling subject imports at less than fair value. See petition, at 37-38, and Exh. 3A and 13B.

The petitioner requests that the Department immediately begin reviewing import data of the subject merchandise and that the Department request U.S. Customs & Border Protection (CBP) to compile information on an expedited basis regarding entries

of subject merchandise. See petition, at 35-40. Section 732(e) of the Act states that when there is a reasonable basis to believe or suspect (1) there is a history of dumping in the United States or elsewhere of the subject merchandise, or (2) the person by whom, or for whose account, the merchandise was imported knew, or should have known, that the exporter was selling the subject merchandise at less than its fair value, the Department may request the CBP to compile information on an expedited basis regarding entries of the subject merchandise.

Taking into consideration the foregoing, we will analyze this matter further. We will monitor imports of metal calendar slides from Japan and we will request that CBP compile information on an expedited basis regarding entries of subject merchandise. See Section 732(2) of the Act. If, at any time, the criteria for a finding of critical circumstances are established, we will issue a critical circumstances finding at the earliest possible date. See Policy Bulletin 98/4, 63 FR 55364 (Oct. 15, 1998).

Fair Value Comparisons

Based on a comparison of export prices to normal values calculated in accordance with Section 773(a) of the Act, the Department recalculated estimated dumping margins ranging from 22.09 percent to 48.24 percent for metal calendar slides from Japan. Therefore, there is reason to believe that imports of metal calendar slides are being, or are likely to be, sold in the United States at less than fair value.

Allegations and Evidence of Material Injury and Causation

The petitioner alleges that the U.S. industry producing the domestic like product is being materially injured and is threatened with material injury by reason of the imports of the subject merchandise sold at less than fair value. The petitioner contends that the industry's injury is evidenced by reduced market share, lost sales, reduced production, lower capacity and capacity utilization rates, decreased U.S. shipments and inventories, decline in prices, lost revenue, reduced employment, decreased capital expenditures, decreased investment in research and development, and a decline in financial performance.

These allegations are supported by relevant evidence including import data, evidence of lost sales, and pricing information. We assessed the allegations and supporting evidence regarding material injury, threat of material injury, and causation and have determined that

these allegations are supported by accurate and adequate evidence and meet the statutory requirements for initiation. See *Initiation Checklist* at Att. 2.

Initiation of Antidumping Investigation

Based upon the examination of the petition on metal calendar slides from Japan and other information reasonably available to the Department, the Department finds that the petition meets the requirements of section 732 of the Act. Therefore, we are initiating an antidumping duty investigation to determine whether imports of metal calendar slides from Japan are being, or are likely to be, sold in the United States at less than fair value. Unless postponed, we will make our preliminary determination no later than 140 days after the date of this initiation.

Distribution of Copies of the Petition

In accordance with section 732(b)(3)(A) of the Act, a copy of the public version of the petition has been provided to the representatives of the Government of Japan. We will attempt to provide a copy of the public version of the petition to the producers named in the petition.

International Trade Commission Notification

We have notified the ITC of our initiation, as required by section 732(d) of the Act.

Preliminary Determination by the International Trade Commission

The ITC will preliminarily determine, no later than August 15, 2005, whether there is a reasonable indication that imports of metal calendar slides are causing material injury, or threatening to cause material injury, to a U.S. industry. A negative ITC determination will result in the investigation being terminated; otherwise, this investigation will proceed according to statutory and regulatory time limits.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: July 19, 2005.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 05-14728 Filed 7-25-05; 8:45 am]

Billing Code: 3510-DS-S

APPENDIX B
CONFERENCE WITNESSES

IN OPPOSITION TO THE IMPOSITION OF ANTIDUMPING DUTIES:

Squire, Sanders & Dempsey LLP
Washington, DC
on behalf of

Norwood Promotional Products, Inc.
Kathleen R. Burns, Vice President & General Counsel
Kevin J. Haala, Process Manager
Shelley K. Shoen, Buyer

Ritchie T. Thomas)
George N. Grammas)--OF COUNSEL
Geoffrey M. Goodale)

White & Case LLP
Washington, DC
on behalf of

Nishiyama Kinzoku Co., Ltd.
Mr. Shigeo Nishiyama, Engineering Manager

BSI Corporation
Mr. Masao Akamatsu, Managing Director

Lyle B. Vander Schaaf)
Corey L. Norton)--OF COUNSEL
Daniel F. Murphy)

APPENDIX C
SUMMARY DATA

Table C-1
Metal calendar slides: Summary data concerning the U.S. market, 2002-04, January-June 2004,
and January-June 2005

* * * * *

APPENDIX D

**NORWOOD'S COMPARISON OF FACTORS
LIMITING/PRECLUDING INTERCHANGEABILITY
AND "TINNING" EFFICIENCY RATE DATA**

Factors that Limit or Preclude Interchangeable Use¹

* * * * *

Table D-1
Metal calendar slides: Norwood's auto tinning production/efficiency rates, 2002-04, and January-June 2005

* * * * *

Table D-2
Metal Calendar Slides: Norwood's quarterly purchases of domestic and imported product and auto tinning production/efficiency rates, January-March 2002-April-June 2005

* * * * *

Figure D-1
Metal Calendar Slides: Norwood's auto tinning efficiency rates, 2002-04, and January-June 2005

* * * * *

Figure D-2
Metal Calendar Slides: Norwood's average auto tinning efficiency rates, 2002-04, and January-June 2005

* * * * *

Figure D-3
Metal Calendar Slides: Norwood's quarterly purchases of domestic and imported product and auto tinning efficiency rates, January-March 2002-April-June 2005

* * * * *

¹ Norwood's importer questionnaire response, section III-B.

APPENDIX E

**CHRONOLOGY OF
NORWOOD'S QUALITY/LOST SALES ISSUES AND
STUEBING'S DOWNSIZING AND EQUIPMENT RELOCATION TO MEXICO**

Date	Actions	
	Stuebing	Norwood
2000-2001	Letters sent to Norwood *** ¹ and ***. ²	Experiences quality problems with Stuebing slides. ³
October 22, 2002		Searches for substitute binding method and alternate metal slide suppliers. ⁴ Haala faxes inquiry to Nishiyama for its product offerings. ⁵
November 2002		E-mails ***. ⁶
January 2003	Stuebing attempts to raise price. ⁷	Places blanket order with Stuebing for its 2003 metal calendar slides, in ***. ⁸
February 2003		Tests Nishiyama slides. Researches slides from Italy (not comparable to Nishiyama in overall quality. ⁹ Hires Synergenics, a systems analysis and design consultant, to conduct analysis of production rates in Norwood's tinning department and to identify production targets – cites Stuebing's slides performing typically at 60% of optimal rates and Nishiyama slides performing at 100% to 125% of optimal rates. ¹⁰
Late February 2003	Stuebing notes Norwood's ***. ¹¹	Requests and receives price quotes for Nishiyama slides, ***. ¹²
March 2003		Norwood places a trial order for *** Nishiyama via BSI – *** ¹³

¹ Respondents' postconference brief, exh. 24.

² Respondents' postconference brief, exh. 1-B.

³ Respondents' postconference brief, pp. 14 and 15, and exh. 1-C.

⁴ Conference transcript, p. 92 (Haala).

⁵ Respondents' postconference brief, exh. 12.

⁶ Respondents' postconference brief, exh. 13.

⁷ Conference transcript, p. 35 (Gavronsky).

⁸ Petitioner's postconference brief, p. 32.

⁹ Conference transcript, p. 95 (Haala).

¹⁰ Conference transcript, p. 94 (Haala); Respondents' postconference brief, exh. 14; and petitioner's postconference brief, p. 32.

¹¹ Petitioner's postconference brief, p. 32.

¹² Respondents' postconference brief, p. 17

¹³ Respondents' postconference brief, p. 17 and petitioner's postconference brief, p. 33.

Date	Actions	
	Stuebing	Norwood
June 5, 2003 August 7, 2003 August 21, 2003 August 25, 2003 August 27, 2003		Quality issues with Stuebing's slides. Fax and letter *** to Stuebing citing quality issues with Stuebing slides, particularly curly eyelets, tins sticking together, and soft tin. ¹⁴
August 21, 2003		*** ¹⁵
Late August 2003		*** ¹⁶
September 4, 2003	*** ¹⁷	
September 9, 2003	*** ¹⁸	
October 4, 2003		Norwood requests samples of Stuebing's *** ¹⁹
December 8, 2003	Stuebing visits Norwood site. Stuebing *** ²⁰	
Early 2004		Norwood issues a request for quotation for its 2004 slides purchases. ²¹
March 4, 2004	Blumberg, Gavronsky, and Pierman visit Norwood and bring "Japanese style" slide samples to run on machines. No immediate problems while using Stuebing slides. ²²	
March 11, 2004	Stuebing submits a bid, with proposals of supplying Norwood with 2 new Stuebing machines at "no cost." *** ²³	
March-June 2004		E-mails from **** ²⁴

¹⁴ Respondents' postconference brief, exh. 6 and 7.

¹⁵ Respondents' postconference brief, exh. 7.

¹⁶ Respondents' postconference brief, p. 20 and exh. 15, and petitioner's postconference brief, p. 33 and exh. 5.

¹⁷ Respondents' postconference brief, p. 20 and exh. 16.

¹⁸ Petitioner's postconference brief, exh. 5, and respondents' postconference brief, exh 11.

¹⁹ Respondents' postconference brief, p. 21.

²⁰ Respondents' postconference brief, p. 22.

²¹ Respondents' postconference brief, p. 22.

²² Respondents' postconference brief, pp. 22 and 23.

²³ Respondents' postconference brief, p. 23.

²⁴ Petitioner's postconference brief, exhs. 3A-3F.

Date	Actions	
	Stuebing	Norwood
June 3, 2004	*** ²⁵	
June 10, 2004	*** ²⁶	
August 17, 2004	*** ²⁷	
November 12, 2004	*** ²⁸	
December 2004	Stuebing closes large production facility in Cincinnati, OH, which operated *** machines. ²⁹	
Early 2005		Norwood decides not to request any formal quotes for its 2005 slide requests and decides to purchase all slides from BSI. ³⁰
Mid January 2005	Stuebing opens a smaller production facility in Cincinnati, OH, which operates *** machines. ³¹	
*** 2005	*** metal calendar slide making machines transferred to Mexico *** ³²	

²⁵ Respondents' postconference brief, exh. 23.

²⁶ Petitioner's postconference brief, exh. 2A.

²⁷ Petitioner's postconference brief, exh. 2D.

²⁸ Fax from Andre Barlow, counsel to petitioner, August 2, 2005, exh. A (fax from C Carrivales, Mexican counsel to petitioner, August 2, 2005).

²⁹ Stuebing's producer questionnaire response, section II-2.

³⁰ Respondents' postconference brief, p. 24.

³¹ Stuebing's producer questionnaire response, section II-2.

³² Petitioner's postconference brief, exh. 2E; and fax from Andre Barlow, counsel to petitioner, exh. B, August 2, 2005.