

THE UNITED STATES INTERNATIONAL TRADE COMMISSION

In the Matter of:)
) Investigation No.:
 METAL CALENDAR SLIDES) 731-TA-1094 (Preliminary)
 FROM JAPAN)

Wednesday,
 July 20, 2005

Room No. 101
 U.S. International
 Trade Commission
 500 E Street, S.W.
 Washington, D.C.

The preliminary conference commenced, pursuant to Notice, at 9:30 a.m., at the United States International Trade Commission, ROBERT CARPENTER, Director of Investigations, presiding.

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P R O C E E D I N G S

(9:30 a.m.)

MR. CARPENTER: Good morning, and welcome to the United States International Trade Commission's conference in connection with the preliminary phase of Antidumping Investigation No. 731-TA-1094 concerning imports of Metal Calendar Slides From Japan.

My name is Robert Carpenter. I'm the Commission's Director of Investigations, and I will preside at this conference. Among those present from the Commission staff are, from my right, Joanna Lo, the investigator; on my left, David Goldfine, the attorney/advisor; Kelly Clark, the economist; David Boyland, the auditor; and Karl Tsuji, the industry analyst.

I understand the parties are aware of the time allocations. I would remind speakers not to refer in your remarks to business proprietary information and to speak directly into the microphone. We also ask that you state your name and affiliation for the record before beginning your presentation.

Are there any questions?

(No response.)

MR. CARPENTER: If not, welcome, Mr. Goldberg. Please proceed at your convenience.

MR. GOLDBERG: Thank you very much, Mr.

1 Carpenter.

2 Good morning. My name is Roy Goldberg. I'm
3 a partner in the law firm of Sheppard, Mullin, Richter
4 & Hampton, which is counsel to the Petitioner,
5 Stuebing Automatic Machine Company. With me today
6 from Sheppard Mullin is Cammie Mazard and Andre
7 Barlow.

8 Representatives of Stuebing with us today
9 include Mr. Murray Blumberg, who is the director of
10 Stuebing;, Mr. Allan Gavronsky, the president of the
11 company; and Ms. Pamela Ramp, the accounts sales
12 manager for Stuebing. Mr. Blumberg and Mr. Gavronsky
13 will be making oral presentations. Ms. Ramp will be
14 available to answer questions, as will the entire
15 panel. We've brought copies of the prepared remarks
16 for Mr. Gavronsky and Mr. Blumberg.

17 As set forth in the petition, the
18 questionnaire responses and, as you will hear today,
19 the domestic industry that manufactures metal calendar
20 slides is currently experiencing and is threatened
21 with material injury by reason of the less than fair
22 value imports of the slides from Japan. Most
23 certainly there's a reasonable indication of the
24 existence of such injury and the cause of the injury.

25 The domestic industry consists of a single
26 company, Stuebing. Between 2002, which was the year

1 before the imports entered the market, and 2004,
2 between those two years operating income for
3 Stuebing's calendar slides operation decreased by 48
4 percent. During the same period, net income before
5 taxes went down 60 percent. Moreover, there's a huge
6 operating loss and a corresponding net loss for year-
7 to-date 2005.

8 Despite the lack of any evidence that
9 there's been a decrease in demand for this product,
10 the shipments, the U.S. shipments, have steadily
11 declined since the imports entered the scene. Between
12 2002 and 2004, total U.S. shipments of the Petitioner
13 decreased 25 percent. The products that are listed,
14 for example, in the response have declines of 43
15 percent, 46 percent, 32 percent, and the fourth
16 product isn't as significant, but there's still a
17 decrease.

18 Now, Petitioner has been forced to lay off
19 most of its U.S. based workforce because of this
20 issue. Between 2002 and 2004, the number of workers
21 decreased 21 percent, and in 2005 the decrease is 62
22 percent from where it was in 2002. They were
23 necessitated by the downturn because of the loss of
24 the biggest customer.

25 Now, Norwood is the customer that was lost,
26 and it is a roll-up, the result of mergers of various

1 companies, so it's really in many ways more than just
2 one customer that perhaps Stuebing would have had in
3 the 1990s. It is the big player in the market. It's
4 the WalMart, if you will, of what they do, and it's
5 already a niche market kind of like a WalMart to begin
6 with.

7 The Petitioner was forced to go smaller, to
8 sell what they owned in Cincinnati, to start renting
9 space and then shift a lot -- most -- of its machines
10 to Mexico where the labor is much cheaper. These are
11 the kinds of things obviously that dumping orders are
12 in place to try to prevent.

13 According to the data submitted with the
14 petition, the volume of imports has been significant.
15 It has gone from 57.1 metric tons in 2003 to 158.5
16 metric tons in 2004, an increase of 178 percent.
17 There's no sign that they will be letting up in 2005.

18 The evidence submitted to the Commission
19 clearly shows that the lost sales to Norwood have
20 taken place here. The volume of slides sold to
21 Norwood by Petitioner decreased 62 percent between
22 2002 and 2003. When you look at historically where
23 Norwood was for this customer and where they are now,
24 you can see that every year this injury is continuing
25 here.

26 Petitioner's attempt to raise prices to

1 Norwood in January 2003 for the first time in three
2 years failed. Two months later they made a tender to
3 Norwood that rolled back that announced price
4 increase. You will hear the representatives from
5 Stuebing tell you that they were specifically told by
6 a Norwood representative that the calendar slides from
7 Japan were much less expensive than the Stuebing
8 slides.

9 Given the clear evidence of both injury and
10 causation, we can only expect, as is typical in a case
11 like this, that you would have the importer and the
12 consumer argue the purchaser that somehow the foreign
13 product is not price sensitive, that they make their
14 decisions based on something other than price, but you
15 will hear this is a commodity product.

16 You will hear that the relationship with
17 Norwood goes back decades, if not even longer than
18 that, and that throughout these years there was no
19 problem with the relationship. They continued to
20 provide slides. Stuebing is a preeminent maker in the
21 industry not only in the U.S., but in the world, and
22 this continued for decades.

23 You will hear this morning that a Norwood
24 representative again on two separate occasions said
25 the foreign imports were considerably less expensive.
26 You will also hear that in 2003 Norwood decided to

1 shift to a different type of slide, a Japanese type of
2 slide, and that in order to keep its valued customer
3 Stuebing shifted its manufacturing process to produce
4 that identical slide, which is what they did. It was
5 as good as, if not better than, the Japan slide that
6 Norwood was buying from Nishiyama.

7 Stuebing witnessed this firsthand in March
8 of 2004 when they went to the Norwood facility and saw
9 how well their Japanese style slide was performing.
10 On May 6, 2004, Norwood sent an email to Stuebing
11 which said their runability of the Stuebing slide was
12 the same as that of the Japanese slide, the box weight
13 of the Stuebing slide was superior to that of the
14 Japanese slide and that the Stuebing calendars stacked
15 better than those with the Japanese slide.

16 The following month, June of 2004, Norwood
17 invited Stuebing to submit a new tender of pricing for
18 its slides after having disclosed what the competing
19 prices were from Japan. Stuebing matched those
20 prices, but was unable to undercut those prices
21 because the prices were already way too low to begin
22 with. As a result of that, they were not able to
23 capture back the business from what had been their
24 most valuable and valued client.

25 Finally, it's worth noting that for customer
26 spot orders Norwood continues to use the Japanese spec

1 slide that Stuebing does produce, so there is still
2 the customer relationship there, but the large blanket
3 order, the preorder that comes early in the year for
4 what's going to happen for the slides around Christmas
5 and the new year, that is something that remains with
6 the Japanese low-priced competitive product.

7 What is an issue is that the leading seller
8 of calendars in the U.S. that uses metal calendar
9 slides found a foreign source that was wiling to sell
10 slides at prices considerably less expensive than the
11 prices offered by the U.S. producer. The unfortunate
12 result is material injury being inflicted upon the
13 domestic producer by reason of the less than fair
14 value imports.

15 All the relevant factors that this
16 Commission always considers in making the
17 determination it needs to make here support the
18 affirmative finding at this stage of the case. The
19 volume of imports is highly significant. The impact
20 is highly significant.

21 The negative impact on the U.S. industry,
22 how much more dramatic can it be than moving most of
23 your production to a foreign place for cheaper labor
24 because you can't compete with the Japanese product?
25 All the other factors are there too.

26 I thank the members of the staff for your

1 attention, and following what I understand will be the
2 opening statement of opposing parties we will come
3 back with your panel to make a presentation. Thank
4 you.

5 MR. CARPENTER: Thank you, Mr. Goldberg.

6 Mr. Thomas, if you would please come forward
7 at this point?

8 MR. THOMAS: I brought my own sign. As
9 you'll hear, it's probably appropriate that we're
10 sitting on the domestic industry side of the room.

11 Good morning, I am Ritchie Thomas of the law
12 firm Squire, Sanders & Dempsey, counsel to the
13 importer, Norwood Promotional Products. I will
14 introduce our witnesses when we come forward with our
15 testimony later in the morning.

16 This is a very unusual case. There are only
17 three questionnaire responses, one from Stuebing, the
18 Petitioner and the other domestic producer of the like
19 product as defined by Petitioner; one from Norwood,
20 the sole importer and domestic consumer of the subject
21 merchandise; and one from Nishiyama, the only foreign
22 producer involved.

23 These are the only parties with information
24 directly relevant to the Commission's investigation.
25 More unusual, the petition rests entirely on the
26 decision of Norwood to buy metal slides from Nishiyama

1 rather than from Stuebing.

2 The Petitioner claims to have lost sales to
3 Nishiyama. In fact, the Petitioner has lost a single
4 customer, and that was not for the reason of price.
5 The Petitioner has not reduced prices in response to
6 foreign competition. The Petitioner reduced its price
7 to Norwood, but only in an effort to win back the
8 business after Norwood had decided to purchase the
9 subject merchandise from Nishiyama.

10 The physical and performance characteristics
11 of the subject merchandise and the presumption of
12 domestic like product are in fact so very different
13 there is no competition in metal calendar slides
14 between the Petitioner and Nishiyama as far as Norwood
15 is concerned.

16 Competition among products is based not only
17 on prices, product characteristics and customer
18 service. It is also a question of market information.
19 When Norwood thought Petitioner was its only available
20 source of calendar slides it bought from Petitioner.

21 The representatives of Norwood will explain
22 that when Norwood succeeded in identifying an
23 alternative source on its own initiative Norwood
24 switched suppliers because the physical
25 characteristics of Petitioner's metal slides were
26 adversely affecting Norwood's calendar production.

1 The fact is that Petitioner lost the
2 customer to Nishiyama for the simple reason that the
3 Petitioner produced a poorly made and poorly
4 performing product and was unresponsive to the
5 customer's difficulties using Petitioner's product.

6 The Petitioner forced its U.S. competitors
7 out of business in the 1980s, buying their businesses
8 or their assets, and is now the sole domestic producer
9 of metal calendar slides. Without competition in the
10 United States, Petitioner became unresponsive to
11 customer needs and did not make investments in
12 improving its slides to meet customer requirements.

13 To the contrary, it allowed its slides'
14 performance characteristics to decline. For years
15 Norwood tried to get the Petitioner to address the
16 problems that Norwood was having with Petitioner's
17 slides, and we will document that.

18 The problems were not corrected by the
19 Petitioner, and Norwood began searching for an
20 alternative supplier, which it ultimately found in
21 Nishiyama. Norwood then discovered that Nishiyama's
22 metal slides sharply improved its calendar production
23 rates and substantially reduced Norwood's cost of
24 goods sold.

25 The representatives of Norwood will fully
26 explain the purchasing decision and are prepared to

1 answer the staff's questions. No further information
2 will be developed by continuing the investigation, and
3 Norwood's testimony will demonstrate there's no
4 reasonable indication of material injury to the
5 domestic industry by reason of the subject imports.

6 While Petitioner has lost one customer to a
7 far superior product offered by Nishiyama, the
8 evidence before the Commission will clearly and
9 convincingly show that Petitioner is not injured in
10 any event.

11 I urge the Commission carefully to review
12 page 30 of the petition, which shows the production
13 and profitability of the Petitioner, and to calculate
14 the average sales prices for metal slides sold in the
15 United States and the total sale quantity sold U.S.
16 and export, both of which can be derived from the data
17 on that page.

18 The Petitioner claims that it is injured
19 because its net income declined. If its net income
20 declined, it was due to such factors as Petitioner's
21 activities in its export markets producing inferior
22 products and not addressing customer concerns. These
23 facts will be self-evident from the evidence supplied
24 to the Commission. Nevertheless, Petitioner continues
25 to be profitable in the metal slide market that the
26 Petitioner describes in the petition as healthy and

1 growing.

2 There's also no evidence of a reasonable
3 indication of threat of injury from the subject
4 imports. Nishiyama does not have presence in the
5 United States, does not market or promote its products
6 in the United States and has only one customer in the
7 United States, namely Norwood.

8 Moreover, Norwood became a customer of
9 Nishiyama only as a result of Norwood seeking and
10 finding an alternative supplier because of continuing
11 productivity problems with the Petitioner's product.

12 Petitioner has no evidence that Nishiyama
13 intends to expand its customer base in the United
14 States. Mere speculation as to Nishiyama's intent is
15 not enough to avert a negative determination.

16 Thank you very much.

17 MR. CARPENTER: Thank you, Mr. Thomas.

18 Mr. Goldberg, would you please bring your
19 panel forward at this time?

20 MR. GOLDBERG: Petitioners will first hear
21 from Murray Blumberg, the director of Stuebing.

22 MR. BLUMBERG: Good morning. I'm Murray
23 Blumberg, the director of the Stuebing Automatic
24 Machine Company, and I appreciate the opportunity to
25 appear before you today to testify on behalf of
26 Stuebing Automatic Machine Company, which is the sole

1 domestic manufacturer of metal calendar slides. As
2 the Petitioner in this case, we seek the imposition of
3 antidumping duties on imports of metal calendar slides
4 from Japan.

5 I am the director of Stuebing, and I've been
6 involved in the metal calendar slide business for 31
7 years. I have firsthand knowledge of the significant
8 injury that Stuebing has faced and continues to
9 confront by reason of unfairly priced imports of metal
10 calendar slides from Japan.

11 Stuebing. Stuebing has been in business in
12 the United States since 1894. Today it is the only
13 remaining manufacturer of metal calendar slides in
14 this country. This industry used to have several
15 domestic members, but over time they were all forced
16 out of business or consolidated into other companies,
17 leaving Stuebing the sole remaining firm in the
18 domestic industry.

19 A company called E.W. Wobbe started
20 manufacturing metal calendar slides in Springfield,
21 Ohio, during the 1940s, and another company called
22 Carpenters of Allentown in Pennsylvania began
23 manufacturing these slides in the 1950s.

24 I'd like to just deviate for a second from
25 my prepared statement if I may to answer some of the
26 points that counsel for Norwood made earlier. He

1 mentioned that we forced -- he suggested that we
2 forced -- the other people out of business. I'm not
3 sure where he gets that information from, but it's
4 entirely incorrect.

5 Paul Wobbe, who was well known to my family,
6 approached my late father and offered to sell his
7 business, which had become quite run down, during the
8 early 1980s, the early to mid 1980s. A similar thing
9 happened with Carpenters. They were effectively not
10 operating at all and asked if we would be interested
11 in taking their machines over, which we did simply to
12 use as spare parts.

13 In 2002, the operations of Wobbe were
14 physically merged with Stuebing's to contain costs.
15 Now, however, this domestic industry faces extinction
16 unless protection is granted against unfair imports
17 from Japan.

18 Preserving the domestic industry. One of
19 our purposes in pursuing the relief we seek is to
20 preserve United States jobs. We value our U.S.
21 workforce and want to continue to invest substantial
22 money and effort to help ensure that we continue to
23 provide high paying, high quality jobs for American
24 workers, yet we cannot do so unless antidumping duties
25 are assessed on Japanese imports.

26 Furthermore, we want to resume investments

1 and development and production efforts we have been
2 forced to abandon as a result of these imports.

3 Injury. I can tell you with absolute
4 certainty that our domestic industry has experienced
5 significant negative downward pressure on both
6 revenues and earnings since the Japanese started to
7 sell metal calendar slides in the United States.
8 Stuebing's net income before taxes related to its U.S.
9 metal calendar slide operations decreased by
10 approximately 60 percent from 2002 to 2004.

11 Furthermore, Stuebing's operating income
12 pertaining to U.S. calendar slide operations decreased
13 by about 48 percent between 2002 and 2004. Moreover,
14 we are experiencing a dramatic operating loss and net
15 loss for the year to date 2005.

16 Stuebing has also been forced to lay off a
17 substantial number of workers in the United States in
18 connection with its metal calendar slide operations.
19 Specifically between 2002 and 2004 the number of
20 workers in the domestic industry decreased by over 20
21 percent. The reduction in 2005 was even more
22 dramatic, resulting in a decrease of over 60 percent
23 of our employees from 2002.

24 These layoffs were in connection with our
25 need to transfer machines that manufactured calendar
26 slides to Stuebing's sister company in Mexico. In

1 2004, we began to set up this lower cost manufacturing
2 facility in Mexico. By the end of last year, Stuebing
3 moved over 50 percent of its machines that produce
4 metal calendar slides to this facility in an attempt
5 to compete against the unfair imports from Japan.

6 Also in 2004, Petitioner moved its U.S.
7 operations to a smaller premises in Cincinnati, Ohio.
8 As a result, Stuebing has slightly more than 10
9 employees working in the smaller domestic facility
10 that it rents. This production facility is about five
11 times smaller than the larger production facility it
12 owned before the domestic industry was decimated by
13 these less than fair value imports from Japan.

14 Decrease in U.S. shipments. Although there
15 has been no indication that the United States demand
16 for metal calendar slides has decreased, U.S.
17 shipments of metal calendar slides have steadily
18 declined since the Japanese imports entered the United
19 States market.

20 In fact, between 2002 and 2004, Petitioner's
21 total U.S. shipments decreased 25 percent. In 2002,
22 Stuebing sold an overwhelming majority of its metal
23 calendar slides in the United States and exported the
24 rest. However, by the end of last year the balance
25 shifted as Stuebing exported more metal calendar
26 slides than it sold domestically in order to survive

1 against the barrage of low-cost imports from Japan.

2 Causation. Japan imports have negatively
3 impacted our U.S. shipment levels of metal calendar
4 slides to the point that we have lost a significant
5 number of sales to the company that used to be our
6 largest customer, Norwood Promotional Products, Inc.
7 Norwood is the leading United States seller of
8 calendars that use metal calendar slides. From a
9 volume perspective, they are the most important
10 customer for any seller of metal calendar slides.

11 Petitioner lost these sales to Norwood as a
12 result of the less than fair value imports from Japan.
13 The reason for the decline of shipments to Norwood was
14 the ability to Norwood to use metal calendar slides
15 from Nishiyama as a replacement for the products that
16 Norwood used to purchase from Petitioner before
17 Nishiyama entered the U.S. market with its less than
18 fair value prices.

19 As a result, from 2002 to 2003 the quantity
20 of slides that Norwood purchased from Stuebing
21 decreased by over 60 percent for a decrease in
22 revenues of about 60 percent as well. These lost
23 sales in 2003 include the cancellation by Norwood of a
24 blanket or bulk order placed by Norwood at the
25 beginning of the year in four separate purchase
26 orders.

1 Norwood. The relationship between Stuebing
2 and Norwood goes back multiple decades. Stuebing
3 supplied metal calendar slides to Norwood for all
4 those years without any significant quality issues
5 ever arising. Minor issues that arose from time to
6 time were quickly resolved by Stuebing.

7 When 2003 opened, we assumed that based on
8 the long, positive relationship between the two
9 companies and the experiences we had to date that
10 Norwood would continue to remain our largest customer.
11 We even received from Norwood the customary large
12 blanket order at the beginning of the year.

13 However, in the fall of 2003, Norwood
14 without warning canceled the balance of its blanket
15 purchase orders of metal calendar slides from Stuebing
16 that had been placed earlier that year. At that point
17 in time Norwood told us that it was only going to
18 purchase custom or special orders from us going
19 forward.

20 In December of the same year I traveled to
21 Norwood's Sleepy Eye facility in Minnesota, along with
22 Mr. Allan Gavronsky, the president of Stuebing, and
23 Mr. Bill Pierman, our machine shop foreman. At
24 Norwood we met with Mr. Paul Smyth, Norwood's director
25 of supply chain management and purchasing at the time,
26 to discuss the status of Stuebing's account.

1 At my request, Mr. Smyth allowed me into
2 Norwood's factories, and I observed Japanese metal
3 calendar slides running on Norwood's machines. At
4 this point in time Mr. Smyth told me that his company
5 was changing its specifications to the Japanese style
6 slide and was able to purchase such slides at prices
7 that were considerably less expensive than Stuebing's
8 slides.

9 After this visit, Stuebing decided to
10 manufacture its own Japanese style slides, and we
11 incurred significant expense and trouble to convert a
12 number of our metal calendar slide machines to produce
13 slides that were identical to the metal calendar slide
14 that Norwood was importing from Japan.

15 This conversion meant that Stuebing began to
16 produce slides with hangers from the metal body of the
17 slide itself, as opposed to slides provided with a
18 plastic attached hanger or eyelet. By early 2004, we
19 had perfected the Stuebing version of the Japanese
20 type specification for a metal calendar slide which
21 performed as well as and indeed better than the
22 imported slides.

23 In March 2004, I traveled for a second time
24 to Norwood's facility and brought samples of these
25 Japanese type of slides Stuebing had manufactured so
26 Norwood could test them at its facility. We ran a

1 significant number of these slides on Norwood's
2 binding machines in the presence of Mr. Smyth, Ms.
3 Shelley Shoen, Norwood's assistant buyer, and other
4 members of Norwood's staff. These new types of slides
5 ran perfectly on Norwood's machines, and this was
6 confirmed by Norwood's staff.

7 Later that same morning we were told again
8 by Norwood at its offices that the imported Japanese
9 metal calendar slides were much less expensive than
10 the domestic slides being produced and sold to them by
11 Stuebing. Furthermore, they told us that these
12 Japanese slides were less expensive despite the fact
13 that shipping costs added 40 percent to the FOB price
14 of the Japanese product.

15 This statement was very surprising to me
16 given the numerous considerable additional freight and
17 related costs involved in importing these products
18 from Japan, all of which must be considered to
19 determine the true cost of shipping these products to
20 Norwood via container from Japan.

21 However, Norwood represented that it would
22 give preference to a U.S. supplier if possible, and
23 therefore Stuebing would have a chance to compete with
24 the Japanese supplier for the Norwood business.

25 We subsequently supplied the Japanese type
26 of slide to Norwood over a period of time, and on a

1 number of occasions when we inquired about the quality
2 and productivity of the Japanese spec slide Norwood
3 confirmed that there were no problems with either
4 quality or productivity, yet months passed in 2004 and
5 Stuebing never received a response from Norwood about
6 Stuebing's efforts to supply Norwood's with its
7 requirement for blanket orders of metal calendar
8 slides that year instead of purchasing its
9 requirements for these types of slides from the
10 Japanese company.

11 Hence, that summer I called Mr. Smyth at
12 Norwood to inquire about the outcome of our tender and
13 subsequent retender and was advised by him that he was
14 negotiating the bulk of Norwood's metal calendar slide
15 requirements, approximately 80 percent, from the lower
16 priced Vendor B in Japan.

17 Even with Norwood's preference for the
18 Japanese spec slide, it was always clear to me that
19 the lower price of the imported slide was a material
20 factor in Norwood's decision to use a new supplier.

21 As mentioned previously, on at least two
22 separate occasions in December 2003 and March 2004
23 Paul Smyth of Norwood told us that the slides for what
24 he called Vendor B were considerably less expensive
25 than Stuebing's slides, even factoring in freight
26 costs that were 40 percent of the price to Norwood.

1 In May 2004, Norwood informed us in writing
2 that the Japanese spec slide produced by Stuebing was
3 acceptable and equal to the imported slide. Norwood
4 concluded that runability is the same between the
5 imported and Stuebing slides, but that the box weight
6 of the Stuebing slide was superior and that Stuebing
7 calendars stacked better.

8 Moreover, in June 2004 Norwood continued to
9 express interest in our Japanese spec slide and
10 invited us to submit a retender for business. As part
11 of that process, Norwood told Stuebing the imported
12 prices for four products and invited Stuebing to
13 submit a retender.

14 We then offered to sell the Japanese spec
15 slides at the same price. It was not financially
16 feasible to try to undercut the already too low
17 imported price. Even with our willingness to match
18 the imported price, we were not able to win back the
19 blanket purchase business.

20 Finally, to this day Norwood continues to
21 use custom slides from Stuebing manufactured to the
22 Japanese specifications without any operational
23 issues.

24 Nishiyama. I had in the meantime learned
25 that the Japanese supplier from which Norwood had been
26 importing metal calendar slides was Nishiyama Kinzoku

1 Company of Japan.

2 In fact, in 2003, at a meeting in Cincinnati
3 with Mr. Kazahiro Nishiyama, the senior executive
4 managing director of Nishiyama, and Mr. Masao Akamatsu
5 of BSI Corporation, Nishiyama's agent in Japan, I had
6 been told by them that they had taken Norwood as a
7 customer and that they were looking to expand
8 internationally.

9 The following year, while in Osaka, I
10 confronted these two gentlemen with the price I
11 thought that Norwood was paying for a 17 inch slide,
12 and although they were surprised that I knew the
13 price, they confirmed that my assertion was correct.

14 During the summer of 2004, I learned from
15 Mr. Gavronsky the prices that Nishiyama was offering
16 to Norwood. I was shocked to receive additional
17 confirmation as to the actual prices because they were
18 so much lower than what Stuebing could economically
19 charge and so much lower than what I thought the
20 Japanese supplier could charge and still have a
21 profit.

22 Conclusion. We are requesting antidumping
23 relief in the best interests of our employees, our
24 consumers and the domestic industry as a whole. We at
25 Stuebing have made the investments needed to remain
26 competitive if there is a level playing field.

1 However, unless tariffs are imposed this industry, its
2 employees and the American consumers will not survive
3 in the long term.

4 The Petitioner in this case simply seeks a
5 level playing field with respect to imports from
6 Japan. Hence, I respectfully request that the
7 International Trade Commission enter a finding that
8 there has been and that there is a threat of material
9 injury to our domestic injury by means of dumped
10 imports from Japan so that we can get on with the
11 business of producing metal calendar slides for the
12 domestic industry.

13 I would be pleased to respond to any
14 questions you may have. Thank you.

15 MR. GOLDBERG: Mr. Gavronsky, the president
16 of Stuebing, will speak next. Mr. Gavronsky, do you
17 want to make sure you have a microphone by you and
18 turned on?

19 MR. GAVRONSKY: My name is Allan Gavronsky.
20 I'm president of Stuebing Automatic Machine Company.
21 Thank you for giving me the opportunity to testify on
22 behalf of the domestic industry about the recent
23 injury that has occurred as a result of illegal
24 imports.

25 As you're aware, we filed an antidumping
26 petition with the U.S. Department of Commerce and the

1 U.S. International Trade Commission seeking duties on
2 metal calendar slides imported from Japan. I am here
3 to request that you support the domestic industry's
4 request filed in this antidumping duty petition.

5 I am the president of Stuebing Automatic
6 Machine Company and have been involved in the metal
7 calendar slide industry for approximately 22 years.
8 In 1983, I began my career in the metal calendar slide
9 industry at E.W. Wobbe, a domestic metal calendar
10 slide manufacturer that used to be based on
11 Springfield, Ohio.

12 I began working at Wobbe shortly after the
13 company was purchased by Stuebing in the early 1980s.
14 While at Wobbe, I served as the operations manager and
15 eventually as president. In 2002, however, the
16 operations of Stuebing and Wobbe were merged to
17 contain costs. At that point I became the vice
18 president of operations at Stuebing where I oversaw
19 all the operational functions for the company
20 worldwide.

21 I served in that capacity for one year and
22 became the president of Stuebing in 2003. As such,
23 I'm currently responsible for the production, planning
24 and sales of metal calendar slides in the United
25 States and overseas. I also oversee all other
26 operations and management functions, which include,

1 among other things, analyzing our supplies for the
2 quality of finished parts and ensuring the proper
3 delivery of our products.

4 We sell our metal calendar slides to various
5 calendar assembly companies like Norwood Promotional
6 Products that are located both in the United States
7 and overseas. These calendar assembly companies,
8 which are usually either calendar manufacturers,
9 printing companies or publishers, use these metal
10 calendar slides to bind calendars, posters, maps or
11 charts and then sell these products to planning
12 companies and retailers which are then sold to end
13 user customers.

14 In 2002, Stuebing's largest customer for
15 metal calendar slides was Norwood, a large supplier of
16 calendars, diaries and other promotional gift items.
17 In the fall of 2003, however, Norwood canceled the
18 balance of its blanket purchase order of metal
19 calendar slides that had been placed earlier in the
20 year. At that point in time, Norwood told us that it
21 was only going to purchase custom orders from us going
22 forward.

23 In December of that year, representatives
24 from Nishiyama Kinzoku, Ltd. of Japan visited us at
25 our facility in Cincinnati and told us they had taken
26 Norwood as a customer. They also intimated that

1 Nishiyama was planning to increase its market presence
2 in the United States.

3 Later that month I visited Mr. Paul Smyth,
4 Norwood's director of supply chain management and
5 purchasing at that time, at the facility in Sleepy
6 Eye, Minnesota, along with Mr. Murray Blumberg, the
7 director of Stuebing, and Mr. Bill Pierman, Stuebing's
8 machine shop foreman, to discuss the status of
9 Stuebing's account.

10 During that visit I saw the Japanese slides
11 running on Norwood's machines. At this visit,
12 however, Mr. Smyth did not comment at length about the
13 price of the Japanese slides at the time except to
14 indicate that landed price in Minnesota was much
15 cheaper than Stuebing's slides.

16 Metal calendar slides in both the United
17 States and Japan are made from cold-rolled steel
18 within a similar range of specification, including
19 material thickness and temper, and are applied to
20 calendars in exactly the same type of tinning machine.

21 Other than a small difference in hangers,
22 the U.S. slides that Stuebing has been providing
23 Norwood were 100 percent substitutable with the ones
24 it was now purchasing from Nishiyama. In other words,
25 Stuebing's metal calendar slides were exactly
26 equivalent in function and application to the Japanese

1 slides.

2 However, beginning in January 2004 Stuebing
3 spent a considerable amount of labor, time and money
4 to convert some of its metal calendar slide machines
5 to duplicate exactly the Japanese slides we saw
6 running on Norwood's machines. This conversion meant
7 that we began to manufacture slides for Norwood with
8 hangers bent from the body of the slide itself, as
9 opposed to providing slides that had plastic attached
10 hangers.

11 A couple of months later we brought samples
12 of the Japanese style slides that Stuebing had
13 manufactured to test at Norwood's facility and was
14 told by Mr. Paul Smyth and other members of his staff
15 that they ran perfectly. At the same visit Mr. Smyth
16 reiterated however that the Japanese metal calendar
17 slides were much less expensive than the domestic
18 slides produced and sold by Stuebing.

19 He then told us that the Japanese slides
20 were much less expensive despite the fact that the
21 shipping costs add 40 percent to the FOB price of the
22 Japanese products. Mr. Smyth assured us, however,
23 that preference would be given to a U.S. supplier and
24 promised us that he would give Stuebing a chance to
25 compete for the Norwood business.

26 On March 11, 2004, Stuebing submitted its

1 tender to Norwood with new and lower prices than it
2 had announced the year before. Despite cutting its
3 prices to Norwood in this tender in order to retain
4 Norwood's business and requesting the right of first
5 refusal, Stuebing still did not receive Norwood's
6 blanket order for stock, nor did it receive any
7 indication of a custom order.

8 Hence, yet again I visited Mr. Smyth at
9 Norwood, along with another director of Stuebing, Mr.
10 E. Rodney deBeer. At this meeting I was told one more
11 time that the Japanese slides were substantially
12 cheaper than the prices offered in our tender.

13 After this visit Stuebing decreased its
14 price yet again to Norwood for both blanket sizes and
15 custom orders. Despite doing so, Stuebing still does
16 not have any commitment from Norwood at this time for
17 blanket purchase orders, although Norwood has
18 purchased small quantities of custom slides from
19 Stuebing.

20 Because Norwood placed no blanket orders in
21 2004 Petitioner lost all of these sales to Japanese
22 imports. Norwood also has not placed any blanket
23 orders with Petitioner for 2005. Unfortunately,
24 Petitioner does not expect any such order to be placed
25 this year because of the less than fair value imports
26 from Japan.

1 As set forth above, Petitioner has been
2 forced to reduce prices and roll back announced price
3 increases as a result of the less than fair value
4 imports. On January 6, 2003, Petitioner attempted to
5 raise its price to Norwood for the first time in three
6 years only to have that attempt fail.

7 In order to retain any of Norwood's slide
8 business in 2004, Petitioner in its tender dated
9 March 11, 2004, rolled back the price increase it
10 announced in 2003. Following that, Stuebing decreased
11 its prices yet again in June 2004 in an attempt to
12 match the price of Japanese imports to which Norwood
13 never responded. Had Norwood accepted these
14 retendered prices, Petitioner would have lost even
15 more money on its sales of slides.

16 Hence, as you can see, Stuebing's prices and
17 profits have been suppressed because of Japanese
18 imports. Furthermore, even though we have not lost
19 sales to other customers as of yet, we have had to
20 suppress our prices to them to avoid further imports
21 from Japan.

22 Stuebing's existence today is very
23 surprising given the imports being dumped on our
24 domestic market. It is surviving in the United States
25 today only because of its foresight in dealing with
26 issues of U.S. consumer demand and U.S. production

1 costs by making investments overseas that were
2 necessary to deal with both in an effective and an
3 efficient manner. As a consequence, we have been able
4 to hang on over the past year.

5 The antidumping petition is an effort on our
6 part to ensure that we continue to exist in the
7 future. The American metal calendar industry which is
8 currently comprised of only one company, Stuebing, is
9 being devastated by the surge of unfairly priced
10 imports from Japan. The result? Substantial job
11 losses in the United States.

12 In fact, over the past few years we have
13 reduced our domestic workforce by approximately 70
14 percent in an attempt to compete against imports of
15 metal calendar slides from Japan. Furthermore, we
16 transferred the majority of the machines that produced
17 these metal calendar slides overseas.

18 If tariffs are not imposed on Japanese based
19 manufacturing we will likely shift the rest of our
20 machines overseas. Although I believe in free trade,
21 I also believe in fair trade. It is not in the best
22 interests of the domestic industry or its customers
23 for us to close down completely in the United States.

24 Our U.S. customers need to have the choice
25 of buying from domestic metal calendar slide
26 manufacturers, and as such their long-term and

1 continued health is in our best interest. The loss of
2 any more U.S. metal calendar slide employees would
3 limit the buying options available to our customers as
4 we would be forced to close our doors in the United
5 States, which would in turn limit the choices
6 available to the end user.

7 I am not seeking any protection against
8 imports. I am simply seeking an end to the illegal
9 pricing and restoration of free market conditions by
10 requesting the imposition of antidumping duties as
11 provided for us under U.S. law.

12 My company has proven that it can compete
13 with anyone given a level playing field. As such, I
14 respectfully request the ITC to ensure a fair playing
15 field by finding in favor of the Petitioner.

16 Thank you for your attention to this
17 important issue.

18 MR. GOLDBERG: Just a couple more items.
19 The members of the panel can add light on these if
20 necessary. They are somewhat self-explanatory.

21 Somewhat anticipating the argument we've
22 heard so far this morning, I've got three documents
23 I'd like to put into the record. I'll ask Mr.
24 Gavronsky to describe what they are for the first two
25 anyway.

26 MR. GAVRONSKY: This is a document that I

1 received from our second largest customer, a domestic
2 customer, Tru-Art located in Iowa City. The letter is
3 self-explanatory. They've been a customer of ours for
4 50 years, find no problem with our product or anything
5 else. A letter of recommendation.

6 MR. GOLDBERG: That's a slide customer.
7 Now, this seems to go to the service and the quality
8 issue.

9 This appears to be a machine customer, so
10 you can maybe explain the difference on that.

11 MR. GAVRONSKY: Yes. This is a customer we
12 sold one of our domestic made tinning machines, an
13 automatic machine. It goes back to 2003, and we've
14 had no problems. We've served them, and it's just a
15 letter of recommendation.

16 MR. GOLDBERG: We would submit both
17 documents belying the theory that somehow Stuebing got
18 fat and happy and just stopped servicing the
19 customers, thinking they were the only game in town.

20 MR. CARPENTER: Mr. Goldberg, if I could
21 interrupt you?

22 MR. GOLDBERG: Sure.

23 MR. CARPENTER: Are you requesting
24 confidential treatment for those documents?

25 MR. GOLDBERG: No.

26 MR. CARPENTER: Okay. Do you have extra

1 copies available?

2 MR. GOLDBERG: We do. We have 25 copies.

3 MR. CARPENTER: Okay. As long as you could
4 put some extra copies on the table over there --

5 MR. GOLDBERG: I'll do that right now.

6 MR. CARPENTER: -- so that the other side
7 could see it as well.

8 MR. GOLDBERG: I think that one of the
9 comments that was made by counsel for Norwood was, you
10 know, we could streamline the whole case. Obviously
11 one of the standards for reasonable indication is not
12 only -- and, by the way, we believe we met the
13 standard, and certainly they will not and cannot show
14 clear and convincing evidence that there is no injury
15 or causation.

16 Of course, the other factor would be what
17 may be developed in the record. I think part of that
18 would be the involvement of these other customers who,
19 you know, if we got to the final perhaps would be
20 actually saying the same thing under testimony too.

21 I mean, there is the timeframe. I don't
22 know the story as to what questionnaires they received
23 or didn't receive or what they did, but certainly they
24 have a piece in this too because if Norwood just goes
25 with Nishiyama Norwood may feel comfortable that they
26 can get rid of the U.S. competitor, but then that

1 substantially increases what Norwood could do to some
2 of these others, their competitors who have not signed
3 up with Nishiyama.

4 I don't know the relationship between
5 Norwood and Nishiyama when it comes to any type of,
6 you know, sourcing issues. We believe at this point
7 as long as Stuebing is around Nishiyama has every
8 inclination and interest in picking up more customers
9 with lower prices. This is a stage process. They've
10 gone and they've obtained the biggest, and they can
11 move on.

12 Norwood may feel comfortable that with
13 Stuebing gone maybe they've made their choice, as
14 improper as that is to the extent it's based on the
15 prices, and we believe it is, but what does that do to
16 the other customers. I think that is something that
17 is a part of the record that would need to be
18 developed.

19 I was struck by counsel's statement, which I
20 accept on its face value, that when Norwood sources
21 through Nishiyama they will result in a lower cost of
22 goods sold. We don't dispute that. You know, I made
23 a note of that. Of course that's exactly what's going
24 on here. They get a lower cost of goods sold because
25 they have a lower price of the metal component of
26 these calendars.

1 The last document, which we have copies for,
2 was an email which both witnesses have referred to and
3 I referred to dated May 6, 2004, so pretty late in
4 this period. This is after the slides have already
5 come. The Japanese slides have been converted. This
6 was after Mr. Blumberg had already been to the
7 facility.

8 This is not confidential. It's from Ms.
9 Shelley Shoen to Ms. Pam Ramp who is here, so it is
10 from Norwood to the Petitioner.

11 MALE VOICE: Excuse me. Excuse me. This is
12 a document that confidential treatment was requested
13 by Petitioner.

14 MR. GOLDBERG: We're rescinding that. We're
15 rescinding that because of the nature of what we
16 anticipated would be a quality issue.

17 MALE VOICE: I'm simply asking for a
18 clarification because there's a Commission rule about
19 that submission of confidential information in these
20 proceedings.

21 MR. GOLDBERG: No, I understand that. When
22 the petition was filed, certain things were done as
23 confidential to protect, but this is our confidential
24 information, nobody else's.

25 Getting wind of what this possible defense
26 would be, we had to go back and decide whether we

1 wanted to have something that was our own information
2 as confidential to defend basically. We think this is
3 a critical document.

4 It wasn't until I would say late yesterday
5 in going through that we decided that given the
6 situation when the petition as filed we believed that
7 that was the kind of thing that was an issue as to
8 whether that was the kind of thing they wanted to put
9 out there.

10 Given the defense that we've heard this
11 morning and that we anticipated in preparing
12 yesterday, we think it's a critical document because
13 it goes against everything they're going to be saying
14 today with respect to quality being an issue.

15 We would like to withdraw any prior request
16 for confidential treatment if we may do so.

17 MALE VOICE: We have no objection.

18 MR. GOLDBERG: Thank you.

19 MR. CARPENTER: Okay. Thank you. Mr.
20 Goldberg, if you could give the staff copies of each
21 of those three documents?

22 MR. GOLDBERG: Sure.

23 MR. CARPENTER: We'd appreciate that.

24 MR. GOLDBERG: That's the only other
25 document that we wanted to make sure was put into the
26 record on that issue. It's a document that's been

1 referred to in testimony today. We believe it shows
2 that quality is not an issue. The only thing that's
3 left is price, and that's why we're here today.

4 Thank you.

5 MR. CARPENTER: Thank you. At this point
6 we'll begin the staff questions with Ms. Lo.

7 MS. LO: Hello. My question is to either
8 Mr. Blumberg or Mr. Gavronsky on the production side
9 of the Japanese style slides.

10 Can you elaborate a little bit on whether
11 the Japanese style slides, what percentage of that is
12 of your production and if Norwood is the only customer
13 that you sell that slide to now?

14 MR. BLUMBERG: Okay. The answer to that is
15 that Norwood is the only customer that has requested
16 that specification, so they are the only United States
17 customer that we supply that specification to. The
18 custom slides that they buy from us are almost all to
19 that specification.

20 MS. LO: What's the percentage of
21 production?

22 MR. BLUMBERG: Of our total production or
23 our production to Norwood?

24 MS. LO: Total, just to give me an idea.

25 MR. BLUMBERG: Maybe approaching 10 percent.

26 MS. LO: Thank you. Both of you mentioned

1 relocating a lot of your machines outside of the
2 United States. Can you elaborate a little bit more on
3 what you're hoping to do with that facility?

4 MR. BLUMBERG: Well, the primary purpose of
5 that relocation was to keep Stuebing alive because
6 Stuebing is certainly not able to compete with the
7 pricing of these what we believe to be unfairly priced
8 imports from Japan, and the only chance that we may
9 have of competing against such low prices would be to
10 manufacture those bulk orders in a less expensive
11 country, so its primary purpose is to support the
12 remaining operation in Cincinnati.

13 MS. LO: Thank you. I'm finished. Thanks.

14 MR. CARPENTER: Before we move on, I'd just
15 like to incorporate the three one-page documents that
16 you've submitted as exhibits. We will attach those to
17 the transcript of this proceeding.

18 At this point I'll turn to Mr. Goldfine.

19 MR. GOLDFINE: Good morning. Thank you all
20 for coming. I'm David Goldfine with the General
21 Counsel's Office.

22 Before I begin my questions I'll just let
23 you know if you believe that any of the responses to
24 any of my questions call for BPI or confidential
25 information, of course let me know that and you may
26 include that in any postconference submission.

1 I guess I'll start with like product. This
2 is for you, Mr. Goldberg. Just to be clear, I think I
3 understand your view, but it's correct that you're
4 arguing for a single domestic like product coextensive
5 with Commerce's scope, which would be all metal
6 calendar slides?

7 MR. GOLDBERG: Yes. It's limited to metal
8 calendar slides. There's no other slides of a
9 different type of material.

10 I would be happy to let, you know, the
11 industry folks explain why, or maybe you have a more
12 specific as to why something is not included. I will
13 let them defer to that.

14 MR. GOLDFINE: Sure. I guess we haven't
15 heard from the other side. I don't know what their
16 position is on like product, but since you did address
17 it in your petition in terms of the plastic/paper
18 slides I guess particularly on uses and
19 interchangeability why are they not used for the same
20 purpose as metal slides, and why are they not
21 interchangeable with metal slides?

22 MR. BLUMBERG: The metal slides, first of
23 all, are manufactured from the same material with the
24 same specifications and according to substantially the
25 same manufacturing methods.

26 Secondly, the metal slides are used in

1 identical or, if not identical, very similar binding
2 machines to apply the metal slides to the calendar,
3 and they're also distributed through the same
4 channels.

5 Paper slides are not used, to the best of my
6 knowledge, in the United States. Of course, the
7 material is different. The method of manufacture is
8 different, and it's also my understanding that the
9 channels of distribution are different because it's my
10 understanding that the paper slides are actually made
11 during the binding process, that there's a machine
12 that folds the paper slide and staples it to the
13 calendar.

14 There are other obvious differences in
15 functionality. The steel slide, the metal slide, is
16 more rigid whereas the paper slide is not as rigid and
17 so on.

18 MR. GOLDFINE: So to your knowledge there's
19 no paper slide used for calendars in the U.S. that are
20 produced for calendars?

21 MR. BLUMBERG: No.

22 MR. GOLDFINE: What about if you could run
23 through the same points about the plastic slides?

24 MR. BLUMBERG: Plastic, yes.

25 MR. GOLDFINE: I mean, probably the same
26 kind of analysis I guess.

1 MR. BLUMBERG: Yes. I've only rarely come
2 across plastic slides in some European countries, and
3 those slides would be either injection molded or
4 extruded. I have never come across any automatic
5 machinery for attaching plastic slides to calendars.

6 Those that I've seen are necessary to be
7 applied manually so it's a very slow and laborious
8 process, and they are, to the best of my knowledge,
9 not extensively used anywhere in the world.

10 MR. GOLDFINE: And again to your knowledge,
11 plastic slides aren't used for calendars in the U.S.,
12 aren't produced to be used for calendars in the U.S.?

13 MR. BLUMBERG: I've never come across any
14 plastic calendar slides in the States.

15 MR. GOLDFINE: Okay. I don't know if you
16 have anything to add. If not, that's fine.

17 MR. BLUMBERG: Mr. Gavronsky says he thinks
18 the metal slide looks better. I agree.

19 MR. GOLDFINE: Okay. On domestic industry
20 definition, again I think I understand your position,
21 but it's the domestic producer of metal slides,
22 Stuebing, and that's who's in the domestic industry.

23 MR. GOLDBERG: It makes the case pretty
24 simple. Yes, we believe that's the case.

25 MR. GOLDFINE: And you're not, of course,
26 contesting that I guess it's 17 machines that are used

1 at your -- maybe the number may be confidential, but
2 the number of machines that are used at the Mexico
3 facility, they're not in the domestic industry
4 definition?

5 MR. GOLDBERG: No, although I would follow
6 up on a question I think Ms. Lo said, and the
7 witnesses could testify to this. I think that if
8 relief is obtained I'm not aware that they wouldn't be
9 bringing those machines back.

10 MR. GOLDFINE: Okay.

11 MR. GOLDBERG: Do you want to refer to that?

12 MR. BLUMBERG: Yes. We would certainly
13 welcome the opportunity to bring them back to the
14 United States if conditions allowed.

15 MR. GOLDFINE: Why is Stuebing the only
16 producer of the metal slides in the U.S.? Is it
17 because it's a small, niche market and Stuebing can
18 meet the demand, or are there any other reasons?

19 MR. BLUMBERG: That's exactly the reason.
20 It's a very small, niche market, and even though there
21 were originally three manufacturers there just wasn't
22 enough room in the market for three. The other two
23 fell by the wayside, and we're fighting for our very
24 existence at the moment.

25 MR. GOLDFINE: Okay. On injury, just so
26 we're clear, I think the petition indicates there were

1 no subject imports coming in in 2002, so I'm trying to
2 get a start date for the injury. I guess you're
3 saying the injury is continuing up to now, but when
4 did the injury begin? What was the date for that?

5 MR. GOLDBERG: In 2003, the blanket orders
6 were done in early 2003 as has been testified to, and
7 then they were canceled in September completely out of
8 the blue. Norwood notified Stuebing that they were
9 canceling.

10 Now, because this is a seasonal product and
11 you can imagine -- it's in the papers too. I mean,
12 these calendars really go on sale in a big way near
13 the end of the year. It's impossible that Norwood
14 would have all of a sudden decided to get rid of their
15 big supplier in the U.S. in September and then start
16 looking for somebody else.

17 I mean, clearly Nishiyama was already
18 presumably negotiating with them, had already taken
19 the business. They had already agreed on price or
20 whatever the case may be and had that lined up before
21 they let us go, so that process started in 2003.

22 The impact is continuing because those sales
23 were lost, and then in 2004 it's a little different
24 because you do have --

25 MR. GOLDFINE: Wait one second.

26 MR. GOLDBERG: Sure.

1 MR. GOLDFINE: Was there any injury prior to
2 September of 2003? Are you claiming any injury prior
3 to that time?

4 MR. GOLDBERG: Let me ask Mr. Blumberg
5 because it becomes an accounting issue. If you mean
6 in 2002 was there injury, the answer is no.

7 MR. GOLDFINE: Well, I'm talking about 2003.
8 When did it start in 2003?

9 MR. GOLDBERG: Go ahead. Why don't you say
10 when in 2003 the financial harm started.

11 MR. BLUMBERG: Yes. The injury started, to
12 the best of my knowledge, in 2003, and that happened
13 in September when Norwood canceled their blanket
14 order.

15 MR. GOLDFINE: Okay. How much of Norwood's
16 business have you retained percentage-wise, if you
17 can?

18 MR. BLUMBERG: Maybe between 20 and 30
19 percent.

20 MR. GOLDFINE: Why have you been able to do
21 that? Why have you been able to retain some of their
22 business?

23 MR. BLUMBERG: Well, it's the custom orders,
24 and I suppose that it's difficult for them to get the
25 specials or customs from Japan in time, so they're
26 buying them from us.

1 MR. GAVRONSKY: Can I just mention in 2002
2 we had another customer that was pretty large, which
3 was acquired by Norwood I guess somehow in 2003 or
4 2004 -- it was JRI Sales Promotion -- so we actually
5 lost additional business.

6 MR. GOLDFINE: You lost additional business
7 in 2003?

8 MR. GAVRONSKY: Well, it wasn't just
9 Norwood. In 2003, I think to the latter half of 2003
10 and 2004, Norwood acquired the business from our
11 second largest customer, which was JRI Sales
12 Promotion, so they had that business as well.

13 I haven't seen to this day that work, so if
14 we're looking in total it could be a lot more that
15 we're losing.

16 MR. GOLDBERG: And just so the point is
17 clear on the customs, these goods we believe come by
18 ocean so it's easy for a blanket order to try to get
19 the lowest price you can, but if you have a custom
20 order within a very short amount of time and it needs
21 to be filled, and I'm talking if you're Norwood, then,
22 you know, they were still using Stuebing.

23 There's no quality issue there. It's the
24 same slide. It just happens to be an issue of
25 logistics and timing.

26 MR. GOLDFINE: Just so that I'm clear about

1 the lost sales, I thought I heard earlier that there
2 was just one lost sale to Norwood, and now I'm hearing
3 maybe you're claiming another lost sale. I just want
4 to get the record clear on that.

5 MR. GOLDBERG: Yes. The only verification
6 is the company that stopped buying at this point, and
7 that's Norwood.

8 I think what Mr. Gavronsky was saying is
9 that they had acquired another company right around
10 the same time that this injury started occurring, and
11 because they were now in the Norwood family then those
12 sales were lost too.

13 It really goes to the point I think I made
14 early on that says --

15 MR. GOLDFINE: It's still Norwood? I mean,
16 it is Norwood?

17 MR. GOLDBERG: It is Norwood --

18 MR. GOLDFINE: Okay.

19 MR. GOLDBERG: -- because they bought that
20 company. That's correct.

21 I mean, I think there's the injury that
22 occurs in 2003 when the blanket order is canceled and
23 they've switched to Nishiyama, and then there's the
24 same impact of injury in 2004, but I think to be clear
25 it's a little different because in 2003, as Mr.
26 Blumberg testified, after the cancellation which

1 really to them came out of nowhere, they did
2 everything they could to get this business back. They
3 traveled to the facility. They met with this Mr.
4 Smyth, who had made the decision apparently.

5 They learned later in the year that Norwood
6 had gone to a different style with the Japanese style.
7 The metal part is very similar. There's actually I
8 think a little more metal in the Japanese style, but
9 it's the plastic eyelet that is no longer there.
10 We've submitted samples to the ITC I believe of both.

11 That's when Stuebing took the time and
12 effort and expense to convert what had a plastic
13 eyelet into a slide that didn't have a plastic eyelet
14 and then tried to compete on that basis in 2004 and
15 was unable to get the business back, so I would think
16 there's a nuance of the injury difference.

17 The injury is the same in that they didn't
18 get the sale, but I think the facts are a little
19 different in 2003 and 2004.

20 MR. GOLDFINE: I want to ask Mr. Blumberg
21 just a question or two about what you said this
22 morning, or actually either of you can answer this.

23 I'm reading now from I guess Mr. Blumberg's
24 affidavit in paragraph 11. It says, "After this
25 visit, Stuebing incurred significant expense and
26 trouble to convert a number of its metal calendar

1 slide machines to produce the Japanese type of metal
2 calendar slide that Norwood was importing from Japan."

3 I guess my question is I understand your
4 point that there are no quality differences. Are you
5 saying there are no quality differences between the
6 Japanese slide and what you are producing?

7 MR. BLUMBERG: Correct.

8 MR. GOLDFINE: But there were quality
9 differences. I guess my question is why did you
10 switch producing from one method to another? Why
11 didn't you just insist and stick with your prior
12 method of producing slides --

13 MR. BLUMBERG: Okay.

14 MR. GOLDFINE: -- if there were no quality
15 differences?

16 MR. BLUMBERG: Yes. Well, I think that's a
17 very interesting question because perhaps one should
18 just stop and distinguish between quality and
19 specification.

20 The situation was that for decades we
21 supplied tens of millions of slides of the old, the
22 American specification with the plastic eyelet, to
23 Norwood, and they were okay with that for decades.
24 I'm not saying that there were never quality issues.
25 There were occasionally quality issues which were
26 dealt with, but they were not significant in relation

1 to the total production that we supplied.

2 However, they then switched to the Japanese
3 specification, and it's the specification in my
4 submission. It's a specification difference rather
5 than a quality difference. Once we switched to the
6 Japanese specification for Norwood, which was what
7 they requested, they were happy with the quality or
8 specification.

9 MR. GOLDFINE: Okay.

10 MR. BLUMBERG: I'm sorry. Just to finish
11 that --

12 MR. GOLDFINE: Sure.

13 MR. BLUMBERG: -- the main point, and you
14 asked why we did that. The main point was that that's
15 what the customer wanted, so we decided to give them
16 what they wanted.

17 MR. GOLDFINE: And then I think you were
18 reading from your prepared statement this morning or
19 at least part of it. You said even with our
20 willingness to match the imported price we were not
21 able to win back the blanket purchase business.

22 I guess my question is why do you think that
23 was when you were competitive on price that even then
24 you didn't get the business?

25 MR. BLUMBERG: That's a very difficult
26 question to answer, and I'm almost reluctant to say

1 what may have been in Mr. Paul Smyth's mind.

2 MR. GOLDFINE: Well, the thrust I was
3 getting at, and you can tell me if I'm wrong, but the
4 email that you submitted to us that was May 6, 2004,
5 that Norwood essentially there acknowledged at least
6 that your slides were competitive in terms of quality
7 with the Japanese slides, and now they're coming
8 around and saying no, they're not competitive.

9 I gather you're saying, you know, the May 17
10 email is what was their true view, and now they may be
11 offering up a pretextual view. Is that what you're
12 saying or not?

13 MR. BLUMBERG: I'm not quite sure that I'm
14 following the question.

15 MR. GOLDFINE: I guess my question is do you
16 believe they're being truthful now when they're
17 telling you that your slides are lesser quality than
18 the Japanese slides, or is that not a true reason for
19 their actions?

20 MR. BLUMBERG: No, I believe it is.

21 MR. GOLDFINE: What is the reason then?

22 MR. BLUMBERG: Price. Price, and I think
23 that price is the only reason.

24 MR. GOLDFINE: But even when you could match
25 them on price you couldn't get the business, so that
26 seems to suggest maybe there's something other than

1 price. I don't know. I don't want to put any words
2 in your mouth.

3 MR. BLUMBERG: The only logical explanation
4 that I can come up with is that someone at Norwood had
5 it in his mind that it may be in Norwood's interest
6 for there not to be a United States manufacturer
7 because they had tied up an arrangement with a
8 Japanese manufacturer.

9 Their supply had been taken care of, and if
10 they suddenly took the last remaining metal
11 manufacturing out of the market their competitors, the
12 rest of the industry, would be in a world of hurt.

13 I can substantiate that a little further if
14 you want me to.

15 MR. GOLDFINE: Sure.

16 MR. BLUMBERG: At I guess it was the last
17 meeting that I had with Paul Smyth he asked me a
18 question. He said what would happen to Stuebing if
19 you lost all of Norwood's business? My answer to him
20 was that if we didn't get at least 50 percent of
21 Norwood's business there may not be a Stuebing the
22 next year. He made copious notes about that.

23 It was almost as though he had an intention
24 to give us as little business as possible, and that's
25 the only reason that I can think of why he would do
26 that.

1 MR. GOLDBERG: Mr. Goldfine, obviously we
2 don't know what the relationship is from a contractual
3 or other purpose between Nishiyama and Norwood as of
4 June of 2004, but I think it is fair to say we had
5 lost the incumbency, and now the Japanese supplier was
6 the incumbent. Therefore, why would they change if
7 they could just get the same price from us?

8 In other words, I'm sure that they were
9 using the lower price to try to get an even lower
10 price from us and then keep going, but we weren't
11 willing to do that so where we matched we matched the
12 incumbent. We couldn't go lower then to actually
13 undercut the incumbent, which had already undercut us.

14 I think that's a little different than a
15 situation where we are the incumbent and we're willing
16 to match before letting somebody else in the door.

17 MS. MAZARD: Mr. Goldfine, can I sort of
18 clarify?

19 MR. GOLDFINE: Sure.

20 MS. MAZARD: If you look at this industry
21 and you go back to 2003, Norwood priced their blanket
22 purchase order in January of that year. We got the
23 cancellation in September, okay, so they canceled our
24 blanket purchase order what we think is in preference
25 to Nishiyama's.

26 The following year we assumed that they then

1 went and, you know, put their blanket purchase order
2 with Nishiyama that year. In March we submit our
3 tender. We're already too late in the game. In May
4 we learn the prices.

5 By June, by the time we retender they've
6 already put in a contract with somebody else, so
7 although we match on price there's already issues that
8 have been -- you know, other factors have come into
9 play where we've lost this business.

10 When you say it's just one lost sale, we
11 want to reiterate that it's multiple lost sales, just
12 one customer. Under the timeline by the time we
13 matched -- we don't know what had happened, but we
14 matched too late in the game, you know, we feel.
15 That's our point of view.

16 MR. GOLDFINE: I have nothing further.

17 MR. CARPENTER: Go ahead. Ms. Clark?

18 MS. CLARK: Thank you. I'm Kelly Clark with
19 the Office of Economics. I just wanted to start with
20 a clarification. I believe that this is in relation
21 to the price increase and then the rollback.

22 I believe that, Mr. Goldberg, you said that
23 price rollback, the starting date for the price
24 increase, was January 2003, and I believe you had said
25 the rollback was two months later, but then in later
26 testimony it appeared to be in 2004, so I just wanted

1 to see about the timing of the increase and then the
2 rollback.

3 MR. GOLDBERG: When did you first roll back
4 prices when you tried to increase them? Was it in
5 2003 or 2004?

6 MS. RAMP: The actual tender was done in the
7 spring of 2004.

8 MR. GOLDBERG: So I stand corrected. I'm
9 sorry for that.

10 MS. CLARK: Okay. That's okay.

11 MR. GOLDBERG: I did hear that, and I
12 obviously had it wrong.

13 MS. CLARK: Okay. My other question about
14 that is were the increase in rollbacks specifically
15 for some customers, or were they across the board for
16 all of your customers?

17 MS. RAMP: The tender was specifically for
18 Norwood.

19 MS. CLARK: Okay.

20 MR. GOLDBERG: Was there any other examples?
21 You mentioned that you did not --

22 MR. GAVRONSKY: We did not raise.

23 MR. GOLDBERG: And is there a reason why you
24 didn't raise? Why don't you let them know?

25 MR. GAVRONSKY: We suppressed prices just in
26 case the Japanese had come in contact with our price.

1 We didn't want to add more fuel to the fire.

2 MS. CLARK: Okay. But this was in 2004?

3 MR. GAVRONSKY: 2004.

4 MS. CLARK: Okay. That's fine. I'd like to
5 move to a discussion of export markets and prices in
6 other markets.

7 Mr. Blumberg, you had mentioned in your
8 testimony that Stuebing's export shipments have
9 increased, and I would just like to ask maybe for some
10 details about where your big markets are in the world
11 and what the conditions of competition are in those
12 markets in terms of who are the big players.

13 MR. BLUMBERG: Is any of this proprietary?

14 MR. GOLDBERG: If it is proprietary, then
15 we'll do it in a posthearing submission.

16 MS. CLARK: That's fine.

17 MR. GOLDBERG: If you can comment on what is
18 not proprietary, then I'll leave it to your
19 discretion.

20 MR. BLUMBERG: Okay. Well, we're exporting
21 to Mexico, other Latin American countries and all
22 other manufacturers in those areas. Is there anything
23 else that you --

24 MS. CLARK: In terms of you said that there
25 are other manufacturers. I guess this is probably all
26 BPI, but I was just wondering in terms of just your

1 market shares in these companies and just sort of your
2 business conditions of competition in these markets.

3 MR. BLUMBERG: Yes. Yes. We do compete
4 with other local manufacturers. We compete
5 successfully --

6 MS. CLARK: Okay.

7 MR. BLUMBERG: -- with other local
8 manufacturers in those areas.

9 MS. CLARK: And can you give me some idea of
10 how the price in these other markets compares to the
11 U.S. price?

12 MR. BLUMBERG: Both the pricing and the
13 specifications in some of those countries is
14 significantly lower than it is in the United States.

15 MS. CLARK: Okay. I'd also like to ask. In
16 the petition you indicate that all or mostly all of
17 imports into the U.S. market of metal calendar slides
18 are from Japan.

19 Seeing as how there are other manufacturers
20 of these products, have there even been other
21 competitors in the U.S. market from different
22 countries that make these products, or is this
23 something that just happened recently with Japan?

24 MR. BLUMBERG: I believe that other
25 manufacturers have tried to export to the United
26 States and for whatever reason didn't succeed.

1 Usually probably quality.

2 MS. CLARK: Okay. I think my final question
3 would be mostly about the seasonality and timing in
4 terms of these blanket purchase orders that you
5 receive.

6 When do you typically receive them, and when
7 do you start manufacturing the product and when the
8 delivery occurs just to give me an idea of the
9 seasonality of this?

10 MR. BLUMBERG: Okay. Very roughly, a number
11 of the blanket orders, the large blanket orders, would
12 be received in the early part of the year, the first
13 quarter, and we would start manufacturing
14 progressively throughout the year so that everything
15 was on hand at the time that it was required to be
16 shipped.

17 MS. CLARK: And then they're usually shipped
18 in the second or third quarter?

19 MR. BLUMBERG: Starting the second, third
20 and fourth quarter.

21 MS. CLARK: Okay. I think that's all I
22 have. Thank you.

23 MR. CARPENTER: Mr. Boyland?

24 MR. BOYLAND: David Boyland, Office of
25 Investigations. I've already asked some detailed
26 questions of the company that they've responded to. I

1 have no further questions.

2 MR. CARPENTER: Mr. Boyland, have you
3 received responses to those questions yet?

4 MR. BOYLAND: Yes, sir.

5 MS. CLARK: Okay. Thank you.

6 Mr. Tsuji?

7 MR. TSUJI: Karl Tsuji, Office of
8 Industries. I have several questions about the
9 product, as well as the manufacturing process for this
10 product.

11 First of all on the product, are there other
12 types? Are there metal calendar slides made of other
13 types of metal in addition to cold-rolled steel?

14 MR. BLUMBERG: No, sir.

15 MR. TSUJI: No aluminum slides?

16 MR. BLUMBERG: Not in the United States or
17 Japan. I've seen occasionally very small quantities
18 of aluminum slides made in other countries, but
19 they're not very satisfactory. The strength of the
20 material is not adequate.

21 MR. TSUJI: Okay. How about copper alloy
22 slides or --

23 MR. BLUMBERG: Excuse me?

24 MR. TSUJI: Copper alloy slides? Brass?
25 Bronze?

26 MR. BLUMBERG: No. Too expensive.

1 MR. TSUJI: Too expensive? Okay. You
2 mentioned that the slides are made from cold-rolled
3 steel. What type of steel is it? Is it just a carbon
4 steel?

5 MR. BLUMBERG: I'm not a metallurgist so I
6 don't know. We could certainly get from the steel
7 mills the actual chemical makeup, but it's steel of
8 commercial grade.

9 MR. TSUJI: Okay. And you purchase the
10 steel from the mills or from a steel distributor or
11 service center?

12 MR. BLUMBERG: A service center.

13 MR. TSUJI: A service center. Okay. I
14 presume it's stripped and would be a narrower steel
15 rather than a long or wide sheet?

16 MR. BLUMBERG: Actually sheet.

17 MR. TSUJI: Sheet? Okay.

18 MR. BLUMBERG: It comes in a wide coil.

19 MR. TSUJI: A wide coil? Okay.

20 MR. BLUMBERG: And then it's sheeted.

21 MR. TSUJI: Okay. So you would cut it to
22 width before feeding the --

23 MR. BLUMBERG: Exactly.

24 MR. TSUJI: -- pieces into the machine?

25 MR. BLUMBERG: Exactly.

26 MR. TSUJI: The machines for producing the

1 metal calendar strips, are they pretty much automated,
2 all-in-one, that will cut the strip to length, then
3 fold it and then if necessary punch the tab on the
4 strip as well? Is it one feed? One process?

5 MR. BLUMBERG: Exactly. Exactly.

6 MR. TSUJI: Okay. For strips that are
7 coated, is that coating done after the production of
8 the slide?

9 MR. BLUMBERG: The sheet is coated prior to
10 any forming or cutting or bending.

11 MR. TSUJI: Okay. And do you do that
12 in-house, or is that ---

13 MR. BLUMBERG: No. It's done by a
14 specialist coater.

15 MR. TSUJI: Okay. So you purchase from
16 those coaters?

17 MR. BLUMBERG: Not necessarily. We could
18 purchase steel from a coater, or we could purchase
19 steel from the vendor, and it could go to a specialist
20 coater for coating.

21 MR. TSUJI: Okay. To your knowledge, is the
22 production process for metal calendar slides similar
23 in Japan as in the United States?

24 MR. BLUMBERG: Yes. Yes, sir, it is
25 similar. The design of their production machines is a
26 little different from ours, but the same processes.

1 Other than the fact that they do not add a plastic
2 hanger, essentially the same.

3 MR. TSUJI: Okay. In the United States the
4 production machine, will it also automatically attach
5 the plastic hanger --

6 MR. BLUMBERG: Yes.

7 MR. TSUJI: -- in the same production
8 process?

9 MR. BLUMBERG: The same process, yes.

10 MR. TSUJI: Okay. I think that's all the
11 questions I have at this time. Thank you.

12 MR. CARPENTER: Thank you for your
13 testimony. I do have a few questions myself related
14 to your testimony.

15 If I could start with Mr. Blumberg? You
16 indicated that the layoffs that occurred I believe in
17 2004 were related to the transfer of your machines to
18 your sister company in Mexico, and of course that was
19 caused allegedly by the increased imports from Japan.

20 MR. BLUMBERG: Yes.

21 MR. CARPENTER: Again, a number of these
22 questions relate to what could be considered business
23 proprietary information, so if you prefer to answer in
24 your brief feel free to say so.

25 Did you have a preexisting relationship with
26 the company in Mexico before the imports from Japan

1 began?

2 MR. BLUMBERG: No, sir.

3 MR. CARPENTER: No? Okay. I think the
4 Commission might be interested in the timing, you
5 know, the sequence of events here.

6 If you have any sort of documentation like
7 internal memoranda that might indicate the decision
8 process from the time that you started to feel
9 competition from the subject imports from Japan and
10 what led you to decide that it was in your best
11 interest to shift production to Mexico, if you have
12 any documentation like that that you could provide in
13 your brief I think that might be helpful.

14 MR. BLUMBERG: Okay. We'd have to look for
15 that. I don't have any such documentation with me.

16 What I can say though was that the sequence
17 was the Japanese imports, the loss of business from
18 Norwood, some as you can imagine very deep discussions
19 how to deal with the situation and then a decision to
20 set up the plant in Mexico.

21 MR. CARPENTER: Did the company in Mexico
22 produce either at that facility or another facility?
23 Did they have any experience in producing --

24 MR. BLUMBERG: No. This was a company that
25 we started from scratch --

26 MR. CARPENTER: Okay.

1 MR. BLUMBERG: -- just a short while ago
2 after this whole thing happened.

3 MR. CARPENTER: Okay. Thank you.

4 MR. BLUMBERG: We could get that. Yes.

5 MR. GOLDBERG: We'll get you documents to
6 show the incorporation or whatever it might be to show
7 where the establishment of the company is in the
8 timeline, and if there are any other documents that
9 show even more direct causation we'll produce those on
10 a confidential basis.

11 MR. CARPENTER: Thank you. I appreciate
12 that.

13 Also with respect to you said in your
14 testimony that in 2004 you moved your U.S. operations
15 to a smaller premises in Cincinnati. If you have any
16 documentation that would provide any sort of causal
17 relationship --

18 MR. BLUMBERG: Sure.

19 MR. CARPENTER: -- between that move and the
20 imports from Japan that would be helpful.

21 Mr. Gavronsky, in your testimony and others'
22 I believe too you indicated that in 2003 that Norwood
23 had placed its blanket purchase order in January and
24 that they rescinded the order in September.

25 Had you actually started to produce calendar
26 slides to satisfy that blanket purchase order before

1 it was canceled in September?

2 MR. GAVRONSKY: Yes, sir. We had actually
3 completed the blanket. It was ready for them because
4 coincidentally some of the blanket was meant to be
5 released around about September.

6 MR. CARPENTER: If it's not confidential,
7 could you tell me what month these slides were
8 produced, what months of the year?

9 MR. GAVRONSKY: We generally have a slow
10 period. Obviously the calendar season, everyone has a
11 new calendar in January at the beginning, so the first
12 quarter is predominantly slow.

13 At that time we get the blanket orders. We
14 try and secure metal ahead so we've got metal on hand.
15 We shop around for the best price of metal. It gives
16 us time.

17 Because we have a limited supply of
18 production, we can't produce these all in the last
19 four or five months of the year so we have to produce
20 it over and anticipate the production over the total
21 year. In January and February and March we actually
22 have started producing.

23 MR. CARPENTER: I believe this was your
24 testimony, but please correct me if I'm wrong. The
25 slides that you produced for Norwood and were unable
26 to deliver to them, did those end up being exported to

1 your overseas customers or were they sold
2 domestically? How were they disposed of?

3 MR. GAVRONSKY: We sold them domestically.
4 Not everyone uses the same size, so sometimes a person
5 has a need if the page is a little bigger or something
6 and he could use them. We offered those slides.

7 MR. CARPENTER: Okay.

8 MR. BLUMBERG: I just wanted to add, if I
9 may, that at the end of that year because of all the
10 slides that we had made for Norwood we ended up having
11 a much larger inventory at the end of that year than
12 we normally do.

13 MR. CARPENTER: And I assume that that's
14 reflected in your questionnaire response. I don't
15 remember precisely.

16 I believe, Mr. Gavronsky, you mentioned and
17 maybe others that you were told by Norwood in a number
18 of meetings that the Japanese slides were
19 substantially cheaper in price than your offer, but
20 yet as I understand it from their opening statement
21 that their argument is that the sale was lost not
22 because of price, but because of quality
23 considerations.

24 Is there any written documentation between
25 you and Norwood that would indicate or where Norwood
26 indicated that the prices were lower than what you

1 were offering? If you do have that, if you could
2 provide that information in your brief?

3 MR. GAVRONSKY: It was verbal to me. Mr.
4 Smyth told me verbally on numerous occasions. He told
5 Mr. E.R. deBeer, who came with me. He told in front
6 of Bill Pierman, our shop foreman. He mentioned it to
7 Mr. Blumberg.

8 MR. CARPENTER: I realize a lot of times
9 these conversations are just verbal, but if there was
10 anything in writing if you could submit that?

11 MR. GAVRONSKY: Communication with Mr. Smyth
12 was nil. I mean written communication. He would
13 never respond. We've got numerous times where we
14 tried to communicate with him. No response.

15 MR. CARPENTER: Thank you. Also, Mr.
16 Gavronsky, in your testimony you stated that you have
17 not yet lost sales to other customers, but you have
18 had to suppress your prices to them to avoid further
19 imports from Japan.

20 First of all, I assume these are U.S.
21 customers you're talking about?

22 MR. GAVRONSKY: Yes.

23 MR. CARPENTER: Okay. Can you elaborate on
24 that as far as why did you have to suppress your
25 prices? Did these other customers find out about the
26 shift in business or the fact that Norwood was

1 purchasing from Japan at lower prices?

2 MR. GAVRONSKY: Well, all I can say, if I
3 can explain it this way, Norwood over the past few
4 years had, like the steel industry, gobbled up the
5 small individual. It's like U.S. Steel took over a
6 whole bunch of places and then became this one huge
7 corporation. That's what happened.

8 That's what's been happening, and that's why
9 it's imperative when I contacted my other customers
10 and explained had they been contacted by them, by the
11 Japanese, that the answer was, you know, that if you
12 don't do something about this we're all going to
13 suffer the same way you are. We're going to go down
14 the toilet. They're going to be the monopoly.

15 However, the point I want to make out is the
16 slide is different. Our U.S. slide has a plastic
17 hanger. All our other customers use the U.S. slide.
18 Norwood has a different hanger, and when they start
19 marketing their product it's going to be a different
20 slide.

21 It's the type of industry where people talk,
22 and they would find out if that slide came from Japan
23 because we don't make that kind of slide. We
24 certainly weren't going to promote that kind of slide
25 to our other customers.

26 MR. CARPENTER: When you made an effort I

1 guess it was in 2004 to duplicate the Japanese slide,
2 have you tried to market that to your other customers?

3 MR. GAVRONSKY: No. In fact, the other
4 customers are probably waiting to see the outcome. I
5 guess that if cheaper imports come in we'll have to
6 combat it somehow. I mean, we're just waiting to see.
7 I hope it doesn't come to that.

8 MR. CARPENTER: Do your other customers also
9 purchase through blanket yearly purchase orders?

10 MR. GAVRONSKY: The larger customers do.

11 MR. CARPENTER: Okay. Are these customers
12 all similar to Norwood in the sense that they're
13 taking slides and they're producing finished
14 calendars?

15 MR. GAVRONSKY: Yes.

16 MR. CARPENTER: Okay. I believe that
17 concludes my questions.

18 Mr. Boyland has some additional questions.

19 MR. BOYLAND: I guess this question is sort
20 of a more general one. It related to your other
21 operations. I mean, the name of your company itself,
22 you know, Stuebing Automatic Machine Company. There
23 are other products being sold.

24 Could you discuss those, how they complement
25 metal slides and how it fits into your business?

26 MR. BLUMBERG: Yes, that is correct. We

1 also produce calendar binding machines also known as
2 tinning machines in the trade, and those machines,
3 there's a range of those machines from manually
4 operated to semi-automatic to more fully automatic,
5 and those are used to attach the calendar slides to
6 the calendars in a particular way. The paper comes
7 into the open slide, it's clamped and then folded with
8 a second fold to lock the paper into the slide.

9 MR. BOYLAND: The machines that you're
10 selling, are you building these from scratch? Are you
11 handling them? How does that work?

12 MR. BLUMBERG: It's a combination. Some
13 machines we build from scratch and others have been
14 assembled by us where the machine has been designed by
15 us and then we assemble. We outsource the parts and
16 then assemble it.

17 MR. BOYLAND: All right. Thank you very
18 much.

19 MR. TSUJI: I have one further question
20 about the production process for metal calendar
21 slides, and that is the equipment. Is it dedicated
22 equipment that only is used for producing metal
23 calendar slides, or can other products be produced on
24 the same equipment?

25 MR. BLUMBERG: No. They are in fact special
26 purpose machines. They can only be used for that

1 purpose.

2 MR. CARPENTER: Mr. Goldfine?

3 MR. GOLDFINE: A couple of quick questions.
4 First, if you can disclose this or put it in your
5 postconference brief, but on a cost percentage basis
6 how much are you saving by switching some of the
7 production overseas?

8 MR. GOLDBERG: Can we maybe confidentially
9 give you the labor rate differential? That would be a
10 big part of it. I think we want to do that as a
11 confidential submission.

12 MR. GOLDFINE: Sure. What would be most
13 helpful is just an overall number, you know, on a cost
14 percentage basis how much the company is saving.

15 MR. BLUMBERG: Yes. I don't have the
16 information here, but we will get it.

17 MR. GOLDBERG: We'll get you the
18 information.

19 MR. GOLDFINE: Sure. Can you elaborate on
20 the difference so I understand between the price
21 depression claim and the price suppression claim?

22 MR. GOLDBERG: Certainly. The price
23 depression would be when we had to roll back the
24 prices to try to get the business, and I believe that
25 would apply then to custom orders as well.

26 MR. BLUMBERG: Yes.

1 MR. GOLDBERG: The prices were rolled back
2 even on the custom orders that are placed. I would
3 assume that. Is that correct?

4 MR. BLUMBERG: Let me get this straight.
5 Prices to Norwood --

6 MR. GOLDBERG: Norwood, right.

7 MR. BLUMBERG: -- were reduced.

8 MR. GOLDBERG: And those apply even to
9 what's being sold today?

10 MR. BLUMBERG: Yes.

11 MR. GOLDBERG: So that would be a clear
12 example, for example, of a price depression where the
13 price went down from where it otherwise was.

14 The price suppression would be examples of
15 where you did not increase prices, which I guess it
16 depends on when you look at the calendar -- not to use
17 a word that won't confuse people in this context -- as
18 to when they first tried to increase the prices and
19 couldn't do so.

20 There's different tenders, so I suppose one
21 of the tenders I guess in March of 2004 was a
22 rollback, so certainly a suppression, unable to raise
23 prices. Then certainly the tender in June of 2004 was
24 a depression, a lower price that was not accepted for
25 the blanket orders, but is in place now with respect
26 to the custom orders.

1 MR. BLUMBERG: I believe so.

2 MR. GOLDBERG: With the understanding
3 there's also volume differences, differentials,
4 discounts with respect to volumes.

5 MR. GOLDFINE: This may be something that
6 has been asked for already in your postconference
7 submissions, but there's much information on a
8 percentage basis, the amount of your total business
9 that is the metal calendar slide business or total
10 production and total dollar revenues.

11 That's all I have.

12 MR. CARPENTER: Okay. Ms. Lo?

13 MS. LO: Joanna Lo, Office of
14 Investigations.

15 I just have a quick question on the
16 interchangeability of Stuebing's metal calendar slides
17 and the tinning machines you mentioned you make. Can
18 any metal calendar slides be used on Stuebing machines
19 and vice versa?

20 MR. BLUMBERG: Certainly the Japanese slides
21 can be used on Stuebing's automatic machines, and
22 Stuebing's slides can be used on the Japanese
23 machines.

24 MS. LO: So there's no proprietary. I don't
25 know if you can tell me or not -- if it's proprietary
26 that's fine -- if you sold to Norwood most of their

1 calendar binding machines; were purchased from
2 Stuebing or not?

3 MR. BLUMBERG: There were some machines
4 which were Stuebing machines, and there were other
5 machines which we had purchased from Nishiyama in the
6 1980s and had sold to Norwood.

7 MS. LO: Thank you.

8 MR. CARPENTER: Okay. I want to thank the
9 panel for your presentation and for your responses to
10 our questions and thank the witnesses especially for
11 coming here today to share your insights with the
12 Commission.

13 At this point we'll take about a 10 minute
14 recess, and after that will begin with the
15 Respondents' panel.

16 (Whereupon, a short recess was taken from
17 11:15 a.m. to 11:23 a.m.)

18 MR. CARPENTER: Mr. Thomas, please begin
19 whenever you're ready.

20 MR. THOMAS: Thank you very much. Good
21 morning again. I am Ritchie Thomas still of Squires,
22 Sanders & Dempsey, counsel for Norwood Promotional
23 Products.

24 We appreciate this opportunity to present
25 Norwood Promotional Products' uniquely significant
26 views on the injury allegations made by Petitioner in

1 this case. I am joined at the table by Kathleen
2 Burns, vice president and general counsel of Norwood;
3 Kevin Haala, Norwood's process manager; and Shelley
4 Shoen, a buyer for Norwood.

5 The representatives of Norwood will testify
6 as to Norwood's business, Norwood's experience using
7 metal slides manufactured by Stuebing and by Nishiyama
8 and the reason that Norwood switched its supply of
9 metal slides from Stuebing to Nishiyama.

10 Before we begin our presentation though I
11 would like to respond to a question raised by Mr.
12 Blumberg. He wanted to know, as I recall, what the
13 source was of our information that they had forced
14 other U.S. suppliers of metal slides out of business.

15 The source is an exhibit, 3-A, to the
16 petition which purports to be a declaration by Mr.
17 Murray Blumberg in which he says that, "The domestic
18 metal calendar slide industry used to have several
19 members, but over time they were forced out of
20 business or consolidated, leaving Stuebing as the sole
21 remaining firm in the domestic industry."

22 As imports were not a factor in the market
23 at that time, I can only conclude that it was Stuebing
24 who forced them out.

25 We will turn first to Kathleen Burns, She
26 is the vice president and general counsel of Norwood.

1 She will testify as to the business of Norwood.

2 Kathleen?

3 MS. BURNS: Good morning. My name is
4 Kathleen Burns. I'm vice president and general
5 counsel for Norwood Promotional Products, and I have
6 served in this role since 2003. On behalf of Norwood,
7 whose headquarters are in Indianapolis, Indiana, I
8 wish to thank the Commission for granting Norwood the
9 opportunity to present testimony at this conference.

10 As Mr. Thomas mentioned, in addition to
11 myself, Kevin Haala and Shelley Shoen of Norwood's
12 facility in Sleepy Eye, Minnesota, will also be
13 offering testimony today. Kevin is the process
14 manager at the Sleepy Eye facility, and Shelley is one
15 of the buyers at the facility.

16 I'm here to provide some general background
17 information about Norwood and its role in the U.S.
18 promotional products calendar industry. Following my
19 testimony, Kevin and Shelley each will discuss in more
20 detail the numerous problems that Norwood has
21 experienced with Stuebing's metal calendar slides over
22 the years and how Stuebing failed to take the
23 necessary actions to correct the problems which
24 ultimately necessitated that Norwood seek the
25 procurement of metal calendar slides from an alternate
26 source.

1 As our testimony will indicate, Stuebing's
2 metal calendar slides simply cannot compete with those
3 that Norwood sources from Japan in terms of
4 suitability for use in our calendar production process
5 and are used right now only when required by special
6 circumstances such as an immediate need for a slide of
7 a dimension that Norwood does not have on hand in its
8 inventory.

9 Accordingly, since there is attenuated
10 competition between the domestic product and the
11 foreign like product and since there is no real
12 evidence to show that Stuebing is suffering material
13 injury or that there is any threat of material injury,
14 Norwood would respectfully request that the Commission
15 render a negative preliminary injury determination in
16 this proceeding.

17 I'd like to tell you a little bit about
18 Norwood and its business operations and history. The
19 company originated approximately 50 years when a
20 gentleman by the name of Morris Smith started a
21 baseball cap manufacturing company under the name
22 Radio Cap Company.

23 After a number of acquisitions in the 1980s,
24 which broadened the company's product offerings to
25 include mugs, sporting/leisure products and wearables,
26 Radio Cap was recapitalized with a combination of debt

1 and equity and was renamed Norwood Acquisition Company
2 in 1989.

3 MS. BURNS: In 1993 the company again
4 changed its name to Norwood Promotional Products and
5 it was listed on NASDAQ under the ticket NPPI. In
6 October 1998 Liberty Partners took the company private
7 and the company remains privately held today.

8 I'd like to make a note that while Norwood's
9 publishing operations have been in existence for over
10 100 years, Norwood only acquired its calendar business
11 five years ago through two significant acquisitions.
12 Today, Norwood is one of the leading suppliers of
13 promotional products in the United States.

14 Norwood has 16 core brand names and markets
15 more than 4,000 products. In 2004, Norwood's revenues
16 were approximately \$366 million. Calendars by far
17 represent Norwood's largest product category. Norwood
18 manufactures a variety of different kinds of
19 calendars.

20 Some calendars are made using metal calendar
21 slides while others utilize metal stitching, metal
22 spiral binding or plastic spiral binding. All of
23 Norwood's calendars are manufactured at the Sleepy Eye
24 plant in Minnesota. Product brochures showing our
25 calendar lines will be handed out and copies of the
26 brochures will be submitted with Norwood's

1 postconference submission.

2 In 2004, calendars accounted for over 25
3 percent of Norwood's revenues. Norwood believes that
4 it has a dominant market share in the U.S. promotional
5 products calendar industry. That industry is highly
6 competitive.

7 In order for Norwood to remain competitive
8 in this market and to keep manufacturing operations in
9 the United States, Norwood must produce high-quality
10 products and run its operations in a highly efficient
11 manner in order to control costs.

12 Both of these objectives require that the
13 metal counter slides that Norwood uses in its
14 operations must be of a high-quality and cannot
15 contribute to delays in operations. Regrettably,
16 Stuebing slides failed to meet these criteria for
17 several years.

18 Consequently, Norwood had to seek an
19 alternative source. At this time, I will conclude my
20 presentation and will allow Kevin Haala to discuss the
21 quality problems that Norwood has experienced with
22 Stuebing slides over the years and why Norwood
23 ultimately decided to source from Nishiyama.

24 Thank you very much.

25 MR. THOMAS: Thank you, Kathleen. Kevin
26 Haala is Norwood's Process Manager. He will testify

1 as to the decision to switch from the Petitioner to
2 Nishiyama, how the change in supply came about and the
3 advantages realized using the Nishiyama product.

4 MR. HAALA: Thank you. Good morning. My
5 name is Kevin Haala. I have held the position of
6 Process Manager at Norwood and its predecessor
7 company, Advertising Unlimited, for 14 years since
8 1991.

9 Prior to that I supervised the tinning
10 department at Norwood's Sleepy Eye, Minnesota, factory
11 for some four years, 1987 to 1991. The tinning
12 department is the department responsible for binding
13 of calendars using metal calendar slides, commonly
14 called tin, employing specializing binding, sometimes
15 called tinning equipment.

16 Prior to that I held a number of positions
17 at Norwood's predecessor company and my total tenure
18 with the company is over 27 years. As Process Manager
19 I have a roving assignment to find ways to improve
20 Norwood's production processes.

21 Those process improvements might include
22 modification of plant layout, upgrades of equipment,
23 purchase of new production equipment and worker
24 training among others. In 2002, I turned to the
25 tinning operation where Norwood was experiencing
26 problems with the metal calendar slides being supplied

1 by Stuebing.

2 The problems with the Stuebing slides were
3 longstanding and were significantly impeding
4 productivity in the tinning department. In 2002, they
5 seemed to be growing even worse. To explain those
6 problems it is first necessary to describe how our
7 metal slide type calendar binding equipment works.

8 In the tinning department calendars are
9 stacked on table-like platform at one end of one of
10 our binders and fed into the binders automatically
11 functioning binding mechanism.

12 At the binding station the binding positions
13 a V-shaped metal calendar slide into the binding
14 mechanism, inserts the calendar into the V of the
15 slide and then the machine's slide/press mechanism
16 performs a double bend of the slide that locks the
17 slide in place on the calendar.

18 The bound calendar is then mechanically
19 discharged from the machine onto a collection chute
20 where calendars stack on top of each other ready for
21 wrapping or removal to another station.

22 In this process the slides are fed
23 automatically into the binding machine by pointed
24 separators, sometimes called nails, from a magazine
25 loaded with stacked slides that is located toward the
26 rear of the binding machine above the binding

1 mechanism.

2 Obviously, for this equipment to work
3 properly and efficiently it is necessary for the metal
4 calendar slides first to feed reliably and
5 consistently from the magazine into the binding
6 mechanism, second, when fed from the magazine to the
7 binding station to lie in the mechanism properly to
8 receive the calendar and for the binding folds to be
9 performed, third, to be composed of metal with a
10 thickness and a hardness that both facilitate
11 operation of the binder and form a secure binding, and
12 fourth, to permit the bound calendars to collect
13 properly and without damage at the conclusion of the
14 binding operation.

15 Our experience with the Stuebing slides was
16 that they regularly failed to satisfy one or more of
17 these requirements and consequently slowed production
18 rates, caused jams and misfeeds in our binding
19 equipment and that interrupted production and caused
20 damage to our products.

21 The problems experienced by Norwood with the
22 Stuebing slides included the following: significant
23 variations in the thickness and hardness of the slides
24 ranging from too hard, to crimp, to so soft that they
25 could not hold their crimped form; slides prone to
26 warping and bowing which would cause calendars to

1 misfeed; embedded slides, that is slides stuck fast
2 together apparently due to Stuebing's slide design and
3 poor quality paint so that they would not feed
4 properly, a problem that meant we could not fill our
5 binders' magazines more than one-third to one-half
6 full and therefore had to reload frequently; irregular
7 spacing between slides in a stack causing misfeeds;
8 slides with a sharpish V-shape that adversely affected
9 accepted and binding of multi-page products,
10 particularly those with thicker stock; rectangular
11 sharper ends on the slides which made them dangerous
12 to handle and contributed to binder feed problems;
13 slides stamped with steel sheet in such a way that the
14 grain of the steel was sometimes oriented
15 longitudinally with the slide and sometimes oriented
16 vertically which seemed to lead to longitudinal
17 bowing, particularly if the tin was thin or soft; and
18 lastly, before Stuebing modified its product design in
19 an effort to imitate the design of the Japanese
20 supplier that we located, plastic eyelets attached to
21 the slides were sometimes missing and sometimes curled
22 up or down so that they caught against adjacent slides
23 and caused misfeeds.

24 Later in 2003, Stuebing claimed to have
25 addressed the embedded slides problem by stamping
26 dimples into its slides in an effort to keep them from

1 sticking together. Norwood's subsequent experience
2 was that the slides it received did not always
3 consistently have the advertised dimples and that the
4 problem of embedded slides did not seem to have been
5 eliminated even when the dimples were present.

6 Norwood's complaints about these problems
7 and the production issues they caused routinely were
8 greeted by Stuebing with the response that such
9 problems never happen anywhere else.

10 I later confirmed that claim was untrue when
11 Norwood acquired McCleary-Cummings, a calendar
12 manufacturer in Washington, Iowa, and I discovered the
13 facility was experiencing the same problems as Sleepy
14 Eye with the Stuebing slides.

15 Stuebing asserted that the problems recited
16 by Norwood were not problems with Stuebing slides, but
17 due to what Stuebing claimed were unqualified
18 operators of the binding machines; poor binding
19 machine operator practices; improper loading of slides
20 in the binder magazines, for example, Stuebing
21 maintained the magazines should not be filled;
22 incorrect machine settings; and binding machines that
23 were worn and in need of replacement.

24 The problems with the variations in the
25 hardness and thickness of its slides and the
26 inconsistency of grain orientation Stuebing blamed on

1 its steel suppliers and asserted that nothing could be
2 done about them.

3 In the lingo of today's teenagers, Norwood
4 was told by Stuebing to deal. Under that impression
5 and assuming there was no alternative to Stuebing as a
6 supplier that is just what Norwood tried to do for
7 years.

8 In 2002, as the slide problems seemed to be
9 mounting and nothing was being done about them by
10 Stuebing, I began a search for a substitute binding
11 method and alternative metal slide suppliers in the
12 hope that the tinning department's production rates
13 could be improved if better performing slides could be
14 found.

15 I investigated alternatives at trade shows
16 and among the products of other calendar
17 manufacturers, looked for alternative suppliers abroad
18 and even tried to identify U.S. based companies that
19 might be persuaded to get into the metal calendar
20 slide business.

21 One of my inquiries was to a U.S.
22 distributor of foreign calendar binding machines who
23 identified Nishiyama Kinzoku Company in Japan as a
24 potential metal calendar slide supplier. I sent
25 Nishiyama a faxed inquiry on October 22, 2002.

26 I received a response on October 24 from

1 Ackamack's BSI Corporation, which identified itself as
2 the export sales agent for Nishiyama and reported that
3 it was sending us catalogs, calendar samples and metal
4 slide samples.

5 The literature subsequently received from
6 BSI noted that Nishiyama had been producing calendar
7 binding machines and metal calendar slides for many
8 years, since 1958. When I received the slide samples
9 from BSI it was at once apparent that they were
10 designed and manufactured very differently from the
11 Stuebing slides.

12 For one thing, the Nishiyama slides did not
13 have a plastic hanging eyelet, but an integral eyelet
14 stamped out of the metal slide. I also noticed that
15 the Nishiyama slides seemed to nest together more
16 precisely than the Stuebing slides and that they had
17 rounded ends which eliminated sharp edges.

18 The product immediately impressed me. I
19 followed up on November 2 with additional question.
20 BSI responded on November. In answer to a question I
21 had asked about Nishiyama's relationship if any with
22 Stuebing, BSI reported that Nishiyama had exported to
23 the United States in the 1980s including the sale of
24 some 30 to 40 Nishiyama binding machines to Stuebing
25 Automatic Machine Company.

26 It said that Nishiyama had essentially

1 stopped exporting to the United States early in the
2 1990s when Stuebing started manufacturing and selling
3 binding machines based on the Nishiyama machine, but
4 with a different slide/press system.

5 The Stuebing system is one that by the way
6 is much less effective than the cam-driven Nishiyama
7 system. The Stuebing built machines rely on weaker
8 air cylinder operation of the slide/press which is one
9 of the reasons why Stuebing insists on supplying
10 softer slides, although five out of our eight binding
11 machines in this period were original cam operated
12 Nishiyama built machines.

13 On November 8 and 11 there were further
14 exchanges of emails in which I asked for larger, 1,000
15 piece samples of certain standard sized slides from
16 our exhaustive production tests and raised questions
17 regarding the thickness and temper of the tin,
18 production schedules and delivery timeframes. The
19 samples were shipped in mid-January 2003 and were
20 tested by us in early February.

21 Our report of the test results contained the
22 following comments about the Nishiyama slides: very
23 little machine set-up time; can fill the binding
24 machine magazine to the top -- Stuebing had told us
25 that we could not do this, that by doing this it would
26 cause misfeeds with its slides; do not have to tap tin

1 to keep it feeding -- and this was without any of the
2 dimples in the slides; tin does not double drop;
3 eyelet is smooth and does not catch on the next piece;
4 no sharp edges; can run tin down to the last piece;
5 runs very well; less refilling of magazine needed; no
6 eyelet problems; and product runs good.

7 In this same period we also researched
8 slides produced by an Italian firm. Those had design
9 features similar to the Nishiyama slides and therefore
10 were superior to the Stuebing slides in that respect,
11 but otherwise did not compare favorably to the
12 Nishiyama slides in overall quality.

13 In early March, therefore, we placed a trial
14 order with BSI for some 50,000 Nishiyama slides in
15 order to validate the small sample tests. In the
16 course of these exchanges with BSI we had asked and
17 received answers to general questions regarding prices
18 and delivery costs.

19 It was not until the end of February,
20 however, that we requested and received price quotes
21 for specific slides. We were surprised to find that
22 even net of delivery and other costs the Nishiyama
23 slides would actually cost us less than the Stuebing
24 slides.

25 In other words, we had been paying premium
26 prices for a very inferior product. We had even been

1 paying a special price premium to Stuebing to receive
2 our slides in cardboard boxes. It was standard for
3 Nishiyama slides to be shipped in cardboard boxes.

4 As we began to run the Nishiyama slides in
5 longer production runs in our tinning department it
6 became clear that we were seeing a major improvement
7 in production rates and a disappearance of the jams
8 and interruptions regularly experienced with the
9 Stuebing slides.

10 This was especially noticeable and
11 significant because in the same February to March 2003
12 timeframe in which we had been conducting early trial
13 runs of Nishiyama slides Norwood had Cinergenics, a
14 systems analysis and design consultant, conduct an
15 analysis of production rates in among other areas the
16 tinning department and identify production targets.

17 Tally boards were set up in each production
18 cell showing the target rate and how each shift was
19 performing as measured against the target.

20 The production targets were set based on our
21 binding machines running with Stuebing slides assuming
22 optimal operation of the machines and no misfeeds or
23 other interruptions of the process other than routine
24 set-ups and changeovers when completing one job and
25 beginning another.

26 Our experience then, which has continued to

1 be our experience to the extent we have continued to
2 use Stuebing slides for special orders, is that over
3 time the tinning operations typically operated at
4 roughly 60 percent of optimal rates when Stuebing
5 slides are used.

6 When Nishiyama slides are used the tinning
7 operations typically run at an average of 100 percent
8 or more of optimal rates, often running at rates that
9 are as high as 125 percent of target. We have the
10 production records to document these statements.

11 In addition, using Nishiyama slides we do
12 not find it necessary to add a third person to the
13 binding crew to tap and free up embedded slides and to
14 handle the more frequent magazine loading necessitated
15 by slide based limitations on magazine filling as was
16 often the case when Stuebing slides were used.

17 Consequently, and based on the improved
18 production rate alone, use of the Nishiyama slides has
19 yielded large cost savings for Norwood.

20 The production rate based savings is so
21 great that it is inconceivable to us that we would
22 return to reliance on Stuebing as a metal slide supply
23 source assuming virtually any conceivable slide price
24 difference between the Nishiyama slides and the
25 Stuebing slides.

26 We will provide the Commission hard numbers

1 to back up that statement. To conclude my part of
2 Norwood's presentation, in 2003 Stuebing lost its sale
3 of standard-sized metal calendar slides at Norwood to
4 BSI not because of any price consideration, but
5 because BSI offered Nishiyama slides that are so
6 superior to Stuebing's product in design, materials
7 and quality and therefore in the calendar production
8 rates realized from their use that the Stuebing slides
9 were not competitive except in those relatively few
10 instances when Norwood needed a supply of slides
11 delivered in a short time.

12 Continuing problems and low production rates
13 with even those instances of Stuebing slide usage is
14 leading Norwood to move to an all standard calendar
15 line-up so that there will be no need for it to obtain
16 any part of its metal calendar slide supply from
17 Stuebing.

18 Thank you, and I would be happy to answer
19 any questions during the question period.

20 MR. THOMAS: Thank you, Kevin.

21 We will now turn to Shelley Shoen. Shelley
22 is a Buyer for Norwood. She will testify as to the
23 problems that Norwood encountered using the
24 Petitioner's product, the Petitioner's complete
25 failure to address Norwood's concerns, the production
26 improvements that Norwood experienced with Nishiyama's

1 product, Norwood's purchasing decisions and the
2 continuing problems with Petitioner's slides that
3 Norwood has experienced when circumstances have
4 required it to use them in recent years.

5 MS. SHOEN: Thank you, Ritchie.

6 Good morning. My name is Shelley Shoen and
7 I'm a Buyer for Norwood's Sleepy Eye, Minnesota,
8 calendar publishing operations. I joined Norwood on a
9 full-time basis in April 2001.

10 My duties at Norwood include arranging
11 purchases of materials for which Norwood makes its
12 calendars including the paper stock, film lamination,
13 prepress and press supplies, wrappers and certain
14 binding materials including the metal calendar slides
15 that are the subject of the Stuebing Automatic Machine
16 Company's petition as well as replacement parts and
17 other articles needed for manufacturing operations
18 carried out at the Sleepy Eye facility.

19 Since I joined Norwood, one of my
20 responsibilities has been working with Stuebing
21 including arranging the acquisition of metal calendar
22 slides from the company, forwarding complaints about
23 its products and dealing with supply and delivery
24 issues as they arise.

25 Throughout this period Norwood has
26 experienced problems with Stuebing's product and with

1 the company's service which finally resulted in our
2 locating an alternative supplier in Japan, BSI Corp.

3 We intend to purchase essentially all
4 Norwood slide requirements from BSI in the future
5 because of the great quality and productivity
6 advantages over the Stuebing slides exhibited by the
7 BSI supplied Nishiyama slides.

8 When I began acting as Buyer for metal
9 calendar slides in 2001 I found that Norwood was
10 experiencing a variety of quality problems with the
11 Stuebing slides used in their binding operations and
12 information about these problems was regularly being
13 communicated to Stuebing.

14 The problems seemed to get worse in 2002 and
15 at that time Stuebing began to use generally softer
16 metal in its slides. Its slides also seemed to have
17 great inconsistencies in their hardness and thickness.
18 This latter problem was subsequently acknowledged by
19 Stuebing in a letter dated July 22, 2003.

20 Alan Gavronsky, Stuebing's President,
21 advised us it would be necessary to follow certain
22 guidelines in ordering slides for Stuebing built
23 tinning machines "due to fluctuating thicknesses and
24 temper of available material from which Stuebing was
25 making its slides."

26 In response to Norwood's complaint in early

1 2002 Alan Gavronsky and Bill Pierman, Stuebing's
2 machine shop foreman, visited Sleepy Eye. During that
3 visit we discussed and demonstrated performance
4 problems Norwood was experiencing with Stuebing
5 slides.

6 We requested that Stuebing go back to using
7 a harder steel in its slides. Stuebing responded that
8 the softer material was needed to avoid binding
9 machine wear problems, although we had experienced no
10 unusual wear problems with the harder material.

11 At the same meeting we provided examples of
12 slides in which the bend was not correct and as an
13 example of the variability of Stuebing's product, some
14 slides that were extremely hard. We discussed
15 problems with embedded slides which Stuebing said it
16 could cure by a plan to put dimples in its slides.

17 The dimples actually showed up much later.
18 In a letter dated September 30, 2003, Stuebing stated
19 that having been "alerted to some problems with
20 stacking and scratching" of its slides the problem was
21 being addressed by the addition of a series of dimples
22 on the slides, an "innovation for which Stuebing was
23 seeking a patent."

24 In the 2002 period we also had a problem
25 with Stuebing's packaging of its slides. Several
26 years before they decided to change from 200 or so

1 pound wooden boxes of slides to smaller 40 to 50 pound
2 cardboard boxes.

3 Sometime around 2002 Stuebing changed back
4 to wooden boxes, although of a smaller size. Our
5 largely female staff in the tinning department had a
6 great deal of trouble handling the heavy wooden boxes.
7 We therefore insisted on having our tin packed in
8 cardboard boxes.

9 Stuebing ultimately agreed to ship slides to
10 Norwood in cardboard boxes, but demanded that we pay a
11 three percent surcharge for the privilege of receiving
12 it in this form of packaging. When the shipment of
13 the cardboard boxed products started arriving we found
14 that Stuebing was shipping the slides in topless
15 cardboard boxes stacked on each other.

16 As a result of the sloppy packaging we found
17 slides spilling out of the Stuebing packaging, damaged
18 slides and slides had become discolored in shipment.
19 Photographs of examples will be supplied with
20 Norwood's postconference submission.

21 On several occasions in 2002 I sent samples
22 with problem slides to Stuebing to demonstrate further
23 problems Norwood was experiencing with its slides.
24 Because Stuebing asserted that it frequently tested
25 its slides on its machines in Cincinnati I also sent
26 samples of Norwood's paper and calendars to be used in

1 that testing.

2 Packages of said samples were mailed to
3 Stuebing on April 24, 2002, May 8, 2002, August 9,
4 2002, September 27, 2002, and November 8, 2002.

5 Also, in June or July 2002 Norwood's
6 Washington, Iowa, calendar facility found that it
7 needed to switch to a slide that was seven-eighths
8 inches rather than a three-quarter inch in width for
9 its 12-sheet executive calendar hangers because of the
10 softness of the slides it was receiving from Stuebing.

11 At that time, Norwood was advised by Alan
12 Gavronsky that the softer material was the slide stack
13 Norwood would be receiving from then on and Norwood
14 simply had to make the necessary adjustments.

15 It was at the same time that I received the
16 previously mentioned letter from Mr. Gavronsky
17 advising us that we had to follow certain guidelines
18 in the slides we ordered due to the fluctuating temper
19 and thickness of the slides Stuebing was supplying.

20 In 2003, we continued to experience problems
21 with Stuebing slides that adversely affected our
22 production. We had complained frequently that we
23 needed slides of sufficient hardness to hold the bind
24 securely after the binding operation.

25 We needed slides that were a temper of four
26 to five with a thickness of .19 millimeters, that is

1 7.5 thousandths of an inch. We were not receiving
2 such material. With manufacturing in place and an
3 increased emphasis on production rates the problems
4 with Stuebing tin were simply not acceptable.

5 On June 5, 2003, and August 7, 2003, I sent
6 additional correspondence and samples of unacceptable
7 slides to Stuebing including the curly eyelets,
8 embedded slides and soft metal. No response was
9 received to the June 5 letter.

10 In the meantime, Kevin Haala had been
11 corresponding with a potential slide supplier in Japan
12 and testing small sample lots. In March 2003 we
13 received a good report from Norwood's Asia office in
14 Hong Kong about the supplier, BSI, and the Nishiyama
15 products it supplied.

16 By mid-year 2003 we had started serious
17 production type runs using Nishiyama manufactured
18 slides and were getting very good results. By late
19 2003 we had confirmed that the Nishiyama slides ran
20 extremely well in our binding machine and that their
21 use eliminated all our production problems that we had
22 experienced with Stuebing slides which Stuebing had
23 largely blamed on us.

24 By late August a decision was made to turn
25 to BSI for our supplies of standard slides. Paul
26 Smyth, at the time our Director of Supply Chain

1 Management and Purchasing, advised Alan Gavronsky of
2 the fact by letter. Early in September, Mr. Gavronsky
3 and Mr. Pierman visited Sleepy Eye and we again
4 demonstrated the problems we were having with the
5 Stuebing slides.

6 We told them that the replacement slides we
7 had located seemed to run much better and for one
8 thing we did not have plastic eyelets that had been
9 giving us so much trouble.

10 Stuebing subsequently sent us a letter dated
11 September 9, 2003, in which it returned to its
12 customer practice of denying that there were
13 substantial problems with its product and blaming
14 Norwood for the poor production rates we were
15 experiencing with their slides.

16 Stuebing blamed Norwood's complaints about
17 the softness of Stuebing's slides on Norwood's binding
18 machine operators supposedly having gotten used to a
19 material that was too heavy. It claimed Norwood had
20 failed to comply with Stuebing's instructions
21 regarding changes in the sizings of slides
22 necessitated by the variability in the hardness and
23 thickness of the steel Stuebing was using.

24 It alleged that wear in parts of Norwood's
25 machines and operator inefficiencies were responsible
26 for slide misfeeds, low production rates and other

1 problems recited by Norwood. Incredibly, Stuebing's
2 advice was to buy newly designed machines from it.

3 On December 8, 2003, Stuebing's owner, Mr.
4 Blumberg, joined Mr. Gavronsky and Mr. Pierman in a
5 visit to Norwood's Sleepy Eye plant. The group was
6 informed that the Japanese calendar slides were far
7 superior to theirs and were shown Nishiyama slides
8 running at high production rates without problem and
9 fully-stacked magazines.

10 They had relatively little to say. They did
11 claim that consumers would not like the integral
12 eyelets. During the December 8, 2003, visit, and a
13 subsequent visit in March 2004 and on several other
14 occasions since then we were repeatedly asked by
15 Stuebing for information about the pricing of Japanese
16 slides.

17 We generally tried to avoid responding or to
18 respond in terms of percentages. On occasion when
19 hard-pressed by Gavronsky I gave more detailed
20 information; however, that was never done in context
21 of asking for price concessions from Stuebing. Price
22 was not the issue, performance was.

23 In early 2004, I sent a request for
24 quotation for Norwood's 2004 slide purchases.
25 Although we were very satisfied with the slides being
26 purchased from BSI we sent the RFQ to BSI, Stuebing

1 and another U.S. company that we had determined was
2 interested in becoming a source of metal calendar
3 slides for Norwood.

4 We asked for bids for 20 percent, 50
5 percent, 80 percent and 100 percent of Norwood's
6 requirements. On March 4, 2004, Mr. Blumberg, Mr.
7 Gavronsky and Mr. Pierman made another visit to Sleepy
8 Eye. During that visit they brought out Stuebing's
9 version of what they called Japanese-type slides.

10 They ran a few samples on a Norwood machine
11 which remarkably demonstrated no immediate problems;
12 however, Stuebing's slides remained significantly more
13 roughly made than the Nishiyama slides. No apparent
14 effort had been made to address the metal softness and
15 variability problems or the multiple other problems
16 that appeared to be responsible for the embedding and
17 other feeding problems exhibited by Stuebing's slides.

18 On March 11, 2004, Stuebing submitted a bid
19 for Norwood's 2004 orders. Stuebing's proposal was
20 complicated. It involved the offer to place three new
21 Stuebing machines at Norwood's plant at "no cost" to
22 Norwood, and Stuebing offered a fixed price only for
23 quantities above 50 percent of Norwood's total slide
24 business.

25 Moreover, Stuebing's claim to have cut
26 prices substantially showed it had not gotten to the

1 point. What Stuebing needed to do, but did not was
2 come up with a product that was as good as the
3 Nishiyama slides and gave us the high production
4 rates.

5 In his March 11, 2004, letter Mr. Blumberg
6 effectively acknowledged the advantages of the
7 Nishiyama slides by referring to "the runability of
8 productivity advantages of the Japanese specification
9 slides."

10 He claimed that Stuebing had under
11 development a new slide, which together with retrofits
12 to its machines would reproduce the runability of the
13 Japanese slides, together with what he asserted are
14 "the product advantages to the end user of the plastic
15 eyelet.

16 We do not believe there are any such
17 advantages to a plastic eyelet. Norwood considered
18 Stuebing's machine offer, but for a variety of reasons
19 determined not to accept it. We determined to
20 continue with BSI as our primary slide source and to
21 use Stuebing slides only when delivery constraints
22 made it possible.

23 Subsequently, pressed by Mr. Gavronsky we
24 said that he could provide a more responsive quotation
25 without the free machines and that covered a full
26 range of options we had requested. However, because

1 of the performance problems we experienced with
2 Stuebing slides we never gave his subsequent offer
3 serious consideration, except for purposes of sourcing
4 emergency supplies.

5 In the period since, Norwood has purchased
6 Stuebing slides only when necessary to fill orders for
7 calendars on an expedited schedule. From time to time
8 we will have runs in which the Stuebing slides perform
9 satisfactorily and meet target production rates;
10 however, in general we continue to experience the same
11 old problems with Stuebing slides.

12 Average production rates using Stuebing
13 slides continue to be well below those we experience
14 with the Nishiyama slides. As recently as a few weeks
15 ago we had to purchase 50,000 slides from Stuebing
16 because ocean shipment delays interrupted our supply
17 from Japan.

18 Our experience with those slides
19 demonstrated that the Stuebing slides continue to
20 cause production rate decreases. With the most
21 recently obtained Stuebing slides we ran roughly 60
22 percent of target rate. We are now running at
23 approximately 110 percent of target rate using
24 Nishiyama slides.

25 We will provide the Commission staff records
26 to document this. We did not request a quote from

1 Stuebing or anyone else for our 2005 slide
2 requirements. We simply negotiated with BSI.

3 We intend to do away with nonstandard sizes,
4 so that we can source all slide requirements from
5 inventory on hand, and we will not have to source any
6 slides from Stuebing and experience the associated
7 production rate penalties.

8 In summary, the reason we turned to
9 Nishiyama slides in 2003 and have continued to
10 purchase them since in preference to the Stuebing
11 slide is that the Nishiyama product is just far much
12 better. Its performance advantages make it superior
13 to Stuebing slides that Stuebing's product is simply
14 not even remotely equivalent.

15 We would not seriously consider returning to
16 Stuebing for any circumstance I can imagine. If we
17 ever considered such a return I don't think that I
18 could face the staff in the tinning department, which
19 as a result of years of unhappy experience with
20 Stuebing slides has come to detest both Stuebing and
21 its product.

22 Thank you for your attention. I'll be happy
23 to answer any questions.

24 MR. THOMAS: Thank you, Shelley.

25 That concludes Norwood's presentation and
26 I'll turn it over to Nishiyama.

1 MR. VANDER SCHAAF: Hello. My name is Lyle
2 Vander Schaaf from the law firm White & Case and I'm
3 here with my colleagues, Corey Norton and Dan Murphy.
4 We're here on behalf of Nishiyama Kinzoku Company,
5 Ltd. in Japan and BSI corporation.

6 With us today is Shigeo Nishiyama, who is
7 the Engineering Manager for Nishiyama in Japan, and
8 Masao Akamatsu. He is the Managing Director of BSI
9 Corporation. BSI Corporation is an import and export
10 company in Japan that handles imports and exports for
11 companies in Japan.

12 They are the export sales agent for
13 Nishiyama in Japan. I want to make two points about
14 that. I doubt that Mr. Akamatsu is going to make a
15 whole lot of money off of Nishiyama as its export
16 sales agent. They have two export customers as Mr.
17 Akamatsu will testify.

18 One is a company in Hong Kong that produces
19 calendars. It produces calendars on account for a
20 Japanese calendar manufacturer who is a customer of
21 Nishiyama in Japan. Nishiyama sells slides through
22 this Japanese calendar manufacturer and at their
23 request they also supply slides to the Hong Kong
24 operation that then sells the calendars to this
25 Japanese customer.

26 The only other customer that Nishiyama has

1 anywhere in the world other than Japan is Norwood and
2 you heard their testimony this morning. Mr. Akamatsu
3 speaks English, so he will be presenting the testimony
4 on behalf of both himself and Mr. Nishiyama.

5 If there are any engineering or technical
6 questions he will probably have to translate some of
7 that to Mr. Nishiyama if he can't answer the question
8 himself, but in any event we'll do our best to get you
9 answers to your questions if they involve technical
10 issues.

11 I want to make a comment about his
12 testimony. We circulated a copy of his testimony and
13 provided it for the other side. There are five
14 diagrams in the back of the testimony that Mr.
15 Nishiyama will be referring to throughout his
16 presentation.

17 He will generally address Nishiyama's
18 product, Nishiyama's operations and thread-based
19 considerations. So on behalf of both he and Mr.
20 Nishiyama, I'm going to turn it over to Mr. Akamatsu.

21 MR. AKAMATSU: Good morning. My name is
22 Masao Akamatsu and I am Managing Director of BSI
23 Corporation. Thank you for giving us the opportunity
24 to present our testimony. Nishiyama has never looked
25 for any customer in the United States.

26 However, all the U.S. customers, Norwood

1 chose to buy straight from us because it had problem
2 with its supplier. Norwood has told us that
3 Stuebing's slides caused production problems and
4 Nishiyama's product didn't. Nishiyama's slides helped
5 Norwood fix its problem because of ways our slides our
6 different.

7 I'm very familiar with the technical data
8 and production process of Nishiyama's slides. I'm so
9 very familiar with the differences between Nishiyama's
10 slides and Stuebing's slides. Nishiyama's slides are
11 very different from Stuebing's slides in several
12 technical ways.

13 First, Nishiyama uses different raw
14 materials to produce its slides. Nishiyama purchases
15 its steel in coil. Unlike Stuebing, Nishiyama's steel
16 slides has consistent strengths and are thicker than
17 Stuebing's slides. The steel Nishiyama uses bind the
18 calendar paper consistently.

19 In contrary, we have known the steel slides
20 do not always hold the paper customer want to bind.
21 The strong slide also stretches the calendar and keeps
22 the calendar flat. Due to the strength of the slide
23 the post needed on the bind and the seam does not
24 vary.

25 All the steel Nishiyama uses leads to
26 efficient calendar binding. Second, Nishiyama's

1 production process is different. All of the calendar
2 slides have a rough edge and a smooth edge. Nishiyama
3 cuts its slide smooth so that the rough edge of the
4 slides face to inside of the calendar.

5 The smooth edge faces the other side, the
6 outside of the calendar. See Diagram 1. In contrast,
7 the rough edge on Stuebing's slide faces outward.
8 This leads to large production losses for customers
9 because of outer rough edge, scratches other slides
10 and calendar won't stretch.

11 Nishiyama's process includes on its stress
12 test to smooth the rough right edge. See Diagram 2.
13 Nishiyama's machines can also bind Stuebing's or
14 Nishiyama's slides. Stuebing's machine only bind
15 Stuebing's slides. Third, the result of Nishiyama's
16 slides are loads. Customers to buy turning them more
17 effective results to these slides.

18 Nishiyama's slides are bent into a *U*-shape.
19 Stuebing's slides are bent into a *V*-shape. The degree
20 of the *U*-shape ensures that the slides pack in their
21 machine with a uniform difference between each slide.
22 This uniform difference in the machine is extremely
23 important if the difference between each slide is not
24 uniform.

25 The matter of right way is now smoothly.
26 The slides will jump up and cause production drags.

1 Someone must take time to reset and reroute the mount
2 of the calendar slides. See Diagram 3. Nishiyama's
3 runs from corner to corner in the slide and helps
4 prevent the jump. See Diagram 4.

5 The round corner also do not scratch the
6 calendar paper and Stuebing's pointed edge do.
7 However, additional advantage of Nishiyama's slide is
8 that the calendar bind worker don't hurt themselves as
9 much on the sharp fried edge.

10 Nishiyama's use a different type of hangar
11 in its slides than Stuebing. Metal for on the slide
12 are made in two parts: the body of the slide and the
13 hangar. Stuebing has attached a plastic eyelet hangar
14 to the metal body of its slide with rivet.

15 On the other hand, Nishiyama attempts a
16 metal hangar eyelet directly into the body of its
17 slide at sometime as it turns the rounded edge. The
18 difference between slides with a plastic eyelet and
19 those with metal eyelet is so great that a price
20 comparison between the two cannot be made.

21 For example, plastic eyelet requires the
22 extra cost and production test of step of testing the
23 plastic eyelet. Nishiyama's production process does
24 not require this test. The rivets needed for plastic
25 eyelet also called tacking problem. Nishiyama's
26 slides are processed as sample is through the bind

1 machine.

2 Nishiyama's machines are powered by
3 motorized press gears. Stuebing machines use weaker
4 air pressure system for binding. Due to the
5 differences, Nishiyama's machines bound more slides
6 than Stuebing's in an hour.

7 Nishiyama's machines bind both Stuebing's
8 and Nishiyama's slides. Nishiyama's slides don't work
9 in Stuebing's machine because of the difference in
10 angle of the bent part of the slides. Nishiyama's
11 machines provide higher power to consistently bend the
12 slide to the calendar paper.

13 This high power promptly bends the entire
14 slide while Stuebing's machine does not consistently
15 bend the end of the slide completely. The high power
16 automatic, it's possible to hold the many pieces of
17 paper firmly in one slide. See Diagram 5.

18 Nishiyama's progress in the United States is
19 limited to our single customer, Norwood Promotional
20 Products. Due to our relationship with Norwood we do
21 not intend to sell metal calendar slides to other
22 customers in the United States.

23 We didn't seek out Norwood or any other
24 customer in the United States, instead Norwood came to
25 us. Under our business philosophy we would not want
26 to sell slides to a known competitor because it would

1 harm our valued relationship with Norwood.

2 In fact, Nishiyama has been approached by
3 other U.S. calendar binding companies to supply them
4 with metal calendar slides. We chose to not supply
5 them because we don't want to disrupt no business.
6 Nishiyama's production capital has remained unchanged
7 since 2002.

8 Our capital is high and we have no funds to
9 increase metal calendar slide production capital.
10 Demand for metal calendar slides remains strong in
11 Japan. Other than calendar slides, Nishiyama's
12 revenue comes from production and sale of stacking
13 machines, path riding machine and the like products
14 like bird cages.

15 These products are higher value goods than
16 calendar slides. The production processes and
17 equipment used for these products are completely
18 different from those used to produce calendar slides.
19 They cannot possibly be used in the production of
20 slides.

21 Nishiyama has no plans to increase its
22 expose to either the United States or to any other
23 country. In 2003, we started exporting our metal
24 calendar slide to the United States market. If you
25 compare our 2004 exports to those discarded in 2005
26 you see that we do not plan to increase our exports.

1 Our only other export customer is a company
2 in Hong Kong. However, Nishiyama customer in Hong
3 Kong ships the final calendar back to our Japanese
4 domestic customer. The Japanese customer requires the
5 binder in Hong Kong to use Nishiyama's slides because
6 it likes their appearance of the slides.

7 Nishiyama's all export customers are
8 therefore Norwood and this Hong Kong customer who
9 sells to a domestic Japanese customer. We are not
10 aware of any other Japanese producer of metal calendar
11 slides that exports to other countries.

12 Nishiyama has no inventory for the products
13 we sell to Norwood. Nishiyama has no problem to
14 change its inventory levels in the foreseeable future.
15 All Nishiyama inventory is in metric size. Norwood,
16 that's not all the metric sizes. Norwood is the only
17 customer for whom we produced size measured in inches.

18 All of our production for Norwood is made to
19 order and not sold from inventory. None of our
20 inventory can be sold in the United States. Thank
21 you.

22 MR. VANDER SCHAAF: That's all from the
23 Japanese representatives here today, so I think, Mr.
24 Thomas, that concludes all that we will be presenting
25 and I'll just hand it back to you.

26 MR. THOMAS: Thank you very much. Yes.

1 That concludes our presentation. We have brought with
2 us a number of samples which are over here on the
3 table, and we can discuss those samples with the staff
4 at any time.

5 What we have are samples of stacks of the
6 Stuebing eyelet slides. You can look at those and see
7 how the eyelets affect the stacking of the slides, you
8 can also look at the edges of the slides and see how
9 irregular the spacing is and how narrow the gap is.

10 We have several examples of so-called curled
11 eyelets, we have a recent example of slides purchased
12 from Stuebing of the so-called "Japanese type" where
13 you will see that the metal is so soft it can be
14 squeezed with your fingers. You will also see that
15 the general quality of the slide is obviously of a
16 lower grade, and indeed, if you run your fingers over
17 it you'll see that it's rough.

18 By the way, be extremely careful with the
19 Stuebing slides. They are very sharp and very
20 dangerous. We also have an example of the Nishiyama
21 slides and the difference is readily apparent. We
22 don't need to talk about it, but we'll be happy to do
23 so. Thank you.

24 MR. VANDER SCHAAF: I think all of the
25 Nishiyama slides have the rounded edge. Does that
26 mean everything else is a Stuebing slide?

1 MR. THOMAS: That would be correct. Yes.

2 MR. VANDER SCHAAF: Okay. For
3 identification purposes.

4 MR. CARPENTER: Thank you for bringing those
5 samples, Mr. Thomas.

6 For the record, we will accept the five
7 diagrams that are appended in Mr. Akamatsu's testimony
8 as an exhibit and those will be attached to the
9 transcript.

10 Again, we'll begin the questions with Ms.
11 Lo.

12 MS. LO: Hi. Joanna Lo, Office of
13 Investigations. My first question is to Ms. Shelley
14 Shoen. You mentioned that in early 2004 you asked for
15 price quotes from three companies: BSI, Stuebing and
16 another U.S. company.

17 We heard testimony previously that no other
18 U.S. company produced metal calendar slides, so is
19 this a company that's interested in starting to
20 produce or one that already produced these?

21 MS. SHOEN: It is not a company that
22 produces them at this current time, but they had come
23 and looked at our operation and looked at the volumes
24 and were interested in pursuing the production of the
25 slides.

26 MS. LO: Can you disclose the status of this

1 company's interest at this point?

2 MS. SHOEN: It hasn't been further
3 investigated by Norwood at this time being we have
4 slides from BSI.

5 MS. LO: I have another question that Ms.
6 Shoen, or Mr. Haala and Mr. Akamatsu may be able to
7 answer. It's in regard to supply. You had testified
8 that you don't plan on using Stuebing as a supplier
9 even for short-term supplies of metal calendar slides,
10 that you will carry an inventory from now on I
11 believe.

12 You had said that you will purchase all from
13 BSI in the future. I was wondering because Mr.
14 Akamatsu had testified that they're at almost full
15 capacity and they don't plan on increased capacity how
16 you guys plan to meet without any kind of other
17 suppliers?

18 MS. SHOEN: We have done some part number
19 consolidation and simplified some things through our
20 production process that really eliminates variations
21 in sizes. For example, through our processes before
22 our custom slides could vary from like 17 inches up to
23 17 1/4, 17 1/2, 17 3/4 and then 18 inches.

24 We have made changes where we have
25 eliminated the custom sizes of 17 1/4, 17 1/2 and 17
26 3/4 and tried to drive those custom jobs to specific

1 sizes.

2 MS. LO: Thank you.

3 MR. VANDER SCHAAF: Can I just clarify as
4 well, Ms. Lo? We did not mean to imply we're at 100
5 percent capacity utilization levels. Our capacity
6 utilization levels are high, I don't think I want to
7 give the exact number publicly, but we're not at 100
8 percent. So there is room for slight variations, but
9 not much.

10 MS. LO: I also have a question just for Mr.
11 Akamatsu. I had asked the Petitioner regarding the
12 tinning machines that combined the paper to the metal
13 calendar slide and they had responded that it's
14 interchangeable whether the slides are Stuebing's or
15 the ones from Nishiyama.

16 Mr. Akamatsu had said that they're not. Is
17 that correct?

18 MR. AKAMATSU: You mean our slide?

19 MS. LO: Right. I believe you say that --

20 MR. VANDER SCHAAF: The question is whether
21 the binding machines for Stuebing and Nishiyama can
22 both use both companies' slides?

23 MR. AKAMATSU: Yes. I think so, you know.
24 With the machines they can produce with Stuebing's
25 slides and also our Nishiyama slides, but I'm aware of
26 other Stuebing machines. I never saw their factory.

1 I can't say.

2 MR. VANDER SCHAAF: Can I clarify? I think
3 the confusion is because the question was the machines
4 that Stuebing supplies Norwood -- Stuebing produces
5 binding machines and it purchases binding machines
6 from Nishiyama and resells them.

7 Norwood has purchased from Stuebing,
8 Stuebing manufactured binding machines and Nishiyama
9 manufactured binding machines. I think Mr. Haala can
10 clarify which ones that they buy can run both because
11 I think the misunderstanding was that Stuebing
12 supplies a Nishiyama machine that runs both, but they
13 don't manufacture a machine that runs both.

14 MR. HAALA: Thank you, Lyle.

15 For clarification purposes, the original
16 machines that we purchased from Stuebing and some from
17 Nishiyama in the earlier years, in the 1980s and into
18 the 1990s, that is correct, they are capable of
19 running the Japan and/or the Stuebing tin.

20 The recent machines that we purchased from
21 Stuebing which are their version which I indicated in
22 my testimony that are the air cylinder driven
23 machines, those are not capable of running Japanese
24 tin, only the Stuebing tin. That again is because of
25 the tinsel strings or the hardness of the tin.

26 MR. THOMAS: It's Ritchie Thomas.

1 Kevin, I think you mention that you had
2 replaced those Stuebing machines.

3 MR. HAALA: That is correct. Ms. Shoen
4 indicated in her testimony that Stuebing had made us
5 an offer for equipment early in 2004. We considered
6 that alternative and we have since replaced their air
7 driven machines that we had purchased earlier from
8 them with cam driven machines from Japan.

9 MR. VANDER SCHAAF: I just realized I made
10 an assumption that I don't know is necessarily correct
11 and I don't have firsthand knowledge of it and that is
12 I said that Stuebing sells machines from Nishiyama and
13 manufactures others. I'm assuming they manufacture
14 the other machines, but I don't know firsthand.

15 MR. HAALA: Stuebing does.

16 MR. THOMAS: I think Stuebing testified that
17 they assembled some.

18 MS. LO: I just was trying to see if the
19 metal calendar slides can be used regardless of its
20 origin on any machines that are available.

21 MR. THOMAS: Ms. Lo, this is Ritchie Thomas.
22 Has that now been clarified or not?

23 MS. LO: Yes. Yes, it is. That's the
24 source of my question. Thank you. Another question
25 is to like product. Are you guys going to address the
26 like product descriptions in your postconference brief

1 or do you agree with the Petitioner's like product
2 descriptions in terms of interchangeability of the
3 calendar slides?

4 MR. THOMAS: Ms. Lo, for the purpose of this
5 proceeding it is Norwood's position that we are
6 prepared to accept Petitioner's designation of its
7 slides as the like product.

8 *Like* only in that it is the most comparable
9 product in the United States to the imported metal
10 calendar slides, although Norwood's experience is that
11 it in fact is not very comparable at all, therefore,
12 their definition of themselves is constituting the
13 domestic industry.

14 However, we would note that if anyone looks
15 at the catalogs of Norwood or Norwood's competitors it
16 will be immediately apparent that a metal slide
17 binding is not the only calendar binding method that
18 is used or offered in fact by Norwood.

19 Now, it seems to be the case that one does
20 not find paper slides or plastic slides significantly
21 used in the United States for calendar binding;
22 however, there are other calendar binding mechanisms
23 which indeed are used in the same size calendars.

24 For example, as I think has been mentioned,
25 metal spiral binding is one fairly common method, one
26 that I understand is particularly widely used in

1 Europe, but also used in the United States. Plastic
2 spiral binding is also regularly used and you'll see
3 many calendars with that kind of binding.

4 As I say, for the purpose of this proceeding
5 we are prepared to address Petitioner's case on the
6 ground that is most favorable to them and that is
7 their definition of like product in industry.

8 MS. LO: Thank you. That's all my
9 questions.

10 MR. CARPENTER: Mr. Goldfine?

11 MR. GOLDFINE: Following up on like product,
12 I assume then that Nishiyama would take the same
13 position on like products, calendar slides?

14 MR. VANDER SCHAAF: Well, you know as well
15 as I do, Mr. Goldfine, that any questions that are
16 unresolved in a prelim go to a final. We think it's
17 completely inappropriate that this investigation go
18 beyond a prelim.

19 I don't want to comment on whether certain
20 information should have been put in the petition
21 because it's so basic and simple that it's always
22 addressed in every investigation, but we have not been
23 able to find other producers of, for example, paper or
24 plastic slides.

25 There are competition, and causation and
26 substitutability issues. Big issues related to some

1 of the other products that can be used for calendars.
2 It is unclear to us whether or not those are
3 manufactured in the United States, but some of these
4 other alternatives were not even mentioned in the
5 petition.

6 With that being said, at this point we
7 haven't been able to find other domestic producers of
8 those products.

9 There are certainly other products on the
10 market that are fully interchangeable and
11 substitutable that cut into the market share and the
12 aggregate demand in the United States for the subject
13 merchandise, but we haven't been able to locate
14 manufacturers, so we're not prepared to take a
15 position in the prelim that's inconsistent with the
16 Petitioner's.

17 MR. GOLDFINE: So you're not offering up a
18 different like product definition?

19 MR. VANDER SCHAAF: That's correct.

20 MR. GOLDFINE: Okay. Or domestic industry?

21 MR. VANDER SCHAAF: That's correct. I'm not
22 sure what the domestic industry is right now having
23 heard this morning that they shifted their machines to
24 Mexico; however, and I have to say we will stress that
25 it is the domestic U.S. production operations that are
26 presently operating in the United States that matter.

1 The question to the Commission is present
2 material injury, it is not past injury or past
3 operations. Also, the question of threat will be
4 addressed in the context of what their present
5 production operations are in the United States.

6 MR. GOLDFINE: How long has Norwood customer
7 of Stuebing? When did that relationship start?

8 MS. BURNS: Norwood only acquired, through
9 two major acquisitions in 1999, its calendar
10 operations from the predecessor company, which was
11 known as Advertising Unlimited. I'm not sure the
12 length of the relationship that Stuebing had with
13 either McClery Cumming, who was the other acquisition,
14 or Advertising Unlimited, prior to the present day of
15 Norwood owning them.

16 I don't dispute that they said it was long-
17 standing. I will say that since 1999 actually, and
18 particularly in 2002, management changed very
19 significantly at Norwood. A lot of that history has
20 been lost.

21 MR. THOMAS: This is Ritchie Thomas. We can
22 search for that information, as Ms. Burns indicates.
23 We don't dispute that. As to predecessor companies,
24 Stuebing has long been used as a supplier for metal
25 calendar slides by those calendar operations.

26 Ms. Burns made another point with me during

1 the break that I think is of interest, and that is
2 that after Norwood acquired these companies, it was
3 only subsequent to that that they ever put in writing
4 somebody who has addressed the supply chain questions.
5 This is something that apparently the predecessor
6 companies had not paid significant attention to
7 before.

8 And as the testimony before you today has
9 indicated, it was not until 2003 that they actually
10 got someone to study their production rates and
11 production rate problems in the tinning section, thank
12 you.

13 MS. BURNS: Yes, I would elaborate that
14 obviously Norwood, like many other companies, is a
15 roll-out company that grew by acquisition. From those
16 growth issues is a company that is now made up of what
17 used to be 12 stand-alone companies. It takes some
18 time to look at those issues, such as supply chain
19 savings in all aspects, from your supply of paper to
20 any kind of operating efficiencies you can achieve.

21 One of those, as Kevin mentioned, was the
22 consolidation of the calendar facilities that used to
23 be in Washington, Iowa into the Sleepy Eye facility,
24 because we were under-utilized in Washington, Iowa.

25 MR. GOLDFINE: When was the alleged problems
26 with the Stuebing slides first noticed or encountered?

1 MR. HAALA: This is Kevin Haala. I would
2 have to say that they have been ongoing. I made note
3 in my testimony that I was in the Tinning Department
4 in 1987 to 1991. I do not have the documentation to
5 support production records from that time period, but
6 I do know of the issues. As Kathleen mentioned, we
7 did not have a person in position at that time that
8 was directly working with the suppliers and trying to
9 address --

10 MR. GOLDFINE: I guess I'm talking about,
11 since 1999.

12 MR. HAALA: Oh, since 1999, I'm sorry -- I
13 think it's ongoing. I would have to say it's been
14 since day one.

15 MR. THOMAS: This is Ritchie Thomas. Yes,
16 what we've seen would indicate that it was constant
17 throughout this period. But what we have seen also
18 indicates that it appears that in 2002, Stuebing
19 experienced some change in its raw material supply
20 situation.

21 I think we have one piece of correspondence
22 which indicates that they are going to -- in fact, I
23 know we do -- they are going to be having a
24 substantially more variable metal supply.

25 Because if they were to do otherwise and
26 have specific, more limited specifications, they would

1 be quoted "the mercy of" their suppliers; meaning, I
2 suppose, that they'd have to pay more for a high
3 quality steel supply, so they would take whatever the
4 steel suppliers gave them, and essentially told their
5 customers that, you guys just had to do whatever you
6 had to do to be able to use this stuff. So as I say,
7 I think there was some degradation around the 2002
8 period, maybe 2001.

9 MR. GOLDFINE: The problems got worse?

10 MR. HAALA: That is correct. It worsened
11 after 2002.

12 MR. GOLDFINE: Okay, I think you identified
13 roughly, and I tried to write them down, about eight
14 problems. Is there any written documentation of any
15 of those, the ones that you identified? Because that
16 would be helpful for us to have.

17 MR. HAALA: Yes, they will be in the written
18 submission.

19 MR. THOMAS: Yes, we have written
20 documentation. We have written documentation that
21 those problems continued. I'm holding here a report,
22 a production sheet from the Tinning Department of
23 three of them, dated July of this year. As you know,
24 we testified that they continued to use some Stuebing
25 material.

26 MR. GOLDFINE: Yes, I guess I'm talking

1 about, what's the earliest written documentation you
2 have? How far does it go back?

3 MR. THOMAS: Not as far as we would like --
4 because unfortunately, they did not keep their records
5 for more than a few years. But we will give you some
6 samples of what we have.

7 MR. GOLDFINE: Okay, of the ones you
8 identify, were there certain problems that were more
9 common than others; or could you just tick off the
10 most typical problems?

11 MR. HAALA: Our typical problems were the
12 tin not following the need for an additional staff,
13 which obviously increased the labor costs, reduced the
14 production rate, and then the overall quality of the
15 tin itself.

16 MR. GOLDFINE: I guess, for Ms. Shoen, the
17 Petitioners put into the record this e-mail from you
18 to Pam Stamp, dated May 6, 2004. Do you have a copy
19 of that e-mail?

20 MS. SHOEN: Yes, I do.

21 MR. GOLDFINE: All of the problems that you
22 and Mr. Haala have identified, why weren't any of
23 those mentioned in that e-mail?

24 MS. SHOEN: The product varied from box to
25 box, to day to day. It seemed that one day we could
26 have runability that was, you know, somewhat

1 acceptable. The next day we experienced lots of
2 problems with production rates that were really low.

3 MR. GOLDFINE: So the sentence there that
4 says, "The runability is the same as the Japanese
5 product and is acceptable," were you talking about the
6 runability on May 6th, 2004?

7 MS. SHOEN: Correct.

8 MR. GOLDFINE: Just for that day?

9 MS. SHOEN: Yes.

10 MR. HAALA: Mr. Goldfine, this is Kevin
11 Haala. I'd just like to add to that, and to clarify
12 that I would agree it was not when things went bad.
13 It was all bad from that time forward. There were
14 periods when things did get better, and then they'd
15 worsen. So overall, it was the inconsistency in
16 product.

17 I would also like to point out, in that very
18 same e-mail, the second paragraph that does identify
19 some problems that we were having.

20 MR. THOMAS: This is Ritchie Thomas, again.

21 MR. GOLDFINE: One other thing I just wanted
22 to follow-up on, in the other two sentences there, I
23 guess the answer is going to be same. But just to get
24 it on the record, "They noted to me that the weight of
25 the boxes is acceptable. The Japanese boxes were
26 heavier. They also commented that after the

1 calendars, tinned Stuebing versus Japanese tinned
2 Norwood calendars stacked better."

3 Again, are those comments referring to a run
4 on that day, or just a set of runs on that day?

5 MS. SHOEN: Yes, and if you notice the
6 subject line, it says 17 inch slides. That doesn't
7 mean that it was all the slides that we were getting.
8 So I was specifically talking about one size of slide.

9 MR. GOLDFINE: I guess I also have one other
10 question, just as I understand it. Before you sent
11 this e-mail to Stuebing, why didn't you wait to
12 perform more runs before indicating you were
13 satisfied, rather than just sending off an e-mail the
14 day of the actual run?

15 MS. SHOEN: Because I recall there was a
16 phone call, asking me to send an e-mail. So I went
17 out on the production floor and specifically watched
18 the 17 inch slides, and then came back and gave this
19 report.

20 MR. GOLDFINE: Do you want to add anything?

21 MR. THOMAS: I was just going to suggest
22 that it is useful to read the entire e-mail, and look
23 at the second paragraph which is not such a glowing
24 report. Again, it was a specific run. This run, you
25 know, it's running all right, but we're getting
26 product that we think is going mark-up the calendars

1 or what have you.

2 MR. GOLDFINE: Okay, I understand now where
3 you're coming from. The e-mail doesn't mention that
4 it's a specific run. So that's why I was asking about
5 that.

6 MS. SHOEN: Excuse me, it does refer to only
7 17 inch slides.

8 MR. GOLDFINE: That's right.

9 MS. SHOEN: Okay, thank you.

10 MR. GOLDFINE: I think it was Mr. Haala, you
11 identified this. How many differences are there --
12 let me ask you that way -- between the Stuebing
13 product and the Japanese slides? Are there
14 differences, four differences, ten differences?

15 MR. HAALA: You're talking the differences
16 in the material itself, or the variability?

17 MR. GOLDFINE: Is there any difference in
18 the raw material?

19 MR. HAALA: Raw material -- it is difference
20 in material itself, product fitness, difference in the
21 eyelet obviously, the plastic eyelet versus the eyelet
22 that is stamped right out of the metal itself, which
23 you would see in the samples, the rounded edges versus
24 the square edges.

25 As Mr. Akamatsu testified, the fact that the
26 tin is cut in a different manner and does not have the

1 sharp edge; the fact that the product nests together
2 better and does not have what Stuebing referred to and
3 added as, excuse the term, a bandaid, to rectify the
4 problem, so that the product would nest together so
5 tightly and be locked and then not fall properly in
6 the binding machine magazine; paint and quality that
7 allowed, again, the sticking issue, and/or product
8 quality where it was rubbing off as mentioned in the
9 previous e-mail we just discussed. The product was
10 rubbing off onto other products, as they were stacked
11 other or the operators' hands and then getting onto
12 products.

13 There was the design of the bend itself, the
14 U-shape versus the V-shape, which allowed the sheets,
15 especially when you get into the thicker product of
16 the multi-sheet product, it allows the product to go
17 into the slide much further and be locked into
18 position, versus the V-slide.

19 MR. GOLDFINE: Are there any other things?

20 MR. HAALA: As I mentioned earlier, it was
21 the temper of the tin, the hardness. Again, as you
22 see on the samples, you can squeeze out better.
23 Again, with the design of equipment and Stuebing's
24 cam-driven machines, it allows that tin in the metal
25 slide to be formed around the calendar and locked into
26 position, and hold its form as the customer is tearing

1 off the sheets or hanging it on the wall.

2 MR. GOLDFINE: Okay, that's everything?

3 MR. HAALA: I think so.

4 MR. GOLDFINE: With all the problems you've
5 identified, how was it that you were able to use and
6 sell Stuebing's product, prior to Nishiyama entering?

7 MR. HAALA: I don't believe it was as much a
8 sell question, as much as it was productivity on our
9 side; that it cost us more in our operation to produce
10 the product. It was much more frustrating. The
11 labor, the productivity rates were affected.

12 From the selling standpoint, yes. I don't
13 have the documentation for this, but there were some
14 quality issues as to customer returns from sharpness
15 of metal, from the plastic eyelets not being attached
16 or not attached properly.

17 MR. GOLDFINE: Is it fair to say you were
18 satisfied enough with Stuebing to buy from them?

19 MR. HAALA: Until finding an alternate
20 supplier, yes. As noted in my testimony, we learned
21 to deal because we thought they were the only supplier
22 out there.

23 MR. GOLDFINE: I think there was some
24 testimony in late 2003 that Norwood concluded that the
25 Nishiyama slides ran well and eliminated all the
26 production problems that Stuebing slides had. When

1 was the decision made to purchase from Nishiyama?

2 MR. HAALA: Shelley might know this.

3 MR. GOLDFINE: And who made that decision?

4 MR. HAALA: It was a decision by management
5 staff, along with purchasing, at Norwood. I gave some
6 brief detail of the steps that were taken to lead to
7 that decision. Again, we initially obtained samples.
8 We had various interaction with Nishiyama via e-mail,
9 fax, et cetera. After testing various samples on
10 select products and gradually increasing the
11 production runs to ensure ourselves that yes, they
12 weren't just sending us a few good samples, this held
13 consistency very much so; unlike the Stuebing.

14 Again, if I could reflect back to that,
15 Stuebing would send us some good shipments, too. But
16 then the next day or next shipment, it might be
17 totally different.

18 So once we had assumed our comfort level
19 with the Nishiyama tin, then we made the decision to
20 obtain select sizes and go further into this
21 eventually with them.

22 MR. THOMAS: This is Ritchie Thomas. The
23 evidence we have seen indicates that decision was made
24 around August 2003. To the extent that the reference
25 to late 2003 may be misleading you, it was at the same
26 time or shortly before that, that the decision was

1 made that the Nishiyama tin was running in large
2 quantities on long production runs very
3 satisfactorily.

4 MS. BURNS: I think it's important to give
5 you guys an idea of the context of what was happening
6 in the company, in its entirety, during this same
7 timeframe. During this same timeframe, starting in
8 2003 going through 2004, we closed four facilities.
9 We consolidated four factories into existing
10 factories.

11 We had Synergetics out, which was a
12 consulting company that looks at operations and ways
13 to achieve production efficiencies at all of our
14 facilities. So this was the first time in a long time
15 that anybody from what had been Advertising Unlimited
16 and McClery, had a chance to voice what are the
17 problems you're experiencing, not just in tinning, but
18 in all facets of production.

19 The division president was hired in 2003,
20 that was specifically charged with going to _____.
21 He spent almost a whole year there, just looking at
22 publishing the same thing. We hired our VP of supply
23 chain management.

24 So I think it's a little misleading to
25 suggesting that there was this eureka moment when we
26 decided, let's switch our tinning supplier. We

1 reduced our employee base by about 1,100 folks, to
2 achieve similar efficiencies in production that have
3 nothing to do with the fact that we found a cheaper
4 supply source from somewhere else. So I just wanted
5 to add that to the general context.

6 MR. GOLDFINE: Is price a factor in
7 Norwood's decision whether to purchase metal slides?

8 MR. THOMAS: They can respond to you, but
9 let me give you a piece of information that I think
10 you need. We have talked about differing production
11 rates. Obviously, differing production rates have an
12 impact on the cost of production.

13 If one looks at those different production
14 rates and compares the cost advantages of the higher
15 production rates using the Nishiyama tin, with the
16 cost of the lower production rates of using the
17 Stuebing tin, what one sees is that that difference is
18 so large that it swamps any price difference which is
19 being discussed at the conference this morning, and we
20 will demonstrate that with our post-conference
21 submission. But this is confidential information, and
22 we're not going to give you the numbers here today.

23 MR. GOLDFINE: I didn't ask for any numbers.

24 MR. THOMAS: I understand that. But I will
25 ask Shelley to respond, as the buyer, to your
26 question.

1 MR. GOLDFINE: Is price a factor? That's my
2 question.

3 MS. SHOEN: As I testified, I said price is
4 not the issue; performance was.

5 MR. GOLDFINE: I understand you said that.
6 I guess what I'm getting at here is, is performance
7 the only factor that you consider, or do you also
8 consider price?

9 MS. BURNS: As someone who is on the
10 management team, I will tell you, of course, price is
11 a factor. I'm not going to deny that at all. If we
12 have a like product, exactly the same quality, and one
13 is 10 cents cheaper, I would have to answer to my
14 stakeholders as to why we went with the more expensive
15 supplier.

16 MR. GOLDFINE: There was some reference to
17 asking price quotes from Stuebing in early 2004. Is
18 that right?

19 MS. SHOEN: Please restate that.

20 MR. GOLDFINE: I thought I heard some
21 testimony -- and you can correct me if I'm wrong --
22 that Norwood had asked Stuebing for a price quote in
23 early 2004. Is that right?

24 MS. SHOEN: You're talking about the RFP
25 portion of it; in March of 2003 that was, that I sent
26 out the RFP. No, I continue to use the same pricing

1 schedule that I have from 2003 from Stuebing, unless
2 it becomes a slide that is something we have never
3 used before or of a difference color.

4 MR. GOLDFINE: I'm talking about, at any
5 time.

6 MR. THOMAS: I'll get this on the record. I
7 think Shelley was responding in the context of 2005,
8 where she's indicated they negotiated a purchase
9 arrangement with BSI.

10 In 2004, as her testimony indicated, Norwood
11 did send out a Request for Quotations, in which they
12 did ask for quotes from the three different companies
13 that she mentioned. My understanding was, that's what
14 your question was directed to.

15 MR. GOLDFINE: Right, that's right.

16 MR. THOMAS: Shelley?

17 MS. SHOEN: Subsequent in 2004, we did not
18 request quotes from anyone. We just simply negotiated
19 with BSI.

20 MR. THOMAS: In 2004.

21 MS. SHOEN: I had my years mixed up. In
22 2004, I did send out the RFQ, and I have been using
23 the Stuebing pricing. I had made a phone call to
24 Pamela Ramp, and asked her in early 2005 if I was
25 supposed to continue to use that pricing or if they
26 were going to send a new pricing quotation to me for

1 any 2005 business. She indicated to me to continue to
2 use the pricing that had been submitted for 2004.

3 MR. GOLDFINE: I think what's been said
4 here, and correct me if I'm wrong so we can move on,
5 in 2004, you asked for a price quote from Stuebing.

6 MR. THOMAS: That is correct, yes.

7 MR. GOLDFINE: Did Norwood ever ask Stuebing
8 to lower or cut its prices?

9 MS. SHOEN: I did not, no.

10 MR. GOLDFINE: Or do you know if anyone at
11 Norwood ever asked that?

12 MS. SHOEN: I don't know that. I don't know
13 of anyone that did.

14 MR. GOLDFINE: I'm sorry, Mr. Haala?

15 MR. HAALA: I'll respond to that, but I'm
16 going to also defer the question to Shelley, just
17 because she is a buyer. I generally do not get
18 involved in the pricing. But as I am aware, no one
19 asked.

20 MR. GOLDFINE: So to your knowledge then,
21 Stuebing reduced its prices on its own, without any
22 requests from Norwood.

23 MS. SHOEN: That is correct. I'm the buyer
24 of that material. So I would have been the only
25 person of that authority to ask or request that.

26 MR. THOMAS: This is Ritchie Thomas, again.

1 Ms. Shoen has testified that she was frequently asked
2 about the import prices by Stuebing. So certainly,
3 there was some information about price which was being
4 exchanged.

5 In order to make this clear, we should also
6 mention that there was a Mr. Paul Smith who was at
7 Norwood at this time, and was involved in these
8 purchasing decisions and was Shelley's superior. He
9 is no longer with the company. So we have to leave
10 open the possibility that there were exchanges between
11 him and Stuebing representatives, about which we have
12 no knowledge. So we can't completely answer your
13 question.

14 MR. GOLDFINE: Could you just amplify a bit
15 on why Norwood has continued to buy some from
16 Stuebing? I think there was some reference to an
17 emergency supply need, or could you just explain that
18 a little?

19 MS. SHOEN: Are you talking, David, about
20 the 50,000 slides?

21 MR. GOLDFINE: I'm just talking, anything.

22 MS. SHOEN: Oh, in general, okay, we have
23 custom slide business, where are customers have a
24 specific calendar that they have in mind or have
25 designed, and they want a specific slide color, other
26 than, you know, possibly the black. As our exhibits

1 show, we do have a custom blue color.

2 So for different various reasons, because of
3 size, what we don't have on hand, or for color, that
4 would be the reasons to source from Stuebing.

5 MR. HAALA: Mr. Goldfine, this is Kevin
6 Haala. I would just add to that the fact that this is
7 custom business that is ordered in the fall of the
8 year by customers that don't give us advance notice.

9 They come in, in the fall, and they say, I
10 would like this calendar, "x" amount, that's this
11 size. So we are not able to pre-order that and build
12 up inventory again, because we do not know what size
13 or what color that would be. So that's why it's so-
14 called emergency, short-notice.

15 MR. GOLDFINE: I have nothing else.

16 MR. CARPENTER: Ms. Clark?

17 MS. CLARK: Thank you, I'm Kelly Clark with
18 the Office of Economics. I'd like to start with the
19 Nishiyama side on the price issue. In looking for
20 reasons of why the Japanese produce would be lower
21 priced, I'm basically only from the testimony seeing
22 that the stamped eyelet may be a reason for a lower
23 price, because you don't have to go through the extra
24 cost and process of putting on the plastic eyelet.

25 However, looking at the increased raw
26 material price, because it's a better quality, maybe

1 the different kinds of cutting the corners to make the
2 rounded corners and the transportation costs, I'm
3 seeing sort of reasons for a higher priced product.
4 Can you discuss this a little bit and explain sort of
5 other reasons that I'm missing for the price
6 differential?

7 MR. AKAMATSU: You mean why we could supply
8 the cheaper price than Stuebing's. So, you know, I
9 don't know about Stuebing's price. I don't know.
10 Even though I don't know their prices, I don't know
11 how much percent it is lower. I don't know honestly
12 about the price.

13 But this is my guess, that the plastic
14 hanger would need more cost, more process in the
15 material, plastic. So their productivity must be
16 good. I guess their prices are higher than ours. But
17 this is only my guess. I don't know which one is
18 cheaper.

19 They say we are cheaper. But you know, we
20 sell the same goods in domestic to others in Hong
21 Kong. So what shall I say? This is a very difficult
22 question to answer. You asked me why are your prices
23 so high. So now you ask me, my price is cheaper than
24 some.

25 MS. CLARK: Well, I think I'm just looking
26 for reasons why there would be a difference. Because

1 with the transportation costs and then your
2 potentially higher costs for raw materials than
3 Stuebing, I'm just sort of looking for other reasons
4 why, you know, I could look at a price differential.

5 MR. AKAMATSU: Okay, let's take
6 transportation. Well, they say on paper that the
7 transportation fee is really 40 percent of our selling
8 price. But it's not correct. It's completely wrong.
9 It's much smaller, much cheaper for the
10 transportation. Also, the second point is the plastic
11 hanger, as I told you.

12 MS. CLARK: Yes.

13 MR. AKAMATSU: So as far as I know, I can't
14 tell about the raw material costs on this point. So
15 it is very difficult to answer for that question.

16 MR. VANDER SCHAAF: I think we may have to
17 look at the confidential cost issues. We only have
18 one producer, so all of this is going to be
19 confidential.

20 MS. CLARK: Right.

21 MR. VANDER SCHAAF: But we don't agree that
22 the transportation costs are 40 percent. They
23 wouldn't be in the market if that were the case.

24 There may be an answer there. But you know,
25 it is interesting. We don't necessarily disagree, Mr.
26 Goldfine. You had mentioned, I think, a question to

1 them this morning about quality, and they said, well,
2 it's not a quality issue. It's a product
3 specification issue.

4 We don't necessarily disagree with that.
5 Their product is a different product, and there are
6 different production processes involved. It's
7 interesting that they talk about their price coming
8 down this morning. I can't remember the exact numbers
9 that they used, and some of this is probably more
10 detailed than confidential submissions. But as soon
11 as they moved to what they call the Japanese-style
12 product, the price was lower.

13 Well, maybe it had something to do with
14 that. The products are different, and the specs are
15 different, and the production process is different,
16 and that has something to do with that. But there are
17 a lot of issues that relate to price, not the least of
18 which is their decision to move machines to Mexico,
19 and what is going on with any product there. But I
20 think we're going to have to deal with that in the
21 confidential submissions in the post-conference brief.

22 MS. CLARK: Okay, thank you.

23 MR. THOMAS: Ms. Clark, Ritchie Thomas, if
24 you don't mind my putting my oar in, again, we do not
25 know the answer to your question. But there is one
26 additional fact that I think may be relevant.

1 That is that Nishiyama, as they had told
2 you, has only two export sales; one to a Japanese
3 customer with a production operation in Hong Kong and
4 the other to Norwood. Otherwise, they compete wholly
5 in their home market, where they have two markets,
6 where they have two other competitors. So they are
7 used to dealing, apparently, in a competitive market,
8 and my assumption would be that their pricing reflects
9 that.

10 MS. CLARK: Actually, that was going to be
11 my next question. Could you give me some idea about
12 the prices of this product in Japan, compared to your
13 export price? Are they similar or are there any
14 differences?

15 MR. AKAMATSU: You know, I have to reduce
16 the transportation charge from a certain price and,
17 you know, compare the price with the price in Japan
18 and to our domestic price. I suppose they are the
19 same.

20 MS. CLARK: Okay.

21 MR. AKAMATSU: Because, you know, we don't
22 need to have a much cheaper price. Norwood is a very,
23 very good customer for us. Also, you know, we have
24 another very good customer in Japan. So we treat them
25 the same, no differences in pricing.

26 MS. CLARK: Okay, thank you; for the Norwood

1 side, I was just curious in terms of not the market in
2 general, but just your production and sales. You had
3 mentioned the substitute products of the metal and
4 plastic spiral binding. Can you give me some idea of
5 what percent the metal calendar slides is, in terms of
6 your bound calendar business? I just wanted to get an
7 idea of that.

8 MR. THOMAS: We'll have to supply that
9 information with the post-conference submission. It
10 is confidential.

11 MS. CLARK: Okay, that's fine, thank you.
12 Actually, for Norwood, as well, I believe that I know
13 the answer to this, but I just wanted to clarify it.
14 All of the metal calendar slides that you buy, you use
15 to make the bound calendars. You don't re-sell any of
16 the slides themselves, correct?

17 MS. SHOEN: Ms. Clark, that is absolutely
18 correct.

19 MS. CLARK: Okay.

20 MS. SHOEN: We use them at our facility.

21 MS. CLARK: Okay, thank you; one other
22 question that I have is for Nishiyama. I believe in
23 the testimony this morning, the Stuebing
24 representative said that in a meeting with Nishiyama
25 representatives that there was some discussion of your
26 interest in finding other clients in the U.S. or

1 increasing your business in the U.S. You know, with
2 your testimony, it seemed to contradict that. So can
3 you clear that up for us at all, please?

4 MR. AKAMATSU: Well, as I told you, you
5 know, our best customer, Norwood, we don't discourage
6 their business. So, you know, at the present moment,
7 I have no positive intention to find other customers
8 in the United States.

9 Because, you know, they are a very good
10 customer. We want to sell. We don't to sell our
11 product to their competitor. We don't want to. This
12 is my personal view that when we export some goods, I
13 never want to sell the same goods in very, very big
14 volume. I don't want that market. Stuebing is also
15 doing their own business, and we are doing our
16 business. So we don't to push Stuebing out of this
17 business. We never want such a thing.

18 But we cannot make decisions between
19 Stuebing's and ours, you know. The most important
20 party to decide is the customer. If the customer
21 wants the better quality, then we can sell to them.
22 So anyway, the first thing I always keep in my mind
23 is, not to disturb other territory. Now in this case,
24 it is Stuebing's territory. So I never try to find
25 out if there are other customers here.

26 Of course, you know, there are two or three

1 inquiries from others, from other users in the States.
2 But you know, we are not so positive for that inquiry.

3 MS. CLARK: Okay, thank you.

4 MR. VANDER SCHAAF: Can I add, there was one
5 statement I thought this morning that someone said,
6 and I don't see it in the prepared testimony that I
7 looked at very quickly. It may have been in the "Q
8 and A" session, where someone said they intimated that
9 they wanted to expand internally. I thought, wow,
10 that is really a very precise, direct statement. They
11 intimated they wanted to expand internationally.

12 This statement, this is by Mr. Bloomberg on
13 page 10, that they met in, I think this was the
14 Cincinnati meeting, in 2003. "I had been told by them
15 that they had taken Norwood as a customer, and that
16 they were looking to expand internally."

17 You were at that meeting, weren't you, Mr.
18 Akamatsu? Can you please give me your rendition of
19 you telling them that you're taking Norwood as a
20 customer, and how that came up? Also, what was
21 referenced with respect to expanding internally?

22 MR. AKAMATSU: I was in that meeting. I
23 remember that, at that time, we were talking about
24 their future cooperation, cooperation with Stuebing.
25 You know, we talked about the future to Stuebing.

26 MR. VANDER SCHAAF: I want to clarify. The

1 word you are using is cooperation, not corporation.

2 Is that correct, cooperation?

3 MR. AKAMATSU: Cooperation -- so Stuebing,
4 you know, offers us new machines, a new system, or a
5 new type of system, an environmentally-friendly
6 system. I don't know what it is. But you know, we
7 had a discussion about these matters, on the future
8 cooperation.

9 MR. VANDER SCHAAF: With respect to any
10 statements about Nishiyama expanding internally, what
11 do you think any comments in those regards concerned?

12 MR. AKAMATSU: You know, this means if
13 Stuebing would be interested in buying our slides from
14 Japan, it's good for both of us. Stuebing would buy
15 our slides. They can sell the slides in the United
16 States. At that point maybe, you know, they say, we
17 are looking to expand internationally. So the meeting
18 is about the cooperation of these two companies.
19 That's all.

20 MS. CLARK: Okay, thank you, I don't have
21 any other questions.

22 MR. CARPENTER: Mr. Boyland?

23 MR. BOYLAND: David Boyland, Office of
24 Investigations -- just a general question, did Norwood
25 request and/or receive allowances for the quality
26 problems during the period?

1 MS. SHOEN: When we experienced the issue
2 with slides, and in conversation or documentation to
3 Stuebing, we were issued credits; or another
4 situation, when we were experiencing difficulties with
5 slides being too hard, then we had to send the slides
6 back via truck. Then they remanufactured slides that
7 were of less temper or less strength, so that we could
8 squeeze them together on the machines.

9 MR. BOYLAND: So that was credits, as well
10 as your simply sending it back and receiving new,
11 better slides?

12 MS. SHOEN: Yes, that is correct.

13 MR. BOYLAND: With respect to the machines
14 that currently being used, what's the average useful
15 life of one of these tinning machines, approximately?

16 MR. HAALA: I can give you a good example.
17 The very first machine, which is a Nishiyama machine I
18 should note, was purchased in 1984. And that machine,
19 obviously, we've replaced some parts and things, but
20 that machine is still in production. The Calematic
21 version machine, or Stuebing's air cylinder driven
22 machine, does not by far last anywhere near that.
23 That's why we replaced it.

24 MR. BOYLAND: With the Nishiyama?

25 MR. HAALA: Correct.

26 MR. BOYLAND: I guess that sort of raised

1 one issue in my mind, in terms of I think earlier it
2 was mentioned that Stuebing had indicated they'd be
3 willing to supply new machines, retro-fitted, et
4 cetera. The relationship with Nishiyama, does that
5 involve future purchases of machinery, as well?

6 MR. HAALA: Potentially, yes, correct,
7 there's no binding agreement or no understanding.

8 MR. BOYLAND: Okay, I have no further
9 questions.

10 MR. CARPENTER: Mr. Tsuji?

11 MR. TSUJI: Karl Tsuji, Office of Industries
12 -- is there any difference with the characterization
13 of metal calendar slides as being a commodity product?

14 MR. THOMAS: I think that's pretty clear
15 from our testimony, yes; and it's perfectly obvious,
16 if one looks at the samples. There are multiple
17 physical differences. If the Stuebing slide did
18 provide the same characteristics and perform as well
19 as the Nishiyama slide, this would be a very different
20 question. It's simply different.

21 I think we do want to emphasize again, we
22 know the Commission hears, in many of these cases,
23 discussions of quality differences. This really is
24 more than simply a quality difference. It's more than
25 saying, their paint looks a little bit better, or they
26 have a smoother finish, or something like that. These

1 are product differences which result in measurable
2 performance differences, which are really very large.

3 MR. TSUJI: This may be more suited for the
4 representatives of Nishiyama, that is their production
5 process is very similar to what was described this
6 morning, as well. In other words, the steel is
7 purchased steel in coils from a distributor. The
8 steel would be pre-coated or pre-painted before it is
9 put through the machines to produce the slides. Is
10 that correct?

11 MR. AKAMATSU: You mean, we both have the
12 material in coil and --

13 MR. TSUJI: Yes.

14 MR. AKAMATSU: -- and paint, cut and paint,
15 and cut again in small size, bit size. Just a moment.

16 (Discussion off the record.)

17 MR. AKAMATSU: Yes, I'm not quite right. We
18 buy the material in coil and cut in proper size and
19 paint. And then, again, we cut in several size, just
20 400 millimeter or 500 millimeter. Then, we send to
21 our factory. We send them to our factory and cut into
22 each pieces of size.

23 MR. TSUJI: Okay. And the equipment is
24 dedicated strictly for production of calendar slides,
25 no other types of products; correct?

26 MR. AKAMATSU: Sorry, I didn't catch your

1 words well; so, please, would you please tell me
2 again?

3 MR. TSUJI: Okay. The equipment that
4 Nishiyama uses to produce calendar slides, it is --
5 they use it only for calendar slides and no other
6 products; is that correct?

7 MR. AKAMATSU: Yes, that's correct.

8 MR. TSUJI: Okay. And can you compare and
9 contrast the product quality between the Nishiyama
10 slide and the what are called the Japanese-type slides
11 that were produced by Stuebing?

12 MR. AKAMATSU: May I ask a question? They
13 did some -- they add some improvement in their slide,
14 in Japanese style. So, which point -- when you take,
15 you know, just one years ago or two years ago, you
16 know, first time I saw their Japanese-style slide, it
17 was over, because, you know, the cut size, the
18 direction of cut is just outside -- just opposite.
19 And the last slide comes outside. And, also, the
20 edge, it's so sharp and so dangerous to handle. And,
21 also, just thickness of their slide, at that time, I
22 found that thickness was about 0.16 to 0.17
23 millimeter, their thickness. But, ours, are, you
24 know, 0.19 millimeter. And, also, I found their
25 temporaries are different from ours. At that time,
26 not only myself, but other members in Nishiyama found

1 it's not easy to use this slide for the -- having the
2 production, because, you know, we are not sure they
3 can -- they have enough power to test the certain seat
4 or certain seats calendar mmps.

5 MR. TSUJI: Okay. And you mentioned
6 thicknesses. Can you describe the range of
7 thicknesses of calendar slides produced by Nishiyama,
8 as well as the standard lengths. Now, if it's too
9 complicated, you can put it in the brief.

10 MR. AKAMATSU: You mean the thickness of
11 Nishiyama's slides?

12 MR. TSUJI: Yes, the minimum thickness,
13 maximum thickness, and then what are the more common
14 lengths that are produced by Nishiyama.

15 MR. AKAMATSU: Well, you know, as I told
16 you, the thickness of our slide is .19. Then, you
17 know, when we measure that thickness, maybe it become
18 a little bit thicker, because of the paint. So, I'm
19 sorry, but I cannot catch the point of the question.
20 So --

21 MR. VANDER SCHAAF: Can I add some
22 clarification, Chairman Tsuji? We actually asked them
23 this yesterday. The first thing is in Japan, it's all
24 metric sizes, not U.S. inches. So, the sizes are all
25 different. But, I did ask him to provide me with --
26 it's just four sizes, and we ended up saying we're

1 going to have to get this from Nishiyama. But, I took
2 notes. I don't know if you can comment on these, but
3 I think we may have to provide that to you in the
4 post-conference brief --

5 MR. TSUJI: That will be fine.

6 MR. VANDER SCHAAF: -- because I think we
7 weren't certain of percentage breakdowns and so forth.
8 I got the sense -- I don't know if this is the way
9 it's going to play out -- but the reason I didn't push
10 it yesterday was I got the sense that there aren't
11 like five sizes that represent 80 percent of all
12 sales. That was the sense I got. But, that may be
13 worth you addressing. Is there one size that
14 represents the largest percentage of sales in Japan
15 and what is the percentage of the sales of that one
16 size?

17 MR. AKAMATSU: One size, you mean the --

18 MR. VANDER SCHAAF: Length, I believe, is
19 what you're getting at.

20 MR. TSUJI: That's correct, length.

21 (Discussion off the record.)

22 MR. AKAMATSU: The biggest percentage of our
23 production -- sorry, the most size in Japan is 200 --
24 sorry -- 300 millimeter. And the second one is 420
25 millimeter. But, you know, I have no figure how many
26 percent of -- I have no figure at present, so I can't

1 tell you.

2 MR. TSUJI: Okay, that's fine. In fact, it
3 might even be more helpful if Nishiyama could provide
4 to us a copy of their catalog, which, of course, would
5 list the thicknesses and the lengths of their calendar
6 slides that they sell to their customers, as well as
7 the different coating types, paint or coating, et
8 cetera. And I would ask the same of Stuebing, as
9 well, if they could provide us that type of
10 information from their catalogs, as well.

11 MR. AKAMATSU: Excuse me.

12 (Discussion on the record.)

13 MR. VANDER SCHAAF: I'm quite sure we're
14 going to have to give you whatever we've got, Mr.
15 Tsuji, but --

16 MR. TSUJI: Okay, we appreciate that.

17 MR. VANDER SCHAAF: Is there a catalog? I
18 don't even know the answer to that.

19 MR. AKAMATSU: We have a catalog in
20 Japanese. But, you know, most of this business, we
21 don't use catalog. Everyone knows -- our customers
22 know very well, so we don't need any catalog. Now, we
23 need on the color sample and the other thing is the
24 size. That's all. And, also, we are always using
25 central, not federal, for our business.

26 MR. TSUJI: Okay. Thank you very much.

1 MR. CARPENTER: Let me start with a question
2 for Norwood. Could you give us an estimate of what
3 share of the U.S. market you might have with respect
4 to calendars bound with metal slides; in other words,
5 what share of the market you have of your finished
6 product?

7 MR. THOMAS: We'll provide our best estimate
8 in the post-conference brief.

9 MR. CARPENTER: Okay. That would be good.
10 If you could also give us an estimate of what share of
11 the overall U.S. market would be accounted for by
12 other U.S. producers and also imports of the bound
13 calendars?

14 MR. THOMAS: We'll again be happy to do that
15 in post-conference brief, as best we can. One of the
16 interesting things about this, by the way, is that
17 throughout this period while Norwood was making
18 complaints to Stuebing about the problems they were
19 having, one of Stuebing's response was, you know, you
20 guys just really aren't that important. You aren't
21 that big. We had a lot of other customers. We have
22 something that shows they gave an estimate that they
23 represented something like three percent of Stuebing's
24 business. Now, Norwood didn't believe that, because
25 Norwood knows they have a very large calendar business
26 and are presumably the largest in the U.S. at that.

1 But, still, it was an odd thing for them to be saying.
2 We will give you the data as best we can.

3 MR. CARPENTER: Okay, I appreciate it. Mr.
4 Haala and Mr. Shoen, in your testimony, you identified
5 quite a number of alleged quality problems with
6 Stuebing's product. I know in response to Mr.
7 Goldfine's question, you had indicated that you would
8 provide in your brief some document, which, from what
9 I recall, was basically internal reports of defects.

10 MR. THOMAS: That is correct.

11 MR. CARPENTER: Okay. What I'm wondering is
12 if you could provide documentation of any
13 correspondence that you had with Stuebing pointing out
14 what these -- and you've provided one e-mail already,
15 but anything along those lines where you've identified
16 to Stuebing what the problems were and either through
17 an e-mail or letter. What I'm getting at is what
18 attempts you made to bring the problems to the
19 attention of Stuebing and any responses that they made
20 as to their attempts to try to work with you to
21 correct the defects.

22 MR. THOMAS: I understand. We'll be happy
23 to do so.

24 MR. CARPENTER: Okay, thank you, because
25 listening to the testimony of both sides this morning
26 and this afternoon, it seems like -- and the bulk of

1 Norwood's testimony was documenting the defects or
2 deficiencies in Stuebing's product. And it seems like
3 even though both sides agree on a lot of details, what
4 I'm hearing is where the major of disagreement is, is
5 why Norwood shifted its source of supply from Stuebing
6 to Nishiyama. Norwood obviously says it's because of
7 quality problems with Stuebing's product and Stuebing
8 says it's because the Japanese product is lower
9 priced. And I think any kind of documentation that
10 either side could provide to support the allegations
11 would be helpful to the Commission.

12 MR. THOMAS: We will be very happy to do
13 that. And as we noted in our testimony, we're
14 prepared to do that. We anticipated that the
15 Commission would wish to have this kind of
16 information. We will product it.

17 MR. CARPENTER: Okay, I appreciate that.
18 Are there any other questions from the staff? Okay,
19 Mr. Goldfine?

20 MR. GOLDFINE: This may be difficult to
21 answer, but out of every 10 runs, let's say, how many
22 did you encounter problems with, if you can answer
23 that? Maybe, you can't answer that.

24 MR. THOMAS: Mr. Goldfine, what we'll be
25 happy to do is we'll go through the records. We can
26 pull contemporaneous records, for example, from the

1 most recent runs and you can see the production rates.
2 And I think that will be the kind of thing that will
3 be responsive.

4 Does anybody here have an eyeball estimate
5 for, say, in 2003, running Stuebing 10, what the
6 percentage would be of problems?

7 MR. HAALA: I do not.

8 MS. SHOEN: And I do not either, Mr.
9 Goldfine.

10 MR. GOLDFINE: Also, I just want to get it
11 clear for the record, the only -- if there is any
12 other -- Mr. Thomas, if there is any other evidence,
13 following up on what Mr. Carpenter said, of price
14 discussions between Norwood and Stuebing, that would
15 be helpful for us to have. And likewise, if Stuebing
16 has anything to submit on that, that would be very
17 helpful for us to have.

18 I had a couple of questions on threat that
19 you may -- you can save this for the post-conference
20 brief or maybe give me a sneak preview here. But, the
21 Petitioners have argued that one of the threat factors
22 is that Nishiyama was going to -- is being displaced
23 or having a hard time selling in Japan because the
24 paper slides are displacing them and, therefore,
25 they're going to sell into the U.S. market. What is
26 your -- again, it can be in the post-conference briefs

1 or if you care to answer that here.

2 MR. AKAMATSU: You know, the size of paper
3 bound and cut in Japan is not increasing appreciably.
4 I suppose it is just steady. The marketed paper bound
5 calendar is just the same as before. So, it is --
6 paper bound calendar is pushing out their threaded
7 calendar in Japanese market, I don't think so.

8 MR. VANDER SCHAAF: One thing I find kind of
9 interesting, Nishiyama has a new product that they put
10 on the market. I mean, in any temporal time should be
11 discussed as well, past versus present, in terms of
12 paper demand. But, there were indications of paper
13 demand that it was supposed to go up and they have a
14 new product on the line that is a paper -- that allows
15 paper calendar producers to use -- to make paper -- a
16 paper stitching machine for calendar manufacturers,
17 who are using paper. So, from the context -- and
18 we'll get into this in the post-conference brief --
19 from the context of demand, if there's an allegation
20 of demand going down and somehow Nishiyama is going to
21 shift its production efforts to exports to the United
22 States, the counter for that, by producing a product
23 that would take advantage of the increase in demand
24 for paper calendars. But, has there been great demand
25 for calendar paper machinery?

26 MR. AKAMATSU: You know, there -- we only

1 deal with three paper cutting machine and after that,
2 there's more low demand product machine. At present,
3 no order.

4 MR. THOMAS: Mr. Goldfine, Ritchie Thomas.
5 I want to, if you don't mind, go back with respect to
6 something -- some information you had asked us for and
7 I said we would supply it. We need a clarification
8 here. Norwood is in the promotional calendar
9 business.

10 MS BURNS: Let me clarify. I want to make
11 sure, Mr. Carpenter, we get the percentage information
12 you asked for and to make sure that the Commission
13 understands that you don't buy Norwood's products in a
14 retail card store, that we are in the promotional
15 products industry only and it is a self-reporting
16 industry. We do not know what percentage of the
17 promotional products calendar business that we have.
18 We know it is large. But, it's going to be very --
19 it's going to be guessing, at best, because the
20 industry does not self-report with any accuracy. And,
21 again, what percentage of that is the entire calendar
22 market is going to be even more difficult. So, I just
23 want to make sure we can get you as good information
24 as we can and maybe what we understand what exactly --
25 what numbers you're looking for would be helpful.

26 MR. CARPENTER: Okay. First of all, I

1 understand that this will be based on market
2 intelligence and there wouldn't be any precise numbers
3 available. But, what I'm interested in really would
4 be of the calendars that include metal slides that
5 we're talking about here today, your estimate of what
6 percentage of the total market for that product that
7 Norwood would account for; in other words, not
8 including other types of calendars that incorporate
9 different types of holders such as plastic or paper or
10 spiral. I'm just trying to get a sense of -- for the
11 suppliers of the metal calendar slides, how important
12 Norwood is of the universe of customers.

13 MR. THOMAS: David, I apologize for
14 interrupting you once more.

15 MR. GOLDFINE: Who are Norwood's main
16 customers for metal calendar slides? Who buys these?
17 For bound calendars --

18 MS BURNS: We sell -- Norwood sells strictly
19 through distributors, who then sell to corporate
20 America, essentially, trade unions, shops --

21 MR. GOLDFINE: Why would someone buy a metal
22 bound calendar slide versus another --

23 MS BURNS: Production plants and those
24 types. They love them. I mean, there are big
25 calendars that you can hang on the wall that are
26 sturdy, that you'll rip off month-by-month as you meet

1 your goals or week-by-week. They're mostly popular
2 with a small segment.

3 MR. HAALA: And another example would be the
4 single-sheet hangars, where all 12 months. These are
5 very large hangars and they're tin top and bottom.

6 MR. GOLDFINE: Did you ever receive any
7 complaints from those customers about the calendars
8 that had been sold to them using the Stuebing slides?
9 Have you ever seen any customer complaints?

10 MR. THOMAS: As I get the answer on the
11 table, as I recall, one of our witnesses mentioned
12 complaints from customers about missing plastic hooks.
13 Apparently -- certainly, there were such complaints.
14 We'd simply have to ask around with the people, who
15 would have received them and give you some information
16 post-conference brief about that.

17 MR. GOLDFINE: Thank you. A couple of last
18 things and these can be for the post-conference
19 briefs. This is for Mr. Vander Schaaf and Mr. Thomas.
20 But, I take it your position is it's going to be that
21 there's no injury here and even if somehow there was,
22 there's no causation. But, what is your best argument
23 on causation, given that it's a prelim?

24 MR. VANDER SCHAAF: I think the hardest part
25 is going to be picking the best argument to be honest
26 with you, because there are so many, honestly. I

1 think a lot of -- you know, a lot of this has to be
2 sorted out, this issue of transferring machines to
3 Mexico, quite frankly. It's not clear to me how
4 they're going to be reporting their data, their
5 production operations, what is their current capacity.
6 You know, given their export numbers, which are
7 probably confidential, the sales that they make to
8 other customers in the United States, how do they know
9 what demand they expect to fill? How are they going
10 to meet that with domestic production after shifting
11 their machines to Mexico? What is their current
12 capacity and what is the current demand in the United
13 States given their export sales? What are they
14 planning to do in the U.S. market for these customers?
15 That's the first thing. Are they injured by Japanese
16 imports or Mexican imports, their own supply? What
17 are the prices of their stock that they may produce in
18 Mexico? Where is it going to go? Is it going to go
19 to the U.S. or is it going to go to their other
20 markets?

21 That's a big question. I don't know how
22 much that's going to trickle through. There are lost
23 of financial issues concerning their operations. This
24 is not a public corporation. I had to admit, I looked
25 at their financials in the petition and I thought, boy,
26 this is just odd, you know, that some of this stuff is

1 going on. So, I think that -- I have no idea. They
2 were completely silent about these substitute
3 products, these spiral-bound calendars and other types
4 of calendars. Stapled calendars, they're all over the
5 place. Are they losing accounts to spiral-bound
6 calendars? Are there customers, who used to buy metal
7 slides, buying spiral? I don't know. But, they don't
8 even talk about that product. I've seen hundreds of
9 spiral-bound calendars around the marketplace and they
10 don't even mention those.

11 So, I think there are a number of factors.
12 But, you know, the biggest story that seems to be
13 permeating through this is that they have only one --
14 the Japanese have only one customer in the United
15 States. That customer came to them. They,
16 essentially -- this does not fit the typical paradigm
17 of a lost sale. First of all, the decision to shift
18 was not based on price. But, second, it seems to me
19 that the company made a decision that they were going
20 to drop the U.S. producer and they were going to find
21 an alternative and do something different. They made
22 that decision at one point in time. Over the course
23 of time, they pursued alternatives and, at some point,
24 they decided they were going to buy from Nishiyama.
25 And the time sequence between when they said, we're
26 dropping Stuebing, to when they say, they're adding

1 Nishiyama was extended in time, such that this isn't -
2 - there's no causal nexus here. The causal nexus of
3 their harm was the fact that they could not provide
4 the product their customer wanted. And that decision,
5 to say, they're not giving us what they want, we've
6 got a decision from the management team now to make
7 recommendations to us, we've got to do something
8 different. They made that decision and then they went
9 and found an alternative supply. It just doesn't fit
10 the typical paradigm of a lost sale or some kind of
11 causal nexus.

12 So, I don't know. I really think there are
13 lots of problems with this petition, not the least of
14 which is this decision to transfer machines to Mexico.

15 MR. THOMAS: Mr. Goldfine, Ritchie Thomas.
16 I think it helps to get back to what Petitioners are
17 telling you. Petitioners are saying to you that this
18 was a commodity product. The Japanese product and
19 their product are equivalent. And they go a step
20 further and say that after they altered their design
21 to mimic as best they could the Japanese product, that
22 the two products were identical. And they then say
23 that, therefore, to the extent that they lost a
24 customer in Norwood, it was solely attributable price
25 or basically or importantly attributable to price.

26 You've heard a lot of testimony from us this

1 morning. You have the examples on the table in front
2 of you. And I do encourage you, please, after the
3 hearing to take a look at them. It is readily
4 apparent to anybody, who looks at the product, who
5 feels it, that there are major differences. Our
6 testimony is rife with evidence as to the importance
7 of those differences to Norwood, in terms principally
8 of performance of its production processes. And in
9 those circumstances, I can only characterize this as a
10 case in which the two products, although in general
11 terms the same kind of thing, performing the same
12 general sort of function in terms of pulling up
13 calendars, in terms of Norwood's production processes,
14 they're essentially no equivalent and not
15 substitutable, given the savings that Norwood realizes
16 from its processes advantages. I'm talking when I say
17 'savings,' only process advantages and not slide cost,
18 itself.

19 That seems to me to be a situation of
20 attenuated competition. The Commission has seen other
21 cases of attenuated competition. The one with which I
22 personally happen to be very familiar is the minivan
23 case. And so, that is a basis for a no injury
24 determination. And as we say, we think in this case -
25 -

26 MR. GOLDFINE: Is that a causation argument

1 or an injury argument that you just made?

2 MR. THOMAS: That is a causation argument.

3 MR. GOLDFINE: And in the case that you
4 mentioned, if there are any others like that, feel
5 free, of course, put those into your --

6 MR. THOMAS: I think --

7 MR. GOLDFINE: -- post-conference briefs.

8 MR. THOMAS: -- Foundy Coke was another one.
9 We'll be happy to do so. I don't know what else to
10 say. I think from the standpoint of our client, they,
11 frankly, are absolutely floored that this case was
12 brought and that Stuebing is making the kinds of
13 arguments that it made. It only demonstrates, I
14 guess, that they still don't understand. Why that's
15 true, we don't know.

16 MR. VANDER SCHAAF: You hear in all of these
17 prelims from everybody, who comes in here on the
18 response side, that this case should not go
19 affirmative in the prelimin. You know, you've got
20 cold-rolled steel, 21 countries that are going to get
21 cumulated, imports have gone up 21 percent, things
22 like that, and bringing those, the routine, okay, for
23 those products, those cases. This case, it definitely
24 -- this is a unique petition, very unique. And there
25 are a lot of interests that warrant a negative
26 preliminary determination. Now, I say that knowing

1 that everybody, who comes before you, says the same
2 thing. But, I think everybody recognizes there are
3 some very, very unique issues involved in this case
4 that do justify a preliminary investigation. So,
5 we'll be providing everything we can with the goal of
6 getting a preliminary negative determination. We're
7 not going to be submitting one of those briefs that
8 you get from respondents that sort of shuffle off the
9 issues so that we can get to the final and address
10 these things in the final. We will be nailing these
11 things down in the prelim.

12 MR. GOLDFINE: Nothing further.

13 MR. CARPENTER: Again, thank you, very much,
14 for coming here today and for your testimony and for
15 your patient responses to our questions. At this
16 point, we'll take another brief recess of about 10
17 minutes, to allow each side to prepare their closing
18 statements. And we'll begin with the Petitioners.

19 (Whereupon, a brief recess was taken.)

20 MR. CARPENTER: If everyone can take a seat,
21 we'll get started again. And, Mr. Goldberg, please
22 proceed whenever you're ready.

23 MR. GOLDBERG: Thank you, very much, Mr.
24 Carpenter and members of all the staff for your very
25 attentiveness and excellent questions to both parties.
26 I don't know whether it was because of Mr. Paul Smith,

1 who is not a witness apparently. He's no longer with
2 the company. I don't know if it was a sourcing
3 consultant or a management shakeup or whatever it was,
4 Norwood wanted to find a lower-cost supplier. That's
5 what they found.

6 Now, I think it's an open issue, is this
7 lower-cost supplier going to also try to expand more
8 into the U.S. market, which there is an indication
9 they are, or are they going to help Norwood basically
10 get rid of Stuebing and have the market to themselves
11 and not let the other competitors be able to compete.
12 Either way, it's using the low prices, the presumed
13 dumped prices, which is of interest clearly to
14 Norwood.

15 When issues arose, Stuebing met them. And
16 I've seen some correspondence and we will submit it to
17 the record from this September time frame. And it
18 boggles the mind that somebody would say that Stuebing
19 took this customer for granted, their largest
20 customer, didn't really care about it. I mean, that
21 was counsel's rendition. We didn't hear that from any
22 witness, nor would we. I mean, we're here today
23 because it's a valued client, customer. The idea --
24 and you'll see in the correspondence I've seen -- I
25 mean, they've bent over backwards. I mean, there was
26 an issue where you'll see that their complaint in the

1 September time period, after they've already gotten
2 the other supplier, well, you sent us a soft-type of
3 steel. Well, they had asked for that. In other
4 words, it was hard and they asked for soft and then
5 they came in this letter, which is pretextual, it
6 says, well, but you gave us the soft; in other words,
7 you gave us what we wanted, how dare you do that sort
8 of thing.

9 I think that the testimony was actually
10 undisputed that there were good runs in March. Our
11 witnesses said they were there in March 2004, the
12 Japanese spec went fine and Ms. Shoen testified that
13 on that day, the runs were fine, too. We do very much
14 disagree with the way they're trying to characterize
15 that May 6th e-mail of 2004, a very important e-mail,
16 an e-mail where they had all the opportunity in the
17 world to say, we gave you a chance to meet the spec,
18 couldn't do it, didn't work, sorry. It was the
19 opposite, hey, it's working, there are some things
20 better. Nor did anybody come in -- and then counsel
21 mentioned the second paragraph, but none of the
22 witnesses say, well, this issue of the pager,
23 whatever, that's a problem that wasn't addressed or
24 anything like that.

25 Now, early on, Ms. Burns, I believe, unless
26 I heard her otherwise, said there's no injury here.

1 With all due respect, I don't think she would know. I
2 don't think as in-house counsel, she's on the APO.
3 So, she just wouldn't know. So, I don't think that
4 that is a statement that should be given any weight.

5 If we could put this in the post-conference
6 submission, we will, both of our witnesses are adamant
7 that historically, the two -- the rate of return from
8 Stuebing for the slides -- I'm sorry, for Norwood of
9 the Stuebing slides was less than two percent, which
10 is a very good rate of return, and it is completely
11 inconsistent with this theory that all of a sudden,
12 new management came in and realized that the products
13 and the supplier was just, you know, the Keystone Cops
14 and had to be gotten rid of.

15 And that goes in to probably the most
16 important issue, factual determinations. If there's
17 new management and a new consultant came in and
18 decided that Stuebing was just, you know, the worst
19 thing and throw the bugs out, then why is there the
20 continued dialogue? Why does Stuebing come to the
21 Norwood plant in December? Why is Stuebing given the
22 opportunity to develop the different spec? Why are
23 prices requested in 2004 and I believe in 2005, also?
24 Why in June of 2004 is there a request, here's the
25 Japanese price, see if you can meet or beat it? Why
26 deal with this suppliers at all? It makes no sense,

1 frankly. It doesn't make any sense. It's just
2 completely inconsistent with the story they are now
3 trying to put out there.

4 Where is the correspondence? Now, we don't
5 know what they're going to put in. I haven't seen any
6 from May of 2004 or whatever that says these slides
7 aren't any good. The only correspondence we know,
8 which is contemporaneous, is quite the contrary.

9 When a company says that it's not at all
10 about price or not really about price at all, I think
11 often that means that's exactly what it's like here.
12 They have -- you know, they've got a good thing.
13 They've got a much lower priced source of supply and,
14 you know, they're willing to try to get another lower
15 priced source of supply, to get Stuebing to go even
16 lower than they are and that is obvious. But,
17 certainly, price is very much of what's going on here.

18 There's a question I think from Ms. Clark as
19 to -- there's an assumption that with the plastic
20 eyelet, it would cost more than the Japanese. My
21 understanding is that because of the amount of metal,
22 it's actually the opposite. I think that may be in
23 the initial document, but we can go back and refer to
24 that.

25 AS far as the machines made in New Mexico,
26 was it all the machines? It was an economic need and

1 one of the request, I wrote it down, I think from Mr.
2 Carpenter, was some correspondence or maybe it was Mr.
3 Goldfine, as far as the timing, and we'll produce that
4 there. We still have machines in the United States.
5 I suppose if we didn't, we can maybe make a material
6 retardation type argument, and I've got some pretty
7 good facts to support it. But, that's really not the
8 issue. We have the machines. The machines, as Mr.
9 Goldberg said, could come back, if necessary. But, we
10 had two options. One is completely closing the door
11 completely, where the other is trying to stay -- seek
12 this type of relief and try to do what we can. And,
13 certainly, it's a bring in the victim type of argument
14 that I've heard today, which we don't think is
15 appropriate.

16 The drop in Stuebing, well, we're dropping
17 Stuebing, but you keep coming back and asking for
18 quotes from Stuebing. It's just not consistent.

19 On this issue of what Nishiyama's intentions
20 are. You know, if we had broken it into rebuttal
21 testimony, we could put, I suppose, a supplemental
22 affidavit. But, Mr. Gavronsky will say that in that
23 affidavit, then, that Nishiyama contacted him 18
24 months before the 2003 order was canceled, to get
25 market research for them and ask for a tour and see
26 his plant and to attend a trade show and was seriously

1 looking at business in the United States. So, it's
2 one thing when you've already got the customer and
3 there's a dumping case to come in and say, we have no
4 intention. Obviously, we will be taking a look at
5 what the situation is in the home market and that may
6 shed some light on that issue, as well, as we believe
7 it might, based on what's in the petition and our
8 understanding of that market.

9 There are factual issues here. I think Mr.
10 Carpenter sort of characterized it very well near the
11 end of the other presentation, to say that this is --
12 you know, there were issues that were addressed from
13 time-to-time on quality, less than a two percent rate
14 of return, a very responsible, very reactive supplier.
15 A consultant comes in, helps them find the lower-cost
16 supplier. That's a critical component. All of a
17 sudden, they cancel the order, say some things,
18 there's some back and forth, invite us to come out, so
19 they're still interested in the company. We do a
20 specification, which the tangible evidence shows was
21 sufficient. And they come in and say, it has nothing
22 to do about price; it was all about quality. It
23 doesn't give you any type of burden of proof.
24 Certainly, the evidence is, at best, conflicting on
25 this issue, for them to, I guess, to be in a position
26 to have to argue, it's clear and convincing that price

1 had absolutely nothing to do with this is an argument
2 arguably is not in a position to make. I don't think
3 they can win it. I think that there will be all kinds
4 of issues that will come out in the final with respect
5 to what the other customers say, whether they agree
6 that Stuebing is the Keystone Cops in this area.

7 I was here when counsel for Norwood came up
8 at the beginning of the break and started talking
9 about the differences here. I do understand that
10 these are supposedly -- one is Stuebing and one is
11 Nishiyama. And I have been told that the one with the
12 straight edge is -- I may get this wrong, but I think
13 that's Stuebing. You know, to really go on and on
14 about how these were so different, I think, is --
15 shows a certain amount of stretching that I don't
16 think will be accepted here. I mean, you can have
17 different gauges of metal. You can go back and forth.
18 You can do all kinds of things. But to say these
19 products are night and day, you know, I guess there's
20 nothing else they can say, so they're going to say it.
21 But, I don't think it's going to get them where they
22 need to do.

23 And I thank you, once again, very much.

24 MR. CARPENTER: Thank you, Mr. Goldberg.

25 Mr. Vander Schaaf? Mr. Thomas?

26 MR. VANDER SCHAAF: Lyle Vander Schaaf from

1 White and Case. I guess I'll be providing the closing
2 statement. I would just like to reiterate what Mr.
3 Thomas said this morning, this is a very simple case.
4 There are three parties: the U.S. producer; the
5 single customer in the United States; and the foreign
6 supplying the product. For this reason, we believe
7 that the Commission does not have to feel a need to go
8 to a final investigation to gather additional
9 information. Any information you would get from any
10 purchaser, who has a wealth of information, was here
11 today to testify. They've -- I assume they'll be
12 filing or have filed an importer's questionnaire.

13 Addressing, again, another issue that was
14 brought up by both sides, Stuebing being the sole
15 supplier in the U.S. market. The fact is, other
16 suppliers, producers in the U.S. left the market and
17 Stuebing is standing alone as a monopolist in this
18 market. That is an important fact, I believe. There
19 were no imports at the time these other producers
20 ceased production and Stuebing remains alone.

21 The facts also do not show what the
22 Commission recognizes as confirmed lost sales. As I
23 was talking in our Q&A session, it appears that
24 Norwood made the decision to drop Stuebing, to find an
25 alternative product or to do something else with its
26 operations and later made the affiliation with

1 Nishiyama. And it doesn't appear to be a causal nexus
2 and nexus affect like you see in most case with
3 confirmed lost sales in ITC investigations. It's
4 certainly not the type of circumstances that the
5 Commission has recognized in the past for basing
6 decisions on lost sales in their antidumping
7 investigation.

8 The issue of Stuebing being the sole
9 producer and also making the decision to shift its
10 machines to Mexico is also a very distressing
11 component of this case, in our view. We feel very
12 strongly that the U.S. antidumping law was not meant
13 and intended to protect production in Mexico for
14 supply in the United States market. That appears to
15 be what these Petitioners are doing and is not
16 appropriate to use the antidumping laws to try to
17 achieve or effectuate that kind of a result. It's
18 also not part of the U.S. antidumping laws to protect
19 a sole supplier or a monopolist or monopoly prices,
20 and we think those are important considerations the
21 Commission has to make in this case.

22 With respect to the comments about quality,
23 the comments -- first of all, the quality problem or
24 the difference in the physical characteristics was
25 enough to at least cause the U.S. producer to change
26 their product significantly. So, it cannot be

1 dismissed.

2 Second, quality was so important and product
3 requirements were so important for this sole customer
4 that they actually went out and tried to find an
5 alternative to their problems, to find an alternative
6 product that didn't jam in their machinery. So, if
7 quality wasn't the issue, why did the customer go to
8 such lengths to find an alternative and to address the
9 issue? And I'm sure the documents provided by Norwood
10 will shed a lot of light on the quality problems that
11 they've had. But, it is their argument that quality
12 doesn't matter, which doesn't make sense, given that
13 the company experiencing the problem searched for and
14 found an alternative to their problem.

15 With respect to the question of why the
16 quotes still come in, I think the purchasing director
17 from Norwood is doing her job. I think it would be
18 naive of her to try to source from one supplier, when
19 she knows that others are out there. Despite the
20 problems they have, despite the inability of them
21 using the Stuebing product, she, also, pursued other
22 U.S. potential suppliers. So, I think it's a matter
23 of her simply doing her job. And they explained that
24 they have a demand for quick turnaround supplies or
25 custom sizes. I don't think there's any debate about
26 that. The petition made the same statements about

1 custom sizes, custom orders. But, it's true that they
2 are so concerned about this problem with the Stuebing
3 product, they they're also looking at other options,
4 like inventorying the product, other products and
5 other sizes. So, I don't think there's any
6 inconsistency between Norwood's statements that they
7 had problems with the Stuebing product and how they've
8 gone about to resolve those problems.

9 Those are all my comments.

10 MR. CARPENTER: Thank you, Mr. Vander
11 Schaaf, and thank you, again, to all the witnesses,
12 who appeared here today, to help us develop the record
13 in this case. We appreciate your coming here.

14 In conclusion, let me mention a few dates to
15 keep in mind. The deadline for both the submission of
16 corrections to the transcript and for briefs in the
17 investigation is Monday, July 25th. If briefs contain
18 business proprietary information, a public version is
19 due on July 26th. The Commission is scheduled to vote
20 on the investigation for August 11th, at 11:00 a.m. It
21 will report it's determination to the Secretary of
22 Commerce on August 15th. Commissioner's opinions will
23 be transmitted to Commerce on August 22nd. Thank you
24 for coming. This conference is adjourned.

25 (Whereupon, at 2:20 p.m., the preliminary
26 conference was concluded.)

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CERTIFICATION OF TRANSCRIPTION

TITLE: Metal Calendar Slides from Japan
INVESTIGATION NO.: 731-TA-1094 (Preliminary)
HEARING DATE: July 20, 2005
LOCATION: Washington, D.C.
NATURE OF HEARING: Preliminary Conference

I hereby certify that the foregoing/attached transcript is a true, correct and complete record of the above-referenced proceeding(s) of the U.S. International Trade Commission.

DATE: July 20, 2005

SIGNED: LaShonne Robinson
Signature of the Contractor or the
Authorized Contractor's Representative
1220 L Street, N.W. - Suite 600
Washington, D.C. 20005

I hereby certify that I am not the Court Reporter and that I have proofread the above-referenced transcript of the proceeding(s) of the U.S. International Trade Commission, against the aforementioned Court Reporter's notes and recordings, for accuracy in transcription in the spelling, hyphenation, punctuation and speaker-identification, and did not make any changes of a substantive nature. The foregoing/attached transcript is a true, correct and complete transcription of the proceeding(s).

SIGNED: Carlos Gamez
Signature of Proofreader

I hereby certify that I reported the above-referenced proceeding(s) of the U.S. International Trade Commission and caused to be prepared from my tapes and notes of the proceedings a true, correct and complete verbatim recording of the proceeding(s).

SIGNED: Christine Chesley
Signature of Court Reporter