Diamond Sawblades and Parts Thereof From China and Korea

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

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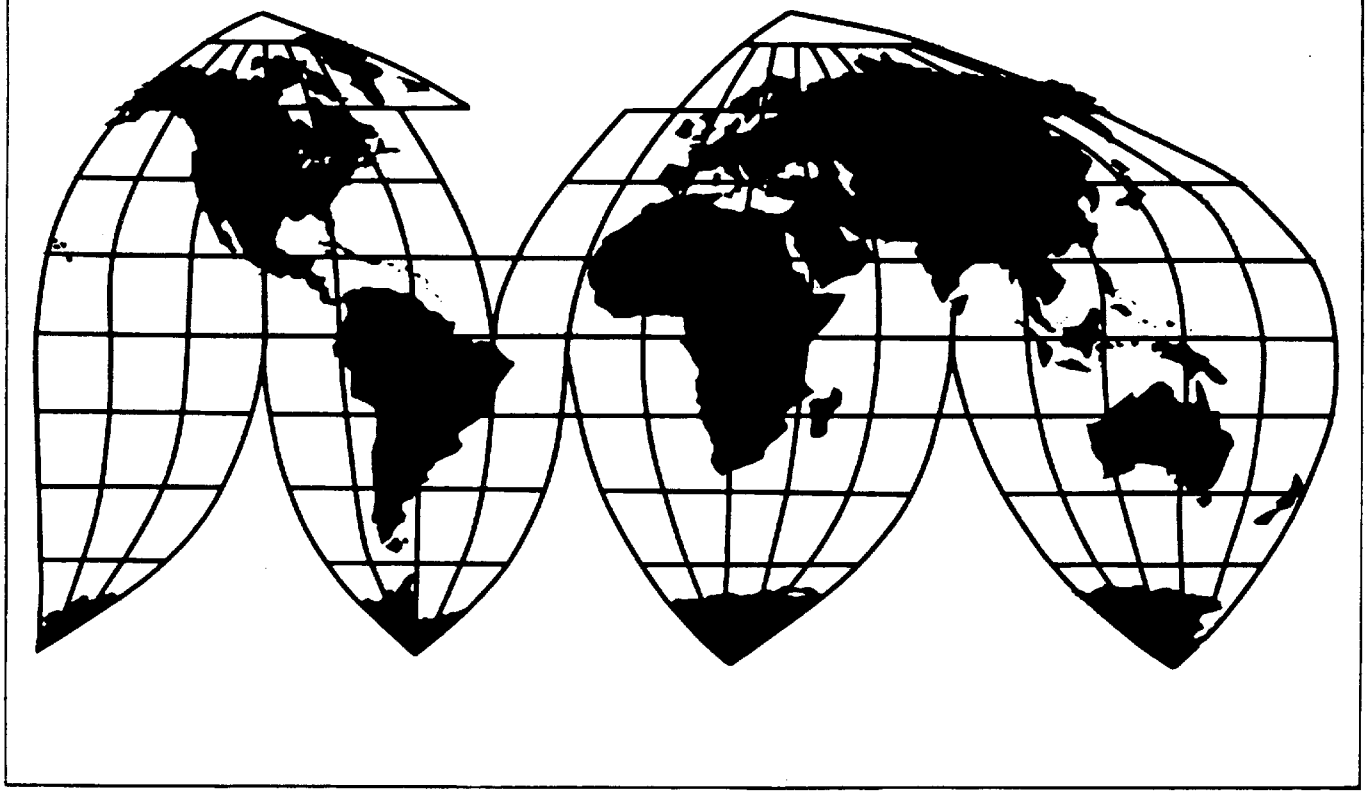
U.S. International Trade Commission



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Note.–Information that would reveal confidential operations of individual concerns may not be published and therefore have been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

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

DIAMOND SAWBLADES AND PARTS THEREOF FROM CHINA AND KOREA

DETERMINATION

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission (Commission) determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is not materially injured or threatened with material injury and the establishment of an industry in the United States is not materially retarded, by reason of imports from China and Korea of diamond sawblades and parts thereof, provided for in subheading 8202.39.00 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce (Commerce) to be sold in the United States at less than fair value (LTFV).[2] [3]

BACKGROUND

The Commission instituted these investigations effective May 3, 2005, following receipt of a petition filed with the Commission and Commerce by the Diamond Sawblade Manufacturers' Coalition ("DSMC") and its individual members: Blackhawk Diamond, Inc., Fullerton, CA;[4] Diamond B, Inc., Santa Fe Springs, CA; Diamond Products, Elyria, OH; Dixie Diamond, Lilburn, GA; Hoffman Diamond, Punxsutawney, PA; Hyde Manufacturing, Southbridge, MA; Sanders Saws, Honey Brook, PA; Terra Diamond, Salt Lake City, UT; and Western Saw, Inc., Oxnard, CA. The final phase of the investigations was scheduled by the Commission following notification of a preliminary determination by Commerce that imports of diamond sawblades and parts thereof from China and Korea were being sold at LTFV within the meaning of section 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the scheduling of the final phase of the Commission's investigation and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of January 20, 2006 (71 FR 3324). The hearing was held in Washington, DC, on May 16, 2006, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

[2] Vice Chairman Shara L. Aranoff and Commissioner Jennifer A. Hillman dissenting.

[3] When packaged together as a set for retail sale with an item that is separately classified under headings 8202 to 8205 of the HTS, diamond sawblades or parts thereof may be imported under HTS heading 8206.

[4] Blackhawk Diamond ceased operations in January 2006.

VIEWS OF THE COMMISSION

Based on the record in these investigations, we determine that an industry in the United States is not materially injured or threatened with material injury by reason of imports of diamond sawblades and parts thereof from China and Korea that are sold in the United States at less than fair value (LTFV).[1]

I. BACKGROUND

The petition was filed on behalf of the Diamond Sawblades Manufacturers' Coalition ("DSMC") and its nine members.[2] There are at least 21 firms known to have produced diamond sawblades and parts in the United States during the period of investigation, 18 of which provided questionnaire responses to the Commission.[3]

Diamond sawblades are circular cutting tools composed of two fundamental components: an inner steel core and a diamond-impregnated outer ring segment that constitutes the cutting surface. The metal core is made of very high quality, treated, hardened alloy steel plate or sheet. The alloy steel plate or sheet is laser cut to the approximate diamond core diameter. The metal core contains an arbor hole that is precisely bored in the center. The core is either slotted to produce a segmented blade or not slotted to produce a continuous rim blade.[4]

The segment contains a mixture of synthetic diamonds and metal powder held together in a "bond matrix." During the manufacturing process, the metal powder and diamond mixture is compressed at a very high temperature to obtain a solid metal alloy, which holds the diamonds. The segment, or rim, is slightly wider than the core to permit the leading edge to penetrate the material without the core rubbing against it and to discourage blade binding. The diamond segments are specifically designed to wear at a rate appropriate to the material being cut. Large particles of soft, abrasive materials wear down the matrix faster than the small particles removed from hard dense materials. Consequently, softer, more abrasive materials require a "tough to wear" (hard) bond; less abrasive materials require an "easy wear" (soft) bond. The cutting edge of the diamond segments is designed to expose additional diamond as the blade is consumed.[5]

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[1] Vice Chairman Aranoff and Commissioner Hillman dissent, finding that an industry in the United States is threatened with material injury by reason of the subject imports. See Dissenting Views of Vice Chairman Aranoff and Commissioner Hillman. They join sections I-III of these views.

[2] The nine member of DSMC are: Blackhawk Diamond, Inc., Fullerton, CA; Diamond B, Inc., Santa Fe Springs, CA; Diamond Products, Elyria, OH; Dixie Diamond, Lilburn, GA; Hoffman Diamond, Punxsutawney, PA; Hyde Manufacturing, Southbridge, MA; Sanders Saws, Honey Brook, PA; Terra Diamond, Salt Lake City, UT; and Western Saw, Inc., Oxnard, CA. CR at I-1, PR at I-1. Blackhawk Diamond was closed in January 2006. CR at I-1 n.1, PR at I-1 n.1.

[3] CR/PR at III-1 & Table III-1. These 18 firms, believed to represent 90 percent of U.S. diamond sawblades production in 2004, provided usable trade and financial data on their U.S. operations producing diamond sawblades. Data for two firms, Blackhawk, which is no longer operating, and *** are based on their questionnaire responses in the preliminary phase of these investigations. CR at III-1 & n.2, PR at III-1 & n.2.

[4] CR at I-7 (citing Petition at 7-8), PR at -I-5.

[5] CR at I-7 - I-8, PR at I-5.

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. In General

To determine whether an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[6] Section 771(4)(A) of the Tariff Act of 1930, as amended (the Act), defines the relevant domestic industry as the "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[7] In turn, the Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[8]

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[9] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[10] The Commission looks for clear dividing lines among possible like products, and disregards minor variations.[11] Although the Commission must accept the determination of the Department of Commerce (Commerce) as to the scope of the imported merchandise allegedly subsidized or sold at LTFV, the Commission determines what domestic product is like the imported articles that Commerce has identified.[12] The Commission must base its domestic like product determination on the record in the investigation before it. The Commission is not bound by prior determinations, even those pertaining to the same imported products, but may draw upon previous determinations in addressing pertinent like product issues.[13]

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[6] 19 U.S.C. § 1677(4)(A).

[7] Id.

[8] 19 U.S.C. § 1677(10).

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

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

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

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

[13] See Acciai Speciali Terni S.p.A. v. United States, 118 F. Supp. 2d 1298, 1304-05 (Ct. Int'l Trade 2000); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Asociacion Colombiana de Exportadores de Flores v.

(continued...)

B. Product Description

In its final determinations, Commerce defined the imported merchandise within the scope of investigation as:

> all finished circular sawblades, whether slotted or not, with a working part that is comprised of a diamond segment or segments, and parts thereof, regardless of specification or size, except as specifically excluded below. Within the scope of th[ese] investigation[s] are semifinished diamond sawblades, including diamond sawblade cores and diamond sawblade segments. Diamond sawblade cores are circular steel plates, whether or not attached to non-steel plates, with slots. Diamond sawblade cores are manufactured principally, but not exclusively, from alloy steel. A diamond sawblade segment consists of a mixture of diamonds (whether natural or synthetic, and regardless of the quantity of diamonds) and metal powders (including, but not limited to, iron, cobalt, nickel, tungsten carbide) that are formed together into a solid shape (from generally, but not limited to, a heating and pressing process).
>
> Sawblades with diamonds directly attached to the core with a resin or electroplated bond, which thereby do not contain a diamond segment, are not included within the scope of the investigation[s]. Diamond sawblades and/or sawblade cores with a thickness of less than 0.025 inches, or with a thickness greater than 1.1 inches, are excluded from the scope of the investigation[s]. Circular steel plates that have a cutting edge of non-diamond material, such as external teeth that protrude from the outer diameter of the plate, whether or not finished, are excluded from the scope of th[ese] investigation[s]. Diamond sawblade cores with a Rockwell C hardness of less than 25 are excluded from the scope of the petition. Diamond sawblades and/or diamond segment(s) with diamonds that predominantly have a mesh size number greater than 240 (such as 250 or 260) are excluded from the scope of the investigation[s].[14]

C. Domestic Like Product

In the preliminary phase of these investigations, the Commission applied its semi-finished product analysis in determining that finished sawblades and their parts (cores and segments) constituted a single domestic like product.[15] In that analysis, the Commission found some significant differences in

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[13] (...continued)
United States, 693 F. Supp. 1165, 1169 n.5 (Ct. Int'l Trade 1998) (particularly addressing like product determination); Citrosuco Paulista, S.A. v. United States, 704 F.Supp. 1075, 1087-88 (Ct. Int'l Trade 1988).

[14] Final Determination of Sales at Less Than Fair Value and Final Partial Affirmative Determination of Critical Circumstances: Diamond Sawblades and Parts Thereof from the People's Republic of China, 71 Fed. Reg. 29,303, 29,309 (Dep't Commerce May 22, 2006); Notice of Final Determination of Sales at Less Than Fair Value and Final Determination of Critical Circumstances: Diamond Sawblades and Parts Thereof from the Republic of Korea, 71 Fed. Reg. 29,310, 29,312 (Dep't Commerce May 22, 2006).

[15] In a semi-finished products analysis, the Commission currently examines: (1) whether the upstream article is dedicated to the production of the downstream article or has independent uses; (2) whether there are perceived to be separate markets for the upstream and downstream articles; (3) differences in the physical characteristics and functions of the upstream and downstream articles; (4) differences in the costs or value of the vertically differentiated articles; and (5) significance and extent of the processes used to transform the upstream into the
(continued...)

costs and value between cores and segments when compared with finished diamond sawblades, and found that the process for transformation of cores and segments into finished diamond sawblades was significant. The Commission also found some overlap in the manufacturing processes, as most finished diamond sawblade manufacturers produce segments, while three producers manufacture only cores. The Commission observed that the components were largely dedicated to the production of finished diamond sawblades and embody the essential characteristics of finished diamond sawblades. It thus found a single domestic like product, coextensive with the scope of the investigations.[16]

The petitioners concur with the preliminary finding of a single domestic like product. Respondents do not contest the finding of a single domestic like product.[17]

We find that nothing in the record warrants a departure from our definition of the domestic like product in the preliminary phase of these investigations and, therefore, we continue to define the domestic like product as diamond sawblades and parts thereof, coextensive with the scope of these investigations.

D. Domestic Industry

The domestic industry is defined as the "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[18] In defining the domestic industry, the Commission's general practice has been to include in the industry all domestic production of the domestic like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.[19]

In these investigations, issues arise as to whether certain manufacturers of finished diamond sawblades should be considered part of the domestic industry. Specifically, these issues are: (1) whether the producers whose operations consist solely of assembling cores and parts perform sufficient production-related activities to be considered domestic sawblade producers, and (2) whether appropriate circumstances exist to exclude related parties from the domestic industry.

Assemblers. In the preliminary phase of these investigations, the Commission addressed whether two firms (SH and General Tool), whose manufacturing operations apparently consist solely of assembling cores and segments, perform sufficient production-related activities to be considered domestic diamond sawblade producers.[20] The Commission found that their assembly operations constituted

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[15] (...continued)
downstream articles. See e.g., Outboard Engines from Japan, Inv. No. 731-TA-1069 (Final), USITC Pub. 3752 at (Feb. 2005) at 6.

[16] Diamond Sawblades and Parts Thereof from China and Korea, Inv. Nos. 731-TA-1092-1093 (Preliminary), USITC Pub. 3791 (Aug. 2005) ("Preliminary Determination") at 6-7.

[17] Korean Respondents' Posthearing Brief at 3 n. 5. In their Prehearing Brief, Korean Respondents noted that Petitioners presented an argument apparently expanding the scope of these investigations to Commerce prior to its final determinations, and suggested that it would raise domestic like product issues in the event that Commerce accepted Petitioners' argument. Korean Respondents' Prehearing Brief at 2-3, 5. Commerce did not change the scope of the investigations in its final determinations. Accordingly, Korean Respondents retracted their domestic like product challenge in their Posthearing Brief.

[18] 19 U.S.C. § 1677(4)(A).

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

[20] To determine whether a firm is engaged in sufficient production-related activities to be considered a domestic producer of the like product, the Commission generally considers six factors: (1) source and extent of the firm's capital investment; (2) technical expertise involved in U.S. production activities; (3) value added to the product in the United States; (4) employment levels; (5) quantity and type of parts sourced in the United States; and (6) any other costs and activities in the United States directly leading to production of the like product. No single factor is
(continued...)

sufficient production-related activities to render them domestic producers. It determined that the domestic industry comprised the assemblers in addition to all domestic producers of finished diamond sawblades and its component parts. The Commission did not indicate that it would examine this issue further in any final phase of the investigations.[21]

1. Petitioners' Arguments

Petitioners seek to exclude from the domestic industry those operations, owned by respondents, that import subject diamond sawblade cores and segments and assemble them into finished diamond sawblades. Petitioners contend that these entities do not engage in sufficient U.S. production operations. These firms are General Tool, which is related to Ehwa, a Korean producer of subject merchandise and SH, which is owned by Shinhan, another Korean producer of subject diamond sawblades.[22]

Petitioners' assert that the essence of manufacturing a finished diamond sawblade is the production of a diamond segment, which is then joined to the steel core. Because the firms allegedly only assemble the components in the United States, their activities do not equate to "production." As the foreign respondents are their parent companies, Petitioners argue that the source of any capital investment is logically from those related companies. Regarding employee training, Petitioners contend that a person who has the ability to operate a keyboard to input standard information can essentially operate laser-welding equipment; such expertise can be acquired in about three days.[23] Petitioners also contend that the value added data submitted by these firms are misleading because components have been found to be dumped in the United States.[24] Neither firm, in Petitioners' opinion, has presented compelling evidence that their employment levels are sufficient to deem them domestic producers.[25] Petitioners estimate that the labor involved to attach segments to cores accounts for approximately *** percent of the total cost of production of a diamond sawblade.[26]

With regard to General Tool, Petitioners also contend that this firm has conceded that it maintains assembly operations, rather than production. Although the firm has ***, Petitioners argue, it is also the *** importer of segments from ***. Those imports account for *** percent of all segment imports from ***, according to Petitioners. They further note that General Tool's capital expenditures were *** throughout the period of investigation.[27]

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[20] (...continued)
determinative and the Commission may consider any other factors it deems relevant in light of the specific facts of any investigation. See, e.g., Outboard Engines from Japan, Inv. No. 731-TA-1069 (Preliminary), USITC Pub. 3673 at 10-12 (Mar. 2004); DRAMs and DRAM Modules from Korea, Inv. No. 701-TA-431 (Final), USITC Pub. 3616 at 7-11 (Aug. 2003).

[21] See Preliminary Determination, USITC Pub. 3791 at 8-10.

[22] Petitioners' Prehearing Brief at 5-8; Petitioners' Posthearing Brief, Exh. 1 at 22. At the hearing, industry witnesses discussed the existence of "welded job shops" that attach cores and segments using laser-welding to diamond sawblades. Tr. at 216-18 (Commissioner Hillman, Jedick, and Brakeman). In Petitioners' Posthearing Brief, they indicated that no such "welded job shops" exist. Petitioners' Posthearing Brief, Exh. 1 at 31.

[23] Petitioners' Prehearing Brief at 5-8; Petitioners' Posthearing Brief, Exh. 1 at 22-23.

[24] Petitioners' Prehearing Brief at 21-22.

[25] Petitioners' Posthearing Brief, Exh. 1 at 22-24.

[26] Petitioners' Posthearing Brief at Exh. 1, p. 27 (calculating the costs for a 20" x .155 blade).

[27] Petitioners' Prehearing Brief at 7. Petitioners contends in their Posthearing Brief that Korean Respondents have taken inconsistent positions in the Commission and Commerce proceedings with regards to their manufacturing operations. Petitioners' Posthearing Brief at Exh. 1, p. 17. In the Commerce proceeding, they maintain that Korean Respondents have argued their operations were too insignificant to require reporting to that agency. Id. at Exh. 1, p. (continued...)

With regards to SH, Petitioners argue that this firm conceded at the Preliminary Staff Conference that it assembles components in the United States. Petitioners further argue that SH does not produce any diamond sawblade segments or cores, but instead sources all components from ***. In other words, Petitioners maintain that all of SH's U.S. production operations consist of assembling imported components. They also argue that SH has not made any *** in the last three years. According to Petitioners, the value added by SH and the percentage of total unit cost, without selling, general & administrative ("SG&A") expenses, are small.[28]

2. Respondents' Arguments

Korean Respondents argue that General Tool and SH should be included in the domestic industry. They point out that Petitioners have stated that the assembly process, which includes welding, quality screening, grinding, engraving, cleaning, and tensioning, is "significant and extensive." They maintain that one U.S. producer has indicated that the level of expertise for assembly operations has increased in the last five years. Korean Respondents estimate that the value added by General Tool's operations accounts for approximately *** percent of the overall cost of a finished diamond sawblade, which they indicate to be significant. Korean Respondents also observe that Commerce concluded that the location of assembly confers country of origin, as the attachment process substantially transforms the segments and cores.[29]

3. Analysis[30]

In determining whether the assembly operations, or other activities, are sufficient to be deemed production, the Commission generally applies a six-factor test as noted above. We explore these factors with respect to General Tool and SH in the discussion below.

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[27] (...continued)
19 & Exh. 7. Exhibit 7 includes a questionnaire response submitted to Commerce by Ehwa. It describes General Tool's purpose as "primarily import[ing] and warehous[ing] subject merchandise for sale to [original equipment manufacturers] and distributors/resellers in the United States, although . . . [it] also manufactures finished sawblades." Id. at Exh. 7, p. A-5.

[28] Petitioners' Prehearing Brief at 5-7, Petitioners' Posthearing Brief at Exh. 1, p. 24.

[29] Korean Respondents' Prehearing Brief at 17-19 (citing Petition at 9-10); Korean Respondents' Posthearing Brief at A-8-10 & Exh. 6-7. The petition provides that "a significant and extensive transformation process is required to turn the diamond core and the diamond sawblade segments into a finished diamond sawblade." Petition at 10.

[30] We note that three domestic producers produce only cores and sell them to diamond sawblade producers. CR at III-2, PR at III-1. Because the domestic like product includes cores, and no issue has been presented as to whether core production is "production," those producers are included in the domestic industry.

(a) General Tool

Source and Extent of the Firm's Capital Investment. General Tool reported capital expenditures of $*** in 2003 and $*** in 2004, but did not indicate the source of its funding. The company indicated *** in 2005.[31]

Technical Expertise Involved in U.S. Production Activities. General Tool produces segments for the merchant market, as well as assembles cores and segments to make finished diamond sawblades.[32] General Tool reported that ***.[33]

Value Added to the Product in the United States. For General Tool, the value added excluding SG&A for fiscal year 2005 was *** percent, and including SG&A, the figure is *** percent.[34]

Employment Levels. General Tool had *** employees in 2005.[35] Eighteen domestic producers reported 529 production and related workers in that year; of which *** production workers were involved in the manufacture of cores in 2005 and *** were involved in the production of segments for commercial sale.[36] While it is difficult to ascertain the number of workers that would typically be involved in assembly, because most diamond sawblade manufacturers perform their own assembly operations, we note that information provided at the Preliminary Staff Conference indicates that General Tool's assembly operations are likely staffed in the same manner as other domestic diamond sawblade manufacturers.[37]

Quantity and Type of Parts Sourced in the United States. General Tool did not report any purchases of domestically-produced diamond sawblade cores or segments during the period of investigation.[38] It does, however, produce diamond sawblade segments for internal consumption as well as merchant market sales. Over the period, its production of segments fluctuated, *** units in 2003 to *** units in 2004, then *** units in 2005.[39]

General Tool is one of only six U.S. producers that sold segments to the commercial market during the period of investigation.[40] General Tool's shipments to the commercial market, on a value basis, accounted for *** percent of U.S. production of segments for commercial shipments in 2003 and *** percent in 2004.[41]

Diamond sawblade segments are a critical component in the production of finished diamond sawblades and are sometimes used to repair diamond sawblades.[42] In 2005, total net sales of diamond sawblade segments by domestic producers totaled *** units, valued at $***.[43]

Any Other Costs and Activities in the United States Directly Leading to Production of the Like Product. The evidence in the record of these final investigations does not indicate that General Tool has

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[31] CR/PR at Table VI-12.

[32] General Tool's Producer Questionnaire Response.

[33] CR at D-3, PR at D-3.

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

[35] CR at III-17 n.14, PR at III-9 n.14.

[36] CR/PR at Tables III-9, III-15.

[37] See Preliminary Staff Conference Tr. at 109 (Garrison and Palovochik).

[38] General Tool's Producer Questionnaire Response.

[39] CR/PR at Table III-13.

[40] Producer questionnaire response of ***.

[41] General Tool shipped no segments in 2005. Over *** percent of the blades that General Tool ships are ***. General Tool producer questionnaire response.

[42] CR at I-13, PR at I-9.

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

incurred any other costs or engaged in any other activities in the United States that directly lead to production of the domestic like product.

The fact that General Tool reported *** does not necessarily indicate that its production-related activities in the United States are minimal. General Tool does have some capital investment as it engages in production-related activities, including both the production of segments and the assembly of cores and segments into finished sawblades. The value added to the product is significant. For this industry, the number of its employees was not insubstantial, and General Tool employs sufficiently similar numbers of production related workers as other domestic producers. Moreover, Petitioners essentially concede that at least some of General Tool's operations are not insignificant, as they contend that the essence of manufacturing a finished diamond sawblade is the production of a diamond segment.[44] On balance, we find that General Tool engages in sufficient production-related activities to render General Tool a domestic producer.

(b.) SH

Source and Extent of the Firm's Capital Investment. SH indicated *** and the source of its funds is, accordingly, ***.[45]

Technical Expertise Involved in U.S. Production Activities. SH assembles cores and segments to make the finished diamond sawblades.[46] SH utilizes the laser-welding and silver soldering techniques to affix the segments to the cores. It commented that these processes ***.[47]

Value Added to the Product in the United States. It is estimated that the value added by SH for fiscal year 2005, excluding SG&A expenses, was *** percent.[48] Including SG&A expenses, the figure is *** percent.[49]

Employment Levels. SH had *** employees in 2005. While it is difficult to ascertain the number of workers that would typically be involved in assembly, because most diamond sawblade manufacturers perform their own assembly operations, we note that information provided at the Preliminary Staff Conference indicates that SH's assembly operations are likely staffed in the same manner as other domestic producers.[50]

Quantity and Type of Parts Sourced in the United States. SH purchases cores; in 2005, it purchased *** domestic cores from ***.[51] Diamond sawblade cores are a critical component in the production of finished diamond sawblades and have no use in other finished products.[52] In 2005, total net sales of diamond sawblade cores totaled *** units, valued at $***.[53]

Any Other Costs and Activities in the United States Directly Leading to Production of the Like Product. The evidence in the record of these final investigations does not indicate that SH has incurred any other costs or engaged in any other activities in the United States that directly lead to production of the domestic like product.

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[44] Petitioners' Prehearing Brief at 5; Petitioners' Posthearing Brief, Exhibit 1 at 22.

[45] CR/PR at Table VI-12.

[46] The company reported ***. CR at III-4 & n. 6, PR at III-4 & n. 6.

[47] CR at D-4, PR at D-3.

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

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

[50] See Preliminary Staff Conference Tr. at 109 (Garrison and Palovochik) (indicating that all assemblers perform the same general operations).

[51] SH's Producer Questionnaire Response.

[52] CR at I-13, PR at I-9.

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

The fact that SH has *** and does not manufacture cores or segments, but assembles them, does not necessarily indicate that its production-related activities in the United States are minimal. SH does have some capital investment as it does engage in production-related activities, namely the assembly of cores and segments into finished sawblades. The value added by its activities is not insubstantial. The fact that it has *** employees does not indicate that its production-related activities are minimal, as SH performs the same types of assembly operations as all other domestic producers and employs sufficiently similar numbers of production related workers as other domestic producers. Its purchase of *** cores from a U.S. producer in 2005 likewise does not indicate that its production-related activities are insufficient for inclusion in the domestic industry. On balance, we believe the record contains sufficient information to justify finding that SH engages in sufficient production-related activities to render it a domestic producer.[54]

In sum, we find that the operations of General Tool and SH constitute domestic production. Accordingly, we do not exclude them from the domestic industry on the basis of petitioners' argument that their operations do not constitute production.[55]

B. Related Parties

We must further determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to 19 U.S.C. § 1677(4)(B). That provision of the statute allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers. Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each case.[56]

In the preliminary determination, the Commission discussed whether appropriate circumstances existed to exclude *** as related parties from the domestic industry. Vice Chairman Okun, Commissioner Miller, and Commissioner Pearson determined not to exclude any related parties from the domestic industry. Chairman Koplan, Commissioner Hillman, and Commissioner Lane determined that

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[54] Vice Chairman Aranoff and Commissioner Hillman do not join this paragraph. They join the Commission in finding that SH should be excluded from the domestic industry under the related parties provision. However, they would also exclude SH from the domestic industry on the basis of insufficient production-related activities in the United States.

[55] *** engages in the assembly of large diameter sawblades (greater than *** inches) and reported no production of either segments or cores during the period of investigation. CR/PR at Table III-1. *** accounted for a very small share of finished sawblade production in 2005. Id. Petitioners have not alleged that ***'s operations do not constitute domestic production. Moreover, the nature of its production operations do not appear to be significantly distinguishable from those of SH, the operations of which we find do constitute domestic production. Therefore, and in the absence of a basis for concluding the contrary, we find that ***'s assembly operations constitute domestic production.

[56] Sandvik AB v. United States, 721 F. Supp. 1322, 1331-1332 (Ct. Int'l Trade 1989), aff'd without opinion, 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987). The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude related parties include: (1) the percentage of domestic production attributable to the importing producer; (2) the reason the U.S. producer has decided to import the product subject to investigation, *i.e.*, whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market; and (3) the position of the related producers vis-a-vis the rest of the industry, *i.e.*, whether inclusion or exclusion of the related party will skew the data for the rest of the industry. See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), aff'd without opinion, 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered the ratio of import shipments to U.S. production for related producers and whether the primary interests of the related producers lie in domestic production or in importation. See, e.g., Melamine Institutional Dinnerware from China, Indonesia, and Taiwan, Inv. Nos. 731-TA-741-743 (Final), USITC Pub. 3016 (Feb. 1997) at 14 n.81.

appropriate circumstances existed to exclude *** from the domestic industry. The Commission expressly indicated that it intended to reexamine the status of all related parties in any final phase of the investigations. It further indicated its intent to explore more fully whether the significant importation by a number of firms is a means to provide customers with a full product line by supplementing U.S. production with imported products that they cannot or will not produce. In particular, the Commission stated that it intended to seek information regarding the extent to which these firms are benefitting from the subject imports and whether they conduct their operations so as to be shielded from any injurious effects of the subject imports, including the types of products they import and the types of products they produce.[57]

1. Parties' Arguments

Petitioners argue the Commission should find that appropriate circumstances exist to exclude several U.S. producers from the domestic industry: Husqvarna; General Tool; Saint-Gobain; and SH. According to Petitioners, these firms' interests are not aligned with the domestic industry, but rather primarily lie in importation.[58] Petitioners also argue that unlike the domestic industry that imports subject product to fill out its product lines, these firms are related to or owned by producers of subject merchandise in China and Korea.[59] [60]

Korean respondents argue that the Commission should not exclude *** from the definition of the domestic industry.

Saint-Gobain argues that exclusion of the firm from the domestic industry is contrary to the statute and Commission practice.[61]

2. Analysis

Direct Importers of Subject Merchandise. Seven U.S. producers -- *** – reported that they imported subject diamond sawblades and parts over the period of investigation.[62] Thus, they may be

[57] Preliminary Determination, USITC Pub. 3791 at 8, 13 & n. 35.

[58] Petitioners' Prehearing Brief at 7-8. We note that Petitioners observe that the Commission need not reach this issue in the final determination with respect to SH and General Tool if it determines that those two firms do not engage in sufficient production-related activities. Id. at 7 n. 11. Their presentation of arguments under the related party provision are made in the alternative.

[59] Petitioners' Posthearing Brief, Ex. 1 at 11.

[60] As a preliminary matter, Korean Respondents argue that the Commission should conduct its related party analysis using value to measure industry production. Korean Respondents' Prehearing Brief at 7-8. We determine to rely primarily on value measures for subject import volume, apparent consumption, and domestic shipments. We are mindful of limitations in use of value measures rather than quantity measures, such as the difficulty in determining whether changes in value totals are caused by changes in product mix or price. Nonetheless, we rely on value-based indicators as the best measure for the continuum product here that includes a vast and disparate grouping of items differing in size, characteristics, and applications. We have also considered quantity data where appropriate, including in our related party analysis.

[61] Saint-Gobain's Prehearing Brief at 12-16; Saint-Gobain's Posthearing Brief at 4-6.

[62] CR/PR at Table III-2.

excluded from the industry if appropriate circumstances exist.[63] ***.[64] Price and product range were the primary reasons reported by most companies for their decisions to import subject merchandise.[65]

*** accounted for *** percent of domestic production of finished diamond sawblades in 2005 and *** percent of domestic production of segments in that year.[66] It supports the petition.[67] [68] It imported finished diamond sawblades from China, although it did not provide a reason for such imports.[69] On a value basis, Concut's ratio of subject imports from China to its U.S. shipments of its U.S. production was *** percent in 2005, increasing from *** percent in 2003 and *** percent in 2004.[70] On a quantity basis, its ratio of imports from China to production was *** percent in 2005, increasing from *** percent in 2003 and *** percent in 2004.[71] Its operating income as a ratio of net sales was *** percent in fiscal year 2005 – an increase from ***.[72] Although *** supports the petition, it appears that its primary interests lie in importation rather than domestic production in light of its ratio of imports to production. It also appears to derive some benefit from those imports. Based on these facts, we find that appropriate circumstance exist to exclude *** from the domestic industry.[73] [74]

*** accounted for *** percent of domestic production of finished diamond sawblades in 2005 and *** percent of domestic production of segments in that year.[75] It produces customized products in the United States primarily for the professional market.[76] *** opposes the petition.[77] It imported finished diamond sawblades from China and Korea for price and product range reasons.[78] It also imported cores from China and Korea as well as segments from Korea during the period examined.[79] Its ratio of imports of finished diamond sawblades from China to production was *** percent in 2005, increasing from ***

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[63] 19 U.S.C. § 1677(4)(B).

[64] CR/PR at Table III-2. We note that *** also directly imports nonsubject merchandise from *** and is related to ***, a sister firm in ***. *** is jointly owned by *** and was created to provide products to *** at prices competitive with imports from China and Korea. CR at III-5 n. 8, PR at III-4 n.8.

[65] CR at III-11, III-21, & n.20; PR at III-8, III-11, & n.20.

[66] CR/PR at Table III-1.

[67] CR/PR at Table III-1.

[68] Petitioners argued that a producer's position on the petition is an important element of the Commission's related party analysis. E.g., Tr. at 200-201. While the Commission may consider whether a producer supports or opposes the petition as one factor in deciding whether appropriate circumstances exist to exclude that producer as a related party, support or opposition to the petition is not dispositive of the question. See e.g., Allied Mineral Products, Inc. v. United States, Slip Op. 04-139 (Ct. Int'l Trade Nov. 12, 2004) at 9-10 & n. 5.

[69] CR/PR at Table F-2; ***'s Producer Questionnaire Response.

[70] CR/PR at Table F-2.

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

[72] CR/PR at Table VI-11.

[73] We exclude Concut from the industry even though its inclusion would not skew the industry data ***.

[74] In these investigations, Vice Chairman Aranoff does not rely on individual-company operating income margins in assessing whether particular related parties benefit from importation of subject merchandise, except where a related party produces finished diamond sawblades using subject imported parts. Rather, she has based her determination regarding whether to exclude related parties principally on their ratios of subject imports to domestic shipments and on whether their primary interests lie in domestic production or importation.

[75] CR/PR at Table III-1.

[76] CR at III-12, PR at III-8.

[77] CR/PR at Table III-1.

[78] See CR at III-11, PR at III-8.

[79] CR/PR at Table F-2.

percent in 2003 and *** percent in 2004. Its ratio of imports of diamond sawblades from Korea to production was *** percent in 2005, increasing from 2,176.8 percent in 2003 and 5,086.9 percent in 2004.[80] On a value basis, ***'s ratio of total imports from China to total U.S. shipments of U.S. production was *** percent in 2005, increasing from *** percent in 2003 and *** percent in 2004. Its ratio of total imports of finished diamond sawblades from Korea to total U.S. shipments of U.S. production was *** in 2005, increasing from *** percent in 2003 and *** percent in 2004.[81] ***'s ratio of imports of segments from Korea to production was *** percent in 2005, decreasing from *** percent in 2003 and *** percent in 2004.[82] Its operating income as a ratio of net sales was *** percent in fiscal year 2005 – an increase from ***.[83] We find that appropriate circumstances exist to exclude *** from the domestic industry based on its high ratio of imports to production and the fact that it appears to derive some benefit from those imports.

*** accounted for *** percent of domestic production of finished sawblades and *** percent of production of segments in 2005.[84] It is the *** producer of diamond sawblades and ***.[85] It imported finished diamond sawblades from China and cores from both China and Korea during the period ***.[86] Its ratio of imports of finished diamond sawblades from China to production was *** percent on a quantity basis in 2005.[87] On a value basis, Husqvarna's ratio of total imports from China to total U.S. shipments of U.S. production was *** percent in 2005, while its ratio of total imports from Korea to total U.S. shipments of U.S. production was *** percent in that year.[88] Its operating income as a ratio of net sales *** the period of investigation: *** percent in fiscal year 2003, *** percent in fiscal year 2004, and *** percent in fiscal year 2005.[89] It appears that domestic producer *** interests lie in domestic production rather than importation. Although, on a quantity basis, *** increased its imports of subject merchandise over the period examined, on a value basis, its ratio of total imports from both China and Korea to total U.S. shipments was less than *** percent in 2005. Thus, *** imports of subject merchandise on a value basis are minimal in relation to its domestic production. Indeed, it is the *** domestic producer. We therefore find that circumstances are not appropriate to exclude *** from the domestic industry.

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

[81] CR/PR at Table F-2.

[82] CR/PR at Table III-13. *** internally consumes all imports of diamond sawblade cores from China and Korea. It does not produce cores in the United States. *** imports of cores from China were equivalent to *** percent of the quantity of finished diamond saw blades that it produced in 2003, *** percent in 2004, and *** percent in 2005, while its imports of cores from Korea were equivalent to *** percent of the quantity of diminished diamond saw blades that it produced in 2003.

[83] CR/PR at Table VI-11.

[84] CR/PR at Table III-1.

[85] CR/PR at Table III-1.

[86] CR/PR at III-11-12.

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

[88] CR/PR at Table F-2. We note that *** internally consumes all imports of diamond sawblade cores from China and Korea. It does not produce cores in the United states. Its imports of cores from Korea were equivalent to *** percent of the quantity of finished diamond saw blades that it produced in 2003, *** percent in 2004, and *** percent in 2005, while its imports of cores from China were *** percent of the quantity of finished diamond saw blades that it produced in 2004 and *** percent in 2005.

[89] CR/PR at Table VI-11.

*** accounted for *** percent of domestic production of finished diamond sawblades in 2005, and *** percent of production of segments in that year.[90] It opposes the petition.[91] It imported finished diamond sawblades from China.[92] It also imported cores from China during the period reviewed.[93] On a quantity basis, its ratio of imports from China to production was *** percent in 2005.[94] On a value basis, ***'s ratio of total imports from China to total U.S. shipments of U.S. production was *** percent in 2005, increasing from *** percent in 2003 and *** percent in 2004.[95] Its operating income as a ratio of net sales was *** percent in fiscal year 2005, increasing from ***.[96] ***'s interests appear to lie primarily in domestic production. Based on the difference in its ratio of imports to production on a quantity and a value basis, ***'s U.S. production operations focus on larger diameter, higher value sawblades. *** imports products that it does not produce in its domestic facilities. Moreover, although the improvement in *** financial condition as the volume of its subject imports increased could suggest some benefit from those imports, we note that it experienced improved profitability in 2005 even as its ratio declined, and that its financial performance in 2005 was below the industry average. Therefore, because its interests appear to lie primarily in domestic production rather than importation, and because its inclusion would not skew the industry data, we find that circumstances are not appropriate to exclude *** from the domestic industry.

*** accounted for *** percent of domestic production of finished diamond sawblades in 2005.[97] It *** the petition.[98] It imported finished diamond sawblades, cores, and segments from Korea to provide a broader product range, because it only produces certain custom and quick turnaround merchandise in the United States.[99] On a quantity basis its ratio of imports of finished diamond sawblades from Korea to production was *** percent in 2005, a decrease from *** percent in 2003 and *** percent in 2004. [100] On a value basis, ***'s ratio of total imports from Korea to total U.S. shipments of U.S. production was *** percent in 2005, a decrease from *** percent in 2003 and *** percent in 2004.[101] It does not appear that *** benefitted from its importation of subject merchandise. Its operating income as a ratio of net sales was *** percent in fiscal year 2003, *** percent in fiscal year 2004, and *** percent in fiscal year 2005.[102] Like ***, owing to its large import to production ratios, it appears that SH's interests lie in importation rather than in production. Based on these facts, we find that appropriate circumstances exist to exclude *** from the domestic industry.

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[90] CR/PR at Table III-1.

[91] CR/PR at Table III-1.

[92] CR at III-11.

[93] CR/PR at Table F-2.

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

[95] CR/PR at Table F-2. Saint-Gobain internally consumes all imports of diamond sawblade cores from China. It does not produce cores in the United States. Saint-Gobain's imports of cores from China were equivalent to *** percent of the quantity of finished diamond saw blades that it produced in 2004 and *** percent in 2005.

[96] CR/PR at Table VI-11.

[97] CR/PR at Table III-1.

[98] CR/PR at Table III-1.

[99] SH's Producer Questionnaire.

[100] CR/PR at Tables III-7. SH does not produce cores or segments in the United States, but rather assembles diamond sawblade parts. Its imports of parts are internally consumed. Its imports of cores from Korea were equivalent to *** percent of the quantity of finished diamond saw blades that it produced in 2003, *** percent in 2004, and *** percent in 2005.

[101] CR/PR at Table F-2.

[102] CR/PR at Table VI-11.

*** accounted for *** percent of domestic production of finished diamond sawblades in 2005 and *** percent of production of segments in that year.[103] It is a petitioner.[104] The firm reported imports of finished diamond sawblades because ***.[105] Its ratio of imports from Korea to production was *** percent in 2005 a decrease from *** percent in 2004.[106] On a value basis, ***'s ratio of total imports from Korea to total U.S. shipments of U.S. production was *** percent in 2004 and 2005 (it ***.[107] Thus, the imports were at very low levels throughout the period of investigation. Its operating income as a ratio of net sales was *** percent in fiscal year 2003, *** percent in fiscal year 2004, and *** percent in fiscal year 2004.[108] Given its small ratios of imports to production on both a quantity and value basis, it appears that ***'s interests lie more in production than importation. *** is a member of the petitioning coalition. It does not appear to have derived significant financial benefit from its relatively small amount of imports. Accordingly, we find that circumstances are not appropriate to exclude *** from the domestic industry.

*** accounted for *** percent of domestic production of finished diamond sawblades in 2005 and *** percent of domestic production for segments.[109] It *** the petition.[110] It imports finished diamond sawblades from China that it ***.[111] On a value basis, ***'s ratio of imports from China to its total shipments of U.S. production was *** percent in 2005, down from *** percent in 2004, while the ratio on a quantity basis was *** percent, a decline from *** percent in 2004.[112] The difference in this ratio on a value and quantity basis would appear to indicate a greater focus on larger diameter, higher value sawblades in its domestic production and a greater focus on smaller diameter, lower value sawblades for its imports. Its operating income as a ratio of net sales was at a *** percent in fiscal year 2003, *** percent in fiscal year 2004, and *** percent in fiscal year 2005.[113] Thus, ***'s imports of subject merchandise on a value basis are minimal in relation to its domestic production. *** imports subject merchandise that it does not produce. Although *** may have derived some financial benefit from its subject imports, it experienced its largest increase in profitability from 2004 to 2005, even as its ratio of imports to production declined. We therefore find that circumstances are not appropriate to exclude *** from the domestic industry.

In sum, we find that circumstances are appropriate to exclude *** from the domestic industry and that circumstances are not appropriate to exclude ***.

Ownership by Subject Importers or Exporters.[114] Baranca Diamond ("Baranca") is wholly owned by MK Diamond Products, Inc., an importer of subject merchandise from Korea.[115] Because MK Diamond Products, Inc. wholly owns Baranca, it is deemed to control Baranca. The Commission must examine whether to exclude Baranca from the domestic industry under the related party provision.

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[103] CR/PR at Table III-1.

[104] CR/PR at Table III-1.

[105] CR at III-12.

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

[107] CR/PR at Table F-2.

[108] CR/PR at Table VI-11.

[109] CR/PR at Table III-1.

[110] CR/PR at Table III-1.

[111] CR at III-12.

[112] CR/PR at Tables III-7 and F-2.

[113] CR/PR at Table VI-11.

[114] As indicated above, *** are related to firms in subject countries. CR/PR at Table III-1. These firms thus qualify as related parties under the common ownership prong of the related parties provision. The analysis discussing these firms' domestic and import operations is presented immediately above.

[115] CR/PR at Table III-1; MK Diamond Products, Inc.'s Importer Questionnaire Response.

Baranca accounted for *** percent of domestic production of finished diamond sawblades in 2005. It opposes the petition and only produces continuous rim sintered diamond sawblades; it does not produce segmented diamond sawblades.[116] Its ratio of purchases of subject diamond sawblades from Korea to production was *** percent in 2005.[117] On a value basis, the ratio of Baranca's purchases of imports from Korea to its total U.S. shipments of U.S. production was *** percent.[118] This *** producer's operating income as a ratio of net sales was *** percent in fiscal year 2003, *** percent in fiscal year 2004, and *** percent in fiscal year 2005.[119] Baranca ***. While Baranca's performance indicates that it may be deriving some benefit from its related party status, in light of its small size, its inclusion will not skew the data for the industry and, at least on a value basis, its ratio of subject purchases to production is small. Accordingly, we find that circumstances are not appropriate to exclude Baranca from the domestic industry.

Purchases of Subject Imports. Eleven domestic producers *** reported that they purchased subject imports of diamond sawblades, cores, or segments during the period of investigation.[120] They qualify as related parties if they control large volumes of imports. As with the related parties who imported subject merchandise directly, price and product range were the primary reasons reported by these companies for their decisions to purchase subject imports of diamond sawblades. In only a few instances did these firms account for more than five percent of any individual importer's sales of diamond sawblades from the subject countries in 2005. According to their questionnaire responses, ***.[121] ***.[122] ***.[123] Because the other domestic producers that purchased subject imports do not control large volumes of those imports, they do not qualify as related parties. We have discussed ***'s and ***'s direct imports above. We therefore discuss below only ***, for which we do not find appropriate circumstances for exclusion.

*** accounted for *** percent of production of finished sawblades and *** percent of production of segments in 2005.[124] It is a petitioner and *** producer of diamond sawblades.[125] It purchased finished diamond sawblades from Korea during the period ***.[126] On a value basis, the ratio of ***' purchases from Korea to its total U.S. shipments of U.S. production was *** percent.[127] On a quantity basis, its ratio of purchases from China to production was *** percent in 2005.[128] Diamond Products' operating income

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[116] CR/PR at Table III-1 & n. 2.

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

[118] CR/PR at Table F-2.

[119] CR/PR at Table VI-11.

[120] CR/PR at Table F-2. The Prehearing Report indicated that ***, but we note that ***, a circumstance (domestic producer purchases subject merchandise purchased by its affiliate) to which the Commission's analysis of importer or equivalent status has not extended.

[121] *** primarily imports finished diamond sawblades from Korea, accounting for *** percent by value of its total imports of finished diamond sawblades and segments in 2005. *** purchases of ***'s subject imports of *** from *** therefore represent a relatively small portion of ***'s overall subject imports.

[122] *** primarily imports finished diamond sawblades from ***, accounting for *** percent by value of its total imports of finished diamond sawblades and cores in 2005. *** purchases of ***'s subject imports of *** from *** therefore represent a relatively small portion of ***'s overall subject imports.

[123] *** Trading only reported imports of cores during the period examined.

[124] CR/PR at Table III-1.

[125] CR/PR at Table III-1.

[126] See CR at III-12, PR at III-8.

[127] CR/PR at Table F-2.

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

as a ratio of net sales *** over the period of investigation: from *** percent in fiscal year 2003 to *** percent in fiscal year 2004, then to *** percent in fiscal year 2005.[129] Because *** is *** producer, a petitioner, and it does not appear to have benefitted financially from the subject imports, its interests clearly lie in domestic production. We therefore find that circumstances are not appropriate to exclude *** from the domestic industry.[130]

In sum, we find appropriate circumstances to exclude *** from the domestic industry. We find that circumstances are not appropriate to exclude from the domestic industry ***.

III. CUMULATION[131]

For purposes of evaluating the volume and price effects for a determination of material injury by reason of the subject imports, section 771(7)(G)(I) of the Act requires the Commission to cumulate subject imports from all countries for which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each other and with domestic like products in the U.S. market.[132] In assessing whether subject imports compete with each other and with the domestic like product, the Commission has generally considered four factors, including:

(1) the degree of fungibility between the subject imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
(2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;
(3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and
(4) whether the subject imports are simultaneously present in the market.[133]

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.[134] Only a "reasonable overlap" of

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[129] CR/PR at Table VI-11.

[130] *** reported that it imported *** in 2005 and that *** percent of those imported cores (*** units) were purchased by ***. *** did not itself report these core purchases, which would be equivalent to only *** percent of *** production of finished diamond sawblades. See ***'s importer questionnaire response and *** producer questionnaire response. We find that *** purchases of cores from ***, although likely reflecting control of those importations, equates to a very small relative quantity of imports and, for the same reasons that we do not exclude *** with respect to its purchases of the Korean merchandise, we do not find appropriate circumstances to exclude *** on the basis of its purchase of the Chinese merchandise reported by ***.

[131] We do not find that the subject imports from either of the subject countries were negligible for purposes of these investigations. The subject imports from China and Korea were above the three percent negligibility threshold during the most recent twelve-month period for which data were available preceding the filing of the petition. CR/PR at Table IV-1; 19 U.S.C. § 1677(24).

[132] 19 U.S.C. § 1677(7)(G)(i).

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

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

competition is required.[135] None of the statutory exceptions to the general cumulation rule apply to these investigations.[136]

In the preliminary determinations in these investigations, we found that the antidumping duty petitions for China and Korea were filed on the same day and that there was a reasonable overlap of competition among subject imports from China, subject imports from Korea, and the domestic like product. Accordingly, we cumulatively assessed the volume and price effects of the subject imports. In this final phase of these investigations, petitioners have asserted that there is a reasonable overlap of competition. No party disagrees with the petitioners' position in this regard.

The antidumping petitions for China and Korea were both filed on May 3, 2005. Subject imports from China and Korea are thus eligible for cumulation. We consequently examine whether there is a reasonable overlap of competition between subject imports, as well as between subject imports and the domestic like product.

1. Fungibility.

Most market participants indicated that domestically-produced finished diamond sawblades and imported merchandise from China and Korea were always or frequently interchangeable.[137] Five of nine U.S. producers explained that some differences between domestic and imported diamond sawblades exist. Three producers noted differences in the types of diamond sawblades produced by domestic producers and by subject producers in China. Three U.S. producers also mentioned differences in applications between the domestic like product and subject imports from China, indicating that a large percentage of domestically-produced diamond sawblades is typically large-diameter blades for use in professional applications while subject imports are typically smaller, continuous rim blades. Two U.S. producers stated that there are quality differences between subject imports from China and the domestic like product. Two producers also indicated that there were differences in manufacturing processes: domestically-produced diamond sawblades are typically laser-welded, while imports are typically sintered.[138]

Ten importers of subject imports from China identified differences between the domestic and subject diamond sawblades. Six indicated that subject imports from China were inferior in quality to the domestic like product. Five importers noted product differences between the domestic like product and subject diamond sawblades, specifically indicating that the domestic like product was mostly large-diameter segmented diamond sawblades, whereas subject imports from China were mostly small-diameter, sintered continuous rim sawblades. Several importers indicated that these types of diamond

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

[136] 19 U.S.C. § 1677(7)(G) (ii).

[137] CR/PR at Table II-5 (indicating that 9 of 13 responding U.S. producers indicated that subject imports from China and Korea are always or frequently interchangeable; 15 of 26 responding importers indicated that subject imports from China and Korea are always or frequently interchangeable; and 20 of 26 responding purchasers indicated that subject imports from China and Korea are always or frequently interchangeable).

[138] CR at II-69, PR at II-34.

sawblades are not produced in the United States and some noted differences in applications and in the manufacturing processes of the domestic like product and the subject imports.[139]

Four purchasers of subject imports from China and the domestic like product noted differences between these products. Three of the responding purchasers indicated performance differences between subject imports from China and the domestic like product. Three purchasers indicated that there are no known U.S. producers of small-diameter diamond sawblades.[140] Two purchasers indicated that there were quality differences between subject imports from China and the domestic like product and subject imports from Korea.

Five domestic producers noted differences between domestic and imported diamond sawblades from Korea. Two producers cited quality differences, one of these indicating that domestically-produced diamond sawblades are superior. Two other producers mentioned product differences; they indicated that foreign producers from Korea offer a broader range of products. These producers also identified the same differences in manufacturing processes discussed immediately above and added that the availability of sintered diamond sawblades in the U.S. market is limited.[141]

Eight importers of subject imports from Korea identified differences between the domestic like product and subject diamond sawblades from Korea. Two importers indicated that subject imports from Korea were inferior in quality to the domestic like product. Three importers noted product differences between the domestic like product and subject diamond sawblades, specifically indicating that the domestic like product is mostly large-diameter, segmented diamond sawblades, whereas subject imports were mostly small-diameter, sintered continuous rim diamond sawblades; several observed that these types of sawblades are not produced in the United States.[142]

Two purchasers of subject imports from Korea and the domestic like product provided explanations of the types of differences between these products, indicating that there are no known U.S. producers of small-diameter, sintered diamond sawblades.[143]

Most domestic producers stated that differences in factors other than price sometimes or never distinguish domestic diamond sawblades from subject imports from China and Korea as well as between diamond sawblades from China and diamond sawblades from Korea.[144] Importers were fairly divided in their responses with a slight majority indicating that factors other than price were sometimes or never significant.[145]

Purchasers compared domestically-produced diamond sawblades and subject diamond sawblades from China and Korea according to specified factors. Nearly all of the responding purchasers indicated that domestically-produced diamond sawblades and imported finished diamond sawblades from China and Korea were generally comparable with each other with respect to such factors. Domestically-

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[139] CR at II-69, PR at II-34. As noted elsewhere in these Views, a very small quantity of continuous rim, sintered sawblades are produced in the United States. Sintered, continuous rim sawblades are used in applications where segmented blades cannot be used or will not produce a clean cut; they have lower performance abilities than segmented blades, and are mass produced. Korean Respondents' Prehearing Brief at 33-35.

[140] CR at II-69, PR at II-34. As noted elsewhere in these Views, small diameter sawblades are produced in the United States.

[141] CR at II-70, PR at II-34.

[142] CR at II-70, PR at II-35. As noted above, small diameter diamond sawblades are produced in the United States, as is a very small quantity of sintered sawblades.

[143] CR at II-70, PR at II-35. As noted above, small diameter diamond sawblades are produced in the United States, as is a very small quantity of sintered sawblades.

[144] CR/PR at Table II-6.

[145] CR/PR at Table II-6.

produced diamond sawblades were considered inferior, or higher priced, over both subject diamond sawblades from China and Korea.[146]

The Commission also collected data on U.S. shipments of finished diamond sawblades by type of blade and method of attachment, diameter size, and country of origin. The type of blade (continuous rim or segmented) and the method of attachment of the rim or segments to the sawblade core are key characteristic of finished diamond sawblades.[147] In 2005, domestic and subject foreign producers of diamond sawblades produced laser-welded, soldered, or sintered segment blades as well as sintered continuous rim blades, though to varying degrees. In that year, the majority of domestically-produced diamond sawblades and of the subject imports (84.6 percent and 62.6, percent respectively) were laser-welded segmented product. However, less than 1 percent of U.S. production was of sintered sawblades, while a significant percentage of shipments of subject imports from China and Korea (31.4 and 27.6 percent, respectively) were sintered continuous rim diamond sawblades. Additionally, nearly 15 percent of U.S. production was of soldered/braised segmented blades, while less than 2 percent of subject imports from China and 5 percent of subject imports from Korea were soldered/braised diamond sawblades.[148]

As noted below, there are significant differences in the sizes of finished sawblades that were shipped by the subject countries, on the one hand, and the domestic like product, on the other. However, for purposes of assessing reasonable overlap of competition, we note that 83.6 percent of U.S. diamond sawblade had a diameter greater than 12 inches, and 41.1 percent of subject imports from China and 45.2 percent of subject imports from Korea were of these diameters.[149] While the difference between the share of the domestic like product and of subject imports in this size range has important implications for our assessment of causation, this intersection is sufficient to warrant cumulation.

With respect to components, the majority of responding market participants reported that domestically-produced and imported cores and segments from China and Korea are always interchangeable.[150]

One market participant reported that differences in factors other than price were frequently significant between domestic diamond sawblades cores and subject imports from China and Korea, while another participant reported that these factors were never significant.[151] With respect to segments, one market participant reported that differences in factors other than price were frequently significant between

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[146] CR/PR at Table II-8.

[147] Segments are either sintered, soldered/brazed, or laser welded onto the core. For sintered blades, a mixture of diamonds and matrix bond of metal powders is baked onto the sawblade core. Diamond sawblades with segments soldered/brazed to the core are blades that must be used in a "wet" cutting process, with a fluid lubricating and cooling the blade during cutting. If the blade is used in a "dry" cutting process, heat generated by the cutting action will melt the solder used to attach the segments to the core. Diamond sawblades that have segments laser welded to the core are stronger, have few failure rates, and are more reliable than sintered sawblades. CR at I-11 - I-12, PR at I-9; see also CR at II-45 - II-47, PR at II-45 (limited interchangeability among various types). Sintering is a common means of attaching a continuous rim, as distinct from a segmented rim, to a core. Regarding the limits on interchangeability between continuous rim and segmented sawblades, see CR at I-20, PR at I-13 & Korean Respondents' Prehearing Brief at 33-35. Segmented blades can also be sintered. E.g., CR/PR at Table I-2 (nearly 20 percent of subject imports from China were sintered segmented blades; 0.2 percent of those from Korea and of U.S. producers were sintered segmented blades).

[148] CR/PR at Table I-2.

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

[150] CR at II-71-73, PR at II-35-37.

[151] CR at II-73, PR at II-36.

domestic diamond sawblades segments and subject imports from China and Korea, while another participant reported that these factors were never significant.[152]

Purchasers were also requested to compare purchase factors for domestically-produced parts and imported parts. Only one purchaser provided a response comparing cores from the United States with cores from China and Korea, and only one other purchaser compared domestically-produced segments with segments produced in Korea.[153] With respect to cores, the responding purchaser indicated that domestically-produced diamond sawblade cores were generally superior or comparable with those imported from China and Korea. With respect to segments, the responding purchaser indicated that domestically-produced segments were generally inferior to those imported from Korea with some exceptions. These include the factors minimum quantity requirements, packaging, product consistency, product quality equals the standard, and product quality exceeds the standard. For these factors, the purchaser indicated that domestically-produced segments and Korean segments were comparable.[154]

Based on the evidence discussed above, it appears that domestically-produced diamond sawblades and parts are at least somewhat fungible with subject imports. Though there are differences by size and end-use markets, there is overlap among the subject imports and the domestic like product in the 12-inch to 14-inch diameter range. Thus, it appears that there is sufficient fungibility between and among the domestic like product and subject diamond sawblades, cores, and segments from China and Korea.

2. Same Geographical Markets.

The majority of responding U.S. producers and importers sell finished diamond sawblades on a nationwide basis. Certain of the responding firms reported selling their products in various of eight regions of the United States.[155] This evidence of nationwide sales of the domestic like product and subject imports from China and Korea, as well as sales by individual producers and importers in specific regions, demonstrates a reasonable overlap of sales in the same geographic markets.

3. Simultaneous Presence.

The data indicate that subject imports from China, subject imports from Korea and the domestic like product were simultaneously present in the U.S. market throughout the period examined. Pricing data collected in the final phase of these investigations demonstrates that domestically-produced diamond sawblades and imports of diamond sawblades from China and Korea were present in each quarter during 2003-05.[156]

4. Channels of Distribution.

In the U.S. market, the majority of domestically-produced finished diamond sawblades are sold to distributors, including branded distributors and other distributors (50.3 percent for 2003-05),[157] or to end users, including professional construction firms and all other end users (46.2 percent for 2003-05). The

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[152] CR at II-73, PR at II-36-37.

[153] The record indicates that there were no reported imports of diamond sawblade segments from China during the period. CR at II-76 n. 159, PR at II-37.

[154] CR at II-76, PR at II-37.

[155] CR at V-4, PR at V-2.

[156] CR/PR at Tables V-1a-7c.

[157] Branded distributor purchase and resell under their own brand names. This includes tele-marketers that sell under their brand names. Other distributors sell under the brand names of the U.S. producer or importer. Questionnaire, General Information, Instructions, and Definitions at 6.

third largest channel of distribution for domestic diamond sawblades, retailers, accounts for only 1.8 percent of U.S. producers' commercial shipments over the period examined. This channel includes national big-box retailers and other retailers. The final channel of distribution includes original equipment manufacturers ("OEMs"), which account for 1.6 percent of U.S. producers' commercial shipments during the period examined.[158]

The majority of commercial shipments of subject diamond sawblades from China were sold to distributors and OEMs, accounting for 64.4 percent and 18.1 percent, respectively, during the period examined. The third largest channel of distribution for subject diamond sawblades from China is to end users and accounted for 9.0 percent of U.S. commercial shipments from 2003 to 2005. The smallest channel of distribution through which subject diamond sawblades from China are sold is to retailers, accounting for 8.5 percent during the period.[159]

The majority of commercial shipments of subject diamond sawblades from Korea were sold to distributors and OEMs, accounting for 60.4 percent and 27.9 percent, respectively, during the period examined. The third largest channel of distribution for subject diamond sawblades from Korea is to end users and accounts for 9.9 percent from 2003 to 2005. Direct shipments to retailers accounted for 1.9 percent of subject import shipments from Korea.[160]

These figures indicate that there is some overlap in the channels of distribution, as most shipments of domestically-produced diamond sawblades and subject imports are sold through "distributor," including both branded distributors and other distributors. Within this broad distributor channel the largest share of subject imports from China and Korea were sold to branded distributors (47.9 percent and 44.8 percent of their total shipment, respectively). However, the largest share of domestically-produced diamond sawblades were sold to other distributors (36.1 percent), with branded distributors accounting for 14.2 percent of U.S. shipments.[161] Nonetheless, for purposes of our cumulation analysis, we find that there is at least a reasonable overlap in channels of distribution between and among the domestic like product and subject imports from China and Korea.

Again, we note that for purposes of cumulation a complete overlap of competition is not required. Based on our consideration of the four criteria identified above, on balance, we find that there is a reasonable overlap of competition between and among subject imports from China, subject imports from Korea, and the domestic like product, sufficient to justify cumulation. Thus, we determine to cumulatively assess the volume and price effects of subject imports.

V. CONDITIONS OF COMPETITION AND THE BUSINESS CYCLE

We have taken the following conditions of competition into account when assessing whether the domestic diamond sawblades industry is materially injured or threatened with material injury by reason of the cumulated subject imports from China and Korea.

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

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

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

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

A. Demand Conditions

Demand for diamond sawblades is derived from the demand for construction projects involving the cutting of various aggregates like stone, concrete, asphalt, masonry, brick, block, marble granite, and tile. Demand is considered somewhat seasonal, especially in the Northern portion of the United States where seasonal weather patterns vary greatly over the year. As a result, the second and third quarters each account for approximately 30 percent of yearly demand, and the first and fourth quarter of the year each account for approximately 20 percent.[162]

A large majority of responding market participants indicated that demand increased or was unchanged over the period of investigation.[163] Apparent U.S. consumption of diamond sawblades and parts collectively increased by value during the period examined, from $199.2 million in 2003 to $221.1 million in 2004, and to $231.2 million in 2005.[164] Apparent U.S. consumption of finished diamond sawblades, diamond sawblade cores, and diamond sawblade segments increased individually during the period examined by quantity and value, with one exception: segments decreased somewhat by quantity from 2003 to 2004, but increased slightly from 2004 to 2005.

Apparent U.S. consumption of finished diamond sawblades increased by quantity from 4.5 million units in 2003, to 6.1 million units in 2004, rising to 6.8 million units in 2005. By value, apparent U.S. consumption of finished diamond sawblades increased from $184.7 million in 2003 to $205.6 million in 2004, and rose to $214.9 million in 2005.[165] Likewise, apparent U.S. consumption of diamond sawblades cores increased by quantity from *** units in 2003, to *** units in 2004, rising to *** units in 2005. By value, apparent U.S. consumption of diamond sawblade cores increased from $*** in 2003, to $*** in 2004, and rose to $*** in 2005.[166] In contrast, apparent U.S. consumption of diamond sawblade segments for the merchant market decreased from *** units in 2003, to *** units in 2004, then rose slightly to *** units in 2005. By value, apparent U.S. consumption of diamond sawblade segments in the merchant market increased from $*** in 2003, to $*** in 2004, and rose to $*** in 2005.[167]

Over the period of investigation, there were some differences in the trends in consumption of finished diamond sawblades by blade diameter. Consumption of diamond sawblades with a diameter between 7 inches and 10 inches experienced the fastest rate of growth between 2003 and 2005 (30.7 percent).[168] Consumption of diamond sawblades with a diameter of 14 inches or less increased by 18.6 percent over the period of investigation.[169] In contrast, consumption of diamond sawblades with a diameter greater than 14 inches increased somewhat less; by 12.4 percent.[170]

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[162] E.g., Conference Tr. At 106 (Garrison, Palavochik).

[163] CR at II-33, PR at II-20-21. Of the firms that cited increased U.S. demand, six U.S. producers, 23 U.S. importers, and 27 U.S. purchasers provided useable comments; these comments are provided in the Staff Report on pages II-34 to II-36.

[164] CR/PR at Table IV-9. To obtain complete coverage of subject imports, the Commission aggregated finished diamond sawblades and parts. In so doing, commercial shipments of parts are counted twice. Double counting is believed to be minimal, however, as commercial sales of cores and segments in the U.S. market accounted for less than one-tenth *** percent of aggregate sales of finished diamond sawblades and parts. Calculated from CR/PR at Tables C-2 and C-3. These data are presented in Appendix 2 at the end of the Commission's views.

[165] CR/PR at Table IV-2.

[166] CR/PR at Table IV-7.

[167] CR/PR at Table IV-7.

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

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

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

The trends in consumption also varied by channel of distribution. Consumption in the OEM and the broader distributors channels increased the greatest amount, by 78.4 percent and 18.6 percent, respectively. Consumption in the end-user channels, by contrast, registered only a slight increase, 2.8 percent, and consumption in the retailers channel decreased by 2.3 percent. Commercial shipments of the domestic like product and subject imports through retail channels increased notwithstanding the decline in consumption in the retail channel, however, as a result of a decline in nonsubject imports in that channel.[171]

B. Supply Conditions

The U.S. diamond sawblade market is supplied by three sources: domestic producers, subject imports from Korea and China, and nonsubject imports. Overall, U.S. producers account for the largest share of the U.S. market, measured in value terms. The domestic industry (excluding three related parties) supplied *** percent of aggregate market value in 2003, *** percent in 2004, and *** percent in 2005.[172]

The Commission received questionnaire responses from sixteen U.S. producers of diamond sawblades, nine of which were petitioners, that collectively accounted for approximately *** percent of reported U.S. production of diamond sawblades, *** percent of reported U.S. production of diamond sawblade segments, and *** percent of reported U.S. production of diamond sawblade cores in 2005.[173] Diamond Products is the *** U.S. producer of finished diamond sawblades, accounting for *** percent of reported U.S. production in 2005 and the *** largest producer of diamond sawblade segments, accounting for *** percent of reported U.S. production in 2005.[174] Western Saw is the *** U.S. producer of diamond sawblade cores, accounting for *** percent of U.S. production in 2005.[175]

Domestic producers' share of apparent consumption varied significantly when measured on a quantity versus a value basis. For finished diamond sawblades, the domestic industry's market share on a quantity basis peaked in 2003 at *** percent and declined somewhat thereafter to *** percent. In contrast, the domestic industry's market share on a value basis was *** percent in 2003, declining to *** percent in 2005.[176] For diamond sawblade cores, the domestic industry's market share fell from *** percent by quantity in 2003 to *** percent in 2005, and declined from *** percent by value in 2003 to *** percent in 2005.[177] For diamond sawblade segments sold in the merchant market, the domestic industry's market share fluctuated from *** percent by quantity in 2003 to *** percent in 2005, and from *** percent by value in 2003 to *** percent in 2005.[178]

Subject import market share on a quantity basis was 61.2 percent in 2003, increasing to 75.1 percent in 2005. On a value basis, subject import market share increased, albeit from a smaller base,

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

[172] CR/PR at Table C-4A less data reported in ***'s producer questionnaire. These data are presented in Appendix 2 at the end of the Commission's views.

[173] CR at I-1, PR at I-1, CR/PR Table III-1.

[174] CR/PR at Table III-1. ***, a non-petitioning firm, is the *** U.S. producer of diamond sawblade segments, accounting for *** percent of reported U.S. production in 2005.

[175] CR/PR at Table III-1.

[176] CR/PR at Table C-1A less data reported in ***'s producer questionnaire. These data are presented in Appendix 1 at the end of the Commission's views.

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

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

from 27.7 percent in 2003 to 40.0 percent in 2005.[179] For diamond sawblade cores, subject import market shares increased from *** percent by quantity in 2003 to *** percent in 2005, and from *** percent by value in 2003 to *** percent by value.[180] For diamond sawblade segments sold in the merchant market, subject import market shares declined from *** percent by quantity in 2003 to *** percent in 2005, and from *** percent by value in 2003 to *** percent in 2005.[181]

In addition to subject imports from China and Korea, there were also nonsubject imports in the U.S. market throughout the period of investigation. The market share of U.S. shipments of nonsubject imports of finished diamond sawblades, measured by value, increased slightly from 10.3 percent in 2003 to 10.9 percent in 2004, then declined to 8.1 percent in 2005.[182] Imports from nonsubject sources of diamond sawblade cores exhibited a similar decline; however nonsubject imports of diamond sawblade segments increased as a share of the U.S. market.[183] We note that *** directly imports nonsubject merchandise from *** and is related to ***, a sister firm in ***. *** is jointly owned by *** and was created to provide products to *** at prices competitive with China and Korea.[184]

C. Other Considerations

Finished diamond sawblades come in a variety of sizes and types, ranging from under seven inches to 70 inches in diameter, and different methods are used to join the cores and segments, including laser-welding, soldering, and sintering.[185] The material to be cut, such as concrete, brick, tile, granite, or asphalt, largely determines the type of diamond sawblade needed with respect to diameter, method of blade construction, and type of edge.[186]

Competition between the subject imports and the domestic like product is limited by differences in the type of end user to which sales are made, the diameters of blades sold, and differences in blade type and the manufacturing process. U.S. producers' focus is on larger blades, a significant share of which are sold directly to end users, including professional construction users that may require customization to meet the clients' needs. Imports of diamond sawblades from China and Korea are more focused on the smaller diameter blades more commonly used in the OEM and do-it-yourself ("DIY") or general contractor applications.[187] A significant portion of the subject imports are produced using a sintering process to join component parts, whereas very little sintering is used by the U.S. industry. In addition, continuous rim blades accounted for a greater share of subject imports than of the domestic like product.[188]

Based on the reported information in this investigation, where there is overlap in product type, the diamond sawblades produced domestically and those imported from China and Korea appear to be generally substitutable, but some reported product differentiation and other differences limit the degree of substitution even in those instances.

As noted in the overlap of competition discussion, supra, on a value basis, 37.3 percent of shipments of finished diamond sawblades from China, and 28.6 percent of U.S. shipments of the diamond

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

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

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

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

[183] CR/PR at Tables C-2, C-3.

[184] CR at III-5 n. 8, PR at III-4 n.8.

[185] CR at I-6, PR at I-4 - I-5.

[186] CR at II-2, PR at II-1.

[187] See CR at Appendix E.

[188] CR/PR at Table I-2.

sawblades from Korea, were less than or equal to 7-inches in diameter, whereas commercial shipments of domestically-produced diamond sawblades in those diameters were only 3.9 percent of total U.S. shipments over the period. U.S. shipments of domestically-produced diamond sawblades 20-inches or larger were 28.7 percent of domestic producers' shipments over the period but only 1.5 percent of U.S. shipments of imports from China and only 3.3 percent of U.S. shipments of subject imports from Korea. U.S. shipments of domestically-produced diamond sawblades greater than 14 inches but less than or equal to 20-inches were 20.0 percent of domestic producers' shipments over the period, but only 5.4 percent of U.S. shipments of imports from China and only 10.8 percent of U.S. shipments of subject imports from Korea. The greatest degree of size overlap with respect to finished sawblades appears to be in the 10-to-12 inch diameters: 8.7 percent of shipments of the imports from China, 9.1 percent of shipments of imports from Korea, and *** percent of U.S. producers' shipments on a value basis.[189]

Thus, based on value nearly half of U.S. shipments of U.S. diamond sawblades are in sizes 14 inches and larger, compared to 7 percent of subject imports from China and 14 percent of those from Korea. This indicates that, based on size considerations alone, the majority of domestic shipments of finished U.S. diamond sawblades were in sizes in which the subject imports had a relatively small presence.[190]

On the other hand, nearly half of subject imports' U.S. shipment value was of sizes 10 inches or less – 50.2 percent China, 44.4 percent Korea – while only 6.3 percent of the U.S. product was shipped in that size range. This indicates that a very substantial portion of subject imports were shipped in sizes in which the domestic product's presence was relatively small.[191]

It is important to note in this regard, as referenced in the discussion of price, infra, that purchasers identified several non-price factors – availability, delivery time, product consistency, product quality meeting standard, and reliable supply – more frequently than they did price as "very important" in their purchasing decision.[192]

We find that, even when subject imports and U.S.-produced finished diamond sawblades are sold in similar size ranges, the end users to which the blades are sold generally differ, with the majority of subject diamond sawblade imports sold to branded distributors and the majority of the domestically-produced sawblades sold to other distributors.[193] Accordingly, competition between the subject imports

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

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

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

[192] CR/PR at Table II-3. See also CR at II-61, PR at II-29 (quality was identified more frequently than price as the most important or second most important factor in purchasers decision).

[193] CR/PR at Table II-1, Appendix E. The overlap of customers and end uses for diamond sawblades sold by branded distributors versus those sold by other distributors appears limited based on differences in diamond sawblade products and types of customers. U.S. importers of the Chinese and Korean diamond sawblades reported selling 47.9 percent and 44.8 percent, respectively, of the value of their U.S. commercial shipments of these products to branded distributors during 2003-05. These sales of the imported Chinese and Korean diamond sawblades represented 74.4 percent and 74.2 percent, respectively, of the U.S. importers' sales to all U.S. distributors during this period. U.S. producers reported selling 36.1 percent of their U.S. commercial shipments of their U.S.-produced diamond sawblades to other distributors. These sales represented 71.8 percent of the U.S. producers' sales to all U.S. distributors during this period. In addition, distributors were the single largest channel of distribution during this period for U.S. producers and importers selling diamond sawblades in the size range of greater than 12" to 14" in diameter, the size range showing the most overlap between U.S.-produced and subject imported diamond sawblades. CR/PR at Table II-1. Differences were reported between sales of diamond sawblades reported by branded distributors from those reported by other distributors. Ten branded distributors and 3 "other" distributors responded in their questionnaire responses to a question requesting information on the types of diamond sawblades, their end uses, and the types of customers to which they sell these products. U.S. purchaser questionnaire responses, section

(continued...)

and the domestic like product is limited, largely by reason of differences in the mixes of blade diameters and customers.

VI. NO MATERIAL INJURY BY REASON OF THE SUBJECT IMPORTS

In an antidumping or countervailing duty investigation, the Commission determines whether an industry in the United States is materially injured by reason of the imports under investigation.[194] In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[195] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[196] In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[197] No single factor is dispositive, and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[198]

Some subject producers did not provide questionnaire responses and/or participate in these investigations. Accordingly, where appropriate, we have relied on the facts available in these reviews, which consist primarily of the evidence collected by the Commission since the institution of these reviews, and information submitted by parties in these reviews.[199]

For the reasons discussed below, we find that the domestic industry producing diamond sawblades is not materially injured by reason of subject imports from China and Korea.

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[193] (...continued)
V-3. The branded distributors reported selling a larger range of smaller diameter products and a smaller range of larger diameter products and a broader range of type of diamond sawblade (laser-welded segmented, sintered continuous-rim, soldered/brazed, etc.) than the other distributors. In addition, the branded distributors sold to both end users and to resellers, the latter, in turn, sell to end users, whereas the other distributors reported selling only to end users. Differences among various suppliers regarding what constitutes professional construction end users of diamond sawblades also suggest differences in the types of contractors that the responding branded and other distributors refer to as their customers (U.S. producer and importer questionnaire responses, sections IV-A-1 and III-A-1, respectively, and shown in the CR at II-7 - II-8, PR at II-6).

[194] 19 U.S.C. §§ 1671b(a) and 1673b(a).

[195] 19 U.S.C. § 1677(7)(B)(i). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each [such] factor . . . [a]nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B). See also Angus Chemical Co. v. United States, 140 F.3d 1478 (Fed. Cir. 1998).

[196] 19 U.S.C. § 1677(7)(A).

[197] 19 U.S.C. § 1677(7)(C)(iii).

[198] Id.

[199] Commissioner Okun notes that the statute authorizes the Commission to take adverse inferences in five-year reviews, but such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination. 19 U.S.C. § 1675(e). She generally gives credence to the facts supplied by the participating parties and certified by them as true, but bases her decision on the evidence as a whole, and does not automatically accept participating parties' suggested interpretations of the record evidence. Regardless of the level of participation and the interpretations urged by participating parties, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. "In general, the Commission makes determinations by weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive." SAA at 869.

A. Volume of Subject Imports

Section 771(7)(C)(I) of the Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[200]

The volume of cumulated subject imports of finished diamond sawblades, measured by value, increased over the period of investigation from $37.4 million in 2003 to $49.4 million in 2004, and then to $64.2 million in 2005.[201] Shipments of subject imports of finished diamond sawblades, measured by value, increased from $51.3 million in 2003 to $71.4 million in 2004, then to $86.1 million in 2005, and their market share by value rose from 27.7 percent in 2003 to 34.7 percent in 2004, then to 40.0 percent in 2004.[202] [203]

The volume of cumulated subject imports of finished diamond sawblades, measured by quantity, increased over the period of investigation from 3.1 million units in 2003 to 4.5 million units in 2004, and then to 6.0 million units in 2005.[204] Shipments of subject imports, measured by quantity, increased from 2.7 million units in 2003 to 4.1 million units in 2004, then to 5.1 million units in 2005, and their market share by quantity rose from 61.2 percent in 2003 to 67.6 percent in 2004, then to 75.1 percent in 2004.[205]

The volume of cumulated subject imports of diamond sawblade cores, measured by value, increased over the period of investigation from $*** in 2003 to $*** in 2004, and then to $*** in 2005.[206] Shipments of subject imports of diamond sawblade cores, measured by value, increased from $*** in 2003 to $*** in 2004, then to $*** in 2005, and their market share by value rose from *** percent in 2003 to *** percent in 2004, then to *** percent in 2004.[207]

The volume of cumulated subject imports of diamond sawblade cores, measured by quantity, increased over the period of investigation from *** units in 2003 to *** units in 2004, and then to *** units in 2005.[208] Shipments of subject imports, measured by quantity, increased from *** units in 2003 to *** units in 2004, then to *** units in 2005, and their market share by quantity rose from *** percent in 2003 to *** percent in 2004, then to *** percent in 2004.[209]

The volume of cumulated subject imports of diamond sawblade segments, measured by value, decreased over the period of investigation from $*** in 2003 to $*** in 2004 and 2005.[210] Shipments of subject imports of diamond sawblade segments, measured by value, decreased from $*** in 2003 to $*** in 2004, then rose slightly to $*** in 2005, and their market share by value fell from *** percent in 2003 to *** percent in 2004, then to *** percent in 2004.[211]

The volume of cumulated subject imports of diamond sawblade segments, measured by quantity, decreased over the period of investigation from *** units in 2003 to *** units in 2004, and then to ***

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[200] 19 U.S.C. § 1677(7)(C)(i).

[201] CR/PR at Table IV-1.

[202] CR/PR at Tables IV-2 and IV-3.

[203] As noted above, we determine to rely primarily on value measures as the best measure for the continuum of products here.

[204] CR/PR at Table IV-1.

[205] CR/PR at Tables IV-2 and IV-3.

[206] CR/PR at Table IV-5.

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

[208] CR/PR at Table IV-5.

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

[210] CR/PR at Table IV-5.

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

units in 2005.[212] Shipments of subject imports, measured by quantity, decreased from *** units in 2003 to *** units in 2004, then to *** units in 2005, and their market share by quantity fell from *** percent in 2003 to *** percent in 2004, then to *** percent in 2004.[213]

We find that, when considered in isolation, the increase in the volume of subject imports, measured by value or quantity, was significant over the period of investigation, and that the 2005 volume, measured by value or quantity, was also significant both in absolute terms and relative to domestic consumption. However, as addressed supra, prevailing conditions of competition during the period of investigation indicate this large and growing volume of subject imports was largely concentrated in size ranges and customer types other than those served principally by the domestic industry.[214] Thus, competition between the subject imports and the domestic like product has been limited and, as addressed in the price and impact discussions following, this significant volume has not had a significant impact on the prices or performance of the domestic producers.

B. Price Effects of the Subject Imports

> Section 771(C)(ii) of the Act provides that, in evaluating the price effects of subject imports, the Commission shall consider whether – (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[215]

Purchasers identified a number of factors that are more important than price in their purchasing decisions. These factors include availability, delivery time, product consistency, product quality meeting standard, and reliable supply.[216] Moreover, as discussed above with respect to prevailing conditions of competition, subject imports have been largely concentrated in size ranges and customer types other than those served principally by the domestic industry. Accordingly, while there may be a moderate degree of substitutability where there is overlap between the sizes and customer types, such an overlap between domestic sawblades and the subject imports has been limited overall.

The Commission requested quarterly selling price data on seven products for 2003 to 2005 with respect to three purchaser categories: branded distributors, other distributors, and professional construction firms. [217] The subject imports undersold the domestic like product in 301 of 360 possible

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[212] CR/PR at Table IV-5.

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

[214] CR/PR at Tables E-1 - E-6.

[215] 19 U.S.C. § 1677(7)(C)(ii).

[216] CR/PR at Table II-3 (purchasers identified these factors more frequently than price as "very important" in their purchasing decision); see also CR at II-61, PR at II-29 (quality was identified more frequently than price as the most important or second important factor in purchasers decision).

[217] Korean Respondents argue that the products the Commission used for the quarterly price comparisons were not detailed enough to permit conclusions to be drawn regarding the significance of the extensive underselling shown by the quarterly comparisons and that these data should be viewed with caution. Korean Respondents' Posthearing Brief at A-52. Petitioners assert that the underselling shown by the quarterly price comparisons is particularly significant because the list of products for which the Commission obtained pricing data is detailed and was largely defined by the respondents themselves. Petitioners' Prehearing Brief at 42-45, Petitioners' Posthearing Brief at 10. We find that the product descriptions and price data gathered by the Commission is sufficiently detailed and representative of the market.

comparisons, at margins ranging from 1.2 percent to 83.6 percent.[218] Accordingly, we find that there was significant underselling of the domestic like product by the subject imports.

However, the data do not show any significant effect of the underselling on prices for the domestic product. The lack of significant price effects is consistent with our finding of limited competition between subject imports and the domestic like product. Those data also indicate that non-price factors identified as very important by purchasers – availability, delivery time, product consistency, product quality meeting standard, and reliable supply – are limiting the significance of underselling.[219]

The limited impact that subject import prices have upon the domestic like product's prices, notwithstanding any observed underselling margins, is highlighted by those instances in which the price for the domestic product was higher at the end of the period of investigation than at the beginning of the period, notwithstanding that prices for the subject imports decreased or remained relatively constant over the period.[220] Similarly, for several comparisons, the price for the domestic product was lower at the end than at the beginning of the period, as the subject import price for the product increased or remained relatively constant over the period.[221] Further showing the limited correlation between the prices of the subject imports and prices for the domestic like product, the domestic product prices declined in certain instances in which the subject imported product oversold the domestic like product or in which the Korean product oversold the domestic product and the volumes from China were very small relative to the U.S. producers' and the Korean volumes.[222] Moreover, in 12 of 17 combinations in which U.S. producers' prices trended downward over the period, the downward prices were accompanied by increased volumes of the U.S. product over the period,[223] suggesting price/volume tradeoffs that reflect a broad range of factors unrelated to subject imports, including competition among domestic producers or demand conditions affecting only certain end users.[224]

We also find no basis to attribute significantly to the subject imports any price depression experienced by the domestic producers. Although there are instances in which the price for the U.S. product declined while the subject imports undersold the U.S. product, the fact that domestic product price declines or increases appear to be unrelated to the subject imports militate against finding that subject imports' underselling had a significant impact on U.S. producer prices.

Unit cost of goods sold (COGS) increased only slightly over the period of investigation, from $*** in 2003 to $*** in 2005. Cost of goods sold as a percent of net sales increased from *** percent in

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[218] CR at V-58-59, PR at V-37; CR/PR at Table V-9a.

[219] The Commission also requested quarterly pricing data for sales to big-box retailers but, because no U.S. producers reported data for sales to that customer category, those data were not presented in the staff report. As identified in the preliminary determination, the Commission obtained quarterly pricing data from purchasers in the final phase of the investigation, which are presented in the staff report. However, there is no reason to consider those data to be more dispositive indicators of price effects than the data upon which the Commission typically relies in its analysis of price and on which it relied here.

[220] See, e.g., Tables V-1a (4-inch to branded distributors), V-1b (4-inch to other distributors), V-1c (4-inch to professional construction firms), V-2c (12-inch to professional construction firms).

[221] See, e.g., Tables V-5a (14-inch to branded distributors), V-5b (14-inch to other distributors), V-6b (18-inch to other distributors), V-7a (24-inch to branded distributors), V-7b (24-inch to other distributors), V-7c (24-inch to professional construction firms).

[222] See, e.g., Tables V-3b (14-inch to other distributors), V-4c (a different 14-inch to professional construction firms).

[223] CR/PR at Tables V-32 and V-35 - V-45.

[224] There were considerable differences among quarterly weighted average prices of certain producers (petitioners and supporters of the petition) on sales of products 2, 5, and 7 in certain channels. CR at V-53, n.73.; PR at V-17, n. 73.

2003 to *** percent in 2005.[225] The modest rise in COGS/net sales does not indicate that prices are being significantly suppressed relative to costs. Moreover, given the limited competition between subject imports and the domestic like product, subject imports have not had a significant role in the limited price suppression that may have occurred.

We also note that the Commission was able to confirm certain lost sales reported by the petitioners, but those volumes are a very small share of domestic producers shipments during 2003 - 2005. Many of the petitioners' lost sale and lost revenue allegations lacked the specificity necessary to verify their accuracy and, despite Commission requests for further information, the allegations remained unsupported.[226] [227]

For the reasons stated above, we find that the subject imports did not significantly suppress or depress domestic producers' prices and they have not otherwise had significant adverse effects on domestic producers' prices.

[225] These data are presented in Appendix 1 at the end of the Commission's views.

[226] Commissioner Koplan considers compliance with staff data requests to be a significant aid in his analysis of the record. He notes that allegations of lost sales and lost revenue by petitioners are only relevant in a Commission determination to the extent that those allegations can be verified by Commission staff. The staff report states: "The staff requested during the final phase of these investigations that the petitioners provide the requested lost revenue and lost sales information for the general assertions that were cited in the petition, but the petitioners did not provide any of the requested information." CR at V-77, PR at V-46-47. The staff report also notes that, "[t]he staff had sent a similar request during the preliminary phase of these investigations, but did not receive the information requested." CR at V-77, n.87, PR at V-47, n.87. At the May 16, 2006, hearing, Commissioner Koplan reiterated to petitioners' counsel that Commission staff needs verifiable information, such as the name of the customer, the date of the allegation, the product, the alleged quantity in units, the alleged rejected U.S. price, total value in dollars, the alleged accepted import price, total value in dollars, alleged country of origin, and alleged lost sales. Tr. at 67. Except as noted at CR at V-76 through V-79, PR at V-46 - 47, the necessary specifics were not provided.

[227] Respondents argued that, because the number of petitioners' allegations of lost sales and lost revenue that could be confirmed was limited, the Commission should draw adverse inferences in that regard and, on that basis, find that the subject imports did not have a significant price effects or impact on the domestic industry. Although we decline to draw adverse inferences in this regard, we find the limited number of lost sale and revenue allegations that could be confirmed as consistent with our finding of no material injury by reason of the subject imports.

C. Impact of the Subject Imports[228]

In examining the impact of the subject imports on the domestic industry, we consider all relevant economic factors that bear on the state of the industry in the United States.[229] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, and research and development. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[230]

Indicators of the condition of the domestic industry are largely positive, most have changed only modestly over the period of investigation, and the industry has remained profitable over the period. The domestic industry's capacity to produce finished diamond sawblades[231] increased throughout the period examined, rising from *** units in 2003 to *** units in 2004 (an increase of *** percent) and to *** units in 2005 (an increase of *** percent), resulting in a net increase of *** percent. Output (production) increased from *** units in 2003 to *** units in 2004 (an increase of *** percent) but then decreased to *** units in 2005 (a decline of *** percent), resulting in an overall increase of *** percent. Even as the domestic industry added new capacity, capacity utilization increased from *** percent in 2003 to *** percent in 2004 (an increase of *** percentage point). As the domestic industry continued to add capacity, in 2005, capacity utilization decreased to *** percent in 2005 (a decline of *** percentage points), resulting in a net decrease in capacity utilization of only *** percentage points.[232]

The domestic industry's capacity to produce diamond sawblade cores increased throughout the period examined, rising from *** units in 2003 to *** units in 2004 (an increase of *** percent) and to *** units in 2005 (a further increase of *** percent), resulting in a net increase of *** percent. Core

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[228] In its final affirmative determination for subject diamond sawblades from China, Commerce calculated a weighted-average dumping margin of 20.72 percent for 26 specific producer-export combinations, a rate of 34.19 percent for Bosun Tools Group, a rate of 48.50 percent for Hebei Jikai Industrial Group, a rate of 2.50 percent for Advanced Technology & Materials Co., and a China wide rate of 164.09 percent. Advanced Technology & Materials Co. includes the following firms: Beijing Gang Yan Diamond Products Company as an exporter when merchandise was produced by Beijing GangYan Diamond Products Company, and Yichang HXF Circular Saw Industrial Co., Ltd as an exporter when merchandise was also produced by Yichang HXF Circular Saw Industrial Co., Ltd. 71 Fed. Reg. 29303, 29309 (May 22, 2006). In its final affirmative determination for subject diamond sawblades from Korea, Commerce calculated a weighted-average dumping margin of 12.76 percent for Ehwa, 6.43 percent for Hyosung, 26.55 for Shinhan, and 16.39 percent for all other producers and/or exporters of diamond sawblades from Korea. 71 Fed. Reg. 29310, 29312 (May 22, 2006).

[229] 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851, 885 ("In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." Id. at 885.).

[230] 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851, 885; Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386, 731-TA-812-813 (Preliminary), USITC Pub. 3155 (Feb. 1999) at 25 n.148.

[231] Among the various data on the record, and considering the exclusion of producers from the industry, we have relied largely on the following sources of trade and financial data: for finished diamond sawblades, data are presented in Appendix 1 at the end of the Commission's views (derived from CR/PR at table C-1A less data reported in ***'s producer questionnaire); for diamond sawblade cores, table C-2 (as none of the excluded related parties produce cores); for diamond sawblade segments, table C-3 (as the excluded related parties account for less than *** percent of U.S. commercial production of segments); and for diamond sawblades and parts, data are presented in Appendix 2 at the end of the Commission's views (derived from CR/PR at table C-4A less data reported in ***'s producer questionnaire).

[232] CR/PR at Table C-1A less data reported in ***'s producer questionnaire. These data are presented in Appendix 1 at the end of the Commission's views.

output, however, decreased from *** units in 2003 to *** units in 2004 (a decline of *** percent), and decreased further to *** units in 2005 (a decline of *** percent), resulting in a net decrease of *** percent. Utilization of capacity for production of cores, therefore, decreased throughout the period examined, falling from *** percent in 2003 to *** percent in 2004 (a decline of *** percentage points) and then to *** percent in 2005 (a decline of *** percentage points), resulting in a net decrease of *** percentage points.[233]

U.S. production for commercial sale (primarily export) of diamond sawblade segments was very limited. Allocated capacity decreased from *** units in 2003 to *** units in 2004 (a decline of *** percent), then increased to *** units in 2005 (an increase of *** percent), resulting in a net decrease of *** percent. Output decreased from *** units in 2003 to *** units in 2004 (a decline of *** percent) and then increased to *** units in 2005 (an increase of *** percent), resulting in a net increase of *** percent. Capacity utilization, therefore fell from *** percent in 2003 to *** percent in 2004 (a decline of *** percentage point) and then increased to *** percent in 2005 (an increase of *** percentage points), resulting in a net decrease of *** percentage points.[234] As noted supra, the commercial market for segments accounts for a very small fraction of total segment production.

The domestic industry's aggregate net sales decreased slightly over the period examined, declining from $*** in 2003 to $*** in 2004 (a decline of *** percent) and then to $*** in 2005 (a decline of *** percent), resulting in an overall decrease of only *** percent. The domestic industry's aggregate U.S. shipment values fell by *** percent in 2004 and by *** percent in 2005, resulting in a net decrease of *** percent over the period. The domestic industry's aggregate market share fell from *** percent of market value in 2003 to *** percent in 2004 and to *** percent in 2005.[235]

During the period 2003-05, inventories of finished diamond sawblades increased both absolutely and relative to the quantity of total shipments, rising from *** units in 2003 (*** percent of total shipments) to *** units in 2004 (*** percent of total sales) to *** units in 2005 (*** percent of total shipments).[236] However, there were no reported end-of-period inventories of cores,[237] however, and inventories of segments for commercial sale fell from *** in 2003 to *** in 2005, a net decline of *** percent, and remained equivalent to *** percent or less of total shipments throughout the period examined.[238]

Overall employment decreased slightly during the period for which data were collected. The number of production and related workers (PRWs) producing finished diamond sawblades fell from *** in 2003 to *** in 2004, before partially recovering to *** in 2005, resulting in a net decrease of *** workers, or *** percent of the workforce. PRW hours worked fell from *** in 2003 to *** in 2004 and to *** in 2005, a net decrease of *** percent. Productivity, however, increased by *** percent between 2003 and 2005.[239] The number of PRWs producing cores fell from *** in 2003 to *** in 2004 and 2005, resulting in a net decrease of *** workers, or *** percent of the workforce producing cores. PRW hours worked in production of cores fell from *** in 2003 to *** in 2004 and 2005, a net decrease of ***

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

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

[235] CR/PR at Table C-4A less data reported in ***'s producer questionnaire. These data are presented in Appendix 2 at the end of the Commission's views.

[236] CR/PR at Table C-1A less data reported in ***'s producer questionnaire. These data are presented in Appendix 1 at the end of the Commission's views.

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

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

[239] CR/PR at Table C-1A less data reported in ***'s producer questionnaire. These data are presented in Appendix 1 at the end of the Commission's views.

percent. Productivity in core production fell during the period examined by *** percent.[240] The number of PRWs producing segments for commercial shipment remained stable at *** during the period, while PRW hours worked in segment production fell from *** in 2003 and 2004 to *** in 2005, resulting in a net decrease of *** percent. Productivity in segment production, however, increased by *** percent between 2003 and 2005.[241]

Wages paid to PRWs increased during the period for which data were collected. PRWs producing finished diamond sawblades earned $*** in 2003, $*** in 2004, and $*** in 2005, resulting in a net increase of *** percent.[242] PRWs producing cores earned $*** in 2003, $*** in 2004, and $*** in 2005, resulting in a net increase of *** percent.[243] PRWs producing segments earned $*** in 2003, $*** in 2004, and $*** in 2005, resulting in a net increase of *** percent.[244]

As noted above, the domestic industry generated operating profits at high levels throughout the period examined. Aggregate operating income fell from $*** in 2003 to $*** in 2004 (a decrease of *** percent), then fell to $*** in 2005 (a decrease of *** percent), resulting in a net decrease of *** percent.[245] Aggregate operating income margins fell from *** percent in 2003 to *** percent in 2004 and to *** percent in 2005, resulting in a net decrease of ***.[246] Aggregate return on assets declined from *** percent in 2003 to *** percent in 2004 and to *** percent in 2005.[247] Thus, even after these modest declines, the domestic industry remained highly profitable.

Aggregate cash flow fluctuated over the period examined, increasing from $*** in 2003 to $*** in 2004, then decreasing to *** in 2005, slightly above the 2003 level.[248] These cash flow numbers are particularly significant in light of the size of the domestic industry.

The industry has not been prevented from making significant capital expenditures over the period examined. Aggregate capital expenditures increased during the period from $*** in 2003 to $*** in 2004, before declining to $*** in 2005, resulting in a net increase of *** percent.[249] Research and development expenditures also increased over the period examined from $*** in 2003 to $*** in 2004 and to $*** in 2005.[250]

For the reasons stated above, in light of the prevailing conditions of competition in the U.S. market, we find the volume of subject imports to be large and growing significantly, but largely concentrated in size ranges and customer types other than those served principally by the domestic industry. Moreover, as discussed above, certain non-price factors are very important to purchasers. Accordingly, competition between the subject imports and the domestic like product has been limited over the period. Further, we do not find that the subject imports had any significant adverse effects on

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

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

[242] CR/PR at Table C-1A less data reported in ***'s producer questionnaire. These data are presented in Appendix 1 at the end of the Commission's views.

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

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

[245] CR/PR at Table C-4A less data reported in ***'s producer questionnaire. These data are presented in Appendix 2 at the end of the Commission's views.

[246] CR/PR at Table C-4A less data reported in ***'s producer questionnaire. These data are presented in Appendix 2 at the end of the Commission's views.

[247] CR/PR at Table VI-13 less data reported in *** producer questionnaires.

[248] CR/PR at Table VI-10 less data reported in *** producer questionnaires.

[249] CR/PR at Table C-4A less data reported in ***'s producer questionnaire. These data are presented in Appendix 2 at the end of the Commission's views.

[250] CR/PR at Table VI-12 less data reported in *** producer questionnaires.

domestic prices during the period examined. Finally, indicators of the industry's condition, while somewhat mixed, are generally favorable.

Thus, not only is the industry in a relatively positive condition, but the prevailing conditions of competition we have described above indicate that the adverse effects of the subject imports are not significant. As noted above, we find that the record indicates no causal nexus between the subject imports and the condition of the domestic industry.

For these reasons, we find that subject imports are not having a significant adverse impact on the domestic industry. Accordingly, we determine that an industry in the United States is not materially injured by reason of subject imports from China and Korea.[251]

V. NO THREAT OF MATERIAL INJURY BY REASON OF LESS THAN FAIR VALUE IMPORTS

A. Cumulation for Purposes of Analyzing Threat of Material Injury

Cumulation for threat analysis is treated in Section 771(7)(H) of the Act.[252] This provision leaves to the Commission's discretion the cumulation of imports in analyzing threat of material injury. Based on an evaluation of the relevant criteria as well as our analysis supporting cumulation in the context of assessing present material injury, we exercise our discretion to cumulate imports from China and Korea for purposes of assessing threat of material injury.

B. Analysis of the Statutory Factors

Section 771(7)(F) of the Act directs the Commission to determine whether the U.S. industry is threatened with material injury by reason of the subject imports by analyzing whether "further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted."[253] The Commission may not make such a determination "on the basis of mere conjecture or supposition," and considers the threat factors "as a whole" in making its determination whether dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued.[254] In making our determination, we have considered all statutory factors that are relevant to this investigation,[255] including the rate of the increase in the volume and market penetration of subject imports, unused production capacity in the subject countries, whether subject imports are entering at prices that are likely to have significant depressing or suppressing effects on domestic prices, the inventories of the subject merchandise, the potential for product-shifting, and the actual and potential negative effects of subject imports on the existing development and production efforts of the domestic industry.

For the reasons discussed below, we determine that the domestic industry is not threatened with material injury by reason of cumulated subject imports. We note at the outset that, in light of strong

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[251] The petitioners contend that domestic producers were pushed out of the retail, do-it-yourself market. Respondents claim that they in fact created that market and that subject imports should be viewed in light of their creating a market channel that did not previously exist. We note that domestic producers were not significantly present in that market during the period of investigation.

[252] 19 U.S.C. § 1677(7)(H).

[253] 19 U.S.C. § 1673d(b) and 1677(7)(F)(ii).

[254] 19 U.S.C. § 1677(7)(F)(ii).

[255] 19 U.S.C. § 1677(7)(F)(i). Factor VII is inapplicable in these investigations because they do not involve imports of a raw agricultural product. Factor I is not applicable because there is no countervailable subsidy in these investigations.

overall demand for diamond sawblades in the U.S. market; the limited overlap in direct competition with imports generally, and subject imports in particular, in the sale of smaller- and larger-diameter diamond sawblades; and the domestic industry's ongoing sturdy financial performance between 2003 and 2005, we do not consider the U.S. industry producing diamond sawblades to be vulnerable.

We acknowledge that subject imports have increased in volume and U.S. market share during the period of investigation. However, as explained above, we find that these increases have come in size ranges and types of diamond sawblades that are not the focus of the domestic industry. We further note that, even where subject imports and the domestic like product overlap in terms of size range and type of blade, they tend to be sold through different channels of distribution.[256]

Based on the record in these investigations, we find that it is unlikely that the product mix of subject imports, or types of customers to which subject imports are sold will change significantly in the foreseeable future. The petitioners suggest that a threat of material injury to the domestic industry is indicated by increases over the period of investigation of subject imports that are larger diameter sawblades sold to end users, which include professional construction firms. The data show, however, that shipments of subject imports to the end-user channel, of some relevance with respect to the portion of the market agreed by the parties to be professional users, actually declined as a percentage of total subject import shipments over the period, and remain only a small portion of import shipments.[257] The respondent interested parties have explained, moreover, that they have tried to serve the higher end of the professional user market with imports in the past but, in light of the many non-price factors discussed above, including product availability, quality, and delivery time, they have not been able to do so; they observe that that market may be meaningfully served only by production in the United States.[258] This is further evidence that an increase in subject imports to injurious levels in the channels in which U.S. shipments are focused is not likely.

Chinese and Korean producers have limited unused finished diamond sawblade production capacity. The industries in China and Korea currently operate at high capacity utilization rates, in excess of 90 percent.[259] [260] Furthermore, Chinese and Korean producers' finished diamond sawblades inventories/total shipments ratios were small, less than 6 percent during the investigation period.[261] U.S. importers' inventories of the subject imports increased over the period commensurate with increased

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[256] See, e.g., CR/PR at Tables I-3; II-1; E-1 and E-6.

[257] Although shipments of subject imports from China and Korea to the end-user channel clearly increased in absolute terms over the period of investigation, commercial shipments of subject imports from China to end users as a share of total commercial shipments of the subject imports from China declined from 14.5 percent in 2003 to 8.2 percent in 2004, and then to 7.1 percent in 2005. Commercial shipments of subject imports from Korea to end users as a share of total commercial shipments of the subject imports from Korea declined from 10.3 percent in 2003 to 10.0 percent in 2004, and then to 9.5 percent in 2005. CR/PR at Table I-3. Commercial shipments of subject imports to end users were only 8.6 percent of total shipments of subject imports in 2005. Id.

[258] E.g., Tr. at 226-227 (Kim), 237 (Steiner).

[259] Chinese producers' finished diamond sawblades capacity utilization rates were *** percent in 2003, *** percent in 2004, and *** percent in 2005. Chinese producers' capacity utilization rates are projected to be *** percent in 2006 and *** percent in 2007. Korean producers' finished diamond sawblades capacity utilization rates were *** percent in 2003, *** percent in 2004, and *** percent in 2005. Korean producers' capacity utilization rates are projected to be *** percent in 2006 and *** percent in 2007. CR and PR at Tables VII-2 and VII-7.

[260] The petitioners contended that the Commission should draw adverse inference in considering the subject producers data because they contend that fewer than all subject producers responded to the Commission's foreign producers questionnaire. The questionnaire responses in any investigation often reflect less than complete coverage of the domestic industry, foreign producers, importers, and purchasers. In the absence of complete information, the Commission relies on the facts available, which, in the absence of a reason to believe that those data are not representative, is often the data actually on the record. We do not draw adverse inferences here.

[261] CR/PR at Tables VII-2, VII-10.

shipments of the subject imports, such that importers inventories as a ratio to U.S. shipments of the subject imports in 2005 was one percentage point below the ratio in 2003.[262]

In addition, only four of 14 Chinese producers and no Korean producers reported producing other products on the equipment used to produce diamond sawblades, suggesting limited potential for product shifting to increase exports to the United States.[263] These factors indicate that Chinese and Korean producers have only a limited ability to increase production of finished diamond sawblades with their current capacity.

We acknowledge, however, that both the Chinese and Korean diamond sawblades industries project increases in production capacity in 2006-07 and an increase in their cumulated exports to the United States.[264] However, we do not find it likely that any increases in Chinese and Korean production capacity will lead to a significant shift in their available product range in the reasonably foreseeable future. During the period of the investigation, Chinese total shipments (world-wide) of finished diamond sawblades were consistently concentrated in the smaller-diameter size ranges.[265] With a somewhat lesser concentration, Korean producers' total shipments were also primarily of the smaller-diameter blade size ranges during that period.[266] Over the period of investigation, Chinese and Korean total shipment shares by diameter size were relatively static, showing little evidence of a move up the value chain.[267] [268]

We further note that, although the U.S. construction industry as a whole experienced significant growth over the period of investigation, that growth was not experience equally by all sectors within the industry. Specifically, spending for non-residential construction (e.g., road, infrastructure, and office buildings), where larger diameter diamond sawblades are concentrated, was relatively flat over the period of investigation.[269] In contrast, the residential and home improvement sectors of the U.S. construction industry, which generally require smaller-diameter and general-use blades, showed significantly greater spending growth during this period.[270] In light of these demand patterns, we find it likely that a substantial share of any production capacity expansions by Chinese and Korean producers will be

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[262] CR/PR at Table VII-11.

[263] CR II-23, II-29; see also CR/PR at Tables VII-1 and VII-6.

[264] CR/PR at Tables VII-2 - VII-4, VII-7 - VII-9.

[265] Chinese shipments of finished diamond sawblades in the 12 inch and under diameter size range accounted for *** percent of Chinese total shipments in 2003, *** percent in 2004, and *** percent in 2005. CR and PR at Table VII-5.

[266] Korean shipments of finished diamond sawblades in the 12 inch and under diameter size range accounted for *** percent of Korean total shipments in 2003, *** percent in 2004, and *** percent in 2005. CR and PR at Table VII-10.

[267] CR/PR at Tables VII-5, VII-10.

[268] Projected increases in subject producers capacity for finished diamond sawblades is greatest in China. Capacity for finished diamond sawblades production in China is projected to increase by *** million units from 2005 to 2007, or by *** percent. CR/PR at Table VII-2. *** percent of the projected expansion is accounted for by ***, which will produce continuous rim blades, which are produced in only minimal quantities in the United States. CR/PR at Table VII-2. Moreover, petitioners' argument that subject imports are increasingly larger diameter sawblades, is true only with respect to imports from Korea. There is no basis for concluding that additional production in China or increased exports of the subject merchandise from China to the United States will result in any significant heightening of head-to-head competition in the markets for larger diameter diamond sawblades. Korean production is projected to increase only by *** units from 2005 to 2007, or by *** percent. CR/PR at Table VII-7.

[269] Spending on transportation, road, and office construction increased by 10.6 percent during 2003-2005. Korean Respondents' Prehearing Brief at 40.

[270] Spending on home improvements increased by 20.4 percent. Korean Respondents' Prehearing Brief at 40.

directed towards production of the smaller-diameter diamond sawblades that have been experiencing the greatest increases in demand.[271]

For all of these reasons, we find that it is likely that any capacity expansions by Chinese and Korean producers in the reasonable foreseeable future will continue to focus on production of the smaller-diameter finished diamond sawblades, as opposed to production of the larger-diameter finished diamond sawblades that are the focus of the domestic industry.

As outlined in our discussion of material injury, we find the current volume of subject imports to be non-injurious. Notwithstanding the significant increase in the volume of subject imports over the period of investigation, and significant underselling by the subject imports, the subject imports have not depressed or suppressed domestic prices for diamond sawblades. The domestic industry has remained very profitable, and production, shipments, sales, and employment have not been significantly negatively impacted. The evidence does not indicate that subject imports are likely to depress or suppress domestic producers' prices in the imminent future as there is no indication that subject imports, even at somewhat increased volumes, would imminently depart from their current concentration in size ranges and customer types other than those served principally by the domestic industry. Therefore, we do not find it likely that subject imports will have adverse effects on domestic producers' prices in the imminent future.

For the reasons stated above, we find nothing on the record to indicate a likely substantial causal nexus between the likely volume of subject imports and the condition of the domestic industry in the imminent future.

VI. CONCLUSION

In light of these findings, we find that subject imports are not likely to have a significant adverse impact on the domestic industry in the imminent future. Accordingly, we determine that an industry in the United States is not threatened with material injury by reason of subject imports from China and Korea.

For the reasons stated above, we find that the domestic industry producing diamond sawblades is not materially injured or threatened with material injury by reason of subject imports from China and Korea sold at less than fair value.

[271] Demand is growing in other major world markets, suggesting that the U.S. market is not likely be the disproportionate destination for any additional production in China and Korea. Korean Respondents' Prehearing Brief at 71-72.

DISSENTING VIEWS OF VICE CHAIRMAN SHARA L. ARANOFF AND COMMISSIONER JENNIFER A. HILLMAN CONCERNING THREAT OF MATERIAL INJURY

Based on the record in these investigations, we determine that an industry in the United States is threatened with material injury by reason of less-than-fair-value (LTFV) imports of diamond sawblades and parts from China and Korea.

Although we do not find that the domestic industry is currently materially injured by reason of the subject imports from China and Korea, we find that import trends, together with declining prices and the weakening condition of the domestic industry, will result in material injury by reason of subject imports unless antidumping orders are issued. During the period of investigation (POI) (2003–2005), subject imports increased significantly, both on an absolute basis and relative to domestic consumption. Also during the POI, subject imports undersold the domestic like product by significant margins, and prices for the domestic like product declined. That the domestic industry as a whole has not yet suffered material injury is attributable to the industry's success during the period in reducing expenses and improving productivity. However, most financial indicators trended downward during the POI, and operational improvements are reportedly leveling off, indicating that domestic producers will not be able to maintain their current levels of profitability in the face of LTFV imports, which we expect will continue to increase from their already significant levels. Accordingly, we determine that, absent issuance of antidumping duty orders, further subject imports are imminent and material injury by reason of subject imports will occur. We explain our findings below.

I. CUMULATION

Cumulation for purposes of a threat of material injury determination is treated in section 771(7)(H) of the Tariff Act of 1930, as amended ("the Act").[1] This provision permits the Commission, to the extent practicable, to assess cumulatively the volume and effect of imports for purposes of conducting its threat analysis.[2] The limitations concerning what imports are eligible for cumulation and the exceptions to cumulation are applicable to cumulation for threat as well as to cumulation for present material injury. In addition, the Commission also considers whether the imports are increasing at similar rates in the same markets, whether the imports have similar margins of underselling, and the probability that imports will enter the United States at prices that would have a depressing or suppressing effect on domestic prices of that merchandise.[3] Furthermore, likely different conditions of competition among the subject imports also may be relevant to this issue.[4]

For the reasons stated in our determination on cumulation for purposes of our current material injury analysis, we exercise our discretion to cumulate imports from China and Korea for purposes of our analysis of threat of material injury.

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[1] 19 U.S.C. § 1677(7)(H).

[2] *See Kern-Liebers v. United States*, 19 CIT 87, 103–104 (1995).

[3] *See Torrington Co. v. United States*, 790 F. Supp. at 1172 (affirming Commission's determination not to cumulate for purposes of threat analysis when pricing and volume trends among subject countries were not uniform and import penetration was extremely low for most of the subject countries); *Metallverken Nederland B.V. v. United States*, 728 F. Supp. 730, 741–742 (Ct. Int'l Trade 1989); *Asociacion Colombiana de Exportadores de Flores v. United States*, 704 F. Supp. 1068, 1072 (Ct. Int'l Trade 1988).

[4] *See Certain Structural Steel Beams from Japan*, Inv. No. 731-TA-853 (Final), USITC Pub. 3308 (June 2000).

II. THREAT OF MATERIAL INJURY BY REASON OF CUMULATED LESS-THAN-FAIR-VALUE IMPORTS FROM CHINA AND KOREA

A. Legal Standard for Current Material Injury and Threat of Material Injury

In the final phase of antidumping duty investigations, the Commission determines whether an industry in the United States is materially injured by reason of the imports under investigation.[5] In making this determination, the Commission must consider the volume of imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[6] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[7] In assessing whether the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[8] No single factor is dispositive, and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[9]

Section 771(7)(F) of the Act directs the Commission to determine whether the U.S. industry is threatened with material injury by reason of the subject imports by analyzing whether "further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted."[10] The Commission may not make such a determination "on the basis of mere conjecture or supposition" and considers the threat factors "as a whole" in making its determination whether dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued.[11] In making our determinations, we considered all statutory factors that are relevant to these investigations.[12]

B. Conditions of Competition

Several conditions of competition are pertinent to our analysis in the final phase of this investigation. We discuss these conditions below.

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[5] 19 U.S.C. § 1673d(b).

[6] 19 U.S.C. § 1677(7)(B)(i). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each [such] factor . . . [a]nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B). *See also Angus Chemical Co. v. United States*, 140 F.3d 1478 (Fed. Cir. 1998).

[7] 19 U.S.C. § 1677(7)(A).

[8] 19 U.S.C. § 1677(7)(C)(iii).

[9] *Id.*

[10] 19 U.S.C. § 1677(7)(F)(ii).

[11] *Id.*

[12] 19 U.S.C. § 1677(7)(F)(i). These factors include any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country; a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports; whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on the domestic prices and are likely to increase demand for further imports; inventories of the subject merchandise; the potential for product shifting; and the actual and potential negative effects on the existing development and production effects of the domestic industry. *Id.* Statutory threat factors I and VII are inapplicable because these investigations do not involve a countervailable subsidy or raw and processed agricultural products.

1. Physical characteristics, end uses, and channels of distribution

Finished diamond sawblades are used for cutting solid surfaces, such as cement, asphalt, marble, tile, brick, and stone. These sawblades are produced in a wide range of sizes, typically ranging from 4 inches to 70 inches in diameter, with diamond sawblades in the 10-inch to 14-inch size range considered "midrange" blades.[13] In general, finished diamond sawblades greater than 14 inches in diameter are used by contractors involved in nonresidential construction projects, such as road construction and repair and other large construction projects. By comparison, finished diamond sawblades with diameters of 14 inches or less are typically used by general contractors and "do-it-yourself" (DIY) end users who are more often engaged in smaller-scale, residential construction projects. Although respondents contend that the U.S. diamond sawblade market is "highly segmented" into "professional-use" and "general-use" categories, with larger-diameter blades often being used by the professional-use segment,[14] petitioners argue that there are no clear dividing lines.[15] Moreover, respondents failed to define the professional-use market clearly, arguing during the preliminary phase investigations that size was an important factor in establishing a dividing line between "professional" and "general" use and then arguing during the final phase investigations that the dividing line was based on the horsepower of the saw in which the blade was used.[16] We note that there is at least some overlap in usage in the midrange-diameter category, with some 12-inch to 14-inch blades used both by "professional" contractors and DIY end users.[17] Further, we note that size is only one of the factors that determines a blade's end use.

Other physical attributes of the finished diamond sawblade in addition to size further dictate its ultimate end use. As noted in the background section above, diamond sawblade cores may be slotted to produce a notched, or "segmented," rim or smooth to produce a "continuous" rim. Segmented rims allow the blades to flex under pressure, cool the blade while cutting, and facilitate the removal of cut material from the blade.[18] As such, segmented blades are generally used in the nonresidential construction market, where blades may be subjected to higher pressures than in the general contractor/DIY market. Although finished diamond sawblades for the general contractor/DIY market may be segmented or continuous rim, they are used on lower-horsepower equipment and therefore are not designed to withstand the high-intensity usage to which nonresidential construction blades may be subjected.[19]

Other considerations that may determine end uses for finished diamond sawblades include the physical characteristics of the diamond section and the method used for joining the diamond segments to the core of the blade.[20] With respect to the physical characteristics of the diamond section, the strength and concentration of diamonds within the bonding matrix may differ among blades, with more diamonds in a stronger bond matrix resulting in better quality cuts. With respect to the method of attachment,

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

[14] Respondents assert that professional-use blades are often 20 inches in diameter or greater. Conference transcript (Conference tr.) at 142 (Lewis).

[15] CR at I-16 n.39, PR at I-10 n.39.

[16] Hearing transcript (Hearing tr.) at 293 (Kim). During the hearing, respondents defined the professional-use market by the horsepower of the saw, stating that "we've chosen 35 horsepower as kind of the line in the sand that depicts the professional user." Hearing tr. at 296 (Nixon).

[17] Hearing tr. at 355 (Park).

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

[19] General-use blades run on one-quarter to one-half horsepower equipment, while professional-use blades run on high-horsepower (e.g., 65 horsepower) equipment. Professional-use blades are therefore subjected to tolerance testing to ensure the elimination of imperfections that would otherwise render the blade too dangerous to use. CR at I-17, PR at I-11.

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

diamond segments are either baked onto the sawblade core in a process known as "sintering," soldered/brazed onto the sawblade's core, or laser welded to the sawblade's core.[21] For sawblades that were made using the soldered/brazed process of diamond attachment, a fluid must be used while cutting to lubricate and cool the blade.[22] Finished diamond sawblades that are laser welded are stronger, with fewer failure rates.[23] In 2005 the overwhelming majority of U.S. commercial shipments both of U.S.-produced diamond sawblades and cumulated subject imports were laser-welded, segmented blades.[24]

With respect to distribution channels, the majority of the domestic like product and cumulated subject imports was sold to distributors during the POI. During the POI, sales to distributors represented 50.3 percent of U.S.-produced finished diamond sawblades, 64.4 percent of finished diamond sawblades from China, and 60.4 percent of finished diamond sawblades from Korea.[25] Within the distributor category during the POI, the record draws distinctions between the "branded" distributor channel,[26] where subject imports were mostly sold, and the "other" distributor channel,[27] where the domestic like product was mostly sold.[28] Yet, questionnaire responses by a number of diamond sawblades purchasers, both branded distributors and other distributors, indicate that blades in these size ranges sold through each of these channels ultimately go to the same customers, primarily general contractors.[29] [30] Although respondents are correct in their assertion that the immediate channels of distribution into which domestic and imported diamond sawblades are sold are frequently different, the products ultimately are purchased and used largely by the same end users.

In addition to distributors, finished diamond sawblades are also commercially shipped to national "big-box" retail stores (e.g., Home Depot and Lowes) and other retail outlets, original equipment manufacturers (OEMs), professional construction firms, and other end users. After distributors, the second-largest distribution channel for U.S. producers of finished diamond sawblades during the POI was the end user channel, and particularly the professional construction firm category, which alone represented 44.1 percent of U.S. shipments by value. The second-largest distribution channel for subject

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[21] CR at I-11–I-12, PR at I-9.

[22] In the absence of the cooling lubricant, the heat generated in the cutting process would melt the solder, potentially destroying the blade and creating a safety hazard. CR at I-12, I-23, PR at I-9, I-15.

[23] CR at I-11, PR at I-9.

[24] CR/PR at Table I-2.

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

[26] Branded distributors primarily sell finished diamond sawblades with their own label, affixed by the supplier or by the distributor. CR at II-1 n.1, PR at II-1 n.1.

[27] Other distributors primarily sell finished diamond sawblades with the label of their suppliers. *Id.*

[28] CR/PR at Table E-1, Table E-6. During the POI, U.S. producers' shipments of finished diamond sawblades to branded distributors accounted for 14.2 percent of all shipments by value of U.S. product, while their shipments to other distributors accounted for 36.1 percent of all shipments. By contrast, U.S. importers' shipments of finished diamond sawblades from China to branded distributors accounted for 47.9 percent of all shipments by value of Chinese product, while their shipments to other distributors accounted for 16.6 percent of all shipments; and U.S. importers' shipments of finished diamond sawblades from Korea to branded distributors accounted for 44.8 percent of all shipments by value of Korean product, while their shipments to other distributors accounted for 15.5 percent of all shipments. *Id.*

[29] ***.

[30] Notably, the one distributor that responded to the Commission's questionnaires as a branded distributor and as an other distributor explicitly stated this in its questionnaire response. *** questionnaire response (directing the reader to their answer under "branded distributors" in their answer under "other distributors").

imports was the OEM channel.[31] This channel represented 18.1 percent and 27.9 percent of U.S. commercial shipments of imports from China and Korea, respectively.[32]

Based on the discussion above, although the physical characteristics of a diamond sawblade have some bearing on its ultimate end use, we do not find that the record supports respondents' argument that the U.S. diamond sawblades market is highly segmented. As previously discussed, there appears to be at least some overlap in usage in the mid-range size category, with respondents admitting that some 12-inch to 14-inch blades are used both by professional contractors and DIY end users.[33] Additionally, the record demonstrates that the domestic like product and subject imports competed against each other during the POI, as they were each present in every size category and both were sold for use in a wide range of applications.

2. Demand considerations

Demand for finished diamond sawblades is derived from activity in the residential construction market, including the home improvement market, and the nonresidential construction market, principally transportation, road, and office construction.[34] In some regions of the United States, demand for finished diamond sawblades is seasonal, especially in northern states where unfavorable weather conditions during winter months prohibit certain construction projects. Accordingly, one producer reports that the peak season for finished diamond sawblades is May through November.[35]

The record in these final phase investigations indicates that, by value, apparent U.S. consumption for finished diamond sawblades and parts increased significantly during the POI. Such consumption increased from $199.2 million in 2003 to $231.2 million in 2005, or by 16.1 percent.[36] Similarly, apparent U.S. consumption of finished diamond sawblades increased during the POI, both on a quantity basis and on a value basis. By quantity, apparent U.S. consumption of finished diamond sawblades increased from 4.464 million units in 2003 to 6.754 million units in 2005, representing an increase of 51.3 percent.[37] On a value basis, apparent U.S. consumption of finished diamond sawblades increased from $184.7 million in 2003 to $214.9 in 2005, or by 16.4 percent.[38] The majority of U.S. producers, importers, and purchasers expect U.S. demand for finished diamond sawblades to remain the same or decrease in the future.[39]

The increase in apparent U.S. diamond sawblade consumption was largely driven by increased activity in the construction sector, where the combined value of residential and nonresidential construction increased by 21.4 percent during the POI.[40] Within the construction sector, the value of residential construction increased at a faster rate than nonresidential construction, with the former increasing at an average annual rate of 9.7 percent during the POI, compared with an average annual

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

[32] *Id.*

[33] Hearing tr. at 355 (Park).

[34] CR at II-30, PR at II-18–II-19.

[35] *Id.*

[36] These data are presented in Appendix 2 at the end of the Commission's views.

[37] These data are presented in Appendix 1 at the end of the Commission's views.

[38] These data are presented in Appendix 1 at the end of the Commission's views.

[39] Only 3 of 12 responding U.S. producers, 12 of 26 responding U.S. importers, and 14 of 44 responding U.S. purchasers expect future U.S. demand for finished diamond sawblades to increase. The balance of respondents in each of these respondent categories expects demand to remain the same or decline. CR at II-37, PR at II-21–II-22.

[40] Derived from CR/PR at Table II-2.

increase of 5.2 percent for nonresidential construction.[41] In addition, the number of U.S. big-box hardware stores, identified by respondents as a proxy for measuring DIY/general-purpose demand for diamond sawblades, increased from 2,590 stores to 3,253 stores during the POI, or by 25.6 percent.[42]

3. Supply considerations

The U.S. diamond sawblade market is supplied by U.S. producers, subject imports from China and Korea, and imports from countries not subject to these investigations. On a value basis, U.S. producers accounted for the largest share of apparent U.S. consumption, although their share declined steadily throughout the POI. With respect to individual domestic producers, Diamond Products and Husqvarna accounted for the bulk of U.S. finished diamond sawblade production quantity, representing *** percent and *** percent of production, respectively.[43] These two firms also accounted for the bulk of U.S. segment production, representing *** percent and *** percent of such production, respectively. In addition to these firms, there are a number of smaller domestic producers of finished diamond sawblades and segments. Western is the largest domestic producer of sawblade cores, accounting for *** percent of domestic production.[44]

The record indicates that U.S. producers had the ability to increase shipments of finished diamond sawblades during the POI in response to changes in demand. Such responsiveness was largely attributable to excess capacity, available inventories, and efficient production capabilities.[45] Indeed, U.S. producers' total reported capacity utilization in the production of finished diamond sawblades declined during the POI, from *** percent in 2003 to *** percent in 2005.[46] At the same time, U.S. producers' ending inventory quantities increased from *** units in 2003 to *** units in 2005.[47]

Despite their ability to increase shipments in response to rising demand, non-excluded U.S. producers' share of domestic consumption value declined from *** percent in 2003 to *** percent in 2004 and to *** percent in 2005.[48] At the same time, the value of imports of finished diamond sawblades from China and Korea as a share of domestic consumption increased. The share of such imports from China increased from 7.5 percent in 2003 to 11.0 percent in 2004 and to 14.3 percent in 2005, and the share of such imports from Korea increased from 20.3 percent in 2003 to 23.7 percent in 2004 and to 25.7 percent in 2005.[49] The value of nonsubject imports as a share of domestic consumption increased slightly from 10.3 percent in 2003 to 10.9 percent in 2004 before declining to 8.1 percent in 2005.[50]

4. Other considerations: substitutability

The parties disagree as to the degree of substitutability between U.S.-produced diamond sawblades and those imported from China and Korea. Petitioners contend that domestic and subject

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[41] CR at II-33, PR at II-20.

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

[43] CR/PR at Table III-1.

[44] *Id.*

[45] CR at II-9, PR at II-6.

[46] These data are presented in Appendix 1 at the end of the Commission's views.

[47] These data are presented in Appendix 1 at the end of the Commission's views.

[48] These data are presented in Appendix 1 at the end of the Commission's views. In these investigations, because of the wide range of sizes and values of diamond sawblades, we find that market share is most accurately measured on the basis of value rather than quantity.

[49] These data are presented in Appendix 1 at the end of the Commission's views.

[50] These data are presented in Appendix 1 at the end of the Commission's views.

producers of diamond sawblades compete directly, with U.S., Chinese, Korean, and nonsubject producers manufacturing and selling essentially the same product and competing directly within each size category.[51] In contrast, respondents argue that the U.S. diamond sawblades market is highly segmented. They maintain that there are thousands of sizes and product variations and that there are significant differences between the types of products that U.S. producers sell and those that are imported from China and Korea. Further, they note differences in channels of distribution and end-user categories into which subject and domestic diamond sawblades are sold.[52]

As noted above, the size and physical characteristics of a finished diamond sawblade have some bearing on its ultimate end use, with larger-diameter blades typically used for large-scale, nonresidential construction projects and smaller-diameter blades typically used in the general contractor/DIY market. It is clear from the record that U.S. and subject imports of finished diamond sawblades were present in each size category throughout the POI. There is significant overlap in the 10-inch to 14-inch size range, which, in 2005, accounted for 43.4 percent of U.S. producers' U.S. commercial shipments by value and 44.4 percent of U.S. commercial shipments by value of cumulated subject imports.[53] However, U.S.-produced diamond sawblades were present in smaller-diameter ranges as well, accounting for 6.1 percent of U.S. commercial shipments by value of finished diamond sawblades of sizes of 10 inches in diameter or less.[54] By value, a majority or near-majority of U.S. commercial shipments of U.S.-, Chinese-, and Korean-produced finished diamond sawblades were concentrated in the 14-inch and smaller size range throughout the POI.[55]

Respondents contend that the customization requirements, servicing needs, and quick turnaround times in the professional-use market make it impossible to serve this market from abroad.[56] However, the record in these final phase investigations demonstrates otherwise. Subject imports of finished diamond sawblades from China and Korea were present in and increased their share of the larger-diameter size ranges throughout the POI. In the 14-inch to 20-inch and larger size ranges, subject imports of finished diamond sawblades from China and Korea as a share of U.S. commercial shipments by value increased from 3.5 percent in 2003 to 4.1 percent in 2004 and to 5.0 percent in 2003.[57] The trend indicates that subject import producers have the ability to produce and sell the larger-diameter finished diamond sawblades that are typically used in the nonresidential construction market. Moreover, a number of respondent firms reported shipping finished diamond sawblades via air freight, with one company stating that it ships its products via air freight on the same day it receives the order.[58]

In addition to size, other considerations, such as whether the blade has a segmented or continuous rim and the way the diamonds are joined with the core, determine the ultimate end use of the blade. As discussed above, segmented, laser-welded blades are better suited for use in high-pressure-use environments, such as those in the nonresidential construction market, because they are easier to cool and have fewer failure rates. As noted, the record demonstrates that, by value in 2005, the overwhelming majority of U.S. commercial shipments of U.S.-produced finished diamond sawblades and those imported

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[51] Petitioners prehearing brief at 25.

[52] Respondents prehearing brief at 19.

[53] Derived from CR/PR at Table I-1.

[54] *Id.*

[55] Finished diamond sawblades in the 14-inch and smaller size range represented 51.3 percent of the value of U.S. producers' commercial shipments, 93.1 percent of the value of U.S. commercial shipments of imports from China, and 85.9 percent of the value of U.S. commercial shipments of imports from Korea during the POI. Derived from CR/PR at Table II-1.

[56] Respondents' posthearing brief at 21.

[57] Derived from CR/PR at Table IV-4.

[58] Petitioners' posthearing brief, Exhibit 1 at 5.

from China and Korea were laser-welded, segmented blades. In 2005, such blades accounted for 84.6 percent of U.S. commercial shipments of U.S.-produced finished diamond sawblades and 62.6 percent of U.S. commercial shipment values of cumulated subject imports.[59]

Finally, the majority of U.S. producer, importer, and purchaser responses to the Commission's questionnaire indicated that U.S.-produced finished diamond sawblades and those imported from China and Korea were always or frequently interchangeable.[60] [61]

While it is true that subject imports are more concentrated in the smaller size blades and domestic production is more concentrated in blades greater than 14 inches, the record leaves no doubt that there is considerable overlap in the mid-range sizes and that U.S.-, Chinese-, and Korean-produced finished diamond sawblades compete with each other in the same end-user markets and across the range of product sizes.

C. Industry Condition and Threat of Material Injury

In this section of these Views, we discuss how the domestic industry is threatened with material injury by reason of subject imports. In so doing, we first analyze data during the POI, including volume and price trends. We then examine the current condition of the domestic industry in order to understand the impact that subject import volumes have had and why the domestic industry is threatened with material injury in the imminent future.

1. General Industry Trends

a. Volume

There is no dispute among parties that subject import volume increased, both on an absolute basis and relative to domestic consumption during the POI. Petitioners argue that the increase in subject imports, whether measured on a value or quantity basis, directly affected domestic producers, as their market share declined and subject imports' market share increased.[62] In contrast, respondents contend that the increases in subject imports did not come at the expense of U.S. producers because competition between them is attenuated.[63] However, as discussed in the Conditions of Competition section above, we find that subject imports do indeed compete with the domestic like product, as demonstrated by the presence of U.S.-, Chinese-, and Korean-produced finished diamond sawblades across the range of sizes and within each end-user market.

During the POI, the volume of subject imports increased significantly, both on an absolute basis and relative to domestic consumption. The value of U.S. shipments of cumulated subject imports of finished diamond sawblades increased by 67.9 percent during the period, from $51.3 million in 2003 to

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[59] CR/PR at Table I-2.

[60] CR at II-67, PR at II-34; CR/PR at Table II-5.

[61] Specifically, of 14 responding producers, 10 indicated that U.S.- and Chinese-produced finished diamond sawblades were always or frequently interchangeable, and 11 indicated that U.S.- and Korean-produced finished diamond sawblades were always or frequently interchangeable. Of 33 responding importers, 18 believed U.S.- and Chinese-produced finished diamond sawblades were always or frequently interchangeable, and 19 indicated that U.S.- and Korean-produced finished diamond sawblades were always or frequently interchangeable. Of 32 responding purchasers, 18 indicated that U.S.- and Chinese-produced finished diamond sawblades were always or frequently interchangeable, and 23 indicated that U.S.- and Korean-produced finished diamond sawblades were always or frequently interchangeable. CR/PR at Table II-5.

[62] Petitioners' prehearing brief at 39–42.

[63] *Id.* at 37.

$86.1 million in 2005.[64] By quantity, U.S. shipments of subject imports of finished diamond sawblades increased by 85.7 percent during the period, from 2.7 million units in 2003 to 5.1 million units in 2005. With respect to finished diamond sawblades and parts, the value of U.S. shipments of subject imports increased by 66.2 percent, from $54.4 million in 2003 to $90.4 million in 2005.[65]

As discussed above, as a share of apparent U.S. consumption, both the value and quantity of cumulated subject imports of finished diamond sawblades increased throughout the POI. By value, the share of such imports increased from 27.7 percent in 2003 to 34.7 percent in 2004 and to 40.0 percent in 2005.[66] On a quantity basis, cumulated imports of finished diamond sawblades from subject countries increased from 61.2 percent in 2003 to 67.6 percent in 2004 and to 75.1 percent in 2005.[67] Cumulated imports of finished diamond sawblades and parts from subject countries followed a similar trend, with their share of apparent U.S. consumption value increasing from 27.3 percent in 2003 to 33.9 percent in 2004 and to 39.1 percent in 2005.[68]

As the market share of subject imports increased, the market share of non-excluded U.S. producers declined during the period. With respect to finished diamond sawblades, non-excluded U.S. producers' share of domestic consumption by value declined from *** percent in 2003 to *** percent in 2004 and to *** percent in 2005.[69] On a quantity basis, U.S. producers share of domestic consumption declined from *** percent in 2003 to *** percent in 2004 and to *** percent in 2005.[70] Similarly, with respect to finished diamond sawblades and parts, non-excluded U.S. producers' share of domestic consumption value declined from *** percent in 2003 to *** percent in 2004 and to *** percent in 2005.[71]

Accordingly, we find that the volume of subject imports increased significantly, both on an absolute basis and relative to domestic consumption, during the POI.

b. Price

During the final phase investigation, the Commission collected pricing data for seven finished diamond sawblade products produced in the United States and imported from China and Korea.[72] Despite the significant increase in apparent U.S. consumption during the POI, a time in which we would expect to see rising prices, the data clearly demonstrate significant underselling by subject imports and declining prices for the domestic like product across the range of price comparisons.

Underselling with respect to Chinese imports was evident in 108 of 111 price comparisons and in 189 of 245 price comparisons with respect to imports from Korea.[73] For imports from China, the greatest

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[64] These data are presented in Appendix 1 at the end of the Commission's views.

[65] These data are presented in Appendix 2 at the end of the Commission's views.

[66] These data are presented in Appendix 1 at the end of the Commission's views.

[67] These data are presented in Appendix 1 at the end of the Commission's views.

[68] These data are presented in Appendix 2 at the end of the Commission's views.

[69] These data are presented in Appendix 1 at the end of the Commission's views.

[70] These data are presented in Appendix 1 at the end of the Commission's views.

[71] These data are presented in Appendix 2 at the end of the Commission's views.

[72] For a list and description of the products, as well as the coverage of the data, *see* CR at V-18–V-24, PR at V-13–V-17.

[73] *See* CR/PR at Tables V-1–V-7. Although the Korean respondents argue that the products the Commission used for quarterly price comparisons were not detailed enough to permit conclusions to be drawn regarding the significance of underselling shown by the quarterly comparisons and that these data should be viewed with caution (Korean respondents' posthearing brief at A-52), we find that the product descriptions and price data used by the

(continued...)

concentration of underselling occurred in products 3 (14-inch-diameter laser-welded blades for dry cutting) and 5 (14-inch diameter laser-welded blades for wet cutting cured concrete) with respect to sales to branded distributors and sales to professional construction firms.[74] For product 3, with respect to sales to branded distributors, underselling margins remained relatively steady between 61.4 percent and 63.7 percent during the quarters in which comparisons were possible; and with respect to sales to professional construction firms, underselling margins ranged from 53.0 percent to 74.5 percent.[75] For product 5, with respect to branded distributors, underselling margins ranged from 37.3 percent to 64.7 percent; and with respect to professional construction firms, underselling margins ranged from 48.4 percent to 65.5 percent during quarters for which pricing data were available.[76] With respect to imports from Korea, the greatest concentration of underselling occurred in product 5, for shipments to branded distributors.[77] For that product, Korea's underselling margins were generally steady, ranging between 61.9 percent and 71.9 percent throughout the POI.[78]

Petitioners assert that the margins of underselling during the POI were "staggering," often exceeding 50 percent, occasionally nearing 80 percent.[79] Petitioners argue that the persistent underselling led to declining prices for U.S. producers.[80] Respondents maintain that the Commission's pricing data confirm that competition between subject imports and the domestic like product is attenuated. They argue that the huge price differences between the subject product and the domestic like product are indicative of the lack of competition between the two. They assert that, given the large margins of underselling, if there really were competition U.S. prices should have come down more than they did.[81]

As noted above, we find that subject imports compete with the domestic like product across the range of blade sizes and within the same end-use markets. Accordingly, we reject respondents' argument that we should discount the significance of the underselling data.

We note that within each blade category, blades may be marketed and sold based on grade, which further defines a blade's performance.[82] In an effort to compete with lower-priced subject imports, U.S. producers have been forced to introduce lower-cost, lower-value products, which, for example, may contain fewer diamonds.[83] Such products are typically found in the smaller-size (4-inch to 18-inch) categories and are designed to compete with subject imports on price.[84]

Thus, despite rising demand in both segments of the construction industry and a significant increase in apparent U.S. consumption during the POI, underselling by subject imports caused prices for the domestic like product to decline by significant margins. For sales to branded and other distributors,

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[73] (...continued)
Commission is sufficiently detailed and representative of the market.

[74] CR at V-59, PR at V-37.

[75] CR/PR at Table V-3a, Table V-3c.

[76] *Id.*

[77] CR at V-59, PR at V-37.

[78] CR/PR at Table V-5a.

[79] *Id.*

[80] *Id.*

[81] Respondents' prehearing brief at 43–44.

[82] CR at I-18, PR at I-12.

[83] Hearing tr. at 155 (Jedick).

[84] *Id.*

the U.S. price declined in all but one of the product categories.[85] For branded distributors, price declines ranged between 7.6 percent for product 3 and 18.4 percent for product 6 (18-inch-diameter laser-welded blades for wet cutting).[86] For other distributors, price declines ranged from 6.1 percent for product 6 to 30.7 percent for product 3.[87] With respect to professional construction firms, the price of the U.S. product declined in five of seven comparisons, with price declines ranging from 9.7 percent for product 7 (24-inch-diameter laser-welded blades for wet cutting) to 26 percent for product 6.[88]

Accordingly, we find that subject imports undersold the domestic like product by significant margins during the POI and that such underselling contributed significantly to price depression.

2. Condition of the Domestic Industry

The domestic industry's finished diamond sawblades production capacity increased *** percent during the POI,[89] but its production did not kept pace, increasing only *** percent,[90] as reflected in a capacity utilization decline from *** percent in 2003 to *** percent in 2005.[91] Consistent with the rising demand but falling prices, the domestic industry's net sales of finished diamond sawblades increased by quantity over the POI by *** percent,[92] but the unit value of those sales decreased *** percent.[93] In large part, these trends have contributed to operating income to net sales ratios during the POI that, although positive, trend steadily downward[94] during a time when apparent U.S. apparent consumption measured by value increased more than 16 percent.[95]

The domestic industry as a whole has remained profitable during the POI, despite declining prices and shipment values, but only because some of the larger domestic producers were able to take aggressive cost-cutting measures. However, the producers of cores and a number of the smaller producers of finished blades were not able to continue to operate profitably in the wake of declining prices. Several indicators are representative of the factors contributing to the healthy but declining operating income ratios of the overall domestic industry during the POI. As a result of cost cutting, the selling, general, and administrative (SG&A) expenses for the domestic industry decreased by *** percent over the POI,[96] driven primarily by SG&A declines attributable to *** but reflective of SG&A expense reductions made

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[85] CR/PR at Table V-8a, Table V-8b. The exception was product 1 (4-inch laser-welded blades), where the quantity sold was relatively little. Domestic producers commercial shipments of finished diamond sawblades less than 7 inches in diameter averaged 3.9 percent of total commercial shipments during the POI. Derived from CR/PR at Table I-1.

[86] CR/PR at Table V-8a.

[87] CR/PR at Table V-8b.

[88] CR/PR at Table V-8c.

[89] *** units in 2003 to *** units in 2005. These data are presented in Appendix 1 at the end of the Commission's views.

[90] *** units in 2003 to *** units in 2005. These data are presented in Appendix 1 at the end of the Commission's views.

[91] These data are presented in Appendix 1 at the end of the Commission's views.

[92] *** units in 2003 to *** units in 2005. These data are presented in Appendix 1 at the end of the Commission's views.

[93] $*** in 2003 to $*** in 2005. These data are presented in Appendix 1 at the end of the Commission's views.

[94] *** percent in 2003, *** percent in 2004, and *** percent in 2005. These data are presented in Appendix 1 at the end of the Commission's views.

[95] Apparent U.S. consumption as measured by value increased from $*** in 2003 to $*** in 2005. These data are presented in Appendix 1 at the end of the Commission's views.

[96] These data are presented in Appendix 1 at the end of the Commission's views.

by smaller companies as well. Of the 12 companies that reported SG&A expenses during the POI, eight reported declines (including ***); of those eight, five also reported declining operating income ratios.[97] Of the four companies that reported SG&A expense increases during the POI, three also reported declining operating income ratios.[98] Moreover, although ***, seven of the 10 smaller diamond sawblades producers had operating income ratios that dropped during the POI,[99] and five of those seven reported losses in 2005 or during the entire POI.[100]

Another cost-cutting measure adopted by the domestic industry involved the introduction of new value-priced products to compete with subject imports. U.S. producers have been forced to develop and market lower-value products in most size ranges, with a new product every few years.[101] In addition, several U.S. diamond sawblade producers, including one of the largest, turned to increasing automation and productivity as a method of reducing costs, which proved to be successful but at the expense of some producers' production workers.[102] The U.S. producers that took these cost-cutting steps to remain competitive with subject imports managed to mitigate the operating income ratio decline over the POI of the industry as a whole, but ***,[103] indicating that the effectiveness of the cost-cutting measures was waning.

3. Threat Analysis[104]

Although the domestic industry as a whole has managed to avert significant adverse impacts to date despite the rising volume and far lower prices of subject imports, we find that the industry has exhausted its options for averting such effects in the future and is likely to suffer imminent material injury for the following reasons.

We find that the volume of subject imports is likely to rise at the same rate as demonstrated during the POI or at an accelerated rate because of the subject producers' export orientation and need for new markets, due in part to their increasing production capacity, especially with regard to the Chinese producers. Cumulated subject finished diamond sawblades production capacity, production, and overall export orientation has increased over the POI, while the Chinese and Korean producers' share of sales into their respective home markets has declined and the capacity utilization rate for the Chinese producers has decreased.[105] In addition, although subject producer projections must be analyzed with some caution

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[97] *** reported declining operating income ratios; *** did not. CR/PR at Table VI-3. We note that data for *** were taken from the preliminary phase of these investigations and that *** SG&A expenses are estimated. CR/PR at VI-1 n.1, Table VI-3 n.2.

[98] *** reported declining operating income ratios; *** did not. CR/PR at Table VI-3.

[99] *** reported declining operating income margins; *** did not. *Id*. We note that data for *** were taken from the preliminary phase of these investigations and that *** SG&A expenses are estimated. CR/PR at VI-1 n.1, Table VI-3 n.2.

[100] The operating income ratios of *** decline from positive (profits) to negative (losses) during the period of investigation; the operating income ratios of *** declined deeper into losses during the period of investigation. CR/PR at Table VI-3.

[101] Hearing tr. at 155–156 (Jedick, O'Day).

[102] *Id.* at 33 (Brakeman), 145 (O'Day, Baron).

[103] Over the POI, the operating income ratio of ***. CR/PR at Table VI-3, Table VI-8.

[104] In light of the significant share of diamond sawblades and parts accounted for by finished diamond sawblades, we have focused our analysis on data for finished diamond sawblades.

[105] CR/PR at Table VII-2, Table VII-7.

in general, Chinese producers are projecting an increase in finished diamond sawblades production capacity of *** percent by 2007.[106]

Cumulated subject imports have increased by 67.9 percent by value over the POI, taking market share from domestic producers and nonsubject imports alike but more heavily from the domestic industry. There is no indication that these imports trends will slow or reverse themselves, as representatives of Korean producers and of a domestic producer that opposed the petition indicated at the hearing that the U.S. diamond sawblades market is higher priced than the European market, which is the other major diamond sawblades market. Therefore, the U.S. market is likely to remain the most attractive market for subject imports.[107] Subject producers have been selling and apparently can continue to sell into the higher-priced U.S. market to their benefit at prices detrimental to the domestic industry, as evidenced by the persistent and in many cases large underselling margins.[108]

Contrary to respondents' arguments, no segment of the market, as defined by size or end-user category, is sheltered from competition with subject imports. Cumulated subject import sales are increasing in each size range, including the larger sizes in which professional customers that require post-sale customer service dominate, and through many different channels of distribution. With regard to the largest size ranges examined in these investigations, cumulated subject imports by value in the 14-inch to 20-inch size range increased from $4.7 million in 2003 to $7.7 million in 2005, and in the larger than 20-inch size range, they increased from $1.5 million in 2003 to $2.4 million in 2005. Furthermore, cumulated subject imports in each of these size ranges increased by value during the POI in all major distribution channels: branded distributors, other distributors, retailers, and professional construction.[109] Cumulated subject import increases in these sizes ranges during the POI contradict respondents' contentions that they are largely precluded from selling foreign-made diamond sawblades to these customers because of the post-sale customer service that purchasers require and that foreign producers are unable to provide.[110]

We further find that subject imports are entering at prices that are likely to have a significant depressing or suppressing effect on prices for domestic diamond sawblades. Underselling is likely to continue, as the record reflects that U.S. prices declined broadly across the seven products and three distribution channels for which pricing information was sought during the POI, falling in 72 of 84

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[106] CR/PR at Table VII-2. The staff report details the expansion plans of four Chinese companies, ***, in 2006–2007. CR at VII-2, PR at VII-1.

[107] Hearing tr. at 346–347 (Kim {Ehwa} and Nixon {Saint Gobain}).

[108] In comparing the domestic and Chinese products, the Chinese product undersold the domestic product in 112 of 115 quarterly comparisons with margins of 17.8–86.4 percent. In comparing the domestic and Korean products, the Korean product undersold the domestic product in 189 of 245 quarterly comparisons with margins of 1.2–80.8 percent. CR at V-58 n.77, PR at V-33 n.77; CR/PR at Table V-9c.

[109] CR/PR at Table E-6. For the 14-inch to 20-inch size range, cumulated subject imports increased by value from 2003 to 2005 in the OEM channel of distribution as well. *Id.*

[110] Respondents' posthearing brief at 21. The parties disagree on the percentage of sales in the largest size-ranges of diamond sawblades that require immediate or overnight producer delivery and/or onsite, post-sale customer service. The petitioners allege that the percentage is fairly small, while the respondents allege that the percentage is quite sizeable. *See* hearing tr. at 87 (Garrison), 219 (Kim), 228 (Steiner), 232 (Nixon). The record in these investigations supports the conclusion that some but not all sales to professional concrete contractors may require customization, quick turnaround, or onsite customer service. We find, however, that subject producers can provide overnight shipping from production facilities in subject countries and onsite customer service through their U.S. sales affiliates. We also find that some distributors provide the desired customer service rather than the manufacturers. *See* Petitioners' posthearing brief, Exhibit 1 at 5. Therefore, we reject respondents' argument that they cannot sell subject product in the higher-value larger sizes to professional concrete contractors. *See* hearing tr. at 338–339 (Steiner).

quarter-to-quarter comparisons.[111] No evidence has been offered to indicate that this underselling will cease.

Growing inventory levels, both of domestic and subject product, will continue to put pressure on U.S. market prices as well. Over the POI, non-excluded U.S. producers' U.S. shipments of finished diamond sawblades by quantity declined *** percent, and U.S. shipments of finished diamond sawblades by unit value and, therefore, overall value declined by *** percent and *** percent, respectively.[112] Because production capacity and production each increased during the POI and export shipments by value declined *** percent, this unsold finished diamond sawblades production moved into inventory, which increased from *** percent of total shipments in 2003 to *** percent in 2005.[113] Similarly, subject import inventories almost doubled by quantity over the POI and declined from 42.9 percent of U.S. shipments of imports in 2003 to 41.9 percent in 2005[114] only because overall subject imports during the POI increased by 85.7 percent, as noted earlier.[115]

Net sales by value declined *** percent, and the cost of goods sold as a percentage of sales rose *** percentage points, while operating income ratios fell *** percentage points. It would be reasonable to expect operating income ratios to have declined more steeply over the POI in the face of falling prices and rising material costs. A number of domestic producers, however, have proven successful at reducing their costs of production through increased productivity, reductions in employment and investment in upgraded equipment. This effort by the domestic industry is reflected in a *** percent decrease in their gross SG&A expenses and a *** percent decrease in their unit SG&A expenses,[116] as well as a *** percent increase in capital expenditures and a *** percent increase in R&D expenses.[117]

Nevertheless, various domestic industry representatives testified that improvements that they have made to their operations and cuts in costs of production they have enacted have reached a limit beyond which no further improvements can be expected.[118] As we have already determined that

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[111] CR/PR at Tables V-1a – V-7c. First-quarter 2003 to first-quarter 2005 and similar quarterly comparisons control for seasonal fluctuations in the pricing data, as petitioners and respondents agreed that diamond sawblades can be a seasonal-sale item. *See* CR at II-30, PR at II-19.

[112] These data are presented in Appendix 1 at the end of the Commission's views.

[113] These data are presented in Appendix 1 at the end of the Commission's views.

[114] CR/PR at Table VII-11.

[115] These data are presented in Appendix 1 at the end of the Commission's views.

[116] These data are presented in Appendix 1 at the end of the Commission's views.

[117] Although a majority of the R&D expenses were attributable to ***, four other domestic producers reported some R&D expenses during the period of investigation. Similarly, *** of the domestic industry's capital expenditures were made by ***, but 11 other domestic producers had some level of capital expenditures during the period of investigation. CR/PR at Table VI-12, Table VI-13.

[118] Conference tr. at 17 (Burnett: "{W}e continued to grow, even though imports of Chinese and Korean products were increasing. As we grew, we were doing everything in our power to keep costs down, including building our own manufacturing equipment, setting up our own computing systems, and refining our processes. ... As we worked to reduce our labor costs, indirect labor, indirect overhead, including administrative costs, and to reduce our material costs, we have had to keep reducing our prices to maintain our customer base."); *id.* at 23 (Brakeman: "Even though we were able to decrease manufacturing, overhead, and material costs on goods we produced, we have had to continually reduce the selling price to get orders."); *id.* at 37 (Palovochik: "Hoffman will continue to cut costs while maintaining our commitment through our employees and customers. Having said this, though, it's becoming more and more difficult as prices continue to erode."); hearing tr. at 100 (Kaplan: The domestic producers "have expressed that any types of cost savings, some of which were dramatic for individual firms, are now over. Everything is squeezed out."); *id.* at 137 (Jedick: "{O}ver the last six to eight years, we have lost several percentage points of operating income and consistently through the period of the investigation, we've lost operating income maybe not as dramatically as previously. But, we have made a lot of cost improvements and cost controls that came into effect

(continued...)

reductions by the domestic industry in their cost of production slowed the rate of decline in the industry's operating income ratio over the POI, now that these reductions are nearing the exhaustion point, the domestic industry can no longer rely on them to forestall the material injury that would inevitably follow, even if subject import levels remained at their current volume and price levels. Inasmuch as it is likely that subject import levels will continue rising immediately following the POI, absent antidumping relief, the increased volumes of imports will cause prices to decline further. These import increases and price declines will accelerate the loss of operating income, leading to adverse overall consequences for the condition of the domestic industry and material injury.

Finally, we find that subject imports will have negative effects on the development and production efforts of the domestic industry in the imminent future. For finished diamond sawblades and parts, the ratio of cost of goods sold to net sales rose from *** percent in 2003 to *** percent in 2005,[119] indicating that the domestic industry cannot raise its prices to recoup its increasing raw material costs, despite rising demand throughout all segments of the market. As we noted earlier, the domestic industry has reached its limit regarding the production improvements and cost-cutting measures that have thus far allowed the domestic industry to maintain positive but declining levels of profitability. Because it will be unable to rely on further cost savings, the declining operating income ratios are likely to become losses under the present trends, with the expected negative effects on employment[120] and returns on assets.[121]

CONCLUSION

For the foregoing reasons, we determine that the domestic industry producing diamond sawblades and parts is threatened with material injury by reason of subject imports from China and Korea sold at less than fair value.

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[118] (...continued)
over the last few years, so that could probably be part of the reason."); *id.* at 105 (O'Day: "We have eliminated our engineering department; we have eliminated two metallurgical positions; and we have cut our production staff. ... We have reached the place where there is very little more that we can cut.").

[119] These data are presented in Appendix 2 at the end of the Commission's views.

[120] The number of production workers over the POI declined from *** to ***, or by *** percent, but the number of hours worked declined from *** to ***, or by *** percent. Total wages paid during in the POI increased from $*** to $***, or by *** percent, but that rise was largely because of an increase in hourly wages from $*** to $*** (*** percent). These data are presented in Appendix 1 at the end of the Commission's views.

[121] Aggregate return on assets declined from *** percent in 2003 to *** percent in 2005. CR/PR at Table VI-13 adjusted for *** data.

Appendix table 1
Finished diamond sawblades: Summary data concerning the U.S. market (excluding 3 firms from domestic industry data), 2003-05

(Quantity=units, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per unit)

Item	2003	2004	2005
U.S. consumption quantity:			
Amount	4,464,298	6,065,126	6,753,839
Producers' share (1):			
Excluding 3 firms (2)	***	***	***
Excluded 3 firms (3)	***	***	***
Total	12.2	9.1	8.0
Importers' share (1):			
China	23.7	32.3	41.1
Korea	37.5	35.3	34.0
Subtotal (subject)	61.2	67.6	75.1
Other sources	26.6	23.3	16.9
Total imports	87.8	90.9	92.0
U.S. consumption value:			
Amount	184,719	205,592	214,939
Producers' share (1):			
Excluding 3 firms (2)	***	***	***
Excluded 3 firms (3)	***	***	***
Total	61.9	54.3	51.9
Importers' share (1):			
China	7.5	11.0	14.3
Korea	20.3	23.7	25.7
Subtotal (subject)	27.7	34.7	40.0
Other sources	10.3	10.9	8.1
Total imports	38.1	45.7	48.1

Table continued on next page.

Appendix table 1
Finished diamond sawblades: Summary data concerning the U.S. market (excluding 3 firms from domestic industry data), 2003-05

(Quantity=units, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per unit)

Item	2003	2004	2005
U.S. producers' (2):			
Average capacity quantity	***	***	***
Production quantity	***	***	***
Capacity utilization (1)	***	***	***
U.S. shipments:			
Quantity	***	***	***
Value	***	***	***
Unit value	$***	$***	$***
Export shipments:			
Quantity	***	***	***
Value	***	***	***
Unit value	$***	$***	$***
Ending inventory quantity	***	***	***
Inventories/total shipments (1)	***	***	***
Production workers	***	***	***
Hours worked (1,000s)	***	***	***
Wages paid ($1,000s)	***	***	***
Hourly wages	$***	$***	$***
Productivity (units/1,000 hours)	***	***	***
Unit labor costs	$***	$***	$***

Table continued on next page.

Appendix table 1
Finished diamond sawblades: Summary data concerning the U.S. market (excluding 3 firms from domestic industry data), 2003-05

(Quantity=units, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per unit)

Item	2003	2004	2005
Net sales:			
Quantity	***	***	***
Value	***	***	***
Unit value	$***	$***	$***
Cost of goods sold (COGS)	***	***	***
Gross profit or (loss)	***	***	***
SG&A expenses	***	***	***
Operating income or (loss)	***	***	***
Capital expenditures	***	***	***
Unit COGS	$***	$***	$***
Unit SG&A expenses	$***	$***	$***
Unit operating income or (loss)	$***	$***	$***
COGS/sales (1)	***	***	***
Operating income or (loss)/ sales (1)	***	***	***

(1) “Reported data are in percent.
(2) Excluding data for ***.
(3) ***.

Note.– Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

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

Appendix table 2
Finished diamond sawblades and parts: Summary data concerning the U.S. market (excluding 3 firms from domestic industry data), 2003-05

(Value=1,000 dollars)

Item	2003	2004	2005
U.S. consumption value:			
Amount	199,173	221,100	231,200
Producers' share (1):			
Excluding 3 firms (2)	***	***	***
Excluded 3 firms (3)	***	***	***
Total	62.2	55.1	52.6
Importers' share (1):			
China	7.1	10.3	13.6
Korea	20.3	23.6	25.5
Subtotal (subject)	27.3	33.9	39.1
Other sources	10.5	11.0	8.3
Total imports	37.8	44.9	47.4
Value of U.S. shipments of imports from:			
China	14,048	22,716	31,436
Korea	40,341	52,205	58,970
Subtotal (subject)	54,389	74,921	90,406
All other sources	20,852	24,276	19,127
All sources	75,240	99,197	109,534
Value of U.S. producers' (2):			
U.S. shipments	***	***	***
Export shipments	***	***	***
Total shipments	***	***	***

Table continued on next page.

Appendix table 2
Finished diamond sawblades and parts: Summary data concerning the U.S. market (excluding 3 firms from domestic industry data), 2003-05

(Value=1,000 dollars)

Item	2003	2004	2005
Net sales	***	***	***
Cost of goods sold (COGS)	***	***	***
Gross profit or (loss)	***	***	***
SG&A expenses	***	***	***
Operating income or (loss)	***	***	***
Capital expenditures	***	***	***
COGS/sales (1)	***	***	***
Operating income or (loss)/ sales (1)	***	***	***
Value of U.S. producers' (3):			
U.S. shipments	***	***	***
Export shipments	***	***	***
Total shipments	***	***	***

(1) “Reported data are in percent.
(2) Excluding data for ***.
(3) ***.

Note.– Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

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

PART I: INTRODUCTION

BACKGROUND

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

Date	***Action***
May 3, 2005	Petition filed with Commerce and the Commission; institution of Commission investigations (70 FR 24612, May 10, 2005)
May 23, 2005	Commerce's extension of initiation (70 FR 29478, May 23, 2005)
May 26, 2005	Commission's notice of revised schedule (70 FR 30480, May 26, 2005)
June 13, 2005	Commerce's initiation (70 FR 35625, June 21, 2005)
July 25, 2005	Commission's preliminary determination (70 FR 43903, July 29, 2005)
December 29, 2005 .	Commerce's preliminary determinations on China (70 FR 77121) and Korea (70 FR 77135); scheduling of final phase of Commission investigations (71 FR 3324, January 20, 2006)
May 16, 2006	Commission's hearing[4]
May 22, 2006	Commerce's final determinations on China (71 FR 29303) and Korea (71 FR 29310)
June 19, 2006	Commission's vote
July 5, 2006	Commission determination transmitted to Commerce

PREVIOUS AND RELATED INVESTIGATIONS

The Commission has not conducted previous antidumping or countervailing duty investigations concerning diamond sawblades or parts. During 1992-93, the Commission conducted an investigation on professional electric cutting and sanding/grinding tools from Japan. The Commission made an affirmative determination with respect to subject cutting tools and a negative determination with respect to subject sanding/grinding tools.[5]

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[1] Blackhawk Diamond ceased operations in January 2006.

[2] The petition covered finished diamond sawblades as well as diamond sawblade cores and segments. A complete description of the imported products subject to these investigations, as well as information regarding tariff treatment, is presented in *The Subject Merchandise* section of this part of the report.

[3] *Federal Register* notices cited in the tabulation are presented in app. A.

[4] A list of witnesses that appeared at the hearing is presented in app. B.

[5] *Professional Electric Cutting and Sanding/Grinding Tools from Japan, Inv. No. 731-TA-571*, USITC Publication 2658, July 1992. The order was revoked by Commerce in 2000.

ORGANIZATION OF THE REPORT

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

SUMMARY OF DATA PRESENTED IN THE REPORT

A summary of data collected in these investigations is presented in appendix C. Except as noted, U.S. industry data are based on questionnaire responses of two firms that manufacture diamond sawblade cores and 16 firms that produce segments and finished diamond sawblades.[6] The questionnaire responses accounted for approximately 90 percent of U.S. production of finished diamond sawblades and virtually all production of diamond sawblades cores.[7] U.S. imports are based on questionnaire data from firms believed to account for 90 percent or more of the value of U.S. imports of merchandise from China and Korea in 2004, as well as the large majority of nonsubject imports.[8] [9]

[6] Eighteen firms provided the Commission with responses for the final phase of these investigations. Data for two additional firms, Blackhawk and ***, are based on questionnaire responses from the preliminary phase of these investigations. As noted above, Blackhawk ceased operations and *** did not provide a completed questionnaire for the final phase of the investigations.

[7] Comparing questionnaire data and information provided in the petition, exh. I (as adjusted).

[8] Based on questionnaire data and official Commerce statistics. Staff believes that coverage for all other sources is high, given the number of companies that have indicated that they do not import diamond sawblades or parts thereof under the subject HTS reporting numbers. Official Commerce statistics are believed to overestimate imports of diamond sawblade products because they represent a basket category. Hearing transcript, p. 119 (Pickard). Also, importer ***, reported that nonsubject merchandise such as core bits are often imported under the same HTS number as sawblades. ***, April 26, 2006. According to official import statistics, the top two reported sources of imports in 2005 were China and Korea, followed by Japan and Canada. During the hearing, however, Commissioner Aranoff inquired about diamond sawblades from other countries, and Japan and Canada were not cited as sources. Hearing transcript, pp. 198-199 (Aranoff, Guthrie, Edmund, Schabacker, Garrison, and McCarthy).

[9] In the preliminary phase of these investigations, coverage of imports from China was overestimated because of incorrect reporting of the source of imports by ***. In the preliminary phase, *** reported imports of finished diamond sawblades from Korea, China, and other sources (***), but in the final phase reported imports from *** alone. In the final phase of these investigations, ***. ***, however, *purchases* imports of finished diamond sawblades, but only from ***. In the preliminary phase, *** incorrectly identified imported product as being from China, when in fact all imported product was from Korea. Staff interview with ***. In the final phase of these investigations, ***, a Korean producer and respondent, reported *** as being one of its largest customers. *** explained that *** places drop shipment orders with ***. *** directly contacts *** with an order, and the order is delivered directly to ***, but the importer of record is actually a third party, ***. Staff interview with ***.

THE NATURE AND EXTENT OF SALES AT LTFV

On May 22, 2006, Commerce published the results of its final determinations concerning sales at LTFV for China and Korea.[10] For China, Commerce calculated a weighted-average dumping margin of 20.72 percent *ad valorem* for 26 specific producer-exporter combinations, a rate of 34.19 percent *ad valorem* for Bosun Tools Group ("Bosun"), a rate of 48.50 percent *ad valorem* for Hebei Jikai Industrial Group ("Hebei Jikai"), a rate of 2.50 percent *ad valorem* for Advanced Technology & Materials Co., Ltd.,[11] and a China-wide rate of 164.09 percent *ad valorem*, applicable to all other producer-exporter combinations. Commerce also made final affirmative critical circumstances findings for imports of diamond sawblades from Bosun, Hebei Jikai, and China-wide producers. For Korea, Commerce calculated a weighted-average dumping margin of 12.76 percent *ad valorem* for Ehwa Diamond Ind. Co., Ltd. ("Ehwa"), 6.43 percent *ad valorem* for Hyosung D&P Co., Ltd. ("Hyosung"), 26.55 percent *ad valorem* for Shinhan Diamond Ind. Co., Ltd. ("Shinhan"), and 16.39 percent *ad valorem* for all others. Commerce made affirmative critical circumstances findings for imports of subject merchandise from Shinhan and Korean companies in the "all others" category, but not for Ehwa or Hyosung.

SUMMARY OF MARKET PARTICIPANTS

The domestic industry producing diamond sawblades and parts currently consists of three firms that produce diamond sawblade cores and at least 15 companies that produce segments and/or finished sawblades.[12] The largest producer of cores is *** and the largest producers of finished sawblades are ***.[13] Segments usually are consumed internally by U.S. producers.[14] Fifteen U.S. firms reported imports of diamond sawblades and/or parts from China, five of which, ***, currently produce diamond sawblades domestically. The largest importers from China are ***. At least 17 U.S. firms are known to import diamond sawblades and/or parts from Korea, three of which, ***, currently produce/assemble diamond sawblades in the United States. The largest importers from Korea are ***.

THE SUBJECT MERCHANDISE

Commerce's Scope

Commerce's final determinations define the imported merchandise within the scope of these investigations as follows:

> The products covered by these investigations are all finished circular sawblades, whether slotted or not, with a working part that is comprised of a diamond segment or segments,

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[10] *Final Determination of Sales at Less Than Fair Value and Final Partial Affirmative Determination of Critical Circumstances: Diamond Sawblades and Parts Thereof from the People's Republic of China*, 71 FR 29303, May 22, 2006 and *Notice of Final Determination of Sales at Less Than Fair Value, and Final Determination of Critical Circumstances: Diamond Sawblades and Parts Thereof from the Republic of Korea,* 71 FR 29310, May 22, 2006.

[11] Including Beijing Gang Yan Diamond Products Company as an exporter when merchandise was also produced by Beijing Gang Yan Diamond Products Company, and Yichang HXF Circular Saw Industrial Co., Ltd. as an exporter when merchandise was also produced by Yichang HXF Circular Saw Industrial Co., Ltd.

[12] Blackhawk Diamond ceased operations in January 2006.

[13] Husqvarna was identified as Electrolux in the preliminary phase of these investigations. Electrolux changed its name in October 2005 to Husqvarna. Details on the name change and *** of Husqvarna are presented in Part III under *U.S. Producers*.

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

and parts thereof, regardless of specification or size, except as specifically excluded below. Within the scope {of these investigations} are semifinished diamond sawblades, including diamond sawblade cores and diamond sawblade segments. Diamond sawblade cores are circular steel plates, whether or not attached to non-steel plates, with slots. Diamond sawblade cores are manufactured principally, but not exclusively, from alloy steel. A diamond sawblade segment consists of a mixture of diamonds (whether natural or synthetic, and regardless of the quantity of diamonds) and metal powders (including, but not limited to, iron, cobalt, nickel, tungsten carbide) that are formed together into a solid shape (from generally, but not limited to, a heating and pressing process).[15]

Tariff Treatment

Circular diamond sawblades, as well as parts of such diamond sawblades, are classifiable in subheading 8202.39.00 of the Harmonized Tariff Schedule of the United States ("HTS"). When packaged together as a set for retail sale with an item that is separately classified under headings 8202 to 8205 of the HTS, diamond sawblades or parts thereof may be imported under HTS heading 8206.[16] The normal trade relations tariff rate on this product under subheading 8202.39.00 is free, and is applicable to imports from China and Korea; if diamond sawblades enter under heading 8206, the highest duty rate applicable to any tool in the set is applicable to the set as a whole.

THE DOMESTIC LIKE PRODUCT

Description

The Commission's decision regarding the appropriate domestic products that are "like" the subject imported products is based on a number of factors including (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and, where appropriate, (6) price. The scope in these investigations, however, includes both finished and semifinished articles. In such circumstances, the Commission may apply a semifinished product analysis. Under this analysis, the Commission examines (1) whether the upstream article is dedicated to the production of the downstream article or has independent uses; (2) whether there are perceived to be separate markets for the upstream and downstream articles; (3) differences in the physical characteristics and functions of the upstream and

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[15] 71 FR 29303, May 22, 2006 and 71 FR 29310, May 22, 2006.

In its final determinations, Commerce further described products that are outside the scope of these investigations:

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

[16] As noted by Commerce in its final determinations, "The tariff classification is provided for convenience and U.S. Customs and Border Protection purposes; however, the written description of the scope of this investigation is dispositive." Ibid.

downstream articles; (4) differences in the costs or value of the vertically differentiated articles; and (5) the significance and extent of the processes used to transform the upstream into the downstream articles.

In the preliminary phase of these investigations, the Commission observed that there are significant differences in costs and values between cores and segments as compared to finished diamond sawblades, and the transformation process of turning the components into finished diamond sawblades is significant. Components are, however, largely dedicated to the production of finished diamond sawblades, and embody the essential characteristics of finished diamond sawblades, which led the Commission to find that cores, segments, and finished diamond sawblades comprise one domestic like product.[17]

Petitioners contend that finished diamond sawblades constitute a single domestic like product and that steel cores and diamond segments are part of this like product definition.[18] In the preliminary phase of these investigations, respondents did not challenge this definition of domestic like product; nor have they done so in the final phase of the investigations.[19]

Diamond Sawblade Components

Diamond sawblades are circular cutting tools composed of two fundamental components: an inner steel core and a diamond-impregnated outer ring segment that constitutes the cutting surface. The metal core generally is made of very high quality, treated, hardened alloy steel plate or sheet. The alloy steel plate or sheet is laser cut to the approximate diamond core diameter. The metal core contains an arbor hole that is precisely bored in the center. The core is either slotted to produce a segmented blade or not slotted to produce a continuous rim blade.[20]

The segment contains a mixture of synthetic diamonds[21] and metal powder held together in a "bond matrix." During the manufacturing process, the metal powder-and-diamond mixture is compressed at a very high temperature to obtain a solid metal alloy, which holds the diamonds. The segment, or rim, is slightly wider than the core to permit the leading edge to penetrate the material without the core rubbing against it and to discourage blade binding.[22] The diamond segments are designed specifically to wear at a rate appropriate to the material being cut. Large particles of soft, abrasive materials wear down the matrix faster than the small particles removed from hard dense materials. Consequently, softer, more abrasive materials require a "tough to wear" (hard) bond; less abrasive materials require an "easy wear" (soft) bond.[23] The cutting edge of the diamond segments is designed to expose additional diamond as the blade is consumed.

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[17] *Diamond Sawblades and Parts Thereof from China and Korea, Inv. Nos. 731-TA-1092 and 1093 (Preliminary),* USITC Publication 3791, August 2005, p. 7.

[18] *Petition,* pp. 5-10.

[19] Postconference brief of Korean respondents, pp. 3-4, and Comments on *Draft Questionnaires*, Korean respondents and General Tool, Western Diamond Tools, and SH Trading, February 1, 2006.

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

[21] While it is possible to use natural diamonds, the use of synthetic, or manufactured, diamonds is far more common. Conference transcript, p. 107 (Palovochik, Garrison).

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

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

Finished Diamond Sawblades

Diamond sawblades typically range in size from 4 inches to 70 inches in diameter. Many diamond sawblades in the 10-to-14 inch diameter category are considered "mid-range" blades.[24] Diamond sawblades greater than 20 inches are typically produced to order and in small quantities.[25] Table I-1 presents U.S. commercial shipments of U.S.-produced and imported diamond sawblades by diameter.

Finished sawblades may be categorized by (1) the physical attributes of the finished blade; (2) the physical attributes of the diamond section; and (3) the method of joining the core to the diamond segments. These attributes and characteristics in turn affect the application, the grade, and price of the finished sawblades.[26] The principal physical characteristics of the blade are whether the cutting surfaces are "segmented rim" or "continuous rim" (figure 1). Segmented blades have slots cut into the core between the segments on the rim, or cutting edge to allow the blade to flex under pressure, cool the blade while cutting, and facilitate the removal of cut material from the blade. The slots can be either wide or narrow.[27]

Figure I-1
Diamond sawblades: Typical cutting surfaces and segments

Continuous rim **Segmented rim** **Segments**

Source: Dimas, found at http://dimasusa.com and Shanghai Deda Industry and Trading Co., Ltd, found at http://dedadiamond.en.alibaba.com/.

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

[25] Hearing transcript, p. 355 (Nixon).

[26] Conference transcript, p. 142 (Lewis).

[27] In contrast, continuous rim blades are attached to a non-slotted metal core.

Table I-1
Diamond sawblades: U.S. producers' and importers' U.S. commercial shipments, by blade diameter, 2003-05

Item	≤7.0"	>7.0" but ≤10.0"	>10.0" but ≤12.0"	>12.0" but ≤14.0"	>14.0" but ≤20.0"	>20.0"	Total
				Value (*$1,000*)			
U.S. producers' U.S. commercial shipments:							
2003	4,268	2,735	11,560	38,160	20,121	29,970	106,814
2004	4,123	2,595	11,047	36,295	21,206	29,779	105,045
2005	3,987	2,457	9,643	36,407	22,350	31,399	106,243
U.S. commercial shipments of imports from China:							
2003	5,293	1,883	1,446	4,337	695	195	13,848
2004	8,385	3,025	1,989	7,617	1,105	306	22,427
2005	11,347	3,708	2,369	10,996	1,790	537	30,748
U.S. commercial shipments of imports from Korea:							
2003	11,143	6,037	3,774	10,239	4,007	1,272	36,471
2004	14,312	7,671	4,754	14,224	5,038	1,468	47,466
2005	14,083	8,060	5,884	18,484	5,927	1,820	54,258
Subtotal, U.S. commercial shipments of subject imports:							
2003	16,435	7,920	5,220	14,576	4,702	1,467	50,319
2004	22,697	10,697	6,742	21,841	6,143	1,774	69,893
2005	25,430	11,768	8,253	29,480	7,717	2,358	85,006
U.S. commercial shipments of imports from other countries:							
2003	9,895	432	1,712	5,237	910	387	18,574
2004	10,776	423	1,946	5,762	730	94	19,730
2005	6,802	262	1,077	4,512	746	100	13,498
U.S. commercial shipments of imports from all sources:							
2003	26,330	8,352	6,932	19,813	5,612	1,854	68,893
2004	33,472	11,119	8,688	27,602	6,873	1,868	89,623
2005	32,232	12,031	9,330	33,991	8,463	2,458	98,504
Total U.S. commercial shipments:							
2003	30,598	11,086	18,492	57,973	25,733	31,824	175,707
2004	37,595	13,714	19,735	63,898	28,078	31,647	194,668
2005	36,219	14,487	18,973	70,399	30,813	33,857	204,748

Table continued on next page.

Table I-1--*Continued*
Diamond sawblades: U.S. producers' and importers' U.S. shipments, by blade diameter, 2003-05

Item	≤7.0"	>7.0" but ≤10.0"	>10.0" but ≤12.0"	>12.0" but ≤14.0"	>14.0" but ≤20.0"	>20.0"	Total
				Share of value (*percent*)			
U.S. producers' commercial shipments:							
2003	4.0	2.6	10.8	35.7	18.8	28.1	100.0
2004	3.9	2.5	10.5	34.6	20.2	28.3	100.0
2005	3.8	2.3	9.1	34.3	21.0	29.6	100.0
U.S. commercial shipments of imports from China:							
2003	38.2	13.6	10.4	31.3	5.0	1.4	100.0
2004	37.4	13.5	8.9	34.0	4.9	1.4	100.0
2005	36.9	12.1	7.7	35.8	5.8	1.7	100.0
U.S. commercial shipments of imports from Korea:							
2003	30.6	16.6	10.3	28.1	11.0	3.5	100.0
2004	30.2	16.2	10.0	30.0	10.6	3.1	100.0
2005	26.0	14.9	10.8	34.1	10.9	3.4	100.0
Subtotal, U.S. commercial shipments of subject imports:							
2003	32.7	15.7	10.4	29.0	9.3	2.9	100.0
2004	32.5	15.3	9.6	31.2	8.8	2.5	100.0
2005	29.9	13.8	9.7	34.7	9.1	2.8	100.0
U.S. commercial shipments of imports from other countries:							
2003	53.3	2.3	9.2	28.2	4.9	2.1	100.0
2004	54.6	2.1	9.9	29.2	3.7	0.5	100.0
2005	50.4	1.9	8.0	33.4	5.5	0.7	100.0
U.S. commercial shipments of imports from all sources:							
2003	38.2	12.1	10.1	28.8	8.1	2.7	100.0
2004	37.3	12.4	9.7	30.8	7.7	2.1	100.0
2005	32.7	12.2	9.5	34.5	8.6	2.5	100.0
Total U.S. commercial shipments:							
2003	17.4	6.3	10.5	33.0	14.6	18.1	100.0
2004	19.3	7.0	10.1	32.8	14.4	16.3	100.0
2005	17.7	7.1	9.3	34.4	15.0	16.5	100.0

Note.--Data do not include U.S. commercial shipments by U.S. producers Blackhawk and ***, and U.S. producer/importer ***.

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

The principal characteristics of a diamond section are the strength of the bonding matrix and the concentration of diamonds. The bonding matrix has several functions, including: (1) dispersing and supporting the diamonds; (2) controlling wear while allowing diamonds to protrude; (3) keeping diamonds in the bond matrix so there is no diamond "pull-out"; (4) acting as a heat sink; and (5) distributing impact and load when the diamonds strike the cutting surface.[28] Both the concentration, quality, and size of diamonds in the sawblade segments and the composition of the bond matrix determine the application, grade, and the price, because more diamonds in a stronger bond matrix translates into better cutting qualities, and hence a higher grade rating, ability to cut harder materials, and higher price in part because of higher material costs.

The method of attachment of the diamond segments to the sawblade core is also a key characteristic of finished diamond sawblades. Segments are either sintered, soldered/brazed, or laser welded onto the core. For sintered blades, a mixture of diamonds and matrix bond of metal powders is baked onto the sawblade core. Diamond sawblades with segments soldered/brazed to the core are blades that must be used in a "wet" cutting process, with a fluid lubricating and cooling the blade during cutting. If the blade is used in a "dry" cutting process, heat generated by the cutting action will melt the solder used to attach the segments to the core.[29] Diamond sawblades that have segments laser welded to the core are stronger, have few failure rates, and are more reliable than sintered sawblades.[30] These distinctions in finished diamond sawblades are discussed further in the following sections of the this part of the report entitled "Applications," "Interchangeability," and "Manufacturing Processes."

The Commission asked U.S. producers to describe any differences in the physical characteristics and functions of the upstream and downstream articles. Responses to this question are tabulated below:[31]

* * * * * * *

Applications

Diamond Sawblade Components

Diamond sawblade components are used to produce finished diamond sawblades, with few additional applications.[32] The Commission asked U.S. producers "(w)ith respect to (diamond cores and diamond sawblade segments), does your firm use the same components that it produces for use in finished diamond sawblades for use in other finished articles as well?" Of the two companies that produce diamond cores, neither reported using diamond sawblade cores for use in other finished products. In addition, only three of the companies reported additional applications for their segment production: ***. Each of the other companies reported no additional applications.[33]

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[28] MK Diamond Products, Inc., "Understanding Diamond Blades," found at http://www.mkdiamond.com/home/tec_blade.html, retrieved April 21, 2006.

[29] Patrick O'Brien, "Diamonds Don't Wear...Or Should They?," Concrete Sawing and Drilling Association, found at http://www.csda.org/displaycommon.cfm?an=1&subarticlenbr=218, retrieved April 21, 2006.

[30] Conference transcript, pp. 155-156 (Sallis).

[31] The information discussed above is compiled from responses to the producers' questionnaire, question II-17.

[32] Conference transcript, p. 124 (Palovochik).

[33] The information discussed above is compiled from responses to the producers' questionnaire, question II-15.

The Commission also asked U.S. producers to describe the market for the diamond sawblade cores and segments (the "upstream articles" in these investigations). Responses to this question are presented in the following tabulation.[34]

* * * * * * *

Finished Diamond Sawblades

The Commission asked U.S. producers to describe the market for finished diamond sawblades (the "downstream articles" in these investigations). Responses to this question are tabulated on the previous page.[35] Many responses stressed the dedication of diamond sawblade components to the production of finished diamond sawblades, leading most producers to conclude that the markets for the upstream and downstream articles were separate.

Diamond sawblades have numerous functions and applications for cutting concrete, asphalt, masonry (brick, block, pavers, etc.), tile, refactory, stone (marble, granite, and other rock), ceramics, and glass.[36] Diamond sawblades also are used to groove road, highway, and airport runway surfaces to give them antiskid characteristics. Different configurations of diamond sawblades will also be selected by end users based upon the material being cut, as a blade for cutting soft, abrasive material must have a strong bonding matrix to resist erosion of the blade for the diamonds to cut, while a blade for cutting hard material must have a weaker bond matrix to expose more diamonds for cutting.[37]

Finished diamond sawblades are produced for broad categories of end uses, including professional use and general use.[38] However, within the finished diamond sawblade industry, there is no consensus as to which finished diamond sawblades categorically serve a particular market.[39] [40] Within each broad category, blades are engineered and sold by application, grade, and price. Diamond sawblades

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[34] The information discussed above is compiled from responses to the producers' questionnaire, question II-16.

[35] The information discussed above is compiled from responses to the producers' questionnaire, question II-16.

[36] Some users will also cut certain metals with diamond sawblades, however, this is not a typical application.

[37] MK Diamond Products, Inc., "Understanding Diamond Blades," found at http://www.mkdiamond.com/home/tec_blade.html, retrieved April 12, 2006.

[38] One industry official views market applications in two categories, conference transcript, p. 142 (Lewis); another official identified three categories, conference transcript, p. 152 (Sallis).

[39] The parties differ in their views on so-called "professional-use" sawblades and "general-use" sawblades. Petitioners contend that "it is not possible to draw a clear dividing line...based on the physical characteristics of the diamond sawblades end use, channels of distribution, or by price." Petitioners' postconference brief, exhibit 1, no page number provided. Respondents contend that the U.S. market is "highly segmented" and that diamond sawblades in the United States can be segregated into two broad categories: (1) professional-use blades; and (2) general-use blades." Korean respondents' postconference brief, p. 11. Petitioner *** contends that there is no clear distinction between "professional-use" sawblades and "general-use" sawblades. However, *** stated that Korean imports are moving into the professional market in the 30 inch to 36 inch range, pricing finished diamond sawblades ***. "***."

[40] In these investigations, Commission questionnaires sent to interested parties defined "General purpose saw manufacturers" as "Companies such as Black and Decker, Hilti, and Bosch, that manufacture general purpose circular saws and resell diamond sawblades in limited size ranges and types as accessories, principally to national big box retailers. General purpose saw manufacturers produce saws and other power tools that are intended to be used with non-diamond sawblade related products in addition to diamond sawblades. General purpose saws typically include hand-held circular saws, angle grinders, and chop saws." Also defined was "Professional construction" as "End users in professional construction market, including all customers that are members of the Concrete Sawing and Drilling Association ("CSDA")." General Information, Instructions, and Definitions for the Commission's questionnaires, p. 7.

over 20 inches in diameter are frequently produced on a custom-made basis,[41] however, such large diameter sawblades may also be listed in catalogs and price lists of various producers. These large diamond sawblades will be produced in limited quantities[42] with special characteristics, such as particular segment configurations and composition of diamond concentration and bonding.[43] Such blades are also produced under quick turn-around schedules and may require customer service regarding the intended application and subsequence performance in the field.[44]

Professional use blades are sold to end users performing cutting for road and commercial construction. Most of these sawblades are specially designed for large, high horsepower, walk-behind or self-propelled cutting equipment that includes water circulation systems for cooling the blade as it cuts.[45] "Professional-use" diamond sawblades are generally run wet or dry, and are segmented blades with diameters that are often greater than 14 inches.[46] These types of goods are typically custom-engineered for the task at hand.[47]

The professional use market that uses high horsepower equipment requires high tolerance for the blades and tight controls.[48] Unlike sawblades for the do-it-yourself ("DIY") market, which run on one quarter and one half horsepower equipment, blades for high horsepower (e.g., 65 horsepower) equipment for professional use are subject to tolerance testing. After the segments are attached to the core, large professional use blades are tested for tolerance, and hammered by a smith until the appropriate tolerance is reached.[49]

In addition to custom segment production, supplying the professional use market requires a deep understanding of the local market.[50] Gaining knowledge and access to a local market requires having a sales force in the local market that goes to job sites to provide the correct diamond sawblade configuration specific to the job application. The cost of having an intensive workforce is reflected in the product's relatively high selling, general, and administrative ("SG&A") expenses ratio (see part VI).[51]

The professional custom market requires a quick turnaround from order to delivery. Segments are custom-produced and attached to a core; the entire sawblade can be finished in a matter of hours for a custom order[52]. *** reported that it needs to have a domestic operation to serve the professional market,

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[41] Hearing transcript, p. 355 (Nixon).

[42] Hearing transcript, p. 108 (Garrison).

[43] Hearing transcript, pp. 88-89 (Jedick).

[44] Saint-Gobain's posthearing brief, pp. 7-8, and Exhibit 4.

[45] Korean respondents' postconference brief, Exhibit 3.

[46] Conference transcript, p. 142 (Lewis)

[47] Conference transcript, p. 140 (Kim).

[48] Staff field trip report, ***.

[49] The core section of the finished diamond sawblade is literally struck with a hammer by a smith to work out imperfections in the blade which otherwise would render the blade too dangerous to use. Staff witnessed the hammering and testing for tolerances at *** and saw similar hammering operation stations at ***. The hammer smiths are considered to be skilled employees. Staff field trip report, *** and ***; ***; and ***.

[50] Staff field trip report, ***; ***; and ***.

[51] *** reported that this ratio is high because of the expense of gas, lodging, trade shows, and time spent with customers to determine the correct diamond sawblades for the given application. Staff field trip report, ***. *** reported having sales staff throughout the country to support professional sawblade sales. Compared to the rest of the industry, *** has a relatively low SG&A ratio. Because it does not produce its own segments, *** does not have the same capacity for customization of diamond sawblades as producers with internal segment production, thereby limiting the number of customers it can serve and the need for supporting a sales intensive staff. Staff field trip report, ***.

[52] Segments are custom-produced and assembled to a core and finished in a matter of hours for a custom order. Staff witnessed such an operation where segments being measured and sintered would be delivered to a work site

(continued...)

otherwise it can not produce and ship custom blades from overseas in time to serve the professional use market.[53] *** reported that it attempted to serve the professional market by maintaining an inventory of large, professional use diamond sawblades imported from Korea, but these were not suitable for custom applications and has since concentrated on producing the professional blades domestically.[54]

"General-use" sawblades are produced for contractors and DIY end users. These blades include both segmented and continuous rim blades[55] with diameters of 14 inches or less, but the range may extend up to 20 inches. The end uses in this segment would be those performed by masons, concrete contractors, hardscape contractors, plumbing contractors, HVAC (heating, ventilation, and air conditioning) contractors, roofing, and other types of contractors.[56]

In marketing blades, sellers may categorize blades as general purpose, and in addition may sell blades for specific applications based on the material to be cut, or the process involved, such as for cutting concrete, asphalt, masonry, tuck point, turbo, and tile, or for wet or dry cutting.[57] Further, within each blade category, sellers typically supply a grade, or may supply a product family that is stratified further into grade or performance class. Vendors will use a variety of names for product grades. For example, one company grades its general purpose blades as economy, economy plus, premium, elite, and premium gold,[58] and one producer has performance classes of normal, super, and economy.[59] Another producer for blades for wet-cured concrete has "Standard Gold," "Heavy Duty Orange," and "Premium Black," which have different diamond depths and other performance characteristics.[60]

In response to Commission questionnaires, U.S. purchasers indicated that there have been no changes in the end uses of diamond sawblades since 2003.[61] Further, the majority of responding U.S. purchasers reported that they do not anticipate any changes in terms of end uses of finished diamond sawblades in the future. Two U.S. purchasers reported that they did anticipate that uses of diamond sawblades would increase, with one U.S. purchaser stating that if prices continue to decline, more users will enter the market who had not previously purchased due to price.[62]

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[52] (...continued)
later the same day when on a site visit to ***. Staff field trip report, ***, March 30, 2006.

[53] Staff field trip report, ***, March 29, 2006.

[54] Staff field trip report, ***, March 29, 2006.

[55] Continuous rim blades are utilized in tile-and-stone cutting applications because they reduce the amount of chipping of material being cut. Conference transcript, p. 154 (Sallis).

[56] Conference transcript, p. 153 (Sallis).

[57] *See* diamond saw blades categories at Nalco Blades, "General Purpose Blades," found at http://www.reliableblades.com/category.cfm?id=1, retrieved April 20, 2006.

[58] *See* Nalco Blades, "General Purpose Blades," found at http://www.reliableblades.com/category.cfm?id=1, retrieved April 20, 2006.

[59] *See* Dimas, "Performance grades for diamond blades," found at http://www.dimas.com/node2168.asp, retrieved April 21, 2006.

[60] Diamond Products, Inc., *Blade, Bit & Abrasives Catalog*, http://www.diamondproducts.com/PDF/Bits_Blades_0805b.pdf, retrieved April 20, 2006, p. 6.

[61] Compiled from responses to the purchasers' questionnaire, question III-7; 25 purchasers reported no changes in end uses, of which 2 purchasers reported that as a result of the costs of diamond saw blades decreasing, demand has increased. One purchaser only noted that since 2003 prices have declined.

[62] Compiled from responses to the purchasers' questionnaire, question III-8.

Interchangeability

Diamond Sawblade Components

Diamond segments and cores are used virtually entirely for the manufacture of diamond sawblades.[63] Neither U.S. core producer reported using diamond sawblade cores for use in other finished products. Three U.S. producers reported using diamond sawblade segments for use in other finished articles. ***.

Finished Diamond Sawblades

The Commission asked U.S. producers whether there are separate markets for the upstream and downstream articles. As discussed in the section entitled "Applications," U.S. producers largely view the markets for the upstream and downstream articles as separate except in the sense that cores and segments are components of the finished sawblades.[64]

In addition, U.S. producers and importers generally reported limited interchangeability between diamond sawblades and any other product. While most U.S. purchasers noted there were no substitutes for diamond sawblades, two purchasers noted that laser jets may substitute and one noted diamond chain saws may be a substitute in some applications.[65] Although abrasive blades may substitute for diamond sawblades, abrasive blades do not have the life expectancy or cutting accuracy of diamond sawblades.[66] In theory, some non-diamond sawblades could be used in certain cutting applications in which diamond sawblades are utilized. Diamond sawblades, however, are produced to fit onto diamond saws exclusively.[67]

Additionally, there is limited direct interchangeability between continuous rim and segmented products, at least in certain applications.[68] Continuous rim sawblades are used in "brick, block, and tile-type applications" where avoiding chipping is a key objective.[69] Segmented rim blades, in contrast, are used in saws with more demanding requirements -- typically higher horsepower saws such as those used in high-volume construction applications. Nonetheless, there is also a degree of overlap between continuous and segmented blades in applications such as masonry.[70]

Manufacturing Processes

Diamond Sawblade Components

Diamond cores are cut from heat-treated alloy steel plate or sheet.[71] As described in the petition, the cut plate of approximate shape is quenched in a heat furnace, cooled in an oil bath, and is then tempered in a gas furnace. The diamond cutting surface is affixed to the metal core through a soldering, sintering, or laser-welding process. After the blade blank is quenched and tempered, a small hole (the arbor) is then drilled or reamed into the center of the core which will serve as a mounting point for the

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[63] Conference transcript, p. 124 (Palovochik).

[64] The information discussed above is compiled from responses to the producers' questionnaire, question II-16.

[65] Compiled from responses to the purchaser's questionnaire, question III-9.

[66] Staff telephone interview with ***, March 24, 2006.

[67] Petition, p. 6.

[68] Conference transcript, pp. 190-192 (Nixon).

[69] Conference transcript, pp. 49-50 (Palovochik).

[70] Conference transcript, p. 70 (Garrison).

[71] ***. Staff field trip report, ***, March 31, 2006.

finished diamond core inside a cutting tool. Subsequently, the reamed core is surface-ground to the diameter specified by the customer in the purchase order. The ground core is then tensioned in a roll-tensioner, which imparts additional hardness to the diamond core. The flattened diamond core then goes through both a grinding/turning process, in which the outer diameter is ground to the proper size required by the customer specification, and a deburring process, in which the outer diameter is matched to the internal diameter of the diamond core.[72]

In the case of slotted (segmented) blades, radial slots (also called "gullets") are machined out of the outer diameter to facilitate the attachment of the diamond segments through a bonding process. Slot designs are available in a variety of forms, including straight, keyhole, wide, laser, V-slots, angled slots, or customer specified. The different-shaped gullets improve water and air flow around the periphery of the core and assist in dissipating heat and slurry.[73]

Diamond segments are produced through the insertion of crushed industrial diamond crystals into a mixture of metallic powders.[74] The diamond crystals are normally, if not always, synthetic rather than natural diamonds because synthetic diamonds have a more reliable consistency for cutting applications. The mixture is compressed at a very high temperature to obtain a solid metal alloy that holds the diamonds. A portion of the semifinished segment is cleared of diamond powder to ensure that the metallic portion of the segment can be mated to the diamond blade core. Each finished segment is subsequently dressed and cleaned to ensure the finished segment is free of excess powder and burrs.[75]

Finished Diamond Sawblades

The segments are joined to the core to complete the finished product. The diamond core itself must be balanced both before and after the segment attachment.[76] The entire sawblade is then quality-screened, put through a slight grinding to ensure proper outer diameter dimension, and tension-checked to ensure the blade performs at the revolution speed that was originally specified.[77]

There are three major methods of attaching the diamond cutting surfaces: laser-welding, soldering (or brazing), and sintering. All three methods are employed in the United States, although the large majority of U.S. production uses laser-welding, followed by soldering; sintering, in contrast, is uncommon in the United States. Table I-2 presents the shares of U.S. commercial shipments by type of blade and method of joining for U.S.-produced and imported diamond sawblades.

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[72] Petition, pp. 7-8.

[73] *Diamond Cores*, Western Saw Products. *See also*, "Edge Exposed: The Diamond Core" at www.edgediamond.co.uk/smx/edge_exposed/core, retrieved July 4, 2005.

[74] The metallic powders and diamond mixture which comprise a segment are distinct by producer, and considered to be proprietary. *** reported that it has over *** powder mixtures for segment production. Custom diamond sawblade orders require segment production to be tailored for the specific task, which involves additional manual labor on a separate production line than that which is used for bulk segment production, which is produced and assembled into finished diamond sawblades on a more automated production line. *** which is exclusively an assembler and does not produce segments, ***. *** reported that it has no plans to produce segments. Staff field trip report, ***.

[75] Petition, p. 9.

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

[77] Petition, p. 9.

Table I-2
Finished diamond sawblades: U.S. producers' and importers' U.S. commercial shipments, by type of blade and method of attachment, 2005

Item	Share of commercial shipments value (*in percent*)				
	Segmented			Continuous	
	Laser-welding segmented	Soldered/ braising segmented	Sintered segmented	Sintered continuous	Total
U.S. producers	84.6	14.8	***	***	100.0
China	47.1	1.7	19.8	31.4	100.0
Korea	67.1	5.1	0.2	27.6	100.0
Subtotal, subject imports	62.6	4.4	4.7	28.3	100.0
All other sources	52.9	3.4	4.2	39.5	100.0
Subtotal	47.3	2.2	12.3	38.2	100.0
Total imports	59.3	3.9	6.4	30.4	100.0

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

Laser-welded blades are produced by pressing the diamond crystal and metal powder mix and then heat-treating it to form a finished segment. The finished segments are attached to the steel cores through laser welding. This process is generally used to produce segmented blades for dry-cutting applications. Laser welding is particularly suitable for making the type of blades used in hand-held saws utilized by masonry and brick contractors. Advantages of laser-welded diamond sawblades include substantial automation of the production process, strong welding adhesion between the segment and the alloy steel core, and greater stability under high temperature.[78]

Soldered or brazed blades are produced in a similar manner as laser-welded blades, except that the finished segments are attached to the metal core using solder instead of laser welding. In general, soldered blades refer to professional-use wet blades because they have extremely limited uses in dry applications as the heat generated from dry cutting will melt the solder, potentially destroying the blade and creating a safety hazard.[79]

Sintered blades are produced by pressing the diamond/metal bonding mixture onto the core, and then heat-treating the entire blade. Frequently, the term "sintered" blade is used to refer to continuous rim blades because sintering is the most efficient means of producing continuous rim blades.[80] However, because the heat treatment process weakens the core, and the integrity of the product, larger sized diamond sawblades typically are not produced using the sintering production method.[81] Instead, sintered blades are more commonly produced in smaller sizes for less specialized applications.[82]

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

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

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

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

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

The Commission asked U.S. producers to describe the process by which producers transform diamond saw blade parts into finished diamond sawblades and the degree of value added by such operations. Responses to this question appear in appendix D.[83]

Channels of Distribution

Table I-3 presents questionnaire data on channels of distribution for finished diamond sawblades. U.S. commercial shipments have been directed in the largest quantities to distributors and end users. Shipments of imports from LTFV sources are more heavily concentrated in shipments to distributors. Cores and segments are sold almost exclusively to U.S. sawblade producers.

[83] The information discussed above is compiled from responses to the producers' questionnaire, question II-18.

Table I-3
Diamond sawblades: U.S. producers' and importers' U.S. commercial shipments, by channel of distribution, 2003-05

Item	Distributors	Retailers	OEMs	End users	Total
			Value (*$1,000*)		
U.S. producers' U.S. commercial shipments:					
2003	54,400	1,411	2,069	48,935	106,814
2004	53,059	1,707	1,620	48,659	105,045
2005	52,624	2,726	1,436	49,457	106,243
U.S. commercial shipments of imports from China:					
2003	9,381	751	1,705	2,011	13,848
2004	15,260	1,352	3,984	1,832	22,427
2005	19,849	2,310	6,410	2,179	30,748
U.S. commercial shipments of imports from Korea:					
2003	23,069	747	8,915	3,741	36,471
2004	28,434	799	13,467	4,765	47,466
2005	31,938	1,059	16,116	5,144	54,258
Subtotal, U.S. commercial shipments of subject imports:					
2003	32,450	1,498	10,620	5,751	50,319
2004	43,694	2,152	17,451	6,597	69,893
2005	51,787	3,369	22,526	7,323	85,006
U.S. commercial shipments of imports from other countries:					
2003	5,673	10,917	743	1,240	18,574
2004	6,365	12,141	162	1,062	19,730
2005	5,367	7,415	0	717	13,498
U.S. commercial shipments of imports from all sources:					
2003	38,123	12,415	11,364	6,991	68,893
2004	50,059	14,293	17,613	7,659	89,623
2005	57,154	10,784	22,526	8,040	98,504
Total U.S. commercial shipments:					
2003	92,523	13,826	13,432	55,926	175,707
2004	103,118	15,999	19,233	56,318	194,668
2005	109,778	13,510	23,962	57,498	204,748

Table continued on next page.

Table I-3--*Continued*
Diamond sawblades: U.S. producers' and importers' U.S. commercial shipments, by channel of distribution, 2003-05

Item	Distributors	Retailers	OEMs	End users	Total
			Share of value (*percent*)		
U.S. producers' commercial shipments:					
2003	50.9	1.3	1.9	45.8	100.0
2004	50.5	1.6	1.5	46.3	100.0
2005	49.5	2.6	1.4	46.6	100.0
U.S. commercial shipments of imports from China:					
2003	67.7	5.4	12.3	14.5	100.0
2004	68.0	6.0	17.8	8.2	100.0
2005	64.6	7.5	20.8	7.1	100.0
U.S. commercial shipments of imports from Korea:					
2003	63.3	2.0	24.4	10.3	100.0
2004	59.9	1.7	28.4	10.0	100.0
2005	58.9	2.0	29.7	9.5	100.0
Subtotal, U.S. commercial shipments of subject imports:					
2003	64.5	3.0	21.1	11.4	100.0
2004	62.5	3.1	25.0	9.4	100.0
2005	60.9	4.0	26.5	8.6	100.0
U.S. commercial shipments of imports from other countries:					
2003	55.3	18.0	16.5	10.1	100.0
2004	55.9	15.9	19.7	8.5	100.0
2005	57.1	11.2	23.4	8.3	100.0
U.S. commercial shipments of imports from all sources:					
2003	55.3	18.0	16.5	10.1	100.0
2004	55.9	15.9	19.7	8.5	100.0
2005	58.0	10.9	22.9	8.2	100.0
Total U.S. commercial shipments:					
2003	52.7	7.9	7.6	31.8	100.0
2004	53.0	8.2	9.9	28.9	100.0
2005	53.6	6.6	11.7	28.1	100.0

Note.--Data do not include U.S. commercial shipments by U.S. producers Blackhawk and *** and U.S. producer/importer ***.

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

Price

Diamond Sawblade Components

In 2005, the average unit value of U.S. shipments of cores was ***, while the average unit value for segments was ***. The average unit value of U.S. shipments of imported cores were $*** from China and $*** from Korea. The average unit values of U.S. shipments of imported segments were $*** from Korea and $*** from other sources.

Finished Diamond Sawblades

Finished diamond sawblades are sold in thousands of sizes, ranging in diameter from 4 inches to more than 70 inches.[84] In addition, suppliers offer a variety of quality designations. Accordingly, the prices among different sawblade sizes can vary substantially. The average unit value of U.S. shipments of finished diamond sawblades in 2005 was $207.46. The average unit value of U.S. shipments of imported finished diamond sawblades were $11.10 from China, $24.06 from Korea, and $15.17 from other sources. Pricing practices and prices reported for finished diamond sawblades in response to Commission questionnaires are presented in Part V of this report.

[84] Petitioners' postconference brief, exhibit 1.

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

CHANNELS OF DISTRIBUTION AND MARKET CHARACTERISTICS

The majority of U.S.-produced and imported finished diamond sawblades was sold to distributors during 2003-05. For U.S. importers of the finished diamond sawblades from China and Korea the larger share of such sales were to branded distributors, whereas for U.S. producers the larger share of such sales were to "other" distributors.[1] The second largest channel of distribution for U.S. producers of finished diamond sawblades involved sales directly to endusers, particularly professional construction firms.[2] The second largest channel of distribution for U.S. importers of the Chinese finished diamond sawblades involved sales to "other" distributors.[3] The second largest channel of distribution for U.S. importers of the Korean finished diamond sawblades involved sales to U.S. OEMs, especially to the category of producers of diamond saws/diamond sawblades.[4] The majority of finished diamond sawblades imported from nonsubject countries was sold to retailers (almost exclusively national big-box retailers) during 2003–05, followed by sales to distributors (almost exclusively to "other" distributors).[5] The data for U.S. producers' and importers' U.S. shipments of finished diamond sawblades by blade diameter, by country of origin, and by channel of distribution and type of customer are shown for 2003-05 combined in table II-1. These data are presented on an annual basis in appendix E.

U.S. producers of diamond sawblade cores sold their products directly to U.S. producers of finished diamond sawblades;[6] the U.S. producers of finished diamond sawblades also imported diamond sawblade cores directly. Most U.S. producers of finished diamond sawblades produced diamond sawblade segments,[7] and six U.S. producers also sold some of their diamond sawblade segments to other U.S. producers of finished diamond sawblades.[8] Some U.S. producers of finished diamond sawblades also imported directly diamond sawblade segments and/or purchased diamond sawblade segments from U.S. importers.

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[1] Branded distributors sell primarily finished diamond sawblades with their own label, affixed by the supplier or by the distributor. "Other" distributors sell primarily finished diamond sawblades with the label of their suppliers.

[2] U.S. producers' shipments of their finished diamond sawblades to other distributors and to professional construction firms accounted for 80.2 percent, by value, of their U.S. commercial shipments of U.S.-produced finished diamond sawblades during 2003-05.

[3] U.S. importers' shipments of the Chinese finished diamond sawblades to branded and "other" distributors accounted for 64.4 percent, by value, of their U.S. commercial shipments of the imported Chinese finished diamond sawblades during 2003-05.

[4] U.S. importers' shipments of the Korean finished diamond sawblades to branded distributors and to diamond saw/diamond sawblade producers accounted for 65.7 percent, by value, of their U.S. commercial shipments of the imported Korean finished diamond sawblades during 2003-05.

[5] U.S. importers' shipments of finished diamond sawblades from nonsubject countries to national big-box retailers and to "other" distributors accounted for 91.0 percent, by value, of their U.S. commercial shipments of the imported finished diamond sawblades from nonsubject countries during 2003-05.

[6] Petitioner's postconference brief, p. 4.

[7] *** are the only U.S. producers of finished diamond sawblades that do not produce at least some of their requirements for diamond sawblade segments.

[8] In addition, diamond sawblade segments are sold for repair of larger finished diamond sawblades (petitioner's postconference brief, p. 4).

Table II-1
Finished diamond sawblades: Shares of U.S. commercial shipment values of finished diamond sawblades by size of blade, by country of origin, by channel of distribution, and by type of customer for 2003-05 combined

Source and channel of distribution	Diameter size						
	≤7.0"	>7.0" but ≤10.0"	>10.0" but ≤12.0"	>12.0" but ≤14.0"	>14.0" but ≤20.0"	>20.0"	Total
	Share of value (percentage)						
United States:							
Branded distributors	1.2	0.8	2.1	5.8	1.8	2.5	14.2
Other distributors	1.4	1.2	4.7	16.3	5.9	6.6	36.1
Total distributors	2.5	2.0	6.8	22.2	7.7	9.1	**50.3**
National big-box retailers	-	-	-	0.5	0.4	0.4	1.3
Other retailers	-	-	-	0.1	0.2	0.2	0.5
Total retailers	-	-	-	0.5	0.6	0.6	**1.8**
Diamond saw/sawblade producers	-	-	0.1	0.4	0.2	0.1	0.8
General purpose saw producers	-	-	-	0.2	0.3	0.2	0.8
Total OEMs	-	-	0.2	0.7	0.5	0.3	**1.6**
Professional construction firms	1.3	0.4	3.0	11.2	10.8	17.4	44.1
All other endusers	0.1	-	0.1	0.3	0.4	1.3	2.1
Total endusers	1.4	0.4	3.1	11.5	11.2	18.7	**46.2**
TOTAL	3.9	2.4	10.1	34.9	20.0	28.7	**100.0**
China:							
Branded distributors	16.2	6.1	4.5	17.2	3.1	0.8	47.9
Other distributors	5.9	1.8	1.4	6.6	0.8	-	16.6
Total distributors	22.2	7.9	5.9	23.7	3.9	0.8	**64.4**
National big-box retailers	2.7	1.8	0.5	1.8	0.4	-	7.1
Other retailers	1.0	-	-	0.4	-	-	1.4
Total retailers	3.7	1.8	0.5	2.2	0.4	-	**8.5**
Diamond saw/sawblade producers	3.8	2.6	0.7	2.9	0.1	-	10.1
General purpose saw producers	6.7	0.5	-	0.8	-	-	8.0
Total OEMs	10.5	3.1	0.7	3.7	0.1	-	**18.1**
Professional construction firms	1.0	-	1.5	4.7	1.0	0.8	9.0
All other endusers	-	-	-	-	-	-	-
Total endusers	1.0	-	1.5	4.7	1.0	0.8	**9.0**
TOTAL	37.3	12.9	8.7	34.2	5.4	1.5	**100.0**

Table continued on the next page.

Table II-1--*Continued*
Finished diamond sawblades: Shares of U.S. commercial shipment values of finished diamond sawblades by size of blade, by country of origin, by channel of distribution, and by type of customer for 2003-05 combined

Source and channel of distribution	Diameter size						
	≤7.0"	>7.0" but ≤10.0"	>10.0" but ≤12.0"	>12.0" but ≤14.0"	>14.0" but ≤20.0"	>20.0"	Total
	Share of value (percentage)						
Korea:							
Branded distributors	11.9	5.9	5.1	14.5	6.1	1.3	44.8
Other distributors	5.4	2.6	1.0	4.0	1.7	0.8	15.5
Total distributors	17.3	8.5	6.1	18.4	7.8	2.2	**60.4**
National big-box retailers	0.3	0.1	-	0.1	0.1	-	0.6
Other retailers	0.3	0.1	0.1	0.5	0.3	-	1.3
Total retailers	0.6	0.2	0.1	0.6	0.4	-	**1.9**
Diamond saw/sawblade producers	5.0	6.2	2.7	6.1	0.8	0.1	20.9
General purpose saw producers	5.2	0.7	0.2	0.8	-	-	7.0
Total OEMs	10.2	6.9	2.9	6.9	0.8	0.1	**27.9**
Professional construction firms	0.2	0.1	1.1	4.7	1.7	0.9	8.7
All other endusers	0.3	-	0.2	0.4	0.2	0.1	1.2
Total endusers	0.5	0.1	1.3	5.1	1.8	1.1	**9.9**
TOTAL	28.6	15.8	10.4	31.1	10.8	3.3	**100.0**
All other sources:							
Branded distributors	-	-	0.4	0.2	0.1	-	0.7
Other distributors	0.2	0.5	5.2	22.7	3.7	0.7	32.9
Total distributors	0.2	0.5	5.7	22.8	3.8	0.7	**33.6**
National big-box retailers	51.1	1.6	1.5	3.5	0.3	-	58.1
Other retailers	0.6	-	0.1	0.1	-	-	0.8
Total retailers	51.8	1.6	1.5	3.6	0.3	-	**58.8**
Diamond saw/sawblade producers	-	-	-	-	-	-	-
General purpose saw producers	1.1	0.1	0.6	-	-	-	1.7
Total OEMs	1.1	0.1	0.6	-	-	-	**1.7**
Professional construction firms	-	-	1.4	3.3	0.4	0.4	5.5
All other endusers	-	-	-	0.2	0.1	-	0.3
Total endusers	-	-	1.4	3.5	0.5	0.4	**5.8**
TOTAL	53.0	2.2	9.1	29.9	4.6	1.1	**100.0**

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

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

Petitioners reported that finished diamond sawblades are sold to distributors that generally cater to the construction trade, to rental houses that own diamond saws and rent them to endusers, to outlets such as Home Depot, and to endusers.[9] Petitioners also asserted that importers and resellers of imported product are selling direct to endusers and bypassing the traditional channels of distribution,[10] such that distributors and endusers have ready access to price information.[11] Respondents asserted that the U.S. market for finished diamond sawblades is highly segmented with thousands of product variations sold through multiple and distinct channels of distribution.[12] According to respondents, within this segmented market, substantial differences exist between U.S. producers and importers regarding the types of products sold, as well as the channels of distribution and customer categories to which they sell products.[13]

There appears to be at least some competition among the various suppliers. *** reported that "it competes with other big-box retailers, smaller hardware stores, and internet sales for the DIY and light contractor markets.[14] It also competes somewhat with industrial suppliers, such as ***. These latter suppliers sell mainly to larger contractors than does ***, although *** would also like to attract these customers as well. The industrial suppliers also tend to carry somewhat higher grades/more powerful (more demanding of the operator) supplies/tools than retailers. In the wet-cut market (mostly rentals),[15] *** competes with other big-box retailers, tile retailers, and rental outlets."

As seen in table II-I, U.S. producers' largest relative shares of their domestic sales, by value, of U.S.-produced finished diamond sawblades during 2003-05 were in the three largest-size categories, over 12" in diameter. U.S. importers' largest relative shares of U.S. sales, by value, of their finished diamond sawblades imported from China, Korea, and all other countries were in the over 12"-to-14" diameter category and the 7"-and-under diameter category.

As seen in table I-2, U.S. producers reported that *** percent of their total domestic sales of U.S.-produced finished diamond sawblades, by value, during 2005 were segmented blades (*** percent laser welded and most of the remainder, *** percent, soldered/brazed).[16] U.S. importers reported that 68.6 percent of their total U.S. sales of the imported Chinese finished diamond sawblades were segmented blades and 31.4 percent were continuous-rim blades during 2005. For the Chinese segmented diamond sawblades, 68.7 percent were laser welded and a majority of the remainder, 28.9 percent, were sintered. U.S. importers reported that 72.4 percent of their total U.S. sales of the imported Korean finished diamond sawblades were segmented blades and 27.6 percent were continuous-rim blades during

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[9] Petitioner's postconference brief, p. 4.

[10] Petitioner's postconference brief, p. 18.

[11] Petitioner's prehearing brief, pp. 24 and 30.

[12] Respondents' (Ehwa, Shinhan, and Hyosung) postconference brief, p. 11.

[13] Ibid.; respondents' (Ehwa, Shinhan, and Hyosung) prehearing brief, p. 19.

[14] Staff telephone interview with ***. Lowes and Sears, big-box retailers, reported that they *** (U.S. purchaser questionnaire responses, section V-3). On the supply side, it appears that big-box retailers are supplied by branded distributors and general-purpose saw producers, the latter acting as distributors for the diamond sawblades they have produced for them with their brand names (hearing transcript, p. 241 (Delahaut), p. 263 (Nixon), and pp. 270-71 (Kim)).

[15] For its rental saws (wet cut), Home Depot reported that ***. Staff telephone interview with ***.

[16] Soldering and brazing are processes by which metals are joined by heating the metals and a non-ferrous filler metal alloy. When the heated filler metal is liquid it interacts with a thin layer of the heated metals to be bonded, cooling to form a strong sealed joint due to grain structure interaction. Unlike welding, soldering and brazing methods do not melt the metals to be joined. Soldering uses non-ferrous filler metals with melting temperatures below 800 degrees Fahrenheit and brazing uses non-ferrous filler metals with melting temperatures above 800 degrees Fahrenheit.

2005. For the imported Korean segmented finished diamond sawblades, 92.7 percent were laser welded and most of the remainder, 7.0 percent, were soldered/brazed.

In the size category where the domestic and imported finished diamond sawblades showed the most overlap, more than 12" to 14" in diameter, laser welding was the predominant method of attaching the cutting pieces to the cores for both the U.S.-produced finished diamond sawblades and those imported from China, Korea, and all other countries.[17]

Finished diamond sawblades are used to cut various media: concrete, asphalt, masonry, tile, brick, block, stone, ductile iron, marble, and granite.[18] The preferred type (segmented, continuous rim, notched, laser-welded, sintered, soldered, and proprietary versus nonproprietary specifications), size, and grade of finished diamond sawblade is influenced not only by the material to be cut but also by the composition of a particular medium, by the skill of the operator,[19] the nature of the cutting job,[20] and by the capability of the power tool being used.[21] Because of the number of factors considered in choosing a finished diamond sawblade, U.S. producers and importers each offer thousands of different diamond sawblades, some of which are proprietary designs of the producer or enduser.

U.S. purchaser questionnaire responses are frequently cited in the remainder of Part II and less frequently in Part V. The Commission received 52 useable questionnaire responses representing a wide variety of diamond sawblade purchasers; 13 responding purchasers were primarily branded distributors,[22] 9 purchasers were primarily other distributors,[23] 9 purchasers were "other" retailers, 8 purchasers were endusers, 7 purchasers were primarily diamond sawblade producers,[24] 3 purchasers were national big-box retailers, 2 purchasers were primarily producers of general-purpose power saws,[25] and 1 responding purchaser was an equipment rental firm.

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[17] U.S. producer and importer questionnaire responses, sections II-12 and II-8, respectively.

[18] Depending on the use, finished diamond sawblades are either used in dry cutting or wet cutting, where water is used to cool the sawblade so it does not overheat during use. Typically, larger diameter diamond sawblades are used for wet cutting applications, whereas the smaller diameter diamond sawblades are used for dry cutting. Diamond sawblades can be used in hand-held angle grinders, handheld skillsaws, walk-behind saws, table-tile saws, among other types of saws and cutting tools.

[19] A contractor with skilled operators may want to purchase a higher grade diamond sawblade, compared to a contractor with poorly skilled operators who would cut incorrectly or too fast and damage or get less use from a diamond sawblade than specified by its design.

[20] Some endusers want a fast-cutting diamond sawblade and are less concerned with the blade life, whereas other endusers want a blade that will last a long time and are less concerned with the cutting speed of the blade.

[21] Different diamond sawblades are designed for power tools with different ranges of revolutions per minute and/or different horsepower.

[22] Two of the 13 branded distributors also identified themselves as other distributors and another two of the 13 branded distributors also identified themselves as other retailers; the latter are retailers other than big-box retailers, such as Ace Hardware and Tru-Value Hardware, which have fewer store locations and/or smaller square-footage per store than big-box retailers, such as Home Depot and Lowes.

[23] One of the nine other distributors also identified itself as an "other" retailer.

[24] Four of the seven diamond sawblade producers also produced general-purpose saws and two of these four firms also produced diamond saws. Four of the diamond sawblade producers also identified themselves as branded distributors and one of these four firms also considered itself an "other" distributor. Six of the seven diamond sawblade producers filling out purchaser questionnaires are petitioners and the remaining producer supports the petition.

[25] One of the general-purpose saw producers also identified itself as an "other" retailer.

Professional Construction Firms

U.S. producers and importers specified in their questionnaire responses how they defined professional construction endusers of diamond sawblades.[26] Comments of the responding firms are shown in the following tabulation.

Definitions of professional construction endusers	
Firm	**Comments**
* * * * * * *	

SUPPLY AND DEMAND CONSIDERATIONS[27]

U.S. Supply

U.S. Production

Based on available information for finished diamond sawblades, U.S. producers had the ability to respond to changes in U.S. demand with changes in the quantity of shipments of U.S.-produced finished diamond sawblades to the U.S. market during January 2003-December 2005. The principal factors contributing to this responsiveness are substantial excess capacity, inventories that are available for sale, and a rapid production process with short lead times; order lead times average about 2 days from inventory and 5 days from U.S. production.[28]

Based on available information for diamond sawblade cores, U.S. producers had some ability to respond to changes in U.S. demand with changes in the quantity of shipments of U.S.-produced diamond sawblade cores to the U.S. market during January 2003-December 2005. The principal factors contributing to this responsiveness is excess capacity, although this excess capacity reportedly *** during the peak-demand season of May through November. The *** during the peak-demand season.[29] U.S. producers of diamond sawblade cores produced to order, such that no inventories are available for sale; order lead times average about 25 days from U.S. production.[30]

Based on available information for diamond sawblade segments, U.S. producers had the ability to respond to changes in U.S. demand with changes in the quantity of shipments of U.S.-produced diamond sawblade segments to the U.S. market during January 2003-December 2005. The principal factors contributing to this responsiveness are substantial excess capacity, inventories that are available for sale, and a rapid production process with short lead times; order lead times average about 2 days from inventory and 5 days from U.S. production.[31]

U.S. producers reported that the majority of their finished diamond sawblades were segmented blades, with the majority of these sawblades 12 inches or more in diameter and laser welding was the predominant method used to attach the cutting segments to the core for these size blades during 2003-05. The segmented sawblades less than 12 inches in diameter were also most frequently laser welded.

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[26] U.S. producer and importer questionnaire responses, sections IV-A-1 and III-A-1.

[27] Supply, demand, and substitution responses in this section refer to changes that could occur within 12 months, unless otherwise indicated.

[28] U.S. producer questionnaire responses, section IV-B-7.

[29] Staff telephone interview with ***.

[30] U.S. producer questionnaire responses, section IV-B-7.

[31] U.S. producer questionnaire responses, section IV-B-7.

In addition to producing finished diamond sawblades, U.S. producers also purchase and/or import finished diamond sawblades, cores, and segments, which include the products from subject and nonsubject countries. Petitioning U.S. producers reported that they have been forced to import at least some finished diamond sawblades because of low prices of the imports from China and Korea; while other U.S. producers reported importing finished diamond sawblades to complement their U.S. production. U.S. diamond sawblade producers reported importing and/or purchasing diamond sawblade cores and segments primarily because of price.

Industry capacity

Finished diamond sawblades.–U.S. producers' total reported capacity utilization in the production of finished diamond sawblades fell continuously during January 2003-December 2005, from 62.5 percent in 2003 to 58.7 percent during 2005; total production capacity increased each year during the period. It appears that excess capacity would allow U.S. producers in the short run to increase production in response to an increase in U.S. demand for finished diamond sawblades. Given current staffing levels and product mix, however, this excess capacity would not be sufficient to replace the imported diamond sawblades from both China and Korea.[32] During 2005, excess U.S. production capacity for finished diamond sawblades was 415,615 units, whereas U.S. shipments of diamond sawblades imported from China and Korea approached 5.1 million units in 2005, representing an increase of almost 1.0 million units from the previous year.

However, U.S. producers indicated that they could increase capacity quickly by adding additional shifts.[33] In addition, U.S. producers indicated that producing a greater proportion of smaller diamond sawblades would by itself increase capacity with the current facilities and labor.[34] *** reported that if it dedicated its current unused diamond sawblade capacity (*** units annually based on its current composition of products) to small diameter manufacturing, it could produce "tomorrow" *** more diamond sawblades annually than it is producing currently.[35] *** also reported that within *** it could add a third shift, which would increase its annual production of small-diameter diamond sawblades by an additional *** units.[36] In addition, *** reported that within *** it could again double its production capacity for small-diameter diamond sawblades, for a total annual capacity for small-diameter diamond sawblades of *** units.[37] *** asserted that many of its domestic competitors would also increase their production capacity if U.S. demand for small-diameter diamond sawblades increased as a result of imposition of tariffs.[38] All of *** proposed efforts to increase production capacity were based on "skyrocketing" U.S. demand for small-diameter diamond sawblades due to imposed tariffs.[39] It appears that increased production capacity would allow U.S. producers in the short run to increase production in

[32] *** reported that, as a big-box retailer, it requires a large annual volume of diamond sawblades and it does not believe that U.S. producers are capable of supplying this volume; the firm indicated that it has not been contacted by the U.S. diamond sawblade producers listed in the petition (staff telephone interview with ***).

[33] Hearing transcript, pp. 163-169 (Jedick, Garrison, Baron, O'Day, and Rizner).

[34] Hearing transcript, pp. 166-167 (Jedick and O'Day).

[35] Petitioners' posthearing brief, exhibit 10.

[36] Ibid.

[37] Petitioners' posthearing brief, exhibit 10.

[38] Ibid.

[39] Ibid.

response to an increase in U.S. demand for finished diamond sawblades, although the price increase necessary to encourage this increased production capacity was not specified.[40]

Diamond sawblade cores.–U.S. producers' total reported capacity utilization in the production of diamond sawblade cores fell continuously during January 2003-December 2005, from *** percent in 2003 to *** percent during 2005; total production capacity increased each year during the period.[41] As noted earlier, *** reported that ***.[42] It appears that excess capacity would allow U.S. producers in the short run to increase production in response to an increase in U.S. demand for diamond sawblade cores, but likely primarily in the off-peak demand months.

*** reported that if prices were high enough, it could increase capacity in 30 days from the current *** cores per day to *** cores per day, an increase of *** percent, by moving to 3 full shifts and eight hours of overtime per man per week.[43] In 120 days, *** reported that it could buy additional equipment and with three full shifts could produce about *** diamond sawblade cores per year, or *** percent above its 2005 annual capacity of *** diamond sawblade cores.[44] In addition, *** asserted that five other potential U.S. producers could easily produce another *** diamond sawblade cores annually if they did not have to compete with low prices of the imported Chinese and Korean diamond sawblade cores, although no time period was specified to achieve this extra production.[45] It appears that increases in production capacity within a 12-month period would allow U.S. producers in the short run to increase production in response to an increase in U.S. demand for diamond sawblade cores, if prices were high enough.

Diamond sawblade segments.–U.S. producers' total reported capacity utilization in the production of diamond sawblade segments, including that for internal consumption and for sale, increased somewhat during January 2003-December 2005, from *** percent in 2003 to *** percent during 2005; total production capacity remained relatively stable during January 2003-December 2005. It appears that excess capacity would allow U.S. producers in the short run to increase production in response to an increase in U.S. demand for diamond sawblade segments.

*** reported that if it dedicated its current unused diamond sawblade segment capacity (about *** units annually based on its current composition of products) to production of segments for small-diameter diamond sawblades (small-diameter segments), it could produce tomorrow *** more small-diameter segments annually than what it is currently producing.[46] *** also reported that within *** it could add a third shift, which would increase its annual production of small-diameter segments by an additional *** units.[47] In addition, *** reported that within *** it could again double its production capacity for small-diameter segments, for a total annual capacity for small-diameter segments of almost *** units.[48] All of *** proposed efforts to increase production capacity were based on "skyrocketing"

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[40] Mr. Baron indicated that prices would have to be at a level that U.S. producers are used to getting (hearing transcript, p. 166 (Baron)).

[41] *** reported that *** (staff telephone interview with ***).

[42] To utilize excess capacity during December-April, *** reported that ***. These *** sales are discussed in more detail in Part V.

[43] Petitioners' posthearing brief, exhibit 10. ***.

[44] Ibid.

[45] Ibid.

[46] Petitioners' posthearing brief, exhibit 10.

[47] Ibid.

[48] Ibid.

U.S. demand for small-diameter diamond sawblades due to imposed tariffs.[49] It appears that increased production capacity would allow U.S. producers in the short run to increase production in response to an increase in U.S. demand for finished diamond sawblades and, in turn, small-diameter segments, although the price increase for finished diamond sawblades necessary to encourage this increased production capacity for small-diameter segments was not specified.

Inventory levels

Finished diamond sawblades.--U.S. producers' end-of-period inventories of finished diamond sawblades increased during January 2003-December 2005, to 164,632 sawblades by 2005, and averaged 26.3 percent as a share of total shipments of such products during January 2003-December 2005. U.S. producers reported that 73.4 percent of their 2005 inventories of finished diamond sawblades was available for sale in the U.S. market, while the remaining 26.6 percent was already committed to customers or otherwise not available for sale in the U.S. market.[50] The data indicate that U.S. producers had an ability to use inventories to increase shipments of their finished diamond sawblades to the U.S. market during January 2003-December 2005.

Diamond sawblade cores.–There were no reported inventories of U.S.-produced diamond sawblade cores; these products are made to order.

Diamond sawblade segments.–U.S. producers' U.S. end-of-period inventories of diamond sawblade segments that are designated for sale fell during January 2003-December 2005, to *** diamond sawblade segments by 2005, and averaged *** percent as a share of total shipments of such products during January 2003-December 2005. U.S. producers reported that only *** percent of their 2005 inventories of diamond sawblade segments was available for sale in the U.S. market,[51] while the remaining *** percent was already committed to customers or for use internally.[52] The data indicate that U.S. producers had a limited ability to use inventories to increase shipments of their diamond sawblade segments to the U.S. market during January 2003-December 2005.

Export markets [53]

Finished diamond sawblades.--U.S. producers' total quantity of reported exports of their U.S.-produced finished diamond sawblades increased during January 2003-December 2005, while the value of such exports decreased during this period. U.S. producers' total value of exports of their U.S.-produced finished diamond sawblades averaged 3.5 percent of their total shipments of such products during January 2003-December 2005. The data indicate that U.S. producers may have had some ability to increase shipments of their finished diamond sawblades to the U.S. market during this period by diverting their exports to the U.S. market.

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[49] Ibid.

[50] U.S. producer questionnaire responses, section IV-B-21.

[51] *** reported that its inventories of U.S.-produced diamond sawblade segments were available for resale in the U.S. market. The firm explained that *** (U.S. producer questionnaire response, section IV-B-21).

[52] U.S. producer questionnaire responses, section IV-B-21.

[53] If export supply agreements are one year or greater in duration or the export products were unacceptable in the U.S. market, the ability to shift would be reduced.

Diamond sawblade cores.--U.S. producers' total value of reported exports of their U.S.-produced diamond sawblade cores fluctuated but increased during January 2003-December 2005. U.S. producers' total value of exports of their U.S.-produced diamond sawblade cores averaged *** percent of their total shipments of such products during January 2003-December 2005. The data indicate that U.S. producers may have had some ability to increase shipments of their finished diamond sawblades to the U.S. market during this period by diverting their exports to the U.S. market.

Diamond sawblade segments.--U.S. producers' total value of reported exports of their U.S.-produced diamond sawblade segments fluctuated but increased during January 2003-December 2005. U.S. producers' total value of exports of their U.S.-produced diamond sawblade segments averaged *** percent of their total shipments of such products for sale during January 2003-December 2005. The data indicate that U.S. producers may have had an ability to increase shipments of their diamond sawblade segments to the U.S. market during this period by diverting their exports to the U.S. market.

Production alternatives[54]

Finished diamond sawblades.--Six U.S. producers reported producing other products on the same equipment and with the same labor that they used to produce finished diamond sawblades.[55] The other products included diamond drill bits and blades, diamond core bits and core-bit parts, and grinding and shaping tools. One or more of these other products accounted for a low of *** percent of total production using shared equipment or labor for *** to a high of *** percent for ***. The information suggests that some U.S. producers would be able to shift their U.S. production of finished diamond sawblades to or from any other products; any ability to switch production among alternative products would enhance the domestic producers' supply responses to a change in price.

Diamond sawblade cores.–Both U.S. producers reported producing other products on the same equipment or labor used to produce diamond sawblade cores.[56] The other products included ***. These other products accounted for *** percent of total production using shared equipment or labor for *** and *** percent for ***. The information suggests that U.S. producers would be able to shift a limited amount of their U.S. production of diamond sawblade cores to or from any other products; any ability to switch production among alternative products would enhance the domestic producers' supply responses to a change in price.

China

Based on available information, the responding producers of finished diamond sawblades and diamond sawblade cores in China may have the ability to respond to changes in the prices of the finished diamond sawblades and the diamond sawblade cores with changes in the quantity of shipments of the Chinese products to the U.S. market due principally to the existence of sizeable home and third-country markets. The responding producers of diamond sawblade segments in China may have the ability to alter the quantity of shipments of these Chinese products to the U.S. market based primarily on limited excess capacity. Most of the diamond sawblade segments produced in China are used for internal consumption. Thirteen Chinese producers reported producing finished diamond sawblades; 3 of the 12 reported producing only the finished diamond sawblades, while 7 of these 12 producers also reported producing

[54] No separate response regarding alternative product production was reported by U.S. producers regarding their production of diamond sawblade segments.

[55] U.S. producer questionnaire responses, section II-3.

[56] U.S. producer questionnaire responses, section II-3.

segments, 2 also reported producing cores, and one also reported producing cores and segments. In addition, two other Chinese producers reported producing only diamond sawblade cores.

Chinese producers reported that the majority of their finished diamond sawblades were segmented blades, with the majority of these blades 12 inches or less in diameter and sintering was the predominant method used to attach the cutting segments to the core for these size blades during 2003-05. The segmented sawblades greater than 12 inches but equal to or less than 14 inches in diameter were most frequently laser welded, while the segmented sawblades greater than 14 inches but equal to or less than 20 inches in diameter were most frequently soldered/brazed.[57]

Industry capacity

Finished diamond sawblades.--Available data for the responding Chinese producers indicated that total capacity utilization rates to produce finished diamond sawblades decreased during January 2003-December 2005, to a period low of *** percent during 2005, but is projected to increase to *** percent in 2006 and *** percent in 2007. Total annual capacity to produce finished diamond sawblades in China increased throughout 2003-05 and is projected to continue to increase during 2006-07. The reported data indicate that there was excess capacity for the Chinese producers to expand production of finished diamond sawblades for sale in the U.S. market during 2003-05, and this ability to increase production is projected to continue in 2006 and 2007.

Diamond sawblade cores.--Available data for the responding Chinese producers indicated that total capacity utilization rates to produce diamond sawblade cores fluctuated but increased during January 2003-December 2005, to 87.7 percent during 2005, and is projected to decrease somewhat to 85.6 percent in 2006 and 85.4 percent in 2007. Total annual capacity to produce diamond sawblade cores in China increased throughout 2003-05 and is projected to continue to increase during 2006-07. The reported data indicate that there was capacity for the Chinese producers to expand production of diamond sawblade cores for sale in the U.S. market during 2003-05, and this ability to increase production is projected to continue in 2006 and 2007.

Diamond sawblade segments.--Available data for the responding Chinese producers indicated that total capacity utilization rates to produce diamond sawblade segments increased during January 2003-December 2005, to a period high of *** percent during 2005, and is projected to decrease to *** percent in 2006 and *** percent in 2007. Total annual capacity to produce diamond sawblade segments in China increased throughout 2003-05 and is projected to continue to increase during 2006-07. The reported data indicate that there was some capacity for the Chinese producers to expand production of diamond sawblade segments for sale in the U.S. market during 2003-05, and this ability to increase production is projected to decrease somewhat in 2006 and 2007.

Inventory levels

Finished diamond sawblades.–The responding Chinese producers' total quantity of reported Chinese end-of-period inventories of finished diamond sawblades increased during 2003-05 (more than doubling during this period), and are projected to decrease somewhat in 2006 but increase in 2007. Such inventories averaged *** percent as a share of the quantity of total reported shipments of Chinese finished diamond sawblades during 2003-05 and are projected to average *** percent of total shipments during 2006-07. These data indicate that the responding Chinese producers may have had an ability to use their

[57] There was very limited Chinese production of finished diamond sawblades greater than 20 inches in diameter during 2003-05.

inventory of Chinese finished diamond sawblades to increase shipments of these products to the U.S. market during 2003-05, and this ability is projected to continue during 2006-07.

Diamond sawblade cores.--The responding Chinese producers' total quantity of reported Chinese end-of-period inventories of diamond sawblade cores fluctuated but increased during 2003-05, and are projected to increase in 2006 and in 2007. Such inventories averaged 4.7 percent as a share of the total quantity of reported shipments of Chinese diamond sawblade cores during 2003-05 and are projected to average 4.2 percent of total shipments during 2006-07. These data indicate that the responding Chinese producers may have had an ability to use their Chinese inventory of diamond sawblade cores to increase shipments of these products to the U.S. market during 2003-05, and this ability is projected to continue during 2006-07.[58]

Diamond sawblade segments.--The responding Chinese producers' total quantity of reported Chinese end-of-period inventories of diamond sawblade segments increased during 2003-05, and are projected to decrease somewhat in 2006 and in 2007 from the level in 2005. Such inventories averaged *** percent as a share of the total quantity of reported shipments of Chinese diamond sawblade segments during 2003-05 and are projected to average *** percent of total shipments during 2006-07. These data indicate that the responding Chinese producers may have had an ability to use their inventory of Chinese diamond sawblade segments to increase shipments of these products to the U.S. market during 2003-05, and this ability is projected to continue during 2006-07.

Alternate markets[59]

Finished diamond sawblades.–The responding Chinese producers shipped their finished diamond sawblades principally to third-country markets, secondarily to their home market, thirdly to the U.S. market, and the remaining finished diamond sawblades were shipped for internal consumption during 2003-05; this pattern of sales/shipments are projected to continue during 2006-07. During 2003-05, the responding Chinese producers' total value of their third-country market shipments averaged *** percent of their total shipments; home market shipments averaged *** percent of the total; shipments to the U.S. market averaged *** percent of the total; and internal consumption averaged *** percent of the total. Total reported exports of Chinese finished diamond sawblades as a share of the total value of reported shipments of such products increased steadily during 2003-05, from *** percent during 2003 to *** percent during 2005. The data indicate that the responding Chinese producers may have had the flexibility to shift shipments of finished diamond sawblades among third-country, home, and U.S. markets in response to price changes in the United States during 2003-05, but this may be restricted by differences in Chinese finished diamond sawblades produced for different markets.[60]

Three responding Chinese producers commented on differences in Chinese finished diamond sawblades sold in the Chinese market and those sold in the U.S. market.[61] *** reported that the Chinese finished diamond sawblades it produces and sells in the Chinese market are for stone business, whereas

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[58] The production of diamond sawblade cores in China may be made to specifications of the finished diamond sawblades, similar to diamond sawblade core production in the United States, and therefore, all of the inventories of various Chinese diamond sawblade cores may not be useable/available to the U.S. market.

[59] The Chinese producers of finished diamond sawblades and/or diamond sawblade cores and segments exported their products to third-country markets in Asia, Europe, and the Middle East.

[60] This flexibility may be restrained to the extent that the responding Chinese producers have sales agreements longer than 12 months with customers in their home market and third-country markets, or that the products produced for home and/or third-country markets are not useable/acceptable in the U.S. market.

[61] Foreign producer questionnaire responses, section II-11.

the Chinese finished diamond sawblades it produces and sells in other countries is for construction use. *** reported that the finished diamond sawblades it produces in China for its home market and those for the U.S. and third-country markets are not interchangeable mainly because the quality level of products for the Chinese market are less than those for export.[62] In addition, *** reported that its Chinese-produced finished diamond sawblades for the Chinese market are produced to emphasize blade life, whereas its finished diamond sawblades for export are produced to emphasize cutting speed.[63] *** reported that because of the significant differences in the finished diamond sawblade arbor, in the teeth type, in the way of attaching the segments to the steel core, as well as that in marketing the products sold to the domestic market, the finished diamond sawblades are not very interchangeable in a commercial sense between the U.S. and Chinese markets.[64]

With respect to the marketing, *** also noted its Chinese finished diamond sawblades sold to the Chinese market are all shipped with *** brand (with Chinese characters), some products sold to the Southeast Asian market are shipped with the *** brand (with English characters), but the Chinese finished diamond sawblades sold to the United States, the European Union, and other foreign markets are all to OEMs. *** also asserted that it uses different technicians for product design and different sales staff to promote the different finished diamond sawblade products to the different markets.

Seven of nine responding Chinese producers did not expect any changes in the product range, product mix, or marketing of finished diamond sawblades in China, the United States, or third-country markets, whereas the remaining two responding Chinese producers reported some expected changes.[65] *** reported that it expected to sell construction quality finished diamond sawblades in the Chinese market beginning in 2006. *** reported that it stopped selling finished diamond sawblades to the U.S. market due to the antidumping procedure.

Diamond sawblade cores.--The responding Chinese producers shipped their diamond sawblade cores principally to their home market, secondarily exported to third-country markets, thirdly used for internal consumption, and fourthly exported to the U.S. market during 2003-05; this pattern of shipments is projected to continue during 2006-07. During 2003-05, the responding Chinese producers' total value of their home market shipments averaged 52.3 percent of their total shipments; shipments to third-country markets averaged 26.7 percent of the total; use for internal consumption averaged 19.8 percent; and shipments to the U.S. market averaged 1.2 percent of the total. Total reported exports of Chinese diamond sawblade cores (as a share of the total value of reported shipments of such products) increased steadily during 2003-05, from 19.6 percent during 2003 to 35.1 percent during 2005. These data indicate that the responding Chinese producers may have had the flexibility to shift shipments of diamond sawblade cores among home, third-country, and U.S. markets in response to price changes in the United

[62] Foreign producer questionnaire responses, section II-11.

[63] Foreign producer questionnaire responses, section II-10.

[64] According to ***, the arbor of the finished diamond sawblade sold to the Chinese market is generally 20mm in diameter, of which *** holds the patent, but the arbors of the finished diamond sawblades for export are much more diversified, and include 5/8 inch, 1 inch, 60mm, etc. *** asserted that the cutting surface of the Chinese finished diamond sawblades sold to the Chinese market have only 3 basic types, i.e. segmented, continuous, and turbo, but the cutting surfaces of the finished diamond sawblades for export are more numerous in order to meet the different overseas customers' requirements in different areas. According to ***, it does not sell laser-welded finished diamond sawblades to the Chinese market, but the laser-welded products account for 60 percent by value of the total finished diamond sawblades that it exports.

[65] Foreign producer questionnaire responses, section II-10.

States during 2003-05, but this may be restricted somewhat by differences in Chinese diamond sawblade cores produced to specifications for different markets.[66]

Diamond sawblade segments.--The responding Chinese producers used their diamond sawblade segments mostly for internal consumption, secondarily shipped their segments to third-country markets, thirdly shipped their segments to their home market, and fourthly shipped the limited remaining amount to the U.S. market during 2003-05; this pattern of shipments generally is projected to continue during 2006-07, with the exception that no shipments of segments to the U.S. market is projected for this latter period. During 2003-05, the responding Chinese producers' total value of their shipments for internal consumption averaged *** percent of their total shipments; shipments to third-country markets averaged *** percent of the total; shipments to the home market averaged *** percent of the total; and shipments to the U.S. market averaged *** percent of the total. Total reported exports of Chinese diamond sawblade segments (as a share of the total value of reported shipments of such products) increased steadily during 2003-05, from *** percent during 2003 to *** percent during 2005, despite no shipments to the U.S. market during 2005. These data indicate that the responding Chinese producers may have had the flexibility to shift shipments of diamond sawblade segments among third-country and U.S. markets in response to price changes in the United States during 2003-05, but this may be restricted by differences in Chinese diamond sawblade segments produced to different specifications for different markets.[67]

Production alternatives

Diamond sawblade products.–Ten of 14 responding Chinese producers of diamond sawblade products reported that, since 2003, they have not produced other products on the same equipment and machinery or with the same labor used to produce finished diamond sawblades and/or diamond sawblade segments or cores, whereas the remaining 4 Chinese producers reported producing other products such as carbide sawblades, diamond core bits and parts, diamond cup wheels and parts, and polishing and grinding tools.[68] One or more of these products accounted for a low of *** percent of total production for *** using the equipment or labor that it used to produce Chinese diamond sawblade products to a high of *** percent for ***. Based on these responses, four of the responding Chinese producers have an ability to shift their domestic production of diamond sawblade products to or from other products, but the majority of responding Chinese producers reported no other production alternatives; any ability to switch production among alternative products would enhance the Chinese producers' supply response to a change in price.

Korea

Based on available information, the three responding producers of finished diamond sawblades in Korea may have the ability to respond to changes in the prices of these products with changes in the quantity of shipments of the Korean finished diamond sawblades to the U.S. market due principally to the existence of sizeable home and third-country markets. On the other hand, Korean producers may have some ability to increase shipments of their diamond sawblade cores and segments to the U.S. market

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[66] This flexibility may be restrained to the extent that the responding Chinese producers have sales agreements longer than 12 months with customers in their home market and third-country markets, or that the products produced for home and/or third-country markets are not useable/acceptable in the U.S. market.

[67] This flexibility may be restrained to the extent that the responding Chinese producers have sales agreements longer than 12 months with customers in their home market and third-country markets, or that the products produced for home and/or third-country markets are not useable/acceptable in the U.S. market.

[68] Foreign producer questionnaire responses, section II-3.

based primarily on limited excess capacity, and for diamond sawblade segments due to some third-country market shipments. Most of the Korean-produced diamond sawblade parts are used for internal consumption. One Korean producer reported producing finished diamond sawblades, cores, and segments; another Korean producer reported producing both finished diamond sawblades and segments; and the third responding Korean producer reported producing only finished diamond sawblades.

Korean producers reported that the majority of their finished diamond sawblades were segmented blades during 2003-05, with somewhat more of these blades 12 inches or less in diameter and the remainder larger than 12 inches in diameter. Sintering was the method most frequently used to attach the cutting segments to the core for the segmented sawblades 12 inches or less in diameter, whereas laser welding was most frequently used to attach the cutting segments for the segmented blades greater than 12 inches or equal-to-or-less-than 20 inches in diameter, and soldering/brazing was used most frequently to attach the cutting segments for the segmented sawblades greater than 20 inches in diameter.

Industry capacity

Finished diamond sawblades.–Available data for the three responding Korean producers indicated that total capacity utilization rates to produce finished diamond sawblades fluctuated but increased during January 2003-December 2005, to a period high of *** percent during 2005, but is projected to decrease somewhat to *** percent in 2006 and *** percent in 2007. Total annual capacity to produce finish diamond sawblades in Korea fluctuated but increased during 2003-05 and is projected to continue to increase during 2006-07. The reported data indicate that there was some excess capacity for the Korean producers to expand production of finished diamond sawblades for sale in the U.S. market during 2003-05, particularly in 2004, and this ability to increase production is projected to continue in 2006 and 2007.

Diamond sawblade cores.--Available data reported by the single responding Korean producer indicated that total capacity utilization rates to produce diamond sawblade cores fluctuated but increased during January 2003-December 2005, to *** percent during 2005, and is projected to increase to *** percent in 2006 and *** percent in 2007. Total reported annual capacity to produce diamond sawblade cores in Korea increased throughout 2003-05 and is projected to remain at the 2005 level during 2006-07. The reported data indicate that there was some excess capacity for the Korean producers to expand production of diamond sawblade segments for sale in the U.S. market during 2003-05, but particularly in 2003, and this ability to increase production is projected to decrease in 2006 and 2007.

Diamond sawblade segments.--Available data for the responding Korean producers indicated that total capacity utilization rates to produce diamond sawblade segments fluctuated but increased during January 2003-December 2005, to a period high of *** percent during 2005, and is projected to remain around this level in 2006 and in 2007. Total annual capacity to produce diamond sawblade segments in Korea increased throughout 2003-05 and is projected to increase somewhat during 2006-07. The reported data indicate that there was some excess capacity for the Korean producers to expand production of diamond sawblade segments for sale in the U.S. market during 2003-05, and this ability to increase production is projected to continue in 2006 and 2007.

Inventory levels

Finished diamond sawblades.–The responding Korean producers' total quantity of reported Korean end-of-period inventories of finished diamond sawblades increased steadily during 2003-05, and is projected to continue to increase in 2006 and in 2007. Such inventories averaged *** percent as a share of the quantity of total reported shipments of Korean finished diamond sawblades during 2003-05 and are projected to average *** percent of total shipments during 2006-07. These data indicate that the

responding Korean producers may have had an ability to use their Korean inventory of finished diamond sawblades to increase shipments of these products to the U.S. market during 2003-05, and this ability is projected to continue during 2006-07.

Diamond sawblade cores.--[69] The single responding Korean producer's total quantity of reported Korean end-of-period inventories of diamond sawblade cores increased steadily, more than doubling, during 2003-05, and is projected to increase somewhat in 2006 and 2007. Such inventories averaged *** percent as a share of the total quantity of reported shipments of Korean diamond sawblade segments during 2003-05 and are projected to average *** percent of total shipments during 2006-07. These data indicate that the responding Korean producers may have had an ability to use their Korean inventory of diamond sawblade cores to ship these products to the U.S. market during 2003-05, and this ability is projected to continue during 2006-07.

Diamond sawblade segments.--The responding Korean producers' total quantity of reported Korean end-of-period inventories of diamond sawblade segments increased steadily, but is projected to decrease somewhat in 2006 and then increase in 2007. Such inventories averaged *** percent as a share of the total quantity of reported shipments of Korean diamond sawblade segments during 2003-05 and are projected to average *** percent of total shipments during 2006-07. These data indicate that the responding Korean producers may have had some ability to use their Korean inventory of diamond sawblade segments to ship these products to the U.S. market during 2003-05, and this ability is projected to continue during 2006-07.

Alternate markets[70]

Finished diamond sawblades.–The three responding Korean producers shipped their finished diamond sawblades principally to third-country markets, secondarily to the U.S. market and to their home market, and the remaining finished diamond sawblades were shipped for internal consumption during 2003-05. Projections for 2006-07 show no internal consumption of the Korean finished diamond sawblades, while shipments to the United States exceed those to the home market. Third-country markets, however, are projected to remain the leading destination for shipments of finished diamond sawblades. During 2003-05, the responding Korean producers' total value of their third-country market shipments averaged *** percent of their total shipments; shipments to the U.S. market averaged *** percent of the total; home market shipments averaged *** percent of the total; and internal consumption averaged *** percent of the total. Total reported exports of Korean finished diamond sawblades as a share of the total value of reported shipments of such products increased throughout 2003-05, from *** percent during 2003 to *** percent during 2005. The data indicate that the responding Korean producers may have had the flexibility to shift shipments of finished diamond sawblades among third-country, home, and U.S. markets in response to price changes in the United States during 2003-05, but this may be restricted by differences in Korean finished diamond sawblades produced for different markets.[71]

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[69] A single firm, ***, reported information on its Korean cores. Its inventory and shipment figures for cores, however, involve its purchases of cores, as well as its Korean production of cores. As a result, the reported inventory and shipment figures for cores are not consistent with the reported capacity and production figures for cores.

[70] The Korean producers of finished diamond sawblades and/or diamond sawblade and/or segments exported their products to third-country markets in Asia and Europe.

[71] This flexibility may be restrained to the extent that the responding Korean producers have sales agreements longer than 12 months with customers in their home market and third-country markets, or that the products produced

(continued...)

Three responding Korean producers commented on differences in Korean finished diamond sawblades sold in the Korean market and those sold in the U.S. market.[72] *** reported that while there is some degree of overlap, there is no DIY market in Korea, only a professional market. Also, in Korea, stone is a much more common building material, requiring special types of diamond sawblades. *** reported that the Korean market for diamond sawblades is dominated by professional users, particularly for stone cutting. Accordingly, custom-made, low volume, large diameter, and high quality blades predominate.[73] *** reported that generally, the Korean market is more focused on the professional side, particularly for stone. The U.S. market, on the other hand, is more oriented towards the DIY market.

The three responding Korean producers reported that no changes in product range, product mix, or marketing of finished diamond sawblades occurred in Korean, U.S., or third-country markets during 2003-05, and they did not expect any future changes in these countries.[74]

Diamond sawblade cores.--[75] The single responding Korean producer for cores used its diamond sawblade cores principally for internal consumption, and secondarily exported to the U.S. market during 2003-05; this pattern of shipments is projected to continue during 2006-07. During 2003-05, the responding Korean producer's total value of its internal consumption averaged *** percent of their total shipments, and shipments to the United States averaged *** percent of the total. Total reported exports of Korean diamond sawblade cores as a share of the total value of reported shipments of such products fluctuated but increased during 2003-05, from *** percent during 2003 to *** percent during 2005. These data indicate that the responding Korean producers did not have the flexibility to shift shipments of diamond sawblade cores among home, third-country, and U.S. markets in response to price changes in the United States during 2003-05.[76]

Diamond sawblade segments.--The responding Korean producers used their diamond sawblade segments principally for internal consumption, secondarily exported to third-country markets, thirdly exported to the U.S. market, and fourthly for shipment to their home market during 2003-05; this pattern of shipments is projected to continue during 2006-07. During 2003-05, the responding Korean producers' total value of their internal consumption shipments averaged almost *** percent of their total shipments; exports to third-country markets averaged *** percent; exports to the U.S. market averaged *** percent; and home market shipments averaged *** percent of the total. Total reported exports of Korean diamond sawblade segments increased as a share of the total value of reported shipments of such products from *** percent during 2003 to *** percent during 2005. These data indicate that the responding Korean producers may have had some flexibility to shift shipments of diamond sawblade segments among third-

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[71] (...continued)
for home and/or third-country markets are not useable/acceptable in the U.S. market.

[72] Foreign producer questionnaire responses, section II-11.

[73] By contrast, according to ***, the U.S. market has a very large DIY component. Also, the use of stone in building is not nearly as common in the United States as in Korea. Thus, *** considers the product mix of diamond sawblades in the two markets to be very different.

[74] Foreign producer questionnaire responses, section II-10.

[75] A single firm, ***, reported information on its Korean cores. Its inventory and shipment figures for cores, however, involve its purchases of cores, as well as its Korean production of cores. As a result, the reported inventory and shipment figures for cores are not consistent with the reported capacity and production figures for cores.

[76] Although the Korean producer may have been able to shift shipments of cores between internal consumption and the U.S. market, this flexibility may be restrained to the extent that the responding Korean producer's cores produced for internal consumption are not useable/acceptable in the U.S. market. In addition, any such shifting of Korean cores could involve less Korean production of finished diamond sawblades.

country and U.S. markets in response to price changes in the United States during 2003-05, but this may be restricted by differences in Korean diamond sawblade segments produced to different specifications for different markets.[77]

Production alternatives

Diamond sawblade products.–The two responding Korean producers, ***, reported that they did not produce other products on the same equipment and machinery or with the same labor used to produce finished diamond sawblades and diamond sawblade segments for *** and just finished diamond sawblades for ***.[78] Based on these responses, the two responding Korean producers do not have an ability to shift their domestic production of diamond sawblade products to or from other products; any ability to switch production among alternative products would enhance the Korean producers' supply response to a change in price.

Nonsubject Countries

U.S. producers,[79] importers,[80] and purchasers[81] identified several nonsubject countries as sources of finished diamond sawblades to the U.S. market during 2003-05, when reporting on comparisons between domestic and imported finished diamond sawblades. U.S. producers and importers also identified several nonsubject countries as sources of diamond sawblade cores and segments to the U.S. market during this period. For finished diamond sawblades, Japan was mentioned most frequently by U.S. producers and importers, whereas India was mentioned most frequently by purchasers. Other countries identified as suppliers of finished diamond sawblades to the U.S. market were the following, in alphabetical order: Brazil, Germany, Greece, Israel, Italy, Luxembourg, Russia, Spain, Sweden, Taiwan, Thailand, and Ukraine.

Fewer countries were identified as suppliers of diamond sawblade cores and segments to the U.S. market during 2003-05. U.S. producers and importers identified diamond sawblade cores imported from France, Germany, India, Italy, Taiwan, and Thailand, and diamond sawblade segments imported from India, Taiwan, and Thailand.

U.S. Demand

U.S. demand for finished diamond sawblades reportedly is derived from demand for U.S. construction activity,[82] particularly the two construction segments of (1) home improvement and (2) transportation, road, and office construction (table II-2).[83] U.S. demand for diamond sawblade cores is derived exclusively from demand by U.S. producers of finished diamond sawblades, and U.S. demand for diamond sawblade segments is derived largely from demand by U.S. producers of finished diamond

[77] This flexibility may be restrained to the extent that the responding Korean producers have sales agreements longer than 12 months with customers in their home market and third-country markets, or that the products produced for home and/or third-country markets are not useable/acceptable in the U.S. market.

[78] Foreign producer questionnaire responses, section II-3.

[79] U.S. producer questionnaire responses, sections IV-B-22 and IV-B-23.

[80] U.S. importer questionnaire responses, sections III-B-22 and III-B-23.

[81] U.S. purchaser questionnaire responses, sections IV-2 and IV-6.

[82] Petition, pp. 16-17.

[83] Respondents' (Ehwa, Shinhan, and Hyosung) postconference brief, pp. 27-28.

sawblades and to a lesser extent by demand of other users of the diamond sawblade segments.[84] U.S. demand for diamond sawblade products is seasonal in some areas of the United States, especially in the northern tier states,[85] because road construction generally occurs in fair weather conditions and some states prohibit road construction during the winter months, allowing only emergency repairs during this period.[86]

Table II-2
Value of U.S. construction put in place and number of U.S. big-box hardware stores

Item	2003	2004	2005
U.S. construction value (millions of dollars):[1]			
Total residential[2]	$482,397	$569,983	$633,395
Improvements	130,250	147,326	156,810
Total nonresidential	442,672	457,755	487,253
(1) Office	41,757	45,082	46,420
(2) Transportation	25,795	26,863	27,224
(3) Highway and street	59,140	60,145	66,694
Subtotal (Professional)	126,692	132,090	140,338
(4) All other	315,980	325,665	346,915
U.S. big-box hardware stores:			
Home Depot retail stores	1,638	1,824	2,007
Lowes retail stores	952	1,087	1,246
Total stores	2,590	2,911	3,253

[1] Includes private and public spending (current dollars–not adjusted for inflation).
[2] U.S. housing starts were 1.85 million units in 2003, 1.96 million units in 2004, and 2.07 million units in 2005; housing starts are expected to be 1.93 million units in 2006 and 1.80 million units in 2007 (*Blue Chip Economic Indicators*, Aspen Publishers, Inc., Vol. 31, No. 5, May 10, 2006, pp. 2-3).

Note.--U.S. real GDP increased by 2.7 percent in 2003, 4.2 percent in 2004, and 3.5 percent in 2005; real GDP is forecast to increase by 3.4 percent in 2006 and 3.0 percent in 2007 (*Blue Chip Economic Indicators*, Aspen Publishers, Inc., Vol. 31, No. 5, May 10, 2006, pp. 2-3).

Source: Construction–U.S. Department of Commerce, Census Bureau, http://www.census.gov/const/C30, retrieved April 20, 2006; and big-box hardware stores–e-mail from ***.

U.S. demand for finished diamond sawblades, as measured by annual apparent U.S. consumption value, increased steadily from $184.7 million in 2003 to $214.9 million in 2005, or by a total of 16.4

[84] Demand for diamond sawblade parts by U.S. producers of finished diamond sawblades, in turn, is related to downstream demand for their domestically produced finished diamond sawblades.

[85] Based on responses of nine U.S. purchasers (purchaser questionnaire responses, section III-14).

[86] *** reported that the peak season for finished diamond sawblades and diamond sawblade parts is May through November (staff telephone interview with ***).

percent. U.S. demand for diamond sawblade cores, based on annual apparent U.S. consumption value, increased from almost $*** in 2003 to $*** in 2005, or by a total of *** percent. U.S. commercial market demand for diamond sawblade segments, as measured by annual apparent U.S. consumption value, increased steadily from almost $*** in 2003 to approximately $*** in 2005, or by a total of *** percent.[87]

Petitioners asserted during the preliminary phase of these investigations that domestic and foreign-sourced finished diamond sawblades are generally homogenous in quality and physical characteristics, and distributors and endusers purchase both foreign and U.S.-produced finished diamond sawblades.[88]

Respondents asserted during the preliminary and final phases of these investigations that the U.S. market for finished diamond sawblades is segregated into two broad categories (1) professional-use blades and (2) general-use blades.[89] According to respondents, U.S. producers reportedly possess significant production and sales advantages over the Chinese or Korean producers for the professional-use blades, because these blades require quick turnaround and detailed knowledge of the location and hardness of material being cut.[90] On the other hand, almost all of the diamond sawblades from China and Korea reportedly consist of general-use blades, which are ultimately sold to contractors and DIY users.[91] The general-use category of diamond sawblades is reportedly the fastest growing market segment in the U.S. industry,[92] while the professional-use category of diamond sawblades reportedly experienced sluggish demand in the highway and large infrastructure markets during much of the period, 2003-05.[93]

As seen in table II-2, the value of total U.S. construction increased by an average of 10.1 percent annually during 2003–05. The sum of office, transportation, and highway/street construction increased from almost $126.7 billion in 2003 to $140.3 billion in 2005, or 5.2 percent annually during this period, while the value of residential improvements increased from $130.3 billion in 2003 to $156.8 billion in 2005, or 9.7 percent annually during this period. The number of Home Depot and Lowes retail stores in the United States, which sell predominantly to ***,[94] increased from 2,590 stores in 2003 to 3,253 stores in 2005, or by a total of 25.6 percent during this period.

Thirteen responding U.S. producers, 30 responding U.S. importers, and 45 responding U.S. purchasers provided at least some useable information regarding U.S. demand for finished diamond

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[87] Apparent U.S. consumption of diamond sawblade segments included only U.S. commercial shipments of the domestic and imported products; it did not include U.S. producers' internal consumption of the diamond sawblade segments.

[88] Petitioner's postconference brief, p. 18.

[89] Respondents' (Ehwa, Shinhan, and Hyosung) prehearing brief, pp. 19-20 and postconference brief, p. 11.

[90] The professional-use blades are reportedly sold directly to the professional endusers.

[91] The general-use diamond sawblades are reportedly sold to endusers through downstream distribution channels such as big-box retailers, hardware stores, local general contractor distributors, and equipment rental companies (Respondents' (Ehwa, Shinhan, and Hyosung) prehearing brief, p. 22).

[92] Respondents' (Ehwa, Shinhan, and Hyosung) prehearing brief, pp. 22-23 and postconference brief, p. 15.

[93] Respondents' (Ehwa, Shinhan, and Hyosung) prehearing brief, pp. 39-40, and postconference brief, p. 19. The federal highway bill is the principle source of highway funding for public-sector construction projects. The past federal highway bill expired on September 30, 2003, and the federal highway program operated under continuing resolutions until the new highway bill was signed into law in August 2005. The new highway bill provides for $228 billion for highway programs, $52 billion for transit programs, and $6 billion for highway safety programs over a 6-year period, retroactive to October 1, 2003 (http://www.martinmarietta.com/Investors/fedhwyfund.asp, accessed on May 9, 2006).

[94] U.S. purchaser questionnaire responses of these firms, section V-3.

sawblades during 2003-05.[95] Eight of the 13 responding U.S. producers, 23 of the 30 responding U.S. importers, and 30 of the 45 responding U.S. purchasers reported that U.S. demand for finished diamond sawblades increased during 2003-05, whereas the remaining five U.S. producers, six U.S. importers, and 12 U.S. purchasers reported that U.S. demand for finished diamond sawblades remained unchanged during this period; the single remaining U.S. importer and the three remaining U.S. purchasers reported that U.S. demand for finished diamond sawblades decreased during this period. Three of the firms that cited unchanged U.S. demand, all U.S. producers, provided comments,[96] and three of the firms that cited decreased demand, all purchasers, provided comments.[97] Of the firms that cited increased U.S. demand, 6 U.S. producers, 23 U.S. importers, and 27 U.S. purchasers provided useable comments; these comments are shown in the following tabulation.

Firms citing increased U.S. demand for finished diamond sawblades during 2003-05

Firm	Comments
*	* * * * * *

Three of 12 responding U.S. producers, 12 of 26 responding U.S. importers, and 14 of 44 responding U.S. purchasers reported that they expected U.S. demand for finished diamond sawblades to increase in the future,[98] whereas 7 other U.S. producers, 14 of the remaining U.S. importers, and 26 other U.S. purchasers reported that they do not expect U.S. demand for finished diamond sawblades to change in the future.[99] The two remaining U.S. producers and two other U.S. purchasers reported that they expect U.S. demand for finished diamond sawblades to decrease,[100] and the remaining two purchasers did

[95] U.S. producer, importer, and purchaser questionnaire responses, sections IV-B-15, III-B-15, and III-12, respectively. Although these firms were also requested to respond for diamond sawblade cores and segments, the responses were considerably fewer, but were generally the same as those for finished diamond sawblades. As a result, responses only for the finished diamond sawblades are discussed.

[96] *** indicated that U.S. demand for notched continuous-rim diamond sawblades appears to be static at about 2,400 to 2,600 diamond sawblades annually since 2003. *** indicated that it did not see any strong movement in demand. *** indicated that the overall demand for diamond sawblades has not decreased in the U.S. market. According to ***, demand for its diamond sawblades has decreased due to lower unit selling prices, lack of availability of federal, state and local monies for infrastructure repair and growth, influx of Chinese and Korean diamond sawblades, and sales of the Korean products shifting from U.S. companies to Korean owned/subsidized distribution companies in the United States.

[97] *** cited price and quality; *** indicated that price/imports are a lot less expensive; and *** indicated that lower infrastructure monies were being released by the Federal, State, and local governments.

[98] Two U.S. firms specified the future increases in U.S. demand for finished diamond sawblades; *** indicated annual increases ranging from 3-5 percent, while *** indicated annual increases of 15 percent.

[99] U.S. producer, importer, and purchaser questionnaire responses, sections, IV-B-16, III-B-16, and III-13. Although these firms were also requested to respond for diamond sawblade cores and segments, the responses were considerably fewer, but were generally the same as those for finished diamond sawblades. Accordingly, responses only for the finished diamond sawblades are discussed.

[100] The two U.S. producers that expected decreases in future U.S. demand for diamond sawblades provided the following discussion; *** indicated that future increases in interest rates could negatively affect construction spending; and *** asserted that interest rates, inflation, and government deficits can and will reduce demand of finished diamond sawblades in both government and private sector markets. The two U.S. purchasers that expected decreases in future U.S. demand for diamond sawblades provided the following discussion; *** indicated it expected less demand due to imports at cheap prices; and *** asserted that increased cost will eliminate different types and segments of the U.S. market for diamond sawblades in the future, and as the price increases, the increased use of

(continued...)

not indicate how they expected U.S. demand to change. The firms reporting that they did not expect future changes in U.S. demand for finished diamond sawblades did not report any further information. The firms that expect increases in future U.S. demand for diamond sawblades reported that they expect increases in several downstream activities that require diamond sawblades, including (1) more federal funds for highways and bridges, (2) increase in demand for ceramic, porcelain, pavers, block, stone, and granite, which require diamond sawblades for cutting, and (3) increase in new commercial and residential construction, renovations, and repairs. In addition, a few firms indicated that improved/increased marketing of diamond sawblades will increase awareness of the product with DIY users and contractors.

Substitute Products[101]

Substitutes for finished diamond sawblades

Six of 12 responding U.S. producers, 21 of 29 responding U.S. importers,[102] and 39 of 49 responding U.S. purchasers reported that no substitutes exist for finished diamond sawblades, whereas the six remaining U.S. producers, 8 remaining U.S. importers, and 10 remaining U.S. purchasers identified substitutes for diamond sawblades.[103] The following tabulation shows the number of firms identifying each type of substitute.

[100] (...continued)
diamond sawblades will slow down.

[101] The U.S. producer, importer, and purchaser questionnaires requesting information on substitute products specified the following as the nature of substitution to be considered: *Substitute products are products that can, based on market price considerations and residential consumer/industrial user preferences/technical requirements, reasonably be expected to substitute for each other when the price of one product changes vis-a-vis the price of the other product–some consumers/industrial users may require greater price changes than others before they switch among the alternative products*. As seen by comments of the responding firms shown in this section of the report, certain questionnaire respondents tended to focus only on physical substitution among different products.

[102] One of the 21 responding purchasers indicating that no substitutes for diamond sawblades existed, ***, also reported that it purchases diamond sawblades for sale in diameters that correspond to the same diameters of the abrasive blades that it sells. *** sees no substitution between these two types of blades and *** asserts that demand for both types is growing. Diamond wet saw blades have been standard in the tile industry for 25 years. Abrasive blades that *** sells are for masonry and metal. Diamond sawblades are for cutting multiple materials. There are a number of factors that can influence customer choice between abrasive and diamond saw blades. These include the size of the job, customer comfort with the type of blade, familiarity with the product, the tools that they have, the amount of money they have available, and the accuracy of the cut that is desired. (Staff telephone interview with ***).

[103] U.S. producer, importer, and purchaser questionnaire responses, sections IV-B-11, III-B-11, and III-9, respectively. Although the firms were also requested to respond for diamond sawblade cores and segments, the responses were considerably fewer and generally mirrored those for finished diamond sawblades. Accordingly, responses involving only finished diamond sawblades are discussed.

Type of responding firm	Abrasive blades	Diamond chain	Diamond wire	Laser
U.S. producers	6	2	2	-
U.S. importers	8	2	1	-
U.S. purchasers	9	1	-	1
Total number of firms	23	5	3	1

Note.–Some firms responded for more than one substitute product.

Note.--All 41 responding U.S. purchasers reported that there have been no changes in substitutes for finished diamond sawblades since 2003 (U.S. purchaser questionnaire responses, section III-10); only U.S. purchasers were asked this question.

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

The responding firms reported that abrasive blades can cut concrete, asphalt, masonry, and stone, although, according to ***, at a lower level of efficiency than diamond sawblades,[104] and, according to ***, only for small amounts of these materials.[105] Diamond chain is designed for concrete wall saws or ring saws intended to cut square openings in concrete or masonry walls (for windows, doors, etc.). Diamond wire is designed to cut large, thick stone and concrete material in place of very large diameter blades. According to ***, a laser is designed to cut ceramic and acts as a limited substitution for diamond sawblades. All six of the responding U.S. producers identifying substitutes, six of the eight responding U.S. importers, and nine of the 10 responding U.S. importers reported that relative price changes between diamond sawblades and the substitutes have not affected sales prices or quantity of diamond sawblades.[106] One U.S. importer, ***, reported that as costs of diamond sawblades continue to decline, the endusers of these products expand in the DIY market. The remaining U.S. importer and U.S. purchaser did not respond to this question.

Saint-Gobain asserted that imported sintered diamond sawblades from China and Korea compete directly with commodity-grade abrasive products, not with U.S.-produced diamond sawblades.[107] Saint-Gobain further stated that in the retail market where most of the imports are competing, prices are determined by the retailers who know that customers will choose non-diamond alternatives such as abrasive cutoff wheels if prices get too high.[108]

Substitution among finished diamond sawblades

U.S. producers, importers, and purchasers were requested to indicate to what extent different types of finished diamond sawblades substituted for each other; specific comparisons were requested for

[104] *** reported that conventional abrasive blades are old technology that offered an economical alternative to diamond sawblades, which is no longer the case with the decrease in diamond cost.

[105] According to ***, it would require 100-150 or more abrasive blades to cut the same amount of material as a single diamond sawblade (staff telephone conference with ***). According to ***, abrasive blades generally cost 40-60 percent less than diamond sawblades, and are usually purchased by DIY homeowners for simple renovation and repairs on their homes.

[106] U.S. producer, importer, and purchaser questionnaire responses, sections IV-B-11, III-B-11, and III-9, respectively.

[107] Hearing transcript, p. 235 (Nixon).

[108] Ibid.

(1) segmented versus continuous-rim diamond sawblades, (2) laser-welded, soldered/brazed, or sintered diamond sawblades, (3) different diameters of diamond sawblades, (4) different grades of diamond sawblades, and (5) other forms of diamond sawblade comparisons.[109] Overall, 10 responding U.S. importers and 24 responding U.S. purchasers indicated that there was no substitution among diamond sawblades in any of the comparison categories. All the responding U.S. producers reported at least some substitution among diamond sawblades in at least some of the categories, as did the remaining responding U.S. importers and purchasers.[110] Of the five categories of comparisons, responses involving diamond sawblades of different diameters contained the most responses from U.S. producers, importers, and purchasers that indicated no substitution was possible. In addition, for all five categories of responses, a majority of responses indicating substitution occurred included qualifications or limitations to the substitution.

Segmented versus continuous-rim finished diamond sawblades.–[111] All 13 responding U.S. producers, 19 of 20 responding U.S. importers, and 18 of 21 responding U.S. purchasers reported at least some substitution between segmented and continuous-rim diamond sawblades; whereas the single remaining U.S. importer and the three remaining U.S. purchasers reported that no such substitution occurs in this category.[112] The comments of the responding firms reporting at least some substitution are shown in the tabulation below.

Segmented versus continuous-rim finished diamond sawblades	
Firm	**Comments**
* * * * * * *	

Laser welded, soldered/brazed, or sintered finished diamond sawblades.–[113] All 12 responding U.S. producers, 18 of 19 responding U.S. importers, and 19 of 20 responding U.S. purchasers reported at least some substitution among one or more of the segmented, soldered/brazed, or sintered diamond sawblades; whereas the single remaining U.S. importer and U.S. purchaser reported that no such

[109] U.S. producer, importer, and purchaser questionnaire responses, sections IV-B-12, III-B-12, and III-11, respectively.

[110] Some of these firms reported no substitution in one or more categories, but also reported at least some substitution in other categories.

[111] In addition to the firms cited here, an additional 10 U.S. importers and 24 U.S. purchasers reported that no substitution occurred in any of the diamond sawblade comparison categories.

[112] The single responding importer, ***, that indicated no substitution explained that the segmented and continuous-rim diamond sawblades are designed to perform in different materials, e.g., continuous-rim is best for cutting tile. Of the three responding purchasers that indicated no substitution, two provided comments. ***, indicated that segmented diamond sawblades are normally used for cutting concrete and masonry products, whereas continuous-rim diamond sawblades are used to give a smooth cut on marble and granite. *** indicated that continuous-rim are used mostly wet and segmented are the most popular.

[113] In addition to the firms cited here, an additional 10 U.S. importers and 24 U.S. purchasers reported that no substitution occurred in any of the diamond sawblade comparison categories.

substitution occurs in this category.[114] The comments of the responding firms reporting at least some substitution are shown in the tabulation below.

Laser-welded, soldered/brazed, or sintered diamond sawblades	
Firm	**Comments**
* * * * * * *	

Different diameters of finished diamond sawblades.–[115] Ten of 14 responding U.S. producers, 10 of 20 responding U.S. importers, and five of 21 responding U.S. purchasers reported at least some substitution among different diameters of diamond sawblades; whereas the four remaining U.S. producers, 10 remaining U.S. importers, and 16 remaining U.S. purchasers reported that no such substitution occurs. The comments of the responding firms reporting at least some substitution and those reporting no substitution are shown in the tabulation below.

Different diameters of diamond sawblades	
Firm	**Comments**
* * * * * * *	

Different grades of finished diamond sawblades.–[116] All 13 responding U.S. producers, all 21 responding U.S. importers, and 20 of 22 responding U.S. purchasers reported at least some substitution among different diameters of diamond sawblades; whereas the two remaining U.S. purchasers reported that no such substitution occurs.[117] The comments of the responding firms reporting at least some substitution are shown in the tabulation below.

[114] The single responding importer, ***, that indicated no substitution further commented that laser-welded diamond sawblades are used for both dry high-speed saw applications and wet high-horsepower heavy cutting, whereas soldered diamond sawblades are used for cutting asphalt, since the firm uses a special bond on these soldered blades. The single responding purchaser, ***, that indicated no substitution further commented that laser-welded blades are a quality product for heavy reinforcement, whereas sintered blades are sold to customers who want an inexpensive blade.

[115] In addition to the firms cited here, an additional 10 U.S. importers and 24 U.S. purchasers reported that no substitution occurred in any of the diamond sawblade comparison categories.

[116] In addition to the firms cited here, an additional 10 U.S. importers and 23 U.S. purchasers reported that no substitution occurred in any of the diamond sawblade comparison categories. U.S. producers and importers also reported whether they produced/imported and then sold finished diamond sawblades of different grades (U.S. producers and importers questionnaire responses, sections IV-A-2 and III-A-2, respectively. Thirteen of 14 responding U.S. producers and 21 of 28 responding importers reported producing/importing and selling different grades of finished diamond sawblades.

[117] Of the two responding purchasers that reported no substitution, *** indicated that the entire industry for its served markets uses generic-grade diamond sawblades and *** indicated that the customer pays for a specific quality, but the firm would substitute a higher grade (if out of stock of lower grade) and take a loss only for a large customer in an emergency situation.

Different grades of diamond sawblades	
Firm	Comments
* * * * * * *	

Other forms of finished diamond sawblade substitution.–[118] Two of four responding U.S. producers,[119] all three responding U.S. importers, and the three responding U.S. purchasers reported at least some substitution among diamond sawblades of different styles, designed for wet versus dry cutting, and designed to cut different materials. The comments of the responding firms identifying other forms of substitution are shown in the tabulation below.

Other forms of diamond sawblade substitution	
Firm	Comments
* * * * * * *	

Cost Share

U.S. producers, importers, and enduser or OEM purchasers were requested to report the cost share of finished diamond sawblades contained in cutting materials and the cost share of the finished diamond sawblades for the entire project in which the materials were cut.[120] Five U.S. producers, six U.S. importers, and four U.S. purchasers provided useable responses. For cutting materials, responses ranged from 4 percent for cutting masonry to 25 percent for cutting and shaping stone. For the cost share of the entire project, responses generally ranged from less than 1 percent to 2 percent, for road construction or repair, non-residential construction, and airport runway repairs.

Foreign Demand

Five responding U.S. producers, 11 responding U.S. importers, and 10 responding U.S. purchasers provided at least some useable information regarding demand for finished diamond sawblades outside of the United States during 2003-05.[121] All five responding U.S. producers, 9 of 11 responding U.S. importers, and 9 of 10 responding U.S. purchasers reported that demand for finished diamond sawblades outside of the United States increased during 2003-05, whereas the remaining two U.S. importers and the single remaining U.S. purchaser reported that demand for finished diamond sawblades outside of the United States has remained unchanged during this period. Some of the responding firms that reported increased demand also identified, as requested, the foreign countries, which included

[118] In addition to the firms cited here, an additional 10 U.S. importers and 24 U.S. purchasers reported that no substitution occurred in any of the diamond sawblade comparison categories.

[119] The remaining two responding U.S. producers, ***, indicated that there were no other forms of substitution among finished diamond sawblades.

[120] U.S. producer, importer, and purchaser questionnaire responses, sections IV-B-10, III-B-10, and III-4, respectively.

[121] U.S. producer, importer, and purchaser questionnaire responses, sections, IV-B-15, III-B-15, and III-12. Although these firms were also requested to respond for diamond sawblade cores and segments, the responses were considerably fewer but were generally the same as those for finished diamond sawblades. As a result, responses only for the finished diamond sawblades are discussed.

Canada, China, India, Korea, Mexico, Central and South America, and Europe, and seven of these firms provided comments.[122] Seven firms, all indicating increased demand, provided additional comments, which are shown in the following tabulation.

Firms	Comments
	* * * * * * *

Five of six responding U.S. producers, seven of nine responding U.S. importers, and five of seven responding U.S. purchasers reported that demand for finished diamond sawblades outside of the United States is expected to increase in the future, whereas the single remaining U.S. producer, the two remaining U.S. importers, and the two remaining U.S. purchasers[123] reported that they do not expect demand for finished diamond sawblades outside of the United States to change in the future.[124] Six of the responding firms reporting that they expected increased future demand also identified, as requested, the foreign countries, which included Canada, China, India, Mexico, Africa, Asia, Europe, Latin America, and the Middle East, and some of these firms provided comments.[125] Comments of these six firms are shown in the following tabulation.

Firms	Comments
	* * * * * * *

SUBSTITUTABILITY ISSUES

The degree of substitution in demand between finished diamond sawblades and diamond sawblade parts produced in the United States and those imported from China and Korea depends upon such factors as relative prices, types of customers, conditions of sales, technical support/service, and product differentiation. Product differentiation depends on factors such as the range of product types, styles, and grades, the quality, availability, reliability of supply, and the market perception of these latter three factors. Performance characteristics of finished diamond sawblades and the diamond sawblade cores and segments reportedly can play a significant role in demand and are related to one or more of the aforementioned factors. Based on the reported information in these investigations, there appears to be substitutability in demand between the finished diamond sawblades and diamond sawblade cores produced domestically and those imported from China and Korea, although not necessarily for every type (segmented, continuous rim, notched, laser-welded, sintered, soldered, and proprietary versus nonproprietary specifications), size, or grade of product, application, and type of customer, and between diamond sawblade segments produced domestically and imported from Korea.

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[122] Only Venezuela was identified by one of the firms that indicated no changes in demand for finished diamond sawblades occurred outside of the United States during 2003-05, but no comments were provided.

[123] One of these purchasers, ***, identified Canada, Mexico, Central and South America as markets where demand for diamond sawblades is not expected to change.

[124] U.S. producer, importer, and purchaser questionnaire responses, sections, IV-B-16, III-B-16, and III-13. Although these firms were also requested to respond for diamond sawblade cores and segments, the responses were generally the same as those for finished diamond sawblades. As a result, responses only for the finished diamond sawblades are discussed.

[125] Only Canada was identified by one of the firms that indicated no future changes in demand for finished diamond sawblades outside of the United States during 2003-05, but no comments were provided.

Factors Affecting Purchases

Finished Diamond Sawblades

U.S. purchasers of finished diamond sawblades were requested to rank 15 specified purchase factors as very important, somewhat important, or not important.[126] Fifty-one purchasers responded, but not necessarily for every factor listed; their responses are summarized in table II-3 for each purchase factor. Product consistency was listed as very important most frequently (48 firms), followed by reliable supply (47 firms), availability (46 firms), then delivery time and product quality equals standard (40 firms), and then by price (37 firms).

Table II-3
Finished diamond sawblades: Importance of purchase factors[1]

Purchase factors	Number of purchasers reporting--		
	Very important	Somewhat important	Not important
Availability	46	3	1
Delivery terms	25	20	5
Delivery time	40	7	3
Discounts offered	20	22	8
Extension of credit	16	21	12
Price	37	12	2
Minimum quantity requirements	15	22	11
Packaging	18	13	17
Product consistency	48	1	-
Product quality equals standard	40	2	5
Product quality exceeds standard	28	13	7
Product range	20	27	2
Reliable supply	47	2	1
Technical support	24	14	10
U.S. transportation costs	16	21	11

[1] Based on responses of 51 purchasers.

Note.--The responding purchasers did not necessarily report for every factor listed.

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

[126] U.S. purchaser questionnaire responses, section III-26.

U.S. purchasers were also requested to list the top three purchase factors that they consider when deciding from whom to purchase finished diamond sawblades and diamond sawblade parts.[127] Fifty purchasers responded, but sometimes firms identified more than a single factor in their first, second, or third top factors and some firms responded for only one or two of the top three factors. The responding firms identified a variety of descriptions of purchase factors, which made it difficult to group the responses by specific factors. Taking into consideration the range of responses, the factors considered the most important, second in importance, and third in importance and the number of firms responding for each factor are shown in the following tabulation; additional purchaser comments are also shown in the tabulation.

Purchase factors	Most important	Second in importance	Third in importance	Total responses
Quality	25	19	6	50
Price	11	12	15	38
Availability	5	11	10	26
Service/technical support	3	1	3	7
Approved supplier	4	-	1	5
Brand name	2	-	-	2
Delivery time	-	1	6	7
Credit extension	-	1	1	2
Logistics	-	-	1	1
Payment terms	-	1	-	1
Supplier reliability	-	1	-	1
Safety	-	-	1	1
Order quantities	-	-	1	1
Product range	-	-	1	1
Originality of supplier	-	-	1	1
Additional purchaser comments:				
Firm name	**Comments**			
* * * * * * *				

Forty-four purchasers also reported the characteristics that they consider when determining the quality of finished diamond sawblades.[128] Quality characteristics cited were generally performance based and included, in descending order of frequency reported, the following: cutting speed, blade life, consistent performance, appearance, brand-name reputation, quality of raw materials used, and then equally cited were product warranty, contractor acceptance, reliability of product, and quality of the cut.

[127] U.S. purchaser questionnaire responses, section III-27.

[128] U.S. purchaser questionnaire responses, section III-28.

Diamond Sawblade Parts

U.S. purchasers of diamond sawblade parts were requested to rank 15 specified purchase factors as very important, somewhat important, or not important.[129] Four purchasers responded for diamond sawblade cores and three purchasers responded for diamond sawblade segments, but not necessarily for every factor listed; their responses are summarized in table II-4 for each purchase factor. For diamond sawblade cores, price, product consistency, and reliable supply were listed as very important most frequently (4 firms each), followed equally by availability, product quality equals standard, and product range (3 firms each), and then by delivery time (2 firms). For diamond sawblade segments, price, product consistency, and reliable supply were equally listed as very important most frequently (3 firms each).

Table II-4
Diamond sawblade parts: Importance of purchase factors[1]

	Number of purchasers reporting--					
	Cores			Segments		
Purchase factors	Very important	Somewhat important	Not important	Very important	Somewhat important	Not important
Availability	3	1	-	2	1	-
Delivery terms	1	2	1	-	1	1
Delivery time	2	2	-	2	1	-
Discounts offered	-	2	2	2	-	1
Extension of credit	1	2	1	1	1	1
Price	4	-	-	3	-	-
Min. quantity requirements	1	3	-	1	2	-
Packaging	-	1	3	1	1	1
Product consistency	4	-	-	3	-	-
Product quality equals standard	3	-	1	2	1	-
Product quality exceeds standard	-	2	2	2	1	-
Product range	3	-	1	1	1	1
Reliable supply	4	-	-	3	-	-
Technical support	1	2	1	1	2	-
U.S. transportation costs	1	2	1	2	-	1

[1] Based on responses of four purchasers for diamond sawblade cores and three purchasers for diamond sawblade segments.

Note.--The responding purchasers did not necessarily report for every factor listed.

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

[129] U.S. purchaser questionnaire responses, section III-26.

U.S. purchasers were also requested to list the top three purchase factors that they consider when deciding from whom to purchase diamond sawblades parts.[130] Eight purchasers responded for diamond sawblade cores and three purchasers responded for diamond sawblade segments. The factors considered the most important, second in importance, and third in importance and the number of firms responding for each factor are shown by type of diamond sawblade part in the following tabulation.

Purchase factors	Most important	Second in importance	Third in importance	Total responses
Cores				
Price	3	2	3	8
Quality	3	2	-	5
Availability	2	3	1	6
Service/technical support	1	-	1	2
Inventory program	1	-	-	1
Proven performance	1	-	-	1
Delivery time	-	1	-	1
Ease of ordering	-	-	1	1
Minimum order quantities	1	-	-	1
Product range	1	-	-	1
Segments				
Price	1	3	-	4
Quality	1	-	1	2
Availability	1	-	-	1
Minimum order quantities	-	-	1	1
Product consistency	1	-	-	1

Seven purchasers responding for diamond sawblade cores and three purchasers responding for diamond sawblade segments also reported the characteristics that they consider when determining the quality of these diamond sawblade parts.[131] Quality characteristics reported for diamond sawblade cores included, in descending order of frequency reported, the following: conformance to specifications, dimensional tolerances, steel alloy used, proven performance, consistency, and appearance. Quality characteristics reported for diamond sawblade segments included conformance to specifications, consistency of product, and holds up for general purpose use.

[130] U.S. purchaser questionnaire responses, section III-27.

[131] U.S. purchaser questionnaire responses, section III-28.

Comparisons of the U.S.-Produced and Imported Finished Diamond Sawblades and Parts

The U.S. producers, importers, and purchasers of finished diamond sawblades and parts were requested in their questionnaires to report on the degree of interchangeability of these products produced domestically, imported from China and Korea, and imported from third-countries.[132] U.S. producers and importers were also asked to report on the degree to which any differences other than price would affect sales in the U.S. market among the various country sources of finished diamond sawblades and parts.[133]

Finished Diamond Sawblades

Responses of the U.S. producers, importers, and purchasers regarding the degree of interchangeability between domestic and imported finished diamond sawblades are summarized in table II-5 for comparisons involving the U.S.-produced and imported products. Generally, only single firm responses were made involving nonsubject countries, which will be summarized in the text but not shown in tables. The U.S. producer and importer responses regarding differences other than price affecting competition between U.S.-produced and imported finished diamond sawblades are summarized in table II-6; the responses involving nonsubject countries will be summarized in the text but not shown in tables.

For responses regarding the degree of interchangeability among U.S.-produced and imported finished diamond sawblades, 14 U.S. producers,[134] 33 U.S. importers,[135] and 32 U.S. purchasers responded,[136] but not necessarily for every country comparison (table II-5). The majority of responses of U.S. producers, importers, and purchasers indicated that the U.S.-produced finished diamond sawblades and those imported from China and Korea were always or frequently interchangeable with each other. U.S. producers also reported that finished diamond sawblades imported from Germany, India, Italy, Japan, Luxembourg, Taiwan, and Thailand generally were always or frequently interchangeable with the products produced in the United States.[137] U.S. importers also reported that finished diamond sawblades imported from Greece, India, Italy, Israel, Japan, Spain, and Taiwan generally were always or frequently interchangeable with the products produced in the United States.[138] U.S. purchasers also reported that finished diamond sawblades imported from Brazil, Greece, India, and Japan generally were always or frequently interchangeable with the products produced in the United States.[139]

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[132] U.S. producer, importer, and purchaser questionnaire responses, sections IV-B-22, III-B-22, and IV-2, respectively. Interchangeability referred to products from different sources that could physically be used in the same applications.

[133] U.S. producer and importer questionnaire responses, sections IV-B-23 and III-B-23, respectively. Nonprice factors referred to in the questionnaire request included quality, availability, transportation network, product range, and technical support, but were not necessarily restricted to only these factors.

[134] U.S. producer questionnaire responses, section IV-B-22.

[135] U.S. importer questionnaire responses, section III-B-22.

[136] U.S. purchaser questionnaire responses, section IV-2.

[137] The only exceptions were reported by a single U.S. producer, ***, that indicated that U.S. imports of finished diamond sawblades from Japan and Ukraine were sometimes interchangeable with the products produced in the United States.

[138] The only exceptions were reported by a single U.S. importer, ***, that indicated that U.S. imports of finished diamond sawblades from India and Russia were sometimes interchangeable with the products produced in the United States.

[139] The only exceptions were reported by a single U.S. purchaser, ***, that indicated that U.S. imports of finished diamond sawblades from India and Russia were sometimes interchangeable with the products produced in the United States.

Table II-5
Finished diamond sawblades: Perceived degree of interchangeability of products produced in the United States and imported from China and Korea and sold in the U.S. market

Country pair	Number of U.S. producers' responses[1]				Number of U.S. importers' responses[2]				Number of U.S. purchasers' responses[3]			
	A	F	S	N	A	F	S	N	A	F	S	N
United States vs.--												
China	8	2	4	-	11	7	10	3	12	6	7	3
Korea	8	3	3	-	13	6	5	3	16	7	5	3
China vs.--												
Korea	7	2	4	-	10	5	8	3	13	7	3	3

[1] Based on responses of 14 U.S. producers.
[2] Based on responses of 33 U.S. importers.
[3] Based on responses of 32 U.S. purchasers.

Note.--A = Always, F = Frequently, S = Sometimes, N = Never.

Note.--Responding firms did not necessarily report for every country pair.

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

Table II-6
Finished diamond sawblades: Perceived importance of differences in factors other than price between products produced in the United States and those imported from China and Korea and sold in the U.S. market

Country pair	Number of U.S. producers' responses[1]				Number of U.S. importers' responses[2]			
	A	F	S	N	A	F	S	N
United States vs.--								
China	-	4	3	5	4	7	7	5
Korea	-	4	4	5	4	8	6	7
China vs.--								
Korea	-	2	1	3	1	6	6	5

[1] Based on responses of 13 U.S. producers.
[2] Based on responses of 28 U.S. importers.

Note.--A = Always, F = Frequently, S = Sometimes, N = Never.

Note.--Responding firms did not necessarily report for every country pair.

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

For responses regarding the importance of differences in factors other than price affecting competition among U.S.-produced and imported finished diamond sawblades, 13 U.S. producers[140] and 28 U.S. importers[141] replied, but not necessarily for every country comparison (table II-6). Most U.S. producers indicated that differences in nonprice factors among the U.S.-produced and imported finished diamond sawblades from China and Korea were sometimes or never significant among sales of such products, whereas U.S. importers were fairly evenly divided with a slight majority indicating that nonprice factors were sometimes or never significant. U.S. producers also reported that nonprice factors involving finished diamond sawblades imported from Germany, Italy, Japan, Luxembourg, and Thailand generally were sometimes or never significant in competition with the products produced in the United States.[142] U.S. importers also reported that nonprice factors involving finished diamond sawblades imported from Greece, India, Italy, Israel, Japan, Russia, and Thailand were generally sometimes or never significant in competition with the products produced in the United States.[143]

U.S. producers, importers, and purchasers were requested to provide comments where comparisons of domestic and imported finished diamond sawblades were sometimes or never interchangeable,[144] and U.S. producers and importers were requested to provide comments where nonprice factors were always or frequently significant between the domestic and imported finished diamond sawblades.[145] Four of six U.S. producers, eight of 19 U.S. importers, and five of 10 U.S. purchasers provided useable comments regarding interchangeability and nonprice factors, but because some firms responded to more than one type of questionnaire, a total of 14 firms provided useable responses. All 14 firms provided comments for competition between the finished diamond sawblades produced domestically and imported from China, and nine firms provided comments for competition between the finished diamond sawblades produced domestically and imported from Korea.

Differences between U.S.-produced and imported Chinese finished diamond sawblades

The comments of the 14 firms are shown in the following tabulation.

Firm	Comment
	* * * * * * *

[140] U.S. producer questionnaire responses, section IV-B-23.

[141] U.S. importer questionnaire responses, section III-B-23.

[142] ***, however, indicated that nonprice factors involving U.S. imports of finished diamond sawblades from India and Taiwan were frequently significant in competition with the products produced in the United States.

[143] The only exceptions were reported by two U.S. importers. ***, indicated that nonprice factors involving U.S. imports of finished diamond sawblades from India were frequently significant in competition with the products produced in the United States. *** indicated that nonprice factors involving U.S. imports of finished diamond sawblades from Japan were frequently significant in competition with the products produced in the United States.

[144] U.S. producer, importer, and purchaser questionnaire responses, sections IV-B-22, III-B-22, and IV-2, respectively.

[145] U.S. producer and importer questionnaire responses, sections IV-B-23 and III-B-23, respectively.

Differences between U.S.-produced and imported Korean finished diamond sawblades

The comments of the nine firms are shown in the following tabulation.

Firm	Comment
	* * * * * * *

Diamond Sawblade Parts

Responses of the U.S. producers, importers, and purchasers regarding the degree of interchangeability between domestic and imported diamond sawblade cores and segments are summarized in table II-7 for comparisons involving the U.S.-produced and imported products. Generally, only single firm responses were made involving nonsubject countries, which will be summarized in the text but not shown in tables. The U.S. producer and importer responses regarding differences other than price affecting competition between U.S.-produced and imported diamond sawblade cores and segments, as well as the responses involving nonsubject countries, will be summarized in the text but not shown in tables, because of the few number of responses.

For responses regarding the degree of interchangeability among U.S.-produced and imported diamond sawblade cores, four U.S. producers,[146] one U.S. importer,[147] and one U.S. purchaser responded,[148] although not necessarily for every country comparison (table II-7). The majority of responses of U.S. producers and the single responding purchaser indicated that the U.S.-produced diamond sawblade cores and those imported from China and Korea were always interchangeable with each other.[149] U.S. producers also reported that diamond sawblade cores imported from India, Taiwan, and Thailand were always interchangeable with the products produced in the United States. U.S. importers reported that diamond sawblade cores imported from France, Germany, and Italy were always interchangeable with the products produced in the United States.

For responses regarding the degree of interchangeability among U.S.-produced and imported diamond sawblade segments, four U.S. producers,[150] one U.S. importer,[151] and one U.S. purchaser responded,[152] but not necessarily for every country comparison (table II-7). The majority of responses of U.S. producers and the single responding purchaser indicated that the U.S.-produced diamond sawblade segments and those imported from Korea were always interchangeable with each other.[153] U.S. producers also reported that diamond sawblade segments imported from India, Taiwan, and Thailand were always interchangeable with the products produced in the United States. U.S. importers also reported that diamond sawblade segments imported from Thailand were always interchangeable with the products produced in the United States.

[146] U.S. producer questionnaire responses, section IV-B-22.

[147] U.S. importer questionnaire responses, section III-B-22.

[148] U.S. purchaser questionnaire responses, section IV-2.

[149] The single responding U.S. importer, ***, reported that diamond sawblade cores produced domestically and imported from China and Korea were sometimes interchangeable.

[150] U.S. producer questionnaire responses, section IV-B-22.

[151] U.S. importer questionnaire responses, section III-B-22.

[152] U.S. purchaser questionnaire responses, section IV-2.

[153] The single responding U.S. importer, ***, reported that diamond sawblade segments produced domestically and imported from Korea were sometimes interchangeable.

Table II-7
Diamond sawblade parts: Perceived degree of interchangeability of products produced in the United States and imported from China and Korea and sold in the U.S. market

Country pair	Number of U.S. producers' responses[1]				Number of U.S. importers' responses[2]				Number of U.S. purchasers' responses[3]			
	A	F	S	N	A	F	S	N	A	F	S	N
Cores:												
United States vs.--												
China	3	-	1	-	-	-	1	-	1	-	-	-
Korea	3	-	1	-	-	-	1	-	1	-	-	-
China vs.--												
Korea	2	-	1	-	-	-	1	-	1	-	-	-
Segments:												
United States vs.--												
Korea	3	-	1	-	-	-	-	1	1	-	-	-

[1] Based on responses of four U.S. producers for diamond sawblade cores and segments.
[2] Based on responses of one U.S. importer for diamond sawblade cores and segments.
[3] Based on responses of one U.S. purchaser for diamond sawblade cores and segments..

Note.--A = Always, F = Frequently, S = Sometimes, N = Never.

Note.--Responding firms did not necessarily report for every country pair.

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

For responses regarding the importance of differences in factors other than price affecting competition among U.S.-produced and imported diamond sawblade cores and among U.S.-produced and imported diamond sawblade segments, two U.S. producers[154] and one U.S. importer[155] responded, but not necessarily for every country. For diamond sawblade cores, one of the two responding U.S. producers reported that nonprice factors were frequently significant for the products produced domestically and imported from China and Korea, while the single remaining responding U.S. producer reported that nonprice factors were never significant. The single responding U.S. importer reported that nonprice factors were sometimes important for diamond sawblade cores produced domestically and imported from China and Korea.[156] For diamond sawblade segments, one of the two responding U.S. producers reported that nonprice factors were frequently significant for the products produced domestically and imported

[154] U.S. producer questionnaire responses, section IV-B-22.

[155] U.S. importer questionnaire responses, section III-B-22.

[156] For diamond sawblade cores, the single responding U.S. producer, ***, reported that nonprice factors were frequently significant between the products produced domestically and those imported from India and Taiwan, while the single responding U.S. importer, ***, reported that nonprice factors were never significant between the products produced domestically and those imported from France, Germany, and Italy.

from Korea, while the single remaining responding U.S. producer and the single responding U.S. importer reported that nonprice factors were never significant.[157]

Finished Diamond Sawblades and Diamond Sawblade Parts

U.S. purchasers were also requested to make country-of-origin comparisons among the U.S.-produced and imported finished diamond sawblades and parts in terms of the 15 specified purchase factors discussed earlier and indicate for each factor whether product from one country was superior, comparable, or inferior to product from another country.[158] The purchaser responses are shown in table II-8 for comparisons among the U.S.-produced and imported finished diamond sawblades, whereas the comparisons between the U.S.-produced and imported diamond sawblade parts are discussed in the text but not shown in a table due to the few number of responses.

For purchaser responses regarding comparisons of purchase factors for the U.S.-produced and imported finished diamond sawblades, a total of 22 U.S. purchasers responded for comparisons between the domestic and imported Chinese products, a total of 19 U.S. purchasers responded for comparisons between the domestic and imported Korean products, and a total of 12 purchasers responded for comparisons between the imported Chinese and Korean products, but not necessarily for every country comparison or every purchase factor (table II-8). The responding purchasers asserted that the U.S.-produced and imported finished diamond sawblades were generally comparable with each other. One notable exception with comparisons between the domestic and imported Chinese finished diamond sawblades involved the purchase factor, price, where the U.S.-produced products were generally considered inferior (i.e., higher priced). In addition, there was one exception with comparisons between the imported Chinese and Korean finished diamond sawblades involving the purchase factor, price, where the imported Chinese products were generally considered superior (i.e., lower priced).

For purchaser responses regarding comparisons of purchase factors for the U.S.-produced and imported diamond sawblade parts, a single U.S. purchaser responded for comparisons between the domestic and imported Chinese and Korean diamond sawblade cores, and a single U.S. purchaser responded for comparisons between the domestic and imported Korean diamond sawblade segments.[159] The responding purchaser asserted that U.S.-produced diamond sawblade cores were generally superior or comparable with those imported from China and Korea. One notable exception involved the purchase factor, price, where the U.S.-produced products were generally considered inferior (i.e., higher priced) to those imported from China and Korea. For diamond sawblade segments, the single responding purchaser asserted that U.S.-produced products were generally inferior to those imported from Korea. Exceptions involved the purchase factors, minimum quantity requirements, packaging, product consistency, product quality equals the standard, and product quality exceeds the standard, where the U.S.-produced diamond sawblade segments were generally considered comparable to those imported from Korea.

[157] For diamond sawblade segments, the single responding U.S. producer, ***, reported that nonprice factors were frequently significant between the products produced domestically and those imported from India and Taiwan, while the single responding U.S. importer, ***, reported that nonprice factors were never significant between the products produced domestically and those imported from Thailand.

[158] U.S. purchaser questionnaire responses, section IV-6.

[159] No comparisons were reported between the imported Chinese and Korean diamond sawblade cores. There were no reported imports of diamond sawblade segments from China.

Table II-8
Finished diamond sawblades: Comparisons of purchase factors for U.S.-produced and imported finished diamond sawblades

Purchase factors	Number of purchasers' responses comparing the United States with--						Number of purchasers' responses comparing China with--		
	China[1]			Korea[2]			Korea[3]		
	S	C	I	S	C	I	S	C	I
Availability	8	11	3	6	8	4	-	10	2
Delivery terms	6	15	1	6	11	2	-	11	1
Delivery time	10	10	2	8	9	2	-	11	1
Discounts offered	1	9	10	1	11	6	3	9	-
Extension of credit	4	15	3	3	13	3	1	11	-
Price	-	3	19	2	2	15	9	2	1
Minimum quantity requirements	4	13	2	4	12	1	1	10	1
Packaging	9	12	1	6	11	2	1	8	3
Product consistency	7	13	2	3	11	4	1	7	4
Product quality equals standard	4	14	1	3	13	2	-	11	1
Product quality exceeds standard	6	12	1	4	12	2	1	7	4
Product range	7	11	4	2	10	7	1	9	2
Reliable supply	7	13	2	3	8	8	-	10	2
Technical support	11	10	1	7	10	2	1	9	2
U.S. transportation costs	5	12	3	5	10	3	1	10	1

[1] Based on responses of 22 purchasers.
[2] Based on responses of 19 purchasers.
[3] Based on responses of 12 purchasers.

Note.--S=superior, C=comparable, and I=inferior.

Note.--Responding purchasers did not necessarily report for every country pair or every purchase factor.

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

ELASTICITY ESTIMATES[160]

U.S. Supply Elasticity

The domestic supply elasticity for finished diamond sawblades and parts measures the sensitivity of the quantity supplied by the U.S. producers to a change in the U.S. market price of these products. The elasticity of domestic supply depends on several factors including the U.S. producers' level of excess capacity, the ease with which the U.S. producers can alter their productive capacity, the existence of inventories, and the availability of alternate markets for U.S.-produced finished diamond sawblades and parts.[161] Analysis of these factors indicates that, overall, the U.S. producers had flexibility in the short run to alter their supply of finished diamond sawblades and parts to the U.S. market in response to relative changes in the demand for their products. The domestic elasticity of supply for finished diamond sawblades is estimated to be in the range of 5-10. The domestic elasticity of supply for diamond sawblade cores is estimated to be in the range of 2-6, and the domestic supply elasticity of supply for diamond sawblade segments is estimated to be in the range of 5-10. Staff adjusted upwards the upper end of its supply elasticity for diamond sawblade cores based on further discussion of capacity expansion discussed at the hearing and in petitioners' posthearing brief. The higher end of the ranges for supply elasticity for finished diamond sawblades, cores, and segments, however, depends critically on the required increase in prices necessary for capacity expansion; the higher the price increase required the lower the supply elasticity.

U.S. Demand Elasticity

The U.S. price elasticity of demand for finished diamond sawblades and parts measures the sensitivity of the overall quantity demanded for these products to changes in the U.S. market price of these products. The price elasticity of demand depends on the substitutability of other products for the finished diamond sawblades and parts and, because finished diamond sawblades are a durable product, their replacement can be postponed for the larger finished diamond sawblades by repairing/refurbishing the current finished diamond sawblades. Based on available information, the demand elasticity for finished diamond sawblades is estimated to be in the range of -0.5 to -1.5,[162] while the demand elasticity for diamond sawblade cores and segments is estimated to be in the range of -0.1 to -0.3.[163]

The petitioners assert that there is little or no substitution between any of the suggested alternative products and diamond sawblades and suggest a demand elasticity that ranges from -0.2 to

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[160] The suggested ranges for the various elasticities were presented below in the prehearing report for purposes of discussion in the prehearing briefs, hearing testimony, and/or posthearing briefs; the petitioners provided comments on the demand elasticity and petitioners and respondents provided discussions of the elasticity of substitution. The elasticity responses in this section refer to changes that could occur within 12 months, unless otherwise indicated.

[161] Domestic supply response is generally assumed to be symmetrical for both an increase and a decrease in demand for the domestic product. Exceptions to this assumption occur when the supply response is restricted when demand increases (e.g., the domestic firm(s) operate near or at full capacity and any likely expansion in capacity would take more than 12 months to complete), or, more rarely, when demand decreases (e.g., the domestic firm(s) must operate at or near full capacity due to very high fixed costs).

[162] The price elasticity of demand for finished diamond sawblades may be more inelastic for professional construction uses than for do-it-yourself (DIY) projects, because there are fewer substitutes for the professional market than for the DIY market.

[163] Although there do not appear to be any substitutes for diamond sawblade cores and segments in the production of finished diamond sawblades, the substantial share of the total cost to produce finished diamond sawblades accounted for by the cores and segments suggests that the existence of some substitutes for finished diamond sawblades would also affect demand for the cores and segments.

-0.5.[164] The staff also considered, however, that hearing testimony indicated that diamond sawblades displaced abrasive blades, particularly in the DIY market, due to reduced relative prices of the diamond sawblades, such that competition with abrasive blades may limit price increases for diamond sawblades before endusers, particularly DIY endusers, would shift back to the abrasive blades.

Substitution Elasticity[165]

The elasticity of substitution largely depends upon the degree to which there is an overlap of competition between U.S.-produced and imported finished diamond sawblades and parts, and the extent of product differentiation. Product differentiation, in turn, depends on such factors as physical characteristics (e.g., grades and quality) and conditions of sale (e.g., delivery lead times, reliability of supply, technical support/service, etc.). Based on available information discussed earlier, the elasticity of substitution between domestic finished diamond sawblades and those imported from China and Korea is estimated to be in the range of 1-5. The elasticity of substitution between domestic diamond sawblade cores and those imported from China and Korea is estimated to be in the range of 1-5, as is the elasticity of substitution between domestic diamond sawblade segments and those imported from Korea.

Petitioners indicated that elasticity of substitution between the domestic and subject imported diamond sawblades was at the high end of the range suggested by staff.[166]

Korean respondents agreed with the staff's elasticity range and indicated that diamond sawblades are highly differentiated products, with thousands of product variations.[167] But the broad range allows the choice of a low or high substitution elasticity, depending how much weight is given to the diverse information, some of which suggests minimal and others which suggest greater competition between the domestic and subject imported products. The broad range itself does not suggest, as indicated by the respondents, limited substitutability.[168]

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[164] Petitioners' posthearing brief, exhibit 1, pp. 50-51.

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

[166] Hearing transcript, p. 120, (Kaplan), and petitioners' posthearing brief, exhibit 1, p. 51.

[167] Korean respondent Ehwa/Shinhan/Hyosung's posthearing brief, p. A-52.

[168] Ibid.

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

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

U.S. PRODUCERS

The Commission sent producer questionnaires to 21 firms.[1] Eighteen firms provided responses to the Commission's producer questionnaire[2] and are believed to have accounted for approximately 90 percent of U.S. production of finished diamond sawblades and parts in 2004.[3] [4]

Presented in table III-1 is a list of the domestic firms that produce finished diamond sawblades and diamond sawblade parts that responded to the Commission's producer questionnaire. Also presented is information concerning each company's position on the petition, production location(s), and its share of reported 2005 domestic production of diamond sawblades and parts. Commercial sales in the domestic diamond sawblade industry are concentrated in finished diamond sawblades. Domestic commercial shipments of finished diamond sawblades represented 91.6 percent of the value of all diamond sawblade product shipments. Domestic commercial shipments of cores represented *** percent of the value of all diamond sawblade product shipments. Three U.S. firms, Hyde, Saw Core, and Western, produce cores.[5] Core producers sell cores to diamond sawblade producers, which in turn produces finished diamond sawblades. Most U.S. producers of finished diamond sawblades produce segments for internal use, therefore there is not a major merchant market for segments, as illustrated in table III-11. Domestic commercial shipments of segments were reported from *** and represent *** percent of all diamond sawblade shipments.

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[1] Blackhawk, a U.S. producer, was closed in January 2006. E-mail from ***.

[2] Responding U.S. producers and additional information are presented in table III-1. Data for two firms, Blackhawk and ***, are based on questionnaire responses from the preliminary phase of these investigations. Blackhawk ceased operations and *** did not provide a questionnaire for this phase of the investigations. *** supplied the Commission with a response, but no usable data.

[3] Petition, exh. 1.

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

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

[5] Precision Disc, a core producer, closed on December 30, 2003. E-mail ***. Korean respondents' posthearing brief (p. 3) states that Saw Core opened up near Precision Disc's facility, with the same general manager, plant manager, and many of the employees. *** from Saw Core stated that the firm is owned by ***. Saw Core opened in ***, produces ***. Staff requested estimates of Saw Core's diamond sawblades production and capacity, but did not receive a response. Staff phone interview ***.

Table III-1
Diamond sawblades and parts: U.S. producers, positions on the petition, U.S. production locations, related companies, products produced, and shares of reported quantity of 2005 production

Firm	Position	Production location(s)	Related domestic company(ies)	Shares of reported 2005 production *(percent)*		
				Finished	Cores	Segments
Barranca	***	CA	MK Diamond, CA ***	***	***	***
Blackhawk	Petitioner	CA	([1])	***	***	***
Concut	Support	WA	([1])	***	***	***
Diamond B	Petitioner	CA	([1])	***	***	***
Diamond Products	Petitioner	OH	***	***	***	***
Dixie	Petitioner	GA	([1])	***	***	***
General Tool	Oppose	CA	([1])	***	***	***
GranQuartz[3]	***	GA	***	***	***	***
Hoffman	Petitioner	PA	([1])	***	***	***
Hoosier Diamond[4]	***	TX	***	***	***	***
Husqvarna	***	SC, CA, KA	([1])	***	***	***
Hyde	Petitioner	MA	Hyde Manufacturing, MA ***	***	***	***
K2	Support for China, Take no position for Korea	CA	([1])	***	***	***
N-E-D	Support	MA	([1])	***	***	***
Saint-Gobain	Oppose	CA	([1])	***	***	***
Sanders	Petitioner	PA	***	***	***	***
Saw Core	***	TN	***	***	***	***
SH	***	CA	([1])	***	***	***
Terra	Petitioner	UT	([1])	***	***	***
Texas	***	TX	([1])	***	***	***
Western	Petitioner	CA	([1])	***	***	***
Total				100.0	100.0	100.0

[1] Not applicable.
[2] ***.
[3] ***.
[4] ***.
[5] ***.
[5] Confirmed production but did not provide the Commission with a meaningful response.

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

Table III-2 presents U.S. producers of diamond sawblades and their relationships with foreign diamond sawblade producers and diamond sawblade importers. Two U.S. firms are related to Korean firms. ***. ***.

Table III-2
Diamond sawblades and parts: U.S. producers and related companies

Company	Direct importer	Related importer	Import source	Related foreign producer	Country
Barranca[1]	No	MK Diamond	***	([2])	([2])
Blackhawk	No	([2])	***	([2])	([2])
Concut	Yes	([2])	***	([2])	([2])
Diamond B	No	([2])	***	([2])	([2])
Diamond Products	Yes	([2])	***	Tyrolit, Austrian HQ with Thailand operations	Thailand
Dixie	No	([2])	***	([2])	([2])
General Tool	Yes	([2])	***	GT	Korea, China
GranQuartz	([2])	([2])	([2])	([2])	([2])
Hoffman	No	([2])	***	([2])	([2])
Hoosier Diamond	No	([2])	([2])	([2])	([2])
Husqvarna	Yes	([2])	***	Electrolux Construction Products (Xiamen) Co. Ltd.	China
Hyde	No	([2])	***	([2])	([2])
K2[3]	No	([2])	***	([2])	([2])
N-E-D	No	([2])	***	([2])	([2])
Saint-Gobain	Yes	([2])	***	Saint-Gobain, Luxembourg; SaintGobain, China	Luxembourg, China, UK
Sanders[4]	No	Diamond Back, Diamond Blade dealer division	***	([2])	([2])
Saw Core	([5])	([5])	([5])	([5])	([5])
SH	Yes	([2])	***	Shinhan Korea 100%	Korea
Terra	Yes	([2])	***	([2])	([2])
Texas	Yes	([2])	***	([2])	([2])
Western	No	([2])	***	([2])	([2])

[1] ***.
[2] Not applicable.
[3] ***.
[4] ***.
[5] Confirmed production but did not provide the Commission with a meaningful response.

Note.–Data for the diamond sawblade operations of Electrolux Construction (China), Saint-Gobain (China), and Shinhan (Korea) appear in Part VII. ***.

Source: Compiled from data submitted in response to Commission questionnaires and May 31, 2006, submission by petitioners

Both of these firms also imported finished diamond sawblades and parts and assembled imported diamond sawblade parts into finished diamond sawblades at their U.S. operations. As noted in Part I, ***.[6]

Husqvarna has a sister company in China (Electolux Construction) and is also engaged in importing diamond sawblade products into the United States from ***. It is also related to companies engaged in the production of diamond sawblade products in the following countries outside the scope of these investigations: Austria, Belgium, Canada, Germany, Spain, Sweden, and Turkey.[7]

In addition to the above U.S. producers that are related to foreign producers from LTFV sources and import from LTFV sources, several U.S. producers are related to importers. *** is a wholly owned subsidiary of *** which imports diamond sawblades from Korea[8]. *** is related to ***, an importer of diamond sawblades from its diamond blade dealer division.

Table III-3 presents U.S. producers' production of other products on equipment and machinery used in the production of diamond sawblades and parts, shares of diamond sawblades and parts production on the same equipment, production of other products using the same production and related workers employed to produce diamond sawblades and parts, and shares of diamond sawblades and parts production using the same workers.

Table III-3
Diamond sawblades and parts: U.S. producers, production of other products on equipment and machinery used in the production of diamond sawblades and parts, shares of diamond sawblades and parts production on the same equipment, production of other products using the same production and related workers employed to produce diamond sawblades, and shares of diamond sawblades and parts production using the same workers, 2005

Firm	Other products produced on the same equipment	Diamond sawblades and parts as a share of total production of all products using same equipment *(percent)*	Other products produced using the same production and related workers	Diamond sawblades and parts as a share of total production of all products using same workers (*percent*)
Barranca	none	***	none	***
Blackhawk	none	***	none	***
Concut	core bits	***	none	***
Diamond B	diamond core bits, grind discs	***	diamond core bits, repairs	***
Diamond Products	none	***	none	***
Dixie	none	***	none	***
General Tool	none	***	none	***
GranQuartz	([1])	([1])	([1])	([1])
Hoffman	core bits/other	***	core bits/other	***

Table continued on next page.

[6] ***.

[7] *** are an indirect subsidiary of ***. *** is slated to become a subsidiary of ***, which is planning ***. *** will then have shareholders, directors, officers, and management separate from ***.

[8] *** is related to ***, a sister company based in ***. *** is engaged in the production of diamond sawblades overseas. *** was created to provide products to *** at prices competitive with China and Korea. *** is in a joint ownership relationship for *** but it does not control the company. *** coordinates its efforts with *** with technical support and manufacturing expertise. *** acts as a vendor to ***.

Table III-3--*Continued*
Diamond sawblades and parts: U.S. producers, production of other products on equipment and machinery used in the production of diamond sawblades and parts, shares of diamond sawblades and parts production on the same equipment, production of other products using the same production and related workers employed to produce diamond sawblades, and shares of diamond sawblades and parts production using the same workers, 2005

Firm	Other products produced on the same equipment	Diamond sawblades and parts as a share of total production of all products using same equipment *(percent)*	Other products produced using the same production and related workers	Diamond sawblades and parts as a share of total production of all products using same workers (*percent*)
Hooser Diamond	none	***	none	***
Husqvarna	diamond core drills, grinding plates	***	diamond core drills, grinding plates	***
Hyde	industrial blades	***	industrial blades	***
K2	core bits	***	core bits	***
N-E-D	diamond bits	***	diamond bits	***
Saint-Gobain	none	***	none	***
Sanders	none	***	none	***
Saw Core	([1])	([1])	([1])	([1])
SH	none	***	none	***
Terra	core bits, grinders and shaping tools, core bit parts	***	core bits, grinders and shaping tools, core bit parts	***
Texas	core bits and grinding tools	***	core bits and grinding tools	***
Western	carbide plate	***	carbide plate	***

[1] Confirmed production but did not provide the Commission with a meaningful response.

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

Several producers reported changes to their operations relating to the production of diamond sawblades since 2003.[9] As noted earlier, Blackhawk ceased operations in January 2006. In addition, Precision Disc, a core producer, closed in December 2003, and Saw Core opened up nearby Precision's facilities in February 2004, allegedly with the same plant manager, sales manager, and many of the same employees from Precision Disc.[10]

The most common reported changes were purchases of equipment and an increased automation of operations. *** purchased a laser welder in *** which allowed the company to expand its product line. ***[11]. *** increased capacity from 2003 to 2004 and was making capital improvements in 2004, in spite of a surge in subject imports, due to prior plans and commitments. It stopped reinvesting in new capacity for U.S. operations due to low prices and declining profit margins that it attributed to subject imports. *** made equipment purchases during 2003-05 and plans to continue to do so. It reported that it needs the latest technology and most productive machinery to compete with Chinese and Korean manufacturers.

[9] *** reported no changes to the character of their operations or organization.

[10] Korean respondents' posthearing brief, p. 3.

[11] *** purchases of automated equipment reduced the cost of manufacturing. ***.

Several producers reported changes in employment. ***. *** reported that lower sales results in lower production, layoffs, and reduced hours. ***.

Several other changes in operations were reported, which were distinct by firm. *** was purchased by *** on ***. *** consolidated purchases of offshore diamond sawblades to maximize discounts. *** reported that it has experienced increased competition with the resale of its imported blades.[12]

Production constraints varied from producer to producer, with most noting limitations because of a lack of orders and production equipment constraints. Producers that reported decreased demand or pressure from subject imports include ***. Producers that reported production-equipment related constraints, ranging from an out-of-order soldering unit to machine capability include ***.

The Commission requested historical information from U.S. producers, prior to the period for which data were collected in these investigations, on production of diamond sawblades by type of attachment/blade. All but one producer reported no history of shipping diamond sawblades other than those that it currently produces. *** is the only producer that reported producing diamond sawblades other than the type reported for the period of these investigations. These were shipments of ***.

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

Data regarding U.S. capacity, production, and capacity utilization for finished diamond sawblades are presented in table III-4. U.S. production capacity for finished diamond sawblades increased from 2003 to 2005 by 5.9 percent yet production decreased by 1.6 percent. This resulted in a decline in capacity utilization, which decreased from 62.5 percent in 2003 to 58.7 percent in 2005. The increase in capacity can be attributed to an increase in automation. As discussed above in changes to operations, several producers reported increased investment in new and more automated equipment. These producers include ***, which collectively added *** units, equivalent to nearly *** percent of capacity in 2005.

Table III-4
Finished diamond sawblades: Reported U.S. production capacity, production, and capacity utilization, 2003-05

Item	Calendar year		
	2003	2004	2005
Capacity (*units*)	949,241	968,584	1,005,141
Production (*units*)	593,461	598,197	589,526
Capacity utilization (*percent*)	62.5	61.8	58.7
Source: Compiled from data submitted in response to Commission questionnaires.			

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

Data on domestic producers' shipments of finished diamond sawblades are presented in table III-5. The number of units of U.S. commercial finished diamond sawblade shipments varied from 2003 to 2005, with an increase in 2004 over 2003, but with 2005 representing the fewest number of units shipped. The unit value of units shipped in 2005 was higher than that in 2004, but less than in 2003. U.S.

[12] *** reported that ***, which sells directly to ***, also attempts to sell to *** clients, using shell companies such as ***.

commercial shipments account for the bulk of diamond sawblade shipments by U.S. producers, representing 95 percent of overall value in 2005. Internal consumption and transfers to related firms collectively accounted for 1.6 percent.[13] Exports accounted for 3.3 percent of the value of total diamond sawblade shipments in 2005.

Table III-5
Finished diamond sawblades: U.S. producers' shipments, by type, 2003-05

Item	Calendar year		
	2003	2004	2005
	Quantity (*units*)		
Commercial shipments	541,687	546,440	529,827
Internal consumption	***	***	***
Transfers to related firms	***	***	***
U.S. shipments	546,623	552,964	537,474
Export shipments	25,117	25,888	26,426
Total	571,740	578,852	563,900
	Value (*1,000 dollars*)		
Commercial shipments	113,091	109,926	109,673
Internal consumption	***	***	***
Transfers to related firms	***	***	***
U.S. shipments	114,373	111,733	111,505
Export shipments	4,374	4,042	3,860
Total	118,747	115,775	115,365
	Unit value (*per unit*)		
Commercial shipments	$208.78	$201.17	$207.00
Internal consumption	***	***	***
Transfers to related firms	***	***	***
U.S. shipments	209.24	202.06	207.46
Export shipments	174.16	156.13	146.07
Total	207.69	200.01	204.58

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

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

[13] *** sells diamond sawblades to a related firm, its parent company ***, at ***. *** transfers a small amount to *** at manufactured cost plus 15 percent handling cost. *** transfers to its *** at standard costs. *** segments and blades are exported to other sister companies, based on an intercompany formula. *** bears the responsibility for market pricing, selling, and distribution costs. *** makes transfers to ***, at non-market cost. All marketing rights reside with ***. *** is solely supplied by ***. *** is a wholly owned subsidiary of ***, and sources products from *** at market price. All marketing rights reside with *** once the transfer is made. *** is also wholly owned by ***, which sources products from *** at market price. All marketing rights reside with *** once the transfer is made. *** sources all diamond tools from *** but also sources unrelated products through other vendors.

Table III-6 presents data on U.S. producers' U.S. shipments of blades by size and joining method. U.S. producers predominantly ship larger (greater than 12 inches) laser-welded blades, accounting for 84.8 percent of the total value of U.S. shipments.

Table III-6
Finished diamond sawblades: U.S. producers' commercial U.S. shipments, by type of attachment and size of blade, 2005

Type of attachment/blade	≤7.0"	>7.0" but ≤10.0"	>10.0" but ≤12.0"	>12.0" but ≤14.0"	>14.0" but ≤20.0"	>20.0"	Total
Value of total shipments (*in $1,000*)							
Laser-welding segmented	3,452	1,618	9,289	34,124	20,728	23,160	92,371
Soldered/braising segmented	94.0	106.0	404.0	2,810.0	3,501.0	9,223.0	16,138.0
Sintered segmented	***	***	***	***	***	***	***
Sintered continuous	***	***	***	***	***	***	***
Total	3,707	2,203	9,711	36,939	24,243	32,397	109,202
Value of total shipments (*in percent*)							
Laser-welding segmented	3.2	1.5	8.5	31.2	19.0	21.2	84.6
Soldered/braising segmented	0.1	0.1	0.4	2.6	3.2	8.4	14.8
Sintered segmented	***	***	***	***	***	***	***
Sintered continuous	***	***	***	***	***	***	***
Total	3.4	2.0	8.9	33.8	22.2	29.7	100.0

Note.--Data do not include U.S. commercial shipments by U.S. producers Blackhawk and ***.

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

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

Table III-7 presents U.S. producers' direct imports and purchases of diamond sawblades (data on U.S. producers' value of direct imports and purchases of diamond sawblades are presented in appendix F). Fifteen U.S. producers reported that they imported or purchased imports of finished diamond sawblades. Price and product range were the primary reasons reported by these companies for their decisions to import diamond sawblades directly and/or purchase imported diamond sawblades. *** purchases imports since it can not produce blades at a cost that will allow it to compete with imported products. *** reported that imports have been sold in the United States at a price with which it can not compete. *** buys imported finished diamond sawblades for less than it can buy the raw materials to manufacture them. *** imports because it cannot manufacture and sell at a profitable level blades that compete with imports. To remain competitive, *** purchases imports for its customers. *** produces blades in the United States *** and imports to round out its product range. *** reported that sintered products are not manufactured in the United States. ***. ***. *** reported imports of diamond sawblades because ***. ***. *** imports low-priced blades from *** to round out its product line and reported that it can not produce low-quality blades at a profitable manufacturing cost.

Table III-7
Finished diamond sawblades: U.S. producers' imports and purchases, 2003-05

* * * * * * *

U.S. PRODUCERS' INVENTORIES OF DIAMOND SAWBLADES

Data on end-of-period inventories of finished diamond sawblades are presented in table III-8. From 2003 to 2005, inventory levels of finished diamond sawblades increased by 18.0 percent. Ratios of inventories to production, U.S. shipments, and total shipments were all at their lowest levels in 2005.

Table III-8
Finished diamond sawblades: U.S. producers' end-of-period inventories, 2003-05

Item	Calendar year		
	2003	2004	2005
Inventories (*units*)	139,573	146,389	164,632
Ratio to production (*percent*)	23.5	24.5	27.9
Ratio to U.S. shipments (*percent*)	25.5	26.5	30.6
Ratio to total shipments (*percent*)	24.4	25.3	29.2
Source: Compiled from data submitted in response to Commission questionnaires.			

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

Data provided by U.S. producers on the number of production and related workers ("PRWs") engaged in the production of finished diamond sawblades, the total hours worked by such workers, and wages paid to such PRWs during the period for which data were collected in these investigations are presented in table III-9.[14] Wages paid and unit labor costs declined from 2003 to 2005. The decline in unit labor costs is also shown in an increase in productivity, rising by 11.3 percent from 2003 to 2005. ***. *** was the only producer to report layoffs. Nonetheless, overall employment decreased during the period for which data were collected.

[14] For 2005, ***.

Table III-9
Finished diamond sawblades: Average number of production and related workers producing diamond sawblades, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 2003-05

Item	Calendar year		
	2003	2004	2005
PRWs (*number*)	482	477	480
Hours worked (*1,000*)	980	954	926
Wages paid (*$1,000*)	14,607	14,505	15,112
Hourly wages	$14.90	$15.20	$16.32
Productivity (*units per hour*)	552.5	574.4	595.7
Unit labor costs (*per unit*)	$26.98	$26.46	$27.40
Source: Compiled from data submitted in response to Commission questionnaires.			

The Commission requested information on the level of skill and expertise needed to produce diamond sawblades at the various stages of production. Producers reported the need for semi-skilled to highly skilled workers to produce segments, transform diamond sawblade parts into blades by the attachment of segments to blades, and operate equipment.[15] Several producers reported the need for a trained workforce and experience, ranging from several months of training[16] to having a workforce of ***.[17]

*** offered detailed responses explaining the various skill sets needed to produce diamond sawblades. ***. It requires industry specific product and manufacturing knowledge, field experience, metallurgical and geological knowledge, production equipment knowledge, end-use knowledge, skilled and semi-skilled factory PRWs. *** concentrates most of its skilled labor in the manufacturing of segments since this fabrication is the most value-added part of the process for producing finished diamond sawblades. It requires metallurgical engineers, process engineers, and lab technicians. Blending powders is a delicate process that needs to be performed by staff that is tenured, trusted, and skilled.

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

Data on U.S. producers' capacity, production, and capacity utilization for diamond sawblade parts (cores and segments) are presented in table III-10. Core capacity increased from 2003 to 2005 by *** units, or *** percent.[18] Core production, however, declined by *** percent during this same period. Capacity utilization decreased by *** percentage points from *** percent in 2003 to *** percent in 2005. The increase in capacity is primarily because of ***. ***.

Most U.S. producers of finished diamond sawblades produce segments for internal use. Segment production and capacity are presented for commercial sales and total production. According to ***, segment production capacity is a useful measurement for overall finished diamond sawblade capacity.[19]

[15] These producers include ***.

[16] These producers include ***.

[17] ***.

[18] As noted under "U.S. Producers", Precision Disc produced cores during the period for which data were collected, but closed in December 2003. Neither Precision Disc nor Saw Core's data are included in core producers' data.

[19] Staff field trip report, ***, March 30, 2006.

Overall segment production capacity increased by 2.0 percent from 2003 to 2005. Segment production increased by 6.2 percent, leading to a rise in capacity utilization from 55.9 percent to 58.2 percent.

Table III-10
Diamond sawblade parts: Reported U.S. production capacity, production, and capacity utilization, 2003-05

Item	Calendar year		
	2003	2004	2005
Cores			
Capacity (*units*)	***	***	***
Production (*units*)	***	***	***
Capacity utilization (*percent*)	***	***	***
Segments (*for commercial sales*)			
Capacity (*units*)	***	***	***
Production (*units*)	***	***	***
Capacity utilization (*percent*)	***	***	***
Segments (*total capacity and production*)			
Capacity (*units*)	24,163,081	24,153,529	24,650,150
Production (*units*)	13,517,525	13,618,486	14,335,772
Capacity utilization (*percent*)	55.9	56.4	58.2
Source: Compiled from data submitted in response to Commission questionnaires.			

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

Data on domestic producers' shipments of diamond sawblade parts are presented in table III-11. U.S. commercial shipments account for the bulk of core shipments. In 2005, measured by value, for cores, U.S. commercial shipments accounted for *** percent of total core shipments. The Commission collected data on commercial shipments of segments, but not internal consumption (already included in data for finished diamond sawblades). Segment data represent segments produced for the merchant market and not those used internally for finished diamond sawblades. The segment merchant market accounted for *** percent of the value of all U.S.-produced diamond sawblade product shipments in 2005.

Table III-11
Diamond sawblade parts: U.S. producers' shipments, by type, 2003-05

* * * * * * *

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

Table III-12 presents U.S. producers' direct imports and purchases of diamond sawblade cores. Seven U.S. producers reported that they imported or purchased imports of diamond sawblade cores. Price was the primary reason reported by these companies for their decisions to import diamond sawblade cores directly and/or purchase imported diamond sawblade cores.[20] Because of the substantial volume of U.S.-produced segments that are internally consumed, and thus have no reliable commercial sales value, this table is based on quantity measures, including total U.S. production of segments. U.S. producers' imports

[20] ***.

and purchases of parts and finished diamond sawblades combined, relative to U.S. shipments are presented are presented in appendix F. The combined data in appendix F, unlike the part-specific data below, are based on commercial shipment values to minimize double-counting.

Table III-12
Diamond sawblade cores: U.S. producers' imports and purchases, 2003-05

* * * * * * *

Table III-13 presents U.S. producers' direct imports and purchases of diamond sawblade segments, relative to U.S. producers' total segment production. Six U.S. producers reported that they imported or purchased imports of diamond sawblade segments.

Table III-13
Diamond sawblade segments: U.S. producers' imports and purchases, 2003-05

* * * * * * *

U.S. PRODUCERS' INVENTORIES OF PARTS

There were no reported inventories of diamond sawblade cores. Data on end-of-period inventories of diamond sawblade segments for commercial sales are presented in table III-14. Segment inventory is predominantly held by ***. Reported inventory levels were stable between 2003 and 2004 before decreasing by more than *** units in 2005. Segment inventories are relatively limited because segments themselves are generally considered parts of finished diamond sawblades or work in progress rather than re-sale items. As noted earlier in Part III, these data represent segments not used internally for finished diamond sawblades.

Table III-14
Diamond sawblade parts: U.S. producers' end-of-period inventories, 2003-05

* * * * * * *

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

Table III-15 presents U.S. producers' employment-related data for parts production. ***. ***. Core PRWs decreased by *** employees from *** in 2003 to *** in 2005. Hours worked declined from *** in 2003 to *** in 2004, and remained at that level in 2005. However, wages paid increased by *** percent from 2003 to 2005. In turn, unit labor costs increased by *** percent from 2003 to 2005, as productivity declined by *** percent during this period. As noted above, ***. ***.

Table III-15
Diamond sawblade parts: Average number of production and related workers producing diamond sawblade parts, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 2003-05

* * * * * * *

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

Data on domestic producers' shipments of diamond sawblades and parts (combined) are presented in table III-16. Because the quantities of finished diamond sawblades and diamond sawblade parts are measured in distinct units, the combined shipment data presented are based exclusively on the value of finished diamond sawblades and parts of diamond sawblades.

Table III-16
Diamond sawblades and parts: U.S. producers' shipments, by type, 2003-05

Item	Calendar year		
	2003	2004	2005
	Value (*1,000 dollars*)		
Commercial shipments	122,650	120,097	119,834
Internal consumption	37	26	23
Transfers to related firms	1,245	1,780	1,809
U.S. shipments	123,932	121,904	121,666
Export shipments	5,957	5,518	5,555
Total	129,889	127,422	127,220

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

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

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

U.S. IMPORTERS

The Commission sent importer questionnaires to 105 firms believed to be importers of diamond sawblades and/or diamond sawblade parts, as well as to all U.S. producers.[1] Usable questionnaire responses were received from 43 firms that are believed to account for a substantial majority of subject imports from China, Korea, and all other sources.[2] [3]

Twenty-five firms reported imports of finished diamond sawblades from China and 19 firms reported imports from Korea. Measured by value, the two largest importers of finished diamond sawblades from China are *** and ***; other top importers are *** and ***. The largest importer from Korea is ***; other top importers are ***. The largest importer from other sources is ***. Five U.S. importers reported imports of diamond sawblade cores from China, and two from Korea. The largest importer of diamond sawblade cores from China was *** and the largest from Korea was ***.[4] Two U.S. importers reported imports of diamond sawblade segments from Korea, ***, and three from other sources, ***.[5]

As discussed in Part III, nine U.S. producers directly imported or were related to firms that import subject merchandise. In addition, four U.S. producers are related to foreign producers of subject merchandise. Three of these firms (***) were excluded from the domestic industry by certain Commissioners during the preliminary phase of these investigations, because their primary interests lie in importation rather than production.[6]

*** imported finished diamond sawblades, cores (in 2003 only), and segments from ***, a related firm in Korea, and diamond sawblades and cores from ***, a related firm in China. *** imports of diamond sawblades from Korea represent *** percent of the value of all diamond sawblade imports from Korea in 2005, an increase in share from *** percent in 2003. There was also an increase in value of imported finished diamond sawblades during this period by *** percent. The company's imports of segments from Korea represent *** percent of imports from Korea in 2005, a decrease in share from *** percent in 2003. ***'s imports of segments from Korea decreased in value from *** in 2003 to *** in 2005. ***'s imports of finished diamond sawblades from China grew from *** in 2003 to *** in 2005, an increase in share of imports from China from *** percent to *** percent. In 2003, *** accounted for

[1] The Commission sent questionnaires to those firms identified in the petition, as well as firms identified by *** as possible importers.

[2] The Commission received responses from firms believed to account for 90 percent or more of the value of U.S. imports of merchandise from China and Korea in 2004, and as discussed in Part I, significant coverage from all other sources. The Commission also received 25 responses from firms indicating that they imported no diamond sawblades.

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

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

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

[6] Confidential views of the Commission, pp. 18-20. Chairman Koplan, and Commissioners Hillman and Lane excluded these producers. Vice Chairman Okun and Commissioners Miller and Pearson did not exclude these three producers but noted their intent to explore the issue further in the final phase of these investigations. Data excluding these companies from the domestic industry producing finished diamond sawblades appear in appendix C.

virtually all core imports from China (*** percent)[7]. *** of the value of core imports from China declined to *** percent, the value of its imports from China declined by *** percent and the quantity decreased by *** percent.

*** reported imports of finished diamond sawblades, cores, and segments from ***. ***'s imports of finished diamond sawblades increased in value from *** in 2003 to *** in 2005, and its share remained relatively steady throughout the period, representing ***. ***. Imports of cores from Korea grew from *** in 2003 to *** in 2005, but its share of Korean core imports decreased from *** percent to *** percent.

*** reported imports of finished diamond sawblades and cores from foreign related producer ***. *** increased its imports of finished diamond sawblades from China from *** in 2003 to *** in 2005. The company's share of the value of subject imports of finished diamond sawblades rose from *** percent in 2003 to *** percent in 2005. *** reported no imports of cores in 2003, but imported cores valued at *** in 2005, a *** share of all imports of cores from China.

U.S. IMPORTS OF DIAMOND SAWBLADES

U.S. imports of finished diamond sawblades are presented in table IV-1.[8] From 2003 to 2005, measured by value, imports of finished diamond sawblades from subject sources increased by 71.6 percent. Subject imports' share of total import value was 74.8 percent in 2003 and increased to 84.0 percent in 2005. Imports from China accounted for 56.9 percent of the increase in subject import value and imports from Korea accounted for the remaining 43.1 percent. Korea was the largest foreign supplier of diamond sawblades to the United States, and China was the second largest supplier, accounting for 51.1 percent and 32.9 percent (based on value), respectively, of total imports in 2005. Measured by quantity, from 2003 to 2005, imports from China increased by 164.1 percent and from Korea by 43.5 percent. The increase in actual value for imports from China was over $15.2 million and for Korea over $11.5 million. By quantity imports from China increased by nearly 2.2 million units from 2003 to 2005 while imports from Korea increased by slightly more than 770,000 units.

Imports of diamond sawblades from China as a share of value of all diamond sawblade imports increased from 2003 to 2005, representing 32.9 percent of the value of diamond sawblades in 2005 compared to 19.8 percent in 2003. Korean imports' share of value declined from 55.0 percent to 51.1 percent during the same period. Imports from all other sources declined from a share of 25.2 percent in 2003 to a share of 16.0 percent in 2005.

Finally, information concerning the ratio of subject imports to U.S. diamond sawblade production and total shipments is presented in table IV-1. The volume of imports exceeds that of U.S. production (measured by quantity) but not total shipments (measured by value).

---

[7] The value of core imports from China in 2005 was more than *** the value of core imports from China in 2003, with four additional firms (***) reporting substantial imports of cores in 2005 (***).

[8] Imports are compiled from data submitted in response to Commission questionnaires. Imports of diamond sawblades enter the United States under the HTS statistical reporting number 8202.39.0000, a basket category. In the preliminary phase of these investigations, after examining U.S. importer and foreign producer questionnaires for consistency and contacting additional major importers regarding their entries under this HTS statistical reporting number, staff concluded that the data from Commission questionnaires would be more reliable. Staff contacted ***. All three firms reported that they do not import subject product, even though they represented a large amount of imports under the HTS statistical reporting number 8202.39.0000.

Table IV-1
Finished diamond sawblades: U.S. imports, by sources, 2003-05

Source	Calendar year		
	2003	2004	2005
	Quantity (*units*)		
China	1,311,052	2,210,776	3,462,838
Korea	1,768,247	2,328,322	2,538,268
Subtotal	3,079,299	4,539,098	6,001,106
All other sources	1,165,822	1,523,479	1,045,163
Total	4,245,121	6,062,577	7,046,269
	Value (*1,000 dollars*)[1]		
China	9,886	16,138	25,123
Korea	27,509	33,236	39,045
Subtotal	37,395	49,374	64,168
All other sources	12,624	16,184	12,200
Total	50,020	65,558	76,368
	Unit value (*per unit*)[1]		
China	$7.54	$7.45	$6.70
Korea	15.56	14.27	15.38
Subtotal	12.14	10.88	10.69
All other sources	10.83	10.62	11.67
Total	11.78	10.81	10.84
	Share of quantity (*percent*)		
China	30.9	36.5	49.1
Korea	41.7	38.4	36.0
Subtotal	72.5	74.9	85.2
All other sources	27.5	25.1	14.8
Total	100.0	100.0	100.0
	Share of value (*percent*)		
China	19.8	24.6	32.9
Korea	55.0	50.7	51.1
Subtotal	74.8	75.3	84.0
All other sources	25.2	24.7	16.0
Total	100.0	100.0	100.0

Table continued on next page.

Table IV-1--*Continued*
Finished diamond sawblades: U.S. imports, by sources, 2003-05

Source	Calendar year		
	2003	2004	2005
	Ratio of imports to U.S. production quantity (*percent*)		
China	220.9	369.6	587.4
Korea	298.0	389.2	430.6
Subtotal	518.9	758.8	1,018.0
All other sources	196.4	254.7	177.3
Total	715.3	1,013.5	1,195.2
	Ratio of U.S. imports to total shipment value (*percent*)		
China	8.3	13.9	21.8
Korea	23.2	28.7	33.8
Subtotal	31.5	42.6	55.6
All other sources	10.6	14.0	10.6
All countries	42.1	56.6	66.2

[1] Landed, duty-paid.

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

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

APPARENT U.S. CONSUMPTION OF DIAMOND SAWBLADES

Data on apparent U.S. consumption of diamond sawblades are presented in table IV-2. Apparent U.S. consumption, by value, increased by 16.4 percent from 2003 to 2005.

U.S. MARKET SHARES OF DIAMOND SAWBLADES

Market shares for diamond sawblades are presented in table IV-3. Overall consumption, measured by quantity, increased by 51.3 percent from 2003 to 2005. The share of U.S. producers' shipments, by quantity, declined from 12.2 percent to 8.0 percent between 2003 and 2005. U.S. producers' market share, measured by value, also declined. In 2003, U.S. producers' shipments represented 61.9 percent of total value, while in 2005 such shipments accounted for 51.9 percent. Imports from China experienced the greatest growth measured in quantity (an increase in share of shipments from 23.7 percent in 2003 to 41.1 percent in 2005) and value (7.5 percent in 2003 and 14.3 percent in 2005). Korean market share, measured by quantity, declined from 37.5 percent to 34.0 percent, but by value increased from 20.3 percent to 25.7 percent.

Table IV-2
Finished diamond sawblades: U.S. producers' U.S. shipments, U.S. shipments of imports, by sources, and apparent U.S. consumption, 2003-05

Item	Calendar year		
	2003	2004	2005
	Quantity (*units*)		
U.S. producers' U.S. shipments	546,623	552,964	537,474
U.S. shipments of imports from--			
China	1,057,496	1,960,114	2,772,961
Korea	1,673,469	2,139,437	2,298,931
Subtotal	2,730,966	4,099,551	5,071,892
All other sources	1,186,710	1,412,611	1,144,473
All imports	3,917,676	5,512,162	6,216,365
Apparent U.S. consumption	4,464,298	6,065,126	6,753,839
	Value (*1,000 dollars*)		
U.S. producers' U.S. shipments	114,373	111,733	111,505
U.S. shipments of imports from--			
China	13,850	22,565	30,769
Korea	37,406	48,821	55,308
Subtotal	51,257	71,386	86,077
All other sources	19,090	22,473	17,356
All imports	70,346	93,859	103,433
Apparent U.S. consumption	184,719	205,592	214,939

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

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

Table IV-3
Finished diamond sawblades: Apparent U.S. consumption and market shares, 2003-05

Item	Calendar year		
	2003	2004	2005
	Quantity (*units*)		
Apparent U.S. consumption	4,464,298	6,065,126	6,753,839
	Value (*1,000 dollars*)		
Apparent U.S. consumption	184,719	205,592	214,939
	Share of quantity (*percent*)		
U.S. producers' U.S. shipments	12.2	9.1	8.0
U.S. shipments of imports from--			
China	23.7	32.3	41.1
Korea	37.5	35.3	34.0
Subtotal	61.2	67.6	75.1
All other sources	26.6	23.3	16.9
All imports	87.8	90.9	92.0
	Share of value (*percent*)		
U.S. producers' U.S. shipments	61.9	54.3	51.9
U.S. shipments of imports from--			
China	7.5	11.0	14.3
Korea	20.3	23.7	25.7
Subtotal	27.7	34.7	40.0
All other sources	10.3	10.9	8.1
All imports	38.1	45.7	48.1

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

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

Information on U.S. producers' and importers' commercial shipments of finished diamond sawblades, by size, is presented in table IV-4. Overall shares of value by size did not vary much from 2003 to 2005. Shipments of diamond sawblades that are greater than 12 inches but less than 14 inches had the largest shares of shipments in each year from 2003 to 2005, with no less of a share than 32.8 percent. The most pronounced shifts in shares of value was an increase in the greater than 12 inches but less than 14 inches range, from 33.0 percent in 2003 to 34.4 percent in 2005, and a decrease in the greater than 20 inch range, from 18.1 percent in 2003 to 16.7 percent in 2005.

Table IV-4
Finished diamond sawblades: U.S. producers' and importers' U.S. commercial shipments, by size and by source, 2003-05

Value of U.S. commercial shipments (in *$1,000*)							
2003							
Item	**≤7.0"**	**>7.0" but ≤10.0"**	**>10.0" but ≤12.0"**	**>12.0" but ≤14.0"**	**>14.0" but ≤20.0"**	**>20.0"**	**Total**
U.S. producers	4,268	2,735	11,560	38,160	20,121	29,970	106,814
China	5,293	1,883	1,446	4,337	695	195	13,848
Korea	11,143	6,037	3,774	10,239	4,007	1,272	36,471
Subtotal	16,435	7,920	5,220	14,576	4,702	1,467	50,319
All other sources	9,895	432	1,712	5,237	910	387	18,574
Total imports	26,330	8,352	6,932	19,813	5,612	1,854	68,893
Total	30,598	11,086	18,492	57,973	25,733	31,824	175,707
2004							
U.S. producers	4,123	2,595	11,047	36,295	21,206	29,779	105,045
China	8,385	3,025	1,989	7,617	1,105	306	22,427
Korea	14,312	7,671	4,754	14,224	5,038	1,468	47,466
Subtotal	22,697	10,697	6,742	21,841	6,143	1,774	69,893
All other sources	10,776	423	1,946	5,762	730	94	19,730
Total imports	33,472	11,119	8,688	27,602	6,873	1,868	89,623
Total	37,595	13,714	19,735	63,898	28,078	31,647	194,668
2005							
U.S. producers	3,987	2,457	9,643	36,407	22,350	31,399	106,243
China	11,347	3,708	2,369	10,996	1,790	537	30,748
Korea	14,083	8,060	5,884	18,484	5,927	1,820	54,258
Subtotal	25,430	11,768	8,253	29,480	7,717	2,358	85,006
All other sources	6,802	262	1,077	4,512	746	100	13,498
Total imports	32,232	12,031	9,330	33,991	8,463	2,458	98,504
Total U.S. shipments	36,219	14,487	18,973	70,399	30,813	33,857	204,748

Table continued on next page.

Table IV-4--*Continued*
Finished diamond sawblades: U.S. producers' and importers' U.S. commercial shipments, by size and by source, 2003-05

Share of the value of U.S. commercial shipments (in *percent*)							
2003							
Item	**≤7.0"**	**>7.0" but ≤10.0"**	**>10.0" but ≤12.0"**	**>12.0" but ≤14.0"**	**>14.0" but ≤20.0"**	**>20.0"**	**Total**
U.S. producers	2.4	1.6	6.6	21.7	11.5	17.1	60.8
China	3.0	1.1	0.8	2.5	0.4	0.1	7.9
Korea	6.3	3.4	2.1	5.8	2.3	0.7	20.8
Subtotal	9.4	4.5	3.0	8.3	2.7	0.8	28.6
All other sources	5.6	0.2	1.0	3.0	0.5	0.2	10.6
Total imports	15.0	4.8	3.9	11.3	3.2	1.1	39.2
Total	17.4	6.3	10.5	33.0	14.6	18.1	100.0
2004							
U.S. producers	2.1	1.3	5.7	18.6	10.9	15.3	54.0
China	4.3	1.6	1.0	3.9	0.6	0.2	11.5
Korea	7.4	3.9	2.4	7.3	2.6	0.8	24.4
Subtotal	11.7	5.5	3.5	11.2	3.2	0.9	35.9
All other sources	5.5	0.2	1.0	3.0	0.4	0.0	10.1
Total imports	17.2	5.7	4.5	14.2	3.5	1.0	46.0
Total	19.3	7.0	10.1	32.8	14.4	16.3	100.0
2005							
U.S. producers	2.0	1.2	4.8	18.0	11.0	15.5	52.4
China	5.2	1.6	1.1	5.1	0.9	0.3	14.2
Korea	6.9	4.0	2.9	9.1	2.9	0.9	26.8
Subtotal	12.2	5.5	4.0	14.2	3.8	1.2	40.9
All other sources	3.4	0.1	0.5	2.2	0.4	0.0	6.7
Total imports	15.5	5.7	4.6	16.5	4.2	1.2	47.6
Total	17.5	6.9	9.3	34.4	15.2	16.7	100.0

Note.--Data do not include U.S. commercial shipments by U.S. producers Blackhawk and ***, and U.S. producer/importer ***.

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

U.S. IMPORTS OF PARTS

U.S. imports of diamond sawblade parts are presented in table IV-5.[9] [10] Parts are imported from both China and Korea, however imports from Korea are both segments and cores whereas imports from China are cores alone.

Table IV-5
Diamond sawblade parts: U.S. imports, by sources, 2003-05

Source	Calendar year		
	2003	2004	2005
	Quantity (*units*)		
Cores			
China	***	***	***
Korea	***	***	***
Subtotal	***	***	***
All other sources	***	***	***
Total	144,120	193,280	208,623
Segments			
China	0	0	0
Korea	***	***	***
Subtotal	***	***	***
All other sources	***	***	***
Total	1,334,710	1,045,832	1,078,120
	Value (*1,000 dollars*)		
Cores			
China	***	***	***
Korea	***	***	***
Subtotal	***	***	***
All other sources	***	***	***
Total	1,527	1,715	2,282
Segments			
China	0	0	0
Korea	***	***	***
Subtotal	***	***	***
All other sources	***	***	***
Total	3,112	3,478	3,778

Table continued on next page.

[9] Imports of diamond sawblade parts are based on Commission questionnaires.

[10] Data for cores and segments are presented separately. Such data are consolidated with finished diamond sawblades in appendix C.

Table IV-5--*Continued*
Diamond sawblade parts: U.S. imports, by sources, 2003-05

Source	Calendar year		
	2003	2004	2005
	Unit value (*per unit*)		
Cores			
China	$***	$***	$***
Korea	***	***	***
Subtotal	***	***	***
All other sources	***	***	***
Average	10.60	8.87	10.94
Segments			
China	***	***	***
Korea	***	***	***
Subtotal	***	***	***
All other sources	***	***	***
Average	2.33	3.33	3.50
	Share of quantity (*percent*)		
Cores			
China	***	***	***
Korea	***	***	***
Subtotal	***	***	***
All other sources	***	***	***
Total	100.0	100.0	100.0
Segments			
China	***	***	***
Korea	***	***	***
Subtotal	***	***	***
All other sources	***	***	***
Total	100.0	100.0	100.0

Table continued on next page.

Table IV-5--*Continued*
Diamond sawblade parts: U.S. imports, by sources, 2003-05

Source	Calendar year		
	2003	2004	2005
	Share of value (*percent*)		
Cores			
China	***	***	***
Korea	***	***	***
Subtotal	***	***	***
All other sources	***	***	***
Total	100.0	100.0	100.0
Segments			
China	***	***	***
Korea	***	***	***
Subtotal	***	***	***
All other sources	***	***	***
Total	100.0	100.0	100.0
	Ratio of imports to U.S. production (*percent quantity*)		
Cores			
China	***	***	***
Korea	***	***	***
Subtotal	***	***	***
All other sources	***	***	***
Total	33.4	45.6	50.1
Segments			
China	***	***	***
Korea	***	***	***
Subtotal	***	***	***
All other sources	***	***	***
Total	464.4	401.9	314.9

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

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

APPARENT U.S. CONSUMPTION OF PARTS

Data on apparent U.S. consumption of diamond sawblade parts are presented in table IV-6. Apparent U.S. consumption of cores increased by *** percent by quantity and *** percent by value from 2003 to 2005. Apparent U.S. consumption of segments by quantity decreased by *** percent but increased by *** percent by value from 2003 to 2005.

Table IV-6
Diamond sawblade parts: U.S. producers' U.S. shipments, U.S. shipments of imports, by sources, and apparent U.S. consumption, 2003-05

* * * * * * *

U.S. MARKET SHARES OF PARTS

Market shares of diamond sawblade parts are presented in table IV-7. The quantity and value of U.S. producers' market share of cores decreased, though to a lesser extent by value. U.S. producers' market share, by quantity, of segments increased slightly from 2003 to 2004, but was at virtually the same level in 2005 (*** percent) as it was in 2003 (*** percent). By value, U.S. producers' share of the market declined from *** percent in 2003 to *** percent in 2005.

Table IV-7
Diamond sawblade parts: Apparent U.S. consumption and market shares, 2003-05

* * * * * * *

APPARENT U.S. CONSUMPTION OF DIAMOND SAWBLADES AND PARTS

Data on apparent consumption of diamond sawblades and parts (combined) are presented in table IV-8. Because the quantities of finished diamond sawblades and diamond sawblade parts are measured in distinct units, the apparent U.S. consumption presented is based exclusively on value data for finished diamond sawblades and parts of diamond sawblades. The value of U.S. consumption increased from 2003 to 2005.

Table IV-8
Diamond sawblades and parts: U.S. producers' U.S. shipments, U.S. shipments of imports, by sources, and apparent U.S. consumption, 2003-05

Item	Calendar year		
	2003	2004	2005
	Value (*1,000 dollars*)		
U.S. producers' U.S. shipments	123,932	121,904	121,666
U.S. shipments imports from--			
China	14,048	22,716	31,436
Korea	40,341	52,205	58,970
Subtotal	54,389	74,921	90,406
All other sources	20,852	24,276	19,127
All imports	75,240	99,197	109,534
Apparent consumption	199,173	221,100	231,200

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

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

U.S. MARKET SHARES OF DIAMOND SAWBLADES AND PARTS

Market shares for diamond sawblades and parts (combined) are presented in table IV-9. U.S. producers' market share measured by value decreased from 62.2 percent in 2003 to 52.6 percent in 2005. Subject imports from China rose during the same period, from 7.1 percent to 13.6 percent. Imports from Korea also increased, but at a lesser extent from 20.3 percent in 2003 to 25.5 percent in 2005.

Table IV-9
Diamond sawblades and parts: U.S. producers' U.S. shipments, U.S. shipments of imports, by sources, and apparent U.S. consumption, 2003-05

Item	Calendar year		
	2003	2004	2005
	Value (*1,000 dollars*)		
Apparent U.S. consumption	199,173	221,100	231,200
	Share of value (*percent*)		
U.S. producers' U.S. shipments	62.2	55.1	52.6
U.S. shipments of imports from--			
China	7.1	10.3	13.6
Korea	20.3	23.6	25.5
Subtotal	27.3	33.9	39.1
All other sources	10.5	11.0	8.3
All imports	37.8	44.9	47.4

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

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

CRITICAL CIRCUMSTANCES

In its final determinations regarding diamond sawblades and parts thereof from China and Korea, Commerce made affirmative critical circumstances determinations with respect to the subject merchandise produced and/or exported by two Chinese producers, Bosun and Hebei Jikai, in addition to the PRC-wide entity.[11] Critical circumstances were found to exist for imports from one Korean producer, Shinhan, along with those in the "All Others" category (Ehwa and Hyosung were excluded from the critical circumstances finding). If the Commission makes a final affirmative determination in this investigation, the Commission must further consider "whether the imports subject to the affirmative {Commerce critical circumstances} determination . . . are likely to undermine seriously the remedial effect of the antidumping duty order to be issued."[12]

---

[11] *Final Determination of Sales at Less Than Fair Value and Final Partial Affirmative Determination of Critical Circumstances: Diamond Sawblades and Parts Thereof from the People's Republic of China*, 71 FR 29303, May 22, 2006 and *Notice of Final Determination of Sales at Less Than Fair Value, and Final Determination of Critical Circumstances: Diamond Sawblades and Parts Thereof from the Republic of Korea*, 71 FR 29310, May 22, 2006.

[12] The statutory provision on critical circumstances instructs the Commission, should Commerce find critical circumstances under 19 U.S.C. § 1673d(a)(3), to include in its final determination "a finding as to whether the imports subject to the affirmative determination under subsection (a)(3) of this section are likely to undermine seriously the remedial effect of the antidumping duty order to be issued under section 1673e of this title." 19 U.S.C.
(continued...)

The statute provides that in making a finding with respect to critical circumstances, the Commission shall consider, among other factors it considers relevant:

> (I) the timing and the volume of the imports,
> (II) a rapid increase in inventories of the imports, and
> (III) any other circumstances indicating that the remedial effect of the antidumping order will be seriously undermined.[13]

Relevant data regarding the timing and volume of imports are presented below. Data concerning inventories appear below and in Part VII of this report. Other circumstances bearing on the remedial effect of any antidumping duty order - namely prices - are discussed in Part V of this report.

Petitioners filed the petition that led to the initiation of these investigations on May 3, 2005.[14] Accordingly, table IV-10 below provides import data for the period November 2004 through October 2005 for imports of diamond sawblades and diamond sawblade cores[15] from Bosun, Hebei Jikai, and the firms subject to the PRC-wide rate. Table IV-11 provides import data for the same period for imports of finished diamond sawblades, cores, and segments from Shinhan and the "All Other" firms subject to the Korean-wide rate.[16]

Table IV-10
Finished diamond sawblades and cores: Imports from covered sources from China, by month, November 2004-October 2005

* * * * * * *

For finished diamond sawblades, comparing the six-month period November 2004 - April 2005 with the six-month period May 2005 - October 2005, imports from sources subject to critical circumstances in China increased from *** units to *** units, or by *** percent. By value, comparing the six-month period November 2004 - April 2005 with the six-month period May 2005 - October 2005, covered imports increased from *** to ***, or by *** percent. End-of-period inventory quantity, more than doubled between November 2004 and October 2005.

For cores, covered imports from China were only imported during the six-month period May 2005 - October 2005, totaling *** units valued at ***.

---

[12] (...continued)
§ 1673d(b)(4)(A)(i).

[13] 19 U.S.C. § 1673d(b)(4)(A)(ii).

[14] 70 FR 24612 (May 10, 2005).

[15] No importer reported imports of diamond sawblade segments from China.

[16] In general, U.S. importers were unable to report inventories specific to covered sources on a monthly basis. The exception was *** which accounted for a substantial share of covered imports of diamond sawblades from China.

Table IV-11
Finished diamond sawblades and cores: Imports from covered sources from Korea, by month, November 2004-October 2005

* * * * * * *

For finished diamond sawblades, comparing the six-month period November 2004 - April 2005 with the six-month period May 2005 - October 2005, imports from sources subject to critical circumstances in Korea increased from *** units to *** units or by *** percent. By value, comparing the six-month period November 2004 - April 2005 with the six-month period May 2005 - October 2005, imports from sources subject to critical circumstances in Korea increased from *** to ***, or by *** percent. By quantity, comparing the six-month period November 2004 - April 2005 with the six-month period May 2005 - October 2005, imports of cores from sources subject to critical circumstances in Korea decreased from *** units to *** units, or by *** percent. By value, comparing the six-month period November 2004 - April 2005 with the six-month period May 2005 - October 2005, imports of cores from sources subject to critical circumstances in Korea decreased from *** to ***, or by *** percent. For segments, imports decreased from *** units during the first six-month period to *** units in the latter six-month period, or by ***. The value of segment imports increased from *** in the first six-month period to *** in the latter six-month period, or by ***.

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICING

Prices of finished diamond sawblades can fluctuate based on demand factors such as the general business cycle, residential construction, and nonresidential construction (particularly road construction and repair). On the supply side, prices of finished diamond sawblades can also differ by order size and product features, including, but not restricted to, the types and sizes of diamond sawblades and the grades of diamond sawblades. Prices of diamond sawblade cores can also differ by the same demand and supply factors. In addition, prices of diamond sawblade segments can differ based on the quantity and quality of diamonds and the composition of the metal powders used in the production of the segments.

Raw Material Costs

U.S. producers of finished diamond sawblades frequently produce the segments, but purchase the cores. The raw material inputs used to produce segments are the diamonds and various metal powders. In addition, steel is the primary raw material used to produce the diamond sawblade cores. Total raw material costs averaged 49.6 percent of U.S. producers' total reported costs of goods sold for finished diamond saw blades produced in the United States during January 2003-December 2005.

Ten U.S. producers of finished diamond sawblades and segments and two U.S. producers of diamond sawblade cores reported changes in their raw material costs and other factor costs in their production of the diamond sawblade parts during January 2003-December 2005.[1] Although U.S. producers of finished diamond sawblades reported decreases in the cost of diamonds, by 27.8 percent according to ***, they also reported that costs of silver, copper, tungsten, and cobalt metal powders, also used in the production of diamond sawblade segments, increased. In addition, two of the six U.S. producers of finished diamond sawblades commenting on their costs of diamond sawblade cores indicated that such costs have fallen,[2] whereas four U.S. producers reported that such costs have increased.[3] These differences in cost changes of diamond sawblade cores likely depend on the source of the diamond sawblade cores, as ***, reported that it increased its prices by *** percent in ***, the only increase during January 2003-December 2005, although its steel prices increased by *** percent and its energy costs increased by *** percent during this period.[4] ***, reported that its steel prices have increased as has its energy and transportation costs, but it has not been able to raise prices because, according to the firm, of dumped imports from China and Korea. U.S. producers of finished diamond sawblades and segments also indicated that their costs of energy, labor,[5] packaging-paint finishing on the sawblades, and transportation increased during January 2003-December 2005. Of the six U.S. producers of finished diamond sawblades that also commented on the impact of changes in their costs on their selling prices, five U.S. producers reported that their was no impact because pricing is driven by market competition, not

[1] U.S. producer questionnaire responses, sections IV-B-19 and IV-B-20.

[2] According to ***, the major core-cost reductions occurred prior to 2003, but in general core costs are still dropping.

[3] According to ***, the cost of diamond sawblade cores produced from Japanese mild steel has increased since 2003.

[4] *** reported that its price increase was ***.

[5] *** reported that its labor costs have risen by 10-15 percent since 2003.

costs,[6] whereas the single remaining U.S. producer, ***, reported that increased costs have affected its selling prices.

Tariff Rates and Transportation Costs to the U.S. Market

As noted in Part I of this report, the U.S. normal trade relations *ad valorem* import duty rate was zero for imports of diamond sawblades under HTS subheading 8202.39.00 during January 2003-December 2005. During January 2003-December 2005, transportation charges for imports of diamond sawblades from China and Korea to the U.S. ports of entry, as a share of U.S. official customs values, averaged 5.5 percent and 4.8 percent, respectively.

U.S. Inland Transportation Costs

Finished Diamond Sawblades

The 14 responding U.S. producers of finished diamond sawblades and the 20 responding U.S. importers of the finished diamond sawblades from China and Korea reported in their questionnaire responses that U.S.-inland freight costs averaged less than 4.0 percent of delivered selling prices to their U.S. customers. U.S. freight costs of the responding U.S. producers averaged 3.0 percent during January 2003-December 2005. The U.S. producers reported shipping 7.3 percent of their domestic sales of their U.S.-produced finished diamond sawblades to U.S. customers located within 100 miles of their U.S. plants/warehouse facilities, 53.8 percent between 101 and 1,000 miles, and 38.9 percent over 1,000 miles.[7] U.S. freight costs of the 12 responding U.S. importers of the Chinese finished diamond sawblades averaged 3.2 percent during January 2003-December 2005. The U.S. importers reported shipping 25.0 percent of their U.S. sales of their imported Chinese finished diamond sawblades to U.S. customers located within 100 miles from their U.S. shipping locations, 40.7 percent between 101 and 1,000 miles, and 34.3 percent over 1,000 miles.[8] U.S. freight costs of the 11 responding U.S. importers of the Korean finished diamond sawblades averaged 2.4 percent during January 2003-December 2005. The U.S. importers reported shipping 32.4 percent of their U.S. sales of their imported Korean finished diamond sawblades to U.S. customers located within 100 miles from their U.S. shipping locations, 37.5 percent between 101 and 1,000 miles, and 30.1 percent over 1,000 miles.[9]

The majority of the responding U.S. producers and importers reported selling the U.S.-produced and imported finished diamond sawblades nationally, whereas 4 of 11 responding U.S. producers, 5 of 19 responding U.S. importers of the Chinese finished diamond sawblades, and 5 of 19 responding importers of the Korean finished diamond sawblades reported selling their respective products to various regions in the United States.[10] The number of U.S. producers and importers reporting selling their U.S.- produced and imported finished diamond sawblades nationally or in specific U.S. regions, by country of origin, is shown in the following tabulation.

---

[6] According to ***, increased costs of producing finished diamond sawblades have affected its profit margins, not selling prices, and according to ***, the low cost of finished diamond sawblades from China and Korea have prevented the firm from raising its selling prices.

[7] Producer questionnaire responses, section IV-B-8.

[8] Importer questionnaire responses, section III-B-8.

[9] Ibid.

[10] U.S. producer and importer questionnaire responses, sections IV-B-9 and III-B-9, respectively.

U.S. Regions	U.S.	Chinese	Korean	Total
National	7	14	14	35
Northeast	2	-	-	2
Mid-Atlantic	1	-	1	2
Midwest	2	-	1	3
Southeast	1	1	2	4
Southwest	3	2	3	8
Rocky Mountains	3	-	2	5
West Coast	3	4	3	10
Northwest	2	-	2	4

Note.–Some individual firms reported for more than a single specific region.

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

Diamond Sawblade Parts

The two responding U.S. producers of diamond sawblade cores and the two responding U.S. importers of the diamond sawblade cores from China reported in their questionnaire responses that U.S.-inland freight costs averaged less than *** percent of delivered selling prices to their U.S. customers;[11] no U.S. importers of the Korean diamond sawblade cores reported the U.S. freight information. U.S. freight costs of the responding U.S. producers averaged *** percent during January 2003-December 2005. The U.S. producers reported shipping *** percent of their domestic sales of their U.S.-produced diamond sawblade cores to U.S. customers located within 100 miles of their U.S. plants/warehouse facilities, *** percent between 101 and 1,000 miles, and *** percent over 1,000 miles.[12] U.S. freight costs of the responding U.S. importers of the Chinese diamond sawblade cores averaged *** percent during January 2003-December 2005. The U.S. importers reported shipping *** percent of their U.S. sales of their imported Chinese diamond sawblade cores to U.S. customers located within 100 miles from their U.S. shipping locations, *** percent between 101 and 1,000 miles, and *** percent over 1,000 miles.[13]

The only three responding U.S. producers of diamond sawblade segments reported in their questionnaire responses that U.S.-inland freight costs averaged *** percent of delivered selling prices to their U.S. customers during January 2003-December 2005;[14] no U.S. importers of the Korean diamond sawblade segments reported the U.S. freight information. The U.S. producers reported shipping ***

[11] The single responding U.S. producer and two of three responding importers reported selling the U.S.-produced and imported Chinese diamond sawblade cores nationally, whereas the remaining responding U.S. importer reported selling its imported Chinese diamond sawblade cores on the West Coast (producer and importer questionnaire responses, sections IV-B-9 and III-B-9, respectively).

[12] Producer questionnaire responses, section IV-B-8.

[13] Importer questionnaire responses, section III-B-8.

[14] Two of the three responding U.S. producers reported selling their U.S.-produced diamond sawblade segments nationally, whereas the remaining responding U.S. producer reported selling its diamond sawblade segments in the Northeast (U.S. producer questionnaire responses, section IV-B-9).

percent of their domestic sales of their U.S.-produced diamond sawblade segments to U.S. customers located within 100 miles of their U.S. plants/warehouse facilities, *** percent between 101 and 1,000 miles, and *** percent over 1,000 miles.[15]

Exchange Rates

Figure V-1 shows the quarterly nominal exchange rate index of the Chinese yuan relative to the U.S. dollar during January 2003-December 2005, while figure V-2 shows quarterly nominal and real exchange rate indices (the latter are nominal exchange rates adjusted for relative rates of inflation)[16] of the Korean won relative to the U.S. dollar. The nominal exchange rate for the Chinese yuan vis-a-vis the U.S. dollar remained stable during most of this period,[17] with some appreciation (2.4 percent) of the Chinese yuan against the U.S. dollar during the last half of 2005 as the Chinese government altered its exchange rate policy (figure V-1).[18]

The quarterly nominal value of the Korean won initially appreciated against the U.S. dollar, by 19.3 percent during January 2003-June 2005, and then depreciated somewhat against the U.S. dollar through December 2005, by 3.4 percent (figure V-2). The quarterly real value of the won also initially appreciated against the U.S. dollar, by 15.4 percent during January 2003-June 2005, and then depreciated against the U.S. dollar through December 2005, by 9.2 percent.

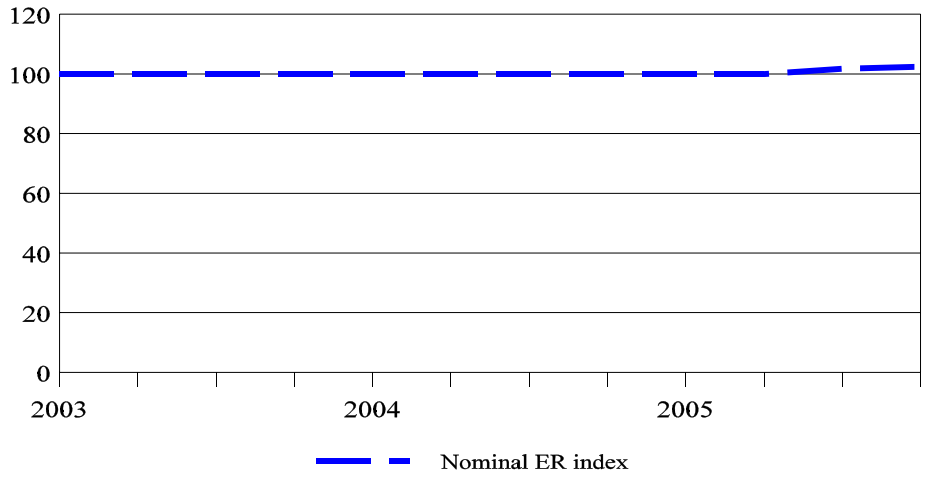
[15] Producer questionnaire responses, section IV-B-8.

[16] The quarterly nominal and real exchange rate indices were calculated from quarterly-average nominal exchange rates and producer price indices reported by the IMF for each country. The exchange rate indices were based on exchange rates expressed in U.S. dollars per unit of the foreign currency, such that index numbers below 100 represent depreciation and numbers above 100 represent appreciation of the foreign currency vis-a-vis the U.S. dollar. The quarterly real exchange rate index was calculated from the nominal exchange rate, the producer price index in Korea, and the producer price index in the United States.

[17] The Chinese government effectively pegged the yuan to the U.S. dollar at 8.28 yuan per dollar during much of this period.

[18] On July 21, 2005, the Chinese government announced that it would no longer peg the yuan to the U.S. dollar but would tie the yuan to a basket of currencies. Within this new basket, the yuan was revalued upward against the U.S. dollar by 2.1 percent, or from 8.28 yuan per dollar under the old peg to 8.11 yuan per dollar under the new exchange rate policy. The Chinese government has not disclosed which currencies are in the new basket, but indicated that the weight of the U.S. dollar represented less than 50 percent of the new basket of currencies.

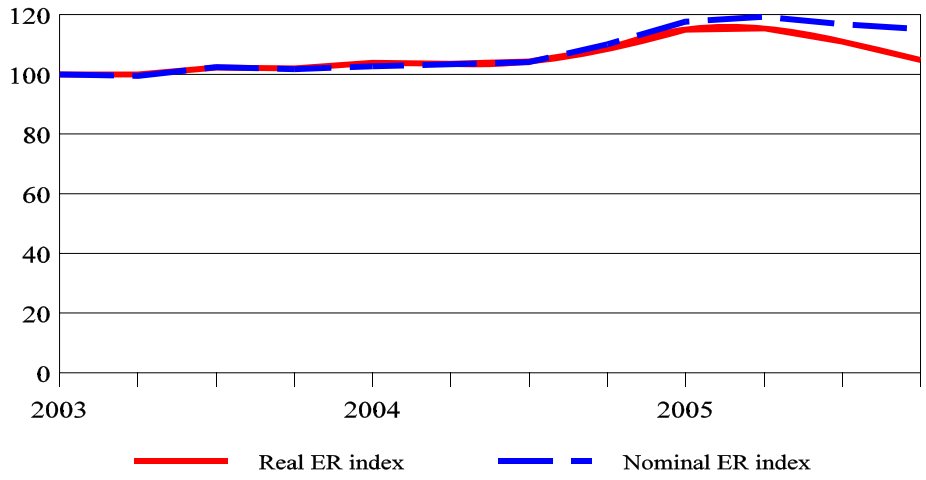
Figure V-1
Nominal exchange rate indices of the Chinese yuan relative to the U.S. dollar, by quarters, January 2003-December 2005



Note: Index (Jan.-Mar. 2000=100). Exchange rates are in U.S. dollars per Chinese yuan.

Source: International Monetary Fund, *International Financial Statistics*, January 2006 and April 2005.

Figure V-2
Real and nominal exchange rate indices of the Korean won relative to the U.S. dollar, by quarters, January 2003-December 2005



Note: Index (Jan.-Mar. 2000=100). Exchange rates are in U.S. dollars per Korean won.

Source: International Monetary Fund, *International Financial Statistics*, January 2006 and April 2005.

PRICING PRACTICES

Finished Diamond Sawblades

Fourteen U.S. producers of domestically produced diamond sawblades, 18 U.S. importers of the Chinese diamond sawblades, and 19 U.S. importers of the Korean diamond sawblades reported their 2005 U.S. commercial shipments of diamond sawblades by type of sale.[19] The percentage shares of the 2005 shipments by type of sale are shown by country of origin in the following tabulation.

Type of sale	United States (*percentage*)	China (*percentage*)	Korea (*percentage*)
Spot sales	78.1	71.4	88.5
Short-term sales	21.9	28.3	11.5
Long-term sales	-	0.3	-
TOTAL	100.0	100.0	100.0

Note.--Spot sales are usually one-time delivery, within 30 days of the purchase agreement; short-term sales are for multiple deliveries for up to 12 months after the purchase agreement; and long-term sales are for multiple deliveries for more than 12 months after the purchase agreement.

For spot sales, the majority of U.S. producers and importers reported that they negotiated prices on a transaction-by-transaction basis, with the remaining firms using price lists.[20] For short-term and long-term sales agreements, the responding U.S. producers and importers reported that prices were negotiated with their customers. In negotiating prices, U.S. producers and importers reported considering factors such as order volume, customer size, competitive conditions, and cost of production.[21] The responding U.S. producers and importers reported that short-term sales agreements do not extend beyond 12 months and can be as short as one month, while long-term sales agreements, reported by a single importer (of the Chinese products), were for 36 months.[22] The responding U.S. producers and importers reported that short-term sales agreements typically fixed price and sometimes quantity, where prices are typically not renegotiated unless both buyer and seller agree to renegotiate the price.[23] Three of the four responding U.S. producers reported that the short-term sales agreements contain meet-or-release provisions, whereas five of the eight responding U.S. importers of the products from China and Korea

[19] U.S. producer and importer questionnaire responses, sections IV-B-1 and III-B-1, respectively.

[20] U.S. producer and importer questionnaire responses, sections IV-B-4 and III-B-4, respectively. Of the 12 U.S. producers responding to how they determine spot prices, 8 reported that they negotiated prices with their customers, while the remaining 4 used price lists. Of the 21 responding U.S. importers of the Chinese diamond sawblades, 16 reported negotiating prices with their customers, while the remaining 5 used price lists. Of the 10 responding U.S. importers of the Korean diamond sawblades, 7 reported negotiating prices with their customers, while the remaining 3 used price lists.

[21] U.S. producer and importer questionnaire responses, sections IV-B-4 and III-B-4, respectively.

[22] U.S. producer and importer questionnaire responses, sections IV-B-3 and III-B-3, respectively.

[23] The single firm reporting for long-term contracts, ***, reported that its long-term contracts, involving the imported Chinese products, fix price, which cannot be renegotiated, and do not contain meet-or-release provisions (importer questionnaire responses, section III-B-2).

reported that the short-term sales agreements typically do not contain meet-or-release provisions.[24] Sixteen of 52 responding purchasers reported that their purchase prices of diamond sawblades were established through negotiations with their suppliers, while the remaining 36 firms indicated that suppliers set the price.[25] Twenty-six of 48 responding purchasers reported that they did not mention competing prices to their suppliers when obtaining a price for diamond sawblades, while the remaining 22 firms indicated that they did mention competing prices.[26] All 48 responding purchasers reported that they did not purchase diamond sawblades on the internet.[27]

Ten of 14 responding U.S. producers of diamond sawblades, nine of 18 responding U.S. importers of Chinese diamond sawblades, 14 of 17 responding U.S. importers of Korean diamond sawblades, and 22 of 27 responding U.S. purchasers reported that larger purchase volumes lead to lower prices.[28] The U.S. producers and importers reported that they typically negotiate volume discounts with customers rather than quote from a set discount schedule/policy.

Nine of 11 responding U.S. producers reported selling their U.S.-produced diamond sawblades on an f.o.b. plant or warehouse basis, one producer reported selling on a delivered basis, and one producer reported selling on both bases.[29] Regardless of how prices are quoted, f.o.b. or delivered, all the responding U.S. producers reported arranging transportation of the diamond sawblades to their U.S. customers.[30] Six of 13 responding U.S. producers reported offering payment terms of net 30 days, and the remaining seven producers offered early payment discounts of 2-5 percent/net 30 days.[31]

Eleven of 15 responding U.S. importers of the Chinese diamond sawblades reported selling on a U.S. f.o.b. warehouse basis, three importers reported selling on a delivered basis, and the remaining importer reported selling f.o.b. China.[32] Twenty-four of 26 responding importers of the Chinese diamond sawblades reported arranging transportation of the diamond sawblades to their U.S. customers, while the remaining two importers reported that their customers arranged the freight.[33] Twelve of 18 responding U.S. importers of the Chinese diamond sawblades reported offering payment terms of net 30 days, four other importers offered early payment discounts of 2 percent/net 30 days, and the single remaining importer required cash on delivery.[34]

Eight of 14 responding U.S. importers of the Korean diamond sawblades reported selling on a U.S. f.o.b. warehouse basis, five other importers reported selling on a delivered basis, and the remaining importer reported selling on both bases.[35] All eight of the responding importers of the Korean diamond

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[24] The single remaining U.S. producer reported that its short-term sales agreements did not contain meet-or-release provisions, while the remaining three importers (of the Chinese products) reported that their short-term agreements contained meet-or-release provisions (U.S. producer and importer questionnaire responses, sections IV-B-2 and III-B-2, respectively).

[25] Purchaser questionnaire responses, section III-19.

[26] Purchaser questionnaire responses, section III-19.

[27] Purchaser questionnaire responses, section III-33.

[28] U.S. producer, importer, and purchaser questionnaire responses, sections IV-B-5, III-B-5, and III-19, respectively

[29] U.S. producer questionnaire responses, section IV-B-6.

[30] U.S. producer questionnaire responses, section IV-B-8.

[31] U.S. producer questionnaire responses, section IV-B-6.

[32] U.S. importer questionnaire responses, section III-B-6.

[33] U.S. importer questionnaire responses, section III-B-8.

[34] U.S. importer questionnaire responses, section III-B-6.

[35] U.S. importer questionnaire responses, section III-B-6.

sawblades reported arranging transportation of the diamond sawblades to their U.S. customers.[36] Eleven of 16 responding U.S. importers of the Korean diamond sawblades reported offering payment terms of net 30 days, four other importer offered early payment discounts of 2 percent/net 30 days, and the single remaining importer offered net 45 days.[37]

Thirteen U.S. producers of diamond sawblades, 17 U.S. importers of the Chinese diamond sawblades, and 18 U.S. importers of the Korean diamond sawblades reported the share of their U.S. sales during January 2003-December 2005 shipped from their U.S. inventories, the share shipped directly from their U.S., Chinese, or Korean production, and the number of days between the U.S. customers' orders and when the product is delivered for each type of shipment.[38] The following tabulation shows the shipment shares and order lead times by shipment type and by country of origin.

	United States		China		Korea	
Shipment type	Shipment share (*percent*)	Lead time (number of days)	Shipment share (*percent*)	Lead time (number of days)	Shipment share (*percent*)	Lead time (number of days)
From U.S. inventory	51.8	2	81.0	4	61.1	4
From production	48.2	5	19.0	66	38.9	50
TOTAL	100.0		100.0		100.0	

Sixteen of 49 responding U.S. purchasers reported that they never purchased finished diamond sawblades at the lowest price, 19 purchasers reported that they sometimes purchased diamond sawblades at the lowest price, 10 purchasers reported that they usually purchased diamond sawblades at the lowest price, and the remaining 4 purchasers reported that they always purchased diamond sawblades at the lowest price.[39] Purchase factors other than lowest price cited by the firms providing comments that did not always purchase diamond sawblades at the lowest price included quality, availability, reliability, technical support, and delivery time.[40]

Three of eight responding U.S. producers of finished diamond sawblades, four of nine responding U.S. importers of the Chinese finished diamond sawblades, and four of seven responding U.S. importers of the Korean finished diamond sawblades reported that they have increased prices on their diamond sawblades since January 1, 2003.[41] One of the responding U.S. producers, two of the responding U.S.

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[36] U.S. importer questionnaire responses, section III-B-8.

[37] U.S. importer questionnaire responses, section III-B-6.

[38] U.S. producer and importer questionnaire responses, sections IV-B-7 and III-B-7, respectively. The shipment shares reported were weighted by the reported U.S. commercial shipments of the domestic and imported diamond sawblades during 2005.

[39] Purchaser questionnaire responses, section III-29.

[40] Eight of the 16 purchasers reporting that they never purchased finished diamond sawblades at the lowest price provided comments and cited quality most frequently as the reason, but also indicated other reasons including delivery time, performance consistency, availability, cutting speed, product life, product consistency, and approved supplier.

[41] U.S. producer and importer questionnaire responses, sections IV-B-4 and III-B-4, respectively. Of the three U.S. producers reporting price increases, *** reported increasing prices by *** percent effective March 1, 2006, which reportedly seems to be holding; *** reported a *** percent price increase in January 2004 and a *** percent increase in January 2006; and *** reported that its new catalog issued on February 28, 2005 had some of its prices

(continued...)

importers of the Chinese products, and one of the responding U.S. importers of the Korean products reported generally reducing prices on their diamond sawblades since January 1, 2003.[42] The remaining four responding U.S. producers, three responding U.S. importers of the Chinese products, and two responding U.S. importers of the Korean products reported that they have not changed prices of their finished diamond sawblades since January 1, 2003.[43]

Twenty-two purchasers identified companies that they considered to be price leaders for finished diamond sawblades in the U.S. market since 2003.[44] These purchasers identified more than 20 firms that they considered to be price leaders, but identified 11 firms more than once. The two firms identified most frequently as price leaders were Diamond Products and Gang Yan, followed by MK Diamond, Diamond Blade Warehouse, General Tool, SH Trading, Bosun, Hoffman Diamond Products, Dimas, Diteq, and Ehwa.

Diamond Sawblade Parts

Diamond sawblade cores are sold in the U.S. market almost exclusively to U.S. producers of finished diamond sawblades, while modest sales of diamond sawblade segments are usually sold to U.S. producers of diamond sawblades and to large endusers, the latter for repair of existing diamond sawblades.

Two U.S. producers of diamond sawblade cores, five U.S. producers of diamond sawblade segments, three U.S. importers of the Chinese diamond sawblade cores, and two U.S. importers of the Korean diamond sawblade segments reported their 2005 U.S. commercial shipments of these diamond sawblade parts by type of sale.[45] The percentage shares of the 2005 shipments by type of sale and type of diamond sawblade part are shown by country of origin in the following tabulation.

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[41] (...continued)
increasing and some decreasing. Of the four U.S. importers of the Chinese products reporting price increases, three firms, *** reported increasing prices as a result of the U.S. antidumping investigations on diamond sawblades; *** implemented price increases in January 2006, *** implemented price increases in February 2006, and *** did not specify when it increased its prices. ***, the remaining U.S. importer of the Chinese products reporting price increases, reported increasing prices by *** percent on March 3, 2003, by *** percent on January 5, 2005, by *** percent on June 20, 2005, and by *** percent on January 1, 2006. *** reported that the price increases were effective on all types and sizes of diamond sawblades, but the firm indicated that it has been forced to offer deeper discounts to remain competitive. Of the four U.S. importers of the Korean products reporting price increases, *** reported increasing prices by *** percent on March 1, 2006; *** reported a general price increase in February 2006, as a result of the antidumping investigations on diamond sawblades; *** reported the same price increases as those for its imported Chinese products; and *** reported increasing prices by an average of *** percent on all its diamond sawblades on January 1, 2006. *** reported that this was its first price increase on diamond sawblades since 1999.

[42] Ibid.

[43] Ibid.

[44] U.S. purchaser questionnaire responses, section III-30.

[45] U.S. producer and importer questionnaire responses, sections IV-B-1 and III-B-1, respectively.

Type of sale	United States (*percentage*)		China (*percentage*)		Korea (*percentage*)	
	Cores	Segments	Cores	Segments	Cores	Segments
Spot sales	***	***	***	***	***	***
Short-term sales	***	***	***	***	***	***
Long-term sales	***	***	***	***	***	***
TOTAL	100.0	100.0	100.0	-	-	100.0

Note.--Spot sales are usually one-time delivery, within 30 days of the purchase agreement; short-term sales are for multiple deliveries for up to 12 months after the purchase agreement; and long-term sales are for multiple deliveries for more than 12 months after the purchase agreement.

For spot sales of diamond sawblade cores, two U.S. importers of the Chinese products reported that they negotiate prices with their customers;[46] although U.S. producers did not respond to this part of the questionnaire, ***, indicated in a telephone interview that it negotiates prices with it customers on its spot sales.[47] For short-term sales agreements for diamond sawblade cores, *** indicated that U.S. producers negotiate prices with their U.S. customers.[48] *** explained that it sells diamond sawblade cores to four U.S. producers on consignment, and ships to these customers during December-March, a slow period for ***.[49] The four U.S. producers then pay for the diamond sawblade cores when they use them, usually within *** days of delivery but the firms have up to *** to pay for these products, whether they use them or not. Price is negotiated for the consignment sales in December or January and is fixed for the year. The two U.S. producers of diamond sawblade cores reported that short-term sales agreements are for 12 months, the price and sometimes quantity are fixed, and such agreements do not include a meet-or-release provision.[50] The U.S. importers of the Chinese and Korean diamond sawblade cores did not respond to this section of the questionnaire. All seven responding U.S. purchasers reported that they did not purchase diamond sawblade cores on the internet.

For spot sales of diamond sawblade segments, two of three responding U.S. producers reported that their spot prices are negotiated, while the single remaining producer reported selling at a fixed discount from its price list. The single responding U.S. importer of the Korean diamond sawblade segments reported negotiating the spot selling prices with its customers. For short-term sales of diamond sawblade segments, the lone responding firm, ***, reporting for the U.S.-produced products, reported that selling prices are based on negotiation; no U.S. importer reported for the imported Korean diamond sawblade segments. The single responding U.S. producer, ***, reported that its short-term sales agreements involving the U.S.-produced diamond sawblade segments range from 6-12 months, fix price and quantity but this varies, and contains meet-or-release provisions.[51] All six responding U.S. purchasers reported that they did not purchase diamond sawblade segments on the internet.

The two responding U.S. producers of diamond sawblade cores and four of five responding U.S. producers of diamond sawblade segments reported that larger purchase volumes lead to lower prices. The

[46] U.S. importer questionnaire response, section III-B-4.

[47] Staff telephone interview with ***.

[48] Ibid.

[49] Ibid.

[50] U.S. producer questionnaire responses, section IV-B-3. ***.

[51] Ibid. The firm indicated that prices can be renegotiated during the agreement period, but only by mutual consent between the buyer and seller.

remaining U.S. producer of diamond sawblade segments and the single responding importer of Chinese diamond sawblade cores reported that they did not offer quantity discounts.[52] No U.S. importers responded for the imported Korean diamond sawblade cores or segments.

The single responding U.S. producer of diamond blade cores, three of the four responding importers of the Chinese diamond sawblade cores, and the single responding importer of the imported Korean diamond sawblade cores reported selling on a U.S. f.o.b. warehouse or port basis.[53] The remaining U.S. importer of the Chinese diamond sawblade cores reported selling on a delivered price basis.[54] Two of the three responding U.S. producers of diamond sawblade segments, and the single responding importer of Korean diamond sawblade segments reported selling on a U.S. f.o.b. warehouse basis.[55] The remaining U.S. producer of diamond sawblade segments reported selling on a delivered price basis.[56] The two responding U.S. producers of diamond sawblade cores reported offering payment terms 2 percent 10 days/net 30 days, whereas the five responding U.S. producers of diamond sawblade segments reported offering a variety of payment terms including cash on delivery, 2 percent 10 days/net 30 days, 5 percent 20 days/net 30 days, and net 30 days.[57] The three responding U.S. importers of the Chinese diamond sawblade cores, the single responding U.S. importer of both the Chinese diamond sawblade cores and the Korean diamond sawblade segments all reported offering payment terms of net 30 days.[58]

Two U.S. producers of diamond sawblade cores, five U.S. producers of diamond sawblade segments, three U.S. importers of the Chinese sawblade cores, and two U.S. importers of the Korean diamond sawblade segments reported the shares of their U.S. sales during January 2003- December 2005 shipped from U.S. inventories, the share shipped directly from U.S., Chinese, or Korean production and the number of days between the U.S. customers' orders and when the product is delivered for each type of shipment.[59] The following tabulation shows the shipment shares and order lead times by country of origin, type of product, and type of shipment.

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[52] U.S. producer and importer questionnaire responses, sections IV-B-5 and III-B-5, respectively.

[53] U.S. producer and importer questionnaire responses, sections IV-B-6 and III-B-5, respectively.

[54] The single responding U.S. producer of diamond sawblade cores reported that the purchaser arranged delivery of these products, whereas the single responding U.S. importer of the Chinese and Korean diamond sawblade cores reported that it arranged delivery to its customers (U.S. producer and importer questionnaire responses, sections IV-B-8 and III-B-8, respectively).

[55] Ibid.

[56] The three responding U.S. producers of diamond sawblade segments and the single responding U.S. importer of the Korean diamond sawblade segments all reported arranging freight to their U.S. customers (U.S. producer and importer questionnaire responses, sections IV-B-8 and III-B-8, respectively); no U.S. importer reported for the imported Chinese diamond sawblade segments.

[57] U.S. producer questionnaire responses, section IV-B-6.

[58] U.S. importer questionnaire responses, section III-B-6.

[59] U.S. producer and importer questionnaire response, sections IV-B-7 and III-B-7, respectively.

Type of product/ shipment type	United States		China		Korea	
	Shipment share (*percent*)	Lead time (number of days)	Shipment share (*percent*)	Lead time (number of days)	Shipment share (*percent*)	Lead time (number of days)
Diamond sawblade cores:						
From U.S. inventory	***	***	***	***	***	***
From production	***	***	***	***	***	***
TOTAL	100.0		100.0		-	
Diamond sawblade segments:						
From U.S. inventory	***	***	***	***	***	***
From production	***	***	***	***	***	***
TOTAL	100.0		-		100.0	

A single responding U.S. producer of diamond sawblades cores, and two of five responding U.S. producers of diamond sawblade segments reported that they have increased selling prices on their diamond sawblade parts since January 1, 2003;[60] U.S. importers did not respond to this part of the questionnaire for diamond sawblade cores and segments. The remaining three U.S. producers of diamond sawblade segments reported that they have not increased selling prices on these products since January 1, 2003.[61] The single responding U.S. producer of diamond sawblade cores, ***, reported that it increased prices of its cores by *** percent on July 1, 2004, but the increase ***. For the two U.S. producers reporting price increases for the diamond sawblade segments, *** reported increasing prices by *** percent effective March 1, 2006, which reportedly seems to be holding; and *** reported increasing prices by *** percent on March 3, 2003, by *** percent on January 5, 2005, and by *** percent on January 1, 2006, and noted that most increases have held.

Three purchasers identified companies that they considered to be price leaders for diamond sawblades cores in the U.S. market since 2003 and two purchasers identified two companies, Diamond Vantage and Ehwa, that they considered to be price leaders for diamond sawblade segments.[62] The following seven companies were identified as price leaders for diamond sawblade cores: Champion, Diamondback, Diamond Blade Warehouse, Dixie Diamond, Diteq, MK Diamond, and Western Saw.

[60] U.S. producer questionnaire responses, sections IV-B-4.

[61] Ibid.

[62] U.S. purchaser questionnaire responses, section III-30.

PRICE DATA

Questionnaire Price Data

U.S. selling value and quantity data were requested for sales to U.S. customers unrelated to the responding firms for the following seven finished diamond sawblade products produced in the United States and imported from China and Korea:[63]

Product 1.– 4" diameter laser-welded blades for dry cutting, 0.080" segment thickness, Premium grade blade (diamond impact strength within a TI/TTI range of 72-75 and diamond concentration in a range of 12-15 percent by volume of the segments or alternatively 0.55-0.65 carats/ccm);

Product 2.– 12" diameter laser-welded blades for dry cutting, 0.110" segmented thickness, Premium grade blade (diamond impact strength within a TI/TTI range of 82-85 and diamond concentration in a range of 17-20 percent by volume of the segments or alternatively 0.75-0.85 carats/ccm) for use in high speed saws of 5,000 rpm or more;

Product 3.– 14" diameter laser-welded blades for dry cutting, 0.110" segment thickness, Premium grade blade (diamond impact strength within a TI/TTI range of 82-85 and diamond concentration in a range of 17-20 percent by volume of the segments or alternatively 0.75-0.85 carats/ccm) for use in high speed saws of 5,000 rpm or more;

Product 4.– 14" diameter laser-welded blades for dry cutting, 0.125" segment thickness, Premium grade blade (diamond impact strength within a TI/TTI range of 82-85 and diamond concentration in a range of 17-20 percent by volume of the segments or alternatively 0.75-0.85 carats/ccm) for use in high speed saws of 5,000 rpm or more;

Product 5.– 14" diameter laser-welded blades for wet cutting cured concrete, 0.125" segmented thickness, Premium grade blade (diamond impact strength within a TI/TTI range of 74-77 and diamond concentration in a range of 33-35 percent by volume of the segments or alternatively 1.45-1.55 carats/ccm) for use in saws of 35 hp or more;

[63] The product descriptions were based on comments regarding draft questionnaires provided primarily by Korean producers and importers, including several follow-up discussions with the respondents (e-mails from ***). Petitioners suggested the laser-welded product descriptions used in the preliminary phase, but recommended specifying only the diameter size, wet or dry cutting, and segment thickness, and leaving out any reference to grade, type of material to be cut, and the type of saw. In addition, the petitioners suggested an additional product. The information that petitioners recommended deleting from the product descriptions would broaden the product descriptions and was not responsive to the staff's request that the product descriptions should be more precise than those during the preliminary phase. The product definitions used in the final phase were specified in more detail than those used during the preliminary phase of these investigations, particularly with respect to the specification of premium grade, in order to obtain pricing data on products that, as Commissioners noted in their preliminary views, "are not overly broad and represent meaningful comparisons" (*Diamond Sawblades and Parts Thereof From China and Korea, Invs. Nos. 731-TA-1092 and 1093 (Preliminary)*, USITC Publication 3791, August 2005, p. 26, fn. 219. Final product selections were intended to represent a range of product sizes and applications, while concentrating on diamond sawblades in the size where the most frequent overlap of the domestic and imported products occur–14 inches in diameter.

Product 6.– 18" diameter laser-welded blades for wet cutting cured concrete, 0.125" segment thickness, Premium grade blade (diamond impact strength within a TI/TTI range of 74-77 and diamond concentration in a range of 33-35 percent by volume of the segments or alternatively 1.45-1.55 carats/ccm) for use in saws of 35 hp or more; and

Product 7.– 24" diameter laser-welded blades for wet cutting cured concrete, 0.155" segment thickness, Premium grade blade (diamond impact strength within a TI/TTI range of 74-77 and diamond concentration in a range of 33-35 percent by volume of the segments or alternatively 1.45-1.55 carats/ccm) for use in saws of 35 hp or more.

The price data were requested from U.S. producers and importers for their quarterly shipments of the specified finished diamond sawblade products during January 2003-December 2005 that were produced in the United States and imported from China and Korea. The requested price data were based on net U.S. f.o.b. selling price data for shipments to U.S. customers unrelated to the suppliers. The responding firms were requested to report the price data separately for sales to U.S. branded distributors,[64] other distributors,[65] national big-box retailers (NBBR),[66] and to professional construction firms.[67] Delivered purchase price data for these seven specified finished diamond sawblade products produced in the United States and imported from China and Korea were also requested from U.S. purchasers.[68]

U.S. producers, importers, and purchasers generally reported selling or purchasing multiple grades of diamond sawblades.[69] These firms indicated most frequently that diamond quality and diamond concentration determined the grade of the diamond sawblade, but they also mentioned the bond formulations in the segments and the method of attaching the cutting pieces to the core as factors affecting the grade of the diamond sawblade. *** noted, however, that there are no universal standards of diamond sawblade grade levels in the United States.[70] The grade factors result in different performance measures of blade life and cutting speed, but *** asserted that making performance ratings for different grades of diamond sawblades is highly speculative at best and highly erroneous at worst.[71] As a result, it may not have been possible for all the responding U.S. producers, importers, and purchasers to adhere to all of the specifications of the seven pricing products when reporting their price data.

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[64] Branded distributors, including telemarketers, sell finished diamond sawblades with their own brand names and include firms such as Diamond Blade Warehouse and National Diamond.

[65] Other distributors sell finished diamond sawblades with the brand name of the U.S. manufacturer or importer of the diamond sawblades.

[66] NBBR are retailers such as Home Depot, Lowes, and Sears; these stores have multiple locations throughout the United States and each store has a large number of square feet of retail space.

[67] Professional construction firms were identified, for purposes of the price data, as end users in the professional construction market, including all customers that are members of the Concrete Sawing and Drilling Association.

[68] Reported selling price and purchase price data of imported Chinese products produced by Gang Yan were requested separately from price data of imported Chinese products produced by all other Chinese producers. The price data for the imported Chinese products shown in the final report include prices of the products produced by Gang Yan.

[69] U.S. producer, importer, and purchaser questionnaire responses, sections IV-A-2, III-A-2, and V-3, respectively.

[70] U.S. producer questionnaire responses, section IV-A-3.

[71] Ibid. *** also indicated that performance measurements of finished DSBs are usually related to specific job requirements and/or conditions and to endusers' perception of those requirements. According to *** the performance of a diamond sawblade is dependent upon the material being cut, the type of sawing equipment, the sawing conditions (coolant flow rate, blade speed, depth of the saw cut, blade transverse rate), and skill of saw operator. Ibid.

Ten U.S. producers of diamond sawblades provided useable selling price data for the domestically produced finished diamond sawblades, 11 U.S. importers provided useable selling price data for the imported Chinese products, and 10 U.S. importers provided useable selling price data for the imported Korean products, but not necessarily for all products, types of customers, or periods requested. The following tabulation shows the value and quantity of reported selling price data during January 2003-December 2005, by country and by type of customer for all products combined, and the total value and quantity reported for pricing purposes as a share of total U.S. shipments of U.S.-produced and imported Chinese and Korean finished diamond sawblades during this period.

Type of customer	United States		China		Korea	
	Reported pricing data	Share[1] (*per-cent*)	Reported pricing data	Share[2] (*per-cent*)	Reported pricing data	Share[3] (*per-cent*)
			Value (*dollars*)			
Branded distributors	$7,693,902		$806,570		$3,948,094	
Other distributors	30,316,084		46,034		1,993,275	
National big-box retailers	-		560,834		11,609	
Prof. construction firms	22,292,111		609,725		4,502,958	
TOTAL	60,302,097	17.9	2,023,163	3.0	10,455,936	7.4
			Quantity (*number of sawblades*)			
Branded distributors	55,794		13,426		60,183	
Other distributors	240,542		794		27,291	
National big-box retailers	-		52,710		117	
Prof. construction firms	88,981		9,231		26,637	
TOTAL	385,317	23.5	76,161	1.3	114,228	1.9

[1] Share of total U.S. shipments of U.S.-produced finished diamond sawblades during January 2003-December 2005.

[2] Share of total U.S. shipments of finished diamond sawblades imported from China during January 2003-December 2005.

[3] Share of total U.S. shipments of finished diamond sawblades imported from Korea during January 2003-December 2005.

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

Six U.S. purchasers provided useable purchase price data for the domestically produced finished diamond sawblades, 13 U.S. purchasers provided useable purchase price data for the imported Chinese products, and 18 U.S. purchasers provided useable purchase price data for the imported Korean products, but not necessarily for all products, or periods requested.[72] The following tabulation shows the value and quantity of reported purchase price data during January 2003-December 2005, by country of origin and

[72] A total of 24 U.S. purchasers reported the requested purchase price data; nine branded distributors (three of these nine were also other retailers), four "other" distributors (sold only the brand names of their suppliers), four "other" retailers, one OEM (not a diamond sawblade producer), and six OEMs (also diamond sawblade producers).

by type of purchaser for all products combined, and the total value and quantity reported for pricing purposes as a share of total U.S. shipments of U.S.-produced and imported Chinese and Korean finished diamond sawblades during this period.

Type of purchaser	United States		China		Korea	
	Reported pricing data	Share[1] (*percent*)	Reported pricing data	Share[2] (*percent*)	Reported pricing data	Share[3] (*percent*)
Value (*dollars*)						
Branded distributors	$606,699		$964,547		$3,188,96	
Other distributors	125,525		47,505		102,613	
Other retailers	25,498		9,732		962,986	
OEM (non-diamond sawblade producer)	-		-		1,096,481	
OEM (diamond sawblade producer)	-		484,321		1,087,838	
TOTAL	757,722	0.2	1,506,105	2.2	3,568,814	4.5
Quantity (*number of sawblades*)						
Branded distributors	3,424		41,719		63,153	
Other distributors	536		993		682	
Other retailers	1,000		627		22,386	
OEM (non-diamond sawblade producer)	-		-		55,038	
OEM (diamond sawblade producer)	-		13,135		44,945	
TOTAL	4,960	0.3	56,474	1.0	186,204	3.0

[1] Share of total U.S. shipments of U.S.-produced finished diamond sawblades during January 2003-December 2005.
[2] Share of total U.S. shipments of finished diamond sawblades imported from China during January 2003-December 2005.
[3] Share of total U.S. shipments of finished diamond sawblades imported from Korea during January 2003-December 2005.

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

Quarterly weighted-average prices and quarterly shipments of the domestic and imported specified finished diamond sawblade products are based on the reported U.S. net f.ob. selling price data reported by the responding U.S. producers and importers and are shown by products and by types of customers in tables V-1a through V-7c. The quarterly selling prices are also shown by products and types of customers in figures V-3a through V-9c. The price data for sales to national big-box retailers are not shown in the tables or figures; U.S. producers did not report any sales to this type of customer and the price data reported by U.S. importers of the Chinese and Korean finished diamond sawblades tend to be sporadic. Reported quarterly selling prices and quantities of the specified finished diamond sawblade products imported from China and Korea are shown combined for the two countries, by type of customer and by product, in appendix G, tables G-1 through G-3.

The reported selling price data showed noticeable differences in prices among U.S. producers and among U.S. importers for the same finished diamond sawblade product and type of customer.[73] Such differences may be explained, at least partially, by differences in the quantity sold, but may also result from differences in the grade/quality of the diamond sawblades,[74] and differences in views of the types customers, particularly professional construction firms (as discussed in Part II). In addition, given the large number of size/grade/customer combinations, the price data reported understandably represent a limited amount of total shipments of U.S.-produced diamond sawblades and imported diamond sawblades from China and Korea during 2003-05.[75] As a result, price trends and price comparisons involving the reported U.S. net f.o.b. selling prices of the domestic and imported products should be viewed with these considerations in mind.

Table V-1a
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices and quantities of the U.S.-produced and imported product 1 sold to U.S. branded distributors, and margins of underselling (overselling), by country of origin and by quarters, January 2003-December 2005

* * * * * * *

Table V-1b
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices and quantities of the U.S.-produced and imported product 1 sold to U.S. other distributors, and margins of underselling (overselling), by country of origin and by quarters, January 2003-December 2005

* * * * * * *

Table V-1c
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices and quantities of the U.S.-produced and imported product 1 sold to U.S. professional construction firms, and margins of underselling (overselling), by country of origin and by quarters, January 2003-December 2005

* * * * * * *

Table V-2a
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices and quantities of the U.S.-produced and imported product 2 sold to U.S. branded distributors, and margins of underselling (overselling), by country of origin and by quarters, January 2003-December 2005

* * * * * * *

[73] Comparing reported prices among U.S. producers that were petitioners and supporters of the petition by using the firms' weighted-average unit values for the full periods reported showed price differences among these firms for sales to branded distributors that ranged from *** percent for product *** to *** percent for product ***; for sales to other distributors, price differences ranged from *** percent for product *** to *** percent for product ***; and for sales to professional construction firms, price differences ranged from *** percent for product *** to *** percent for product ***.

[74] Diamond concentration and diamond quality were cited most frequently as factors that significantly determine the grade of a diamond sawblade, but suppliers do not necessarily specify their grades with uniform measures of diamond concentration and diamond quality.

[75] The price data coverage was not expected to be high given the thousands of product variations, but the pricing items are representative of the most common sizes and customer types where overlap between the domestic and subject imported products occurred.

Table V-2b
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices and quantities of the U.S.-produced and imported product 2 sold to U.S. other distributors, and margins of underselling (overselling), by country of origin and by quarters, January 2003-December 2005

* * * * * * *

Table V-2c
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices and quantities of the U.S.-produced and imported product 2 sold to U.S. professional construction firms, and margins of underselling (overselling), by country of origin and by quarters, January 2003-December 2005

* * * * * * *

Table V-3a
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices and quantities of the U.S.-produced and imported product 3 sold to U.S. branded distributors, and margins of underselling (overselling), by country of origin and by quarters, January 2003-December 2005

* * * * * * *

Table V-3b
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices and quantities of the U.S.-produced and imported product 3[1] sold to U.S. other distributors, and margins of underselling (overselling), by country of origin and by quarters, January 2003-December 2005

Period of shipment	United States			China				Korea			
	Price *(per blade)*	Quantity *(blades)*	No. of firms	Price *(per blade)*	Quantity *(blades)*	No. of firms	Margin *(percent)*	Price *(per blade)*	Quantity *(blades)*	No. of firms	Margin *(percent)*
2003:											
Jan.-Mar.	$***	***	***	***	***	***	***	***	***	***	***
Apr.-June	112.43	3,160	5	***	***	***	***	***	***	***	***
July-Sept.	109.75	3,059	5	***	***	***	***	***	***	***	***
Oct.-Dec.	106.81	2,647	5	***	***	***	***	***	***	***	***
2004:											
Jan.-Mar.	69.20	7,421	4	***	***	***	***	***	***	***	***
Apr.-June	74.11	5,740	5	***	***	***	***	***	***	***	***
July-Sept.	89.87	3,421	5	***	***	***	***	***	***	***	***
Oct.-Dec.	83.38	3,119	5	***	***	***	***	***	***	***	***
2005:											
Jan.-Mar.	***	***	***	***	***	***	***	***	***	***	***
Apr.-June	92.98	2,795	5	***	***	***	***	***	***	***	***
July-Sept.	85.51	2,881	5	***	***	***	***	***	***	***	***
Oct.-Dec.	76.18	3,619	5	***	***	***	***	***	***	***	***
TOTALS	([2])	37,862	6	([2])	***	***	([2])	([2])	***	***	([2])

[1] Product 3.– 14" diameter laser-welded blades for dry cutting, 0.110" segment thickness, Premium grade blade (diamond impact strength within a TI/TTI range of 82-85 and diamond concentration in a range of 17-20 percent by volume of the segments or alternatively 0.75-0.85 carats/ccm) for use in high speed saws of 5,000 rpm or more.
[2] Not applicable.

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

Table V-3c
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices and quantities of the U.S.-produced and imported product 3 sold to U.S. professional construction firms, and margins of underselling (overselling), by country of origin and by quarters, January 2003-December 2005

* * * * * * *

Table V-4a
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices and quantities of the U.S.-produced and imported product 4[1] sold to U.S. branded distributors, and margins of underselling (overselling), by country of origin and by quarters, January 2003-December 2005

Period of shipment	United States			China				Korea			
	Price *(per blade)*	Quantity *(blades)*	No. of firms	Price *(per blade)*	Quantity *(blades)*	No. of firms	Margin *(percent)*	Price *(per blade)*	Quantity *(blades)*	No. of firms	Margin *(percent)*
2003:											
Jan.-Mar.	$***	***	***	***	***	***	***	***	***	***	***
Apr.-June	118.30	2,046	5	***	***	***	***	***	***	***	***
July-Sept.	125.55	2,081	5	***	***	***	***	***	***	***	***
Oct.-Dec.	116.06	1,571	5	***	***	***	***	***	***	***	***
2004:											
Jan.-Mar.	115.61	1,369	5	***	***	***	***	***	***	***	***
Apr.-June	124.71	1,400	5	***	***	***	***	***	***	***	***
July-Sept.	132.96	1,272	5	***	***	***	***	***	***	***	***
Oct.-Dec.	132.03	780	5	***	***	***	***	***	***	***	***
2005:											
Jan.-Mar.	122.32	609	5	***	***	***	***	***	***	***	***
Apr.-June	124.52	884	5	***	***	***	***	***	***	***	***
July-Sept.	119.05	927	5	***	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***	***	***	***
TOTALS	([2])	12,939	5	([2])	***	***	([2])	([2])	***	***	([2])

[1] Product 4.– 14" diameter laser-welded blades for dry cutting, 0.125" segment thickness, Premium grade blade (diamond impact strength within a TI/TTI range of 82-85 and diamond concentration in a range of 17-20 percent by volume of the segments or alternatively 0.75-0.85 carats/ccm) for use in high speed saws of 5,000 rpm or more.
[2] Not applicable.

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

Table V-4b
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices and quantities of the U.S.-produced and imported product 4[1] sold to U.S. other distributors, and margins of underselling (overselling), by country of origin and by quarters, January 2003-December 2005

Period of shipment	United States			Korea			
	Price *(per blade)*	Quantity *(blades)*	No. of firms	Price *(per blade)*	Quantity *(blades)*	No. of firms	Margin *(percent)*
2003:							
Jan.-Mar.	$143.90	8,269	5	***	***	***	***
Apr.-June	139.83	11,576	6	***	***	***	***
July-Sept.	138.13	11,241	6	***	***	***	***
Oct.-Dec.	141.17	9,011	6	***	***	***	***
2004:							
Jan.-Mar.	134.59	9,795	6	***	***	***	***
Apr.-June	134.49	12,622	5	***	***	***	***
July-Sept.	134.67	11,059	6	***	***	***	***
Oct.-Dec.	132.78	8,170	5	***	***	***	***
2005:							
Jan.-Mar.	127.74	9,751	5	***	***	***	***
Apr.-June	126.71	12,354	6	***	***	***	***
July-Sept.	128.99	11,272	6	***	***	***	***
Oct.-Dec.	127.30	9,081	5	***	***	***	***
TOTALS	([2])	124,201	6	([2])	***	***	([2])

[1] Product 4.– 14" diameter laser-welded blades for dry cutting, 0.125" segment thickness, Premium grade blade (diamond impact strength within a TI/TTI range of 82-85 and diamond concentration in a range of 17-20 percent by volume of the segments or alternatively 0.75-0.85 carats/ccm) for use in high speed saws of 5,000 rpm or more.
[2] Not applicable.

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

Table V-4c
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices and quantities of the U.S.-produced and imported product 4[1] sold to U.S. professional construction firms, and margins of underselling (overselling), by country of origin and by quarters, January 2003-December 2005

Period of shipment	United States			China				Korea			
	Price *(per blade)*	Quantity *(blades)*	No. of firms	Price *(per blade)*	Quantity *(blades)*	No. of firms	Margin *(percent)*	Price *(per blade)*	Quantity *(blades)*	No. of firms	Margin *(percent)*
2003:											
Jan.-Mar.	$173.16	815	4	***	***	***	***	***	***	***	***
Apr.-June	183.28	1,084	4	***	***	***	***	***	***	***	***
July-Sept.	179.49	1,060	4	***	***	***	***	***	***	***	***
Oct.-Dec.	174.07	719	4	***	***	***	***	***	***	***	***
2004:											
Jan.-Mar.	154.21	815	4	***	***	***	***	***	***	***	***
Apr.-June	155.06	1,232	4	***	***	***	***	***	***	***	***
July-Sept.	157.85	1,198	4	***	***	***	***	***	***	***	***
Oct.-Dec.	153.64	935	4	***	***	***	***	***	***	***	***
2005:											
Jan.-Mar.	152.23	1,063	4	***	***	***	***	***	***	***	***
Apr.-June	162.14	1,329	4	***	***	***	***	***	***	***	***
July-Sept.	167.93	1,172	4	***	***	***	***	***	***	***	***
Oct.-Dec.	153.73	959	4	***	***	***	***	***	***	***	***
TOTALS	(2)	12,381	4	(2)	***	***	(2)	(2)	***	***	(2)

[1] Product 4.– 14" diameter laser-welded blades for dry cutting, 0.125" segment thickness, Premium grade blade (diamond impact strength within a TI/TTI range of 82-85 and diamond concentration in a range of 17-20 percent by volume of the segments or alternatively 0.75-0.85 carats/ccm) for use in high speed saws of 5,000 rpm or more.
[2] Not applicable.

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

Table V-5a
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices and quantities of the U.S.-produced and imported product 5[1] sold to U.S. branded distributors, and margins of underselling (overselling), by country of origin and by quarters, January 2003-December 2005

Period of shipment	United States			China				Korea			
	Price *(per blade)*	Quantity *(blades)*	No. of firms	Price *(per blade)*	Quantity *(blades)*	No. of firms	Margin *(percent)*	Price *(per blade)*	Quantity *(blades)*	No. of firms	Margin *(percent)*
2003:											
Jan.-Mar.	$201.22	239	5	***	***	***	***	***	***	***	***
Apr.-June	198.85	359	6	***	***	***	***	***	***	***	***
July-Sept.	204.17	356	6	***	***	***	***	***	***	***	***
Oct.-Dec.	199.35	551	6	***	***	***	***	***	***	***	***
2004:											
Jan.-Mar.	183.01	307	7	***	***	***	***	***	***	***	***
Apr.-June	195.63	441	7	***	***	***	***	***	***	***	***
July-Sept.	187.08	401	7	***	***	***	***	***	***	***	***
Oct.-Dec.	178.66	418	7	***	***	***	***	***	***	***	***
2005:											
Jan.-Mar.	174.47	352	6	***	***	***	***	***	***	***	***
Apr.-June	179.27	439	6	***	***	***	***	***	***	***	***
July-Sept.	182.04	402	7	***	***	***	***	***	***	***	***
Oct.-Dec.	171.24	455	7	***	***	***	***	***	***	***	***
TOTALS	([2])	4,720	7	([2])	***	***	([2])	([2])	***	***	([2])

[1] Product 5.– 14" diameter laser-welded blades for wet cutting cured concrete, 0.125" segmented thickness, Premium grade blade (diamond impact strength within a TI/TTI range of 74-77 and diamond concentration in a range of 33-35 percent by volume of the segments or alternatively 1.45-1.55 carats/ccm) for use in saws of 35 hp or more.
[2] Not applicable.

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

Table V-5b
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices and quantities of the U.S.-produced and imported product 5[1] sold to U.S. other distributors, and margins of underselling (overselling), by country of origin and by quarters, January 2003-December 2005

Period of shipment	United States			Korea			
	Price *(per blade)*	Quantity *(blades)*	No. of firms	Price *(per blade)*	Quantity *(blades)*	No. of firms	Margin *(percent)*
2003:							
Jan.-Mar.	$266.18	538	5	***	***	***	***
Apr.-June	267.07	807	6	***	***	***	***
July-Sept.	265.68	856	5	***	***	***	***
Oct.-Dec.	239.98	584	5	***	***	***	***
2004:							
Jan.-Mar.	217.05	695	5	***	***	***	***
Apr.-June	246.23	997	6	***	***	***	***
July-Sept.	224.56	883	5	***	***	***	***
Oct.-Dec.	225.30	583	6	***	***	***	***
2005:							
Jan.-Mar.	215.72	617	7	***	***	***	***
Apr.-June	222.81	970	7	***	***	***	***
July-Sept.	242.09	2,317	7	***	***	***	***
Oct.-Dec.	209.28	1,105	7	***	***	***	***
TOTALS	([2])	10,952	7	([2])	***	***	([2])

[1] Product 5.– 14" diameter laser-welded blades for wet cutting cured concrete, 0.125" segmented thickness, Premium grade blade (diamond impact strength within a TI/TTI range of 74-77 and diamond concentration in a range of 33-35 percent by volume of the segments or alternatively 1.45-1.55 carats/ccm) for use in saws of 35 hp or more.

[2] Not applicable.

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

Table V-5c
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices and quantities of the U.S.-produced and imported product 5[1] sold to U.S. professional construction firms, and margins of underselling (overselling), by country of origin and by quarters, January 2003-December 2005

Period of shipment	United States			China				Korea			
	Price *(per blade)*	Quantity *(blades)*	No. of firms	Price *(per blade)*	Quantity *(blades)*	No. of firms	Margin *(percent)*	Price *(per blade)*	Quantity *(blades)*	No. of firms	Margin *(percent)*
2003:											
Jan.-Mar.	$264.08	2,198	7	***	***	***	***	***	***	***	***
Apr.-June	235.21	4,279	7	***	***	***	***	***	***	***	***
July-Sept.	249.36	5,014	7	***	***	***	***	***	***	***	***
Oct.-Dec.	216.59	3,212	7	***	***	***	***	***	***	***	***
2004:											
Jan.-Mar.	216.72	1,699	7	***	***	***	***	***	***	***	***
Apr.-June	218.54	5,584	7	***	***	***	***	***	***	***	***
July-Sept.	229.54	6,025	7	***	***	***	***	***	***	***	***
Oct.-Dec.	225.40	4,260	7	***	***	***	***	***	***	***	***
2005:											
Jan.-Mar.	252.87	1,526	7	***	***	***	***	***	***	***	***
Apr.-June	208.81	5,675	7	***	***	***	***	***	***	***	***
July-Sept.	196.60	7,323	7	***	***	***	***	***	***	***	***
Oct.-Dec.	200.74	2,854	6	***	***	***	***	***	***	***	***
TOTALS	([2])	49,649	7	([2])	***	***	([2])	([2])	***	***	([2])

[1] Product 5.– 14" diameter laser-welded blades for wet cutting cured concrete, 0.125" segmented thickness, Premium grade blade (diamond impact strength within a TI/TTI range of 74-77 and diamond concentration in a range of 33-35 percent by volume of the segments or alternatively 1.45-1.55 carats/ccm) for use in saws of 35 hp or more.
[2] Not applicable.

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

Table V-6a
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices and quantities of the U.S.-produced and imported product 6[1] sold to U.S. branded distributors, and margins of underselling (overselling), by country of origin and by quarters, January 2003-December 2005

Period of shipment	United States			China				Korea			
	Price *(per blade)*	Quantity *(blades)*	No. of firms	Price *(per blade)*	Quantity *(blades)*	No. of firms	Margin *(percent)*	Price *(per blade)*	Quantity *(blades)*	No. of firms	Margin *(percent)*
2003:											
Jan.-Mar.	$272.27	138	4	***	***	***	***	***	***	***	***
Apr.-June	255.83	170	5	***	***	***	***	***	***	***	***
July-Sept.	268.71	173	5	***	***	***	***	***	***	***	***
Oct.-Dec.	258.65	243	5	***	***	***	***	***	***	***	***
2004:											
Jan.-	246.78	192	6	***	***	***	***	***	***	***	***
Apr.-	239.58	239	6	***	***	***	***	***	***	***	***
July-	245.83	251	6	***	***	***	***	***	***	***	***
Oct.-	243.56	218	6	***	***	***	***	***	***	***	***
2005:											
Jan.-	234.58	278	6	***	***	***	***	***	***	***	***
Apr.-	232.29	274	6	***	***	***	***	***	***	***	***
July-	229.36	275	6	***	***	***	***	***	***	***	***
Oct.-	222.22	294	6	***	***	***	***	***	***	***	***
TOTALS	([2])	2,745	6	([2])	***	***	([2])	([2])	***	***	([2])

[1] Product 6.– 18" diameter laser-welded blades for wet cutting cured concrete, 0.125" segment thickness, Premium grade blade (diamond impact strength within a TI/TTI range of 74-77 and diamond concentration in a range of 33-35 percent by volume of the segments or alternatively 1.45-1.55 carats/ccm) for use in saws of 35 hp or more.
[2] Not applicable.

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

Table V-6b
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices and quantities of the U.S.-produced and imported product 6[1] sold to U.S. other distributors, and margins of underselling (overselling), by country of origin and by quarters, January 2003-December 2005

Period of shipment	United States			Korea			
	Price *(per blade)*	Quantity *(blades)*	No. of firms	Price *(per blade)*	Quantity *(blades)*	No. of firms	Margin *(percent)*
2003:							
Jan.-Mar.	$281.18	579	5	***	***	***	***
Apr.-June	327.17	752	5	***	***	***	***
July-Sept.	285.74	678	5	***	***	***	***
Oct.-Dec.	296.39	505	6	***	***	***	***
2004:							
Jan.-Mar.	271.30	644	5	***	***	***	***
Apr.-June	280.66	745	5	***	***	***	***
July-Sept.	271.87	776	6	***	***	***	***
Oct.-Dec.	269.06	709	6	***	***	***	***
2005:							
Jan.-Mar.	264.09	848	7	***	***	***	***
Apr.-June	270.94	1,020	7	***	***	***	***
July-Sept.	268.22	1,234	7	***	***	***	***
Oct.-Dec.	264.10	676	7	***	***	***	***
TOTALS	([2])	9,166	7	([2])	***	***	([2])

[1] Product 6.– 18" diameter laser-welded blades for wet cutting cured concrete, 0.125" segment thickness, Premium grade blade (diamond impact strength within a TI/TTI range of 74-77 and diamond concentration in a range of 33-35 percent by volume of the segments or alternatively 1.45-1.55 carats/ccm) for use in saws of 35 hp or more.

[2] Not applicable.

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

Table V-6c
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices and quantities of the U.S.-produced and imported product 6[1] sold to U.S. professional construction firms, and margins of underselling (overselling), by country of origin and by quarters, January 2003-December 2005

Period of shipment	United States			Korea			
	Price *(per blade)*	Quantity *(blades)*	No. of firms	Price *(per blade)*	Quantity *(blades)*	No. of firms	Margin *(percent)*
2003:							
Jan.-Mar.	$377.82	735	7	***	***	***	***
Apr.-June	354.04	1,562	7	***	***	***	***
July-Sept.	350.43	1,354	7	***	***	***	***
Oct.-Dec.	362.99	886	7	***	***	***	***
2004:							
Jan.-Mar.	340.90	1,044	7	***	***	***	***
Apr.-June	341.37	1,331	7	***	***	***	***
July-Sept.	347.98	1,170	7	***	***	***	***
Oct.-Dec.	337.06	1,105	7	***	***	***	***
2005:							
Jan.-Mar.	322.21	954	7	***	***	***	***
Apr.-June	302.72	2,602	7	***	***	***	***
July-Sept.	273.30	3,149	7	***	***	***	***
Oct.-Dec.	279.54	2,433	7	***	***	***	***
TOTALS	([2])	18,325	7	([2])	***	***	([2])

[1] Product 6.– 18" diameter laser-welded blades for wet cutting cured concrete, 0.125" segment thickness, Premium grade blade (diamond impact strength within a TI/TTI range of 74-77 and diamond concentration in a range of 33-35 percent by volume of the segments or alternatively 1.45-1.55 carats/ccm) for use in saws of 35 hp or more.

[2] Not applicable.

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

Table V-7a
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices and quantities of the U.S.-produced and imported product 7[1] sold to U.S. branded distributors, and margins of underselling (overselling), by country of origin and by quarters, January 2003-December 2005

Period of shipment	United States			China				Korea			
	Price *(per blade)*	Quantity *(blades)*	No. of firms	Price *(per blade)*	Quantity *(blades)*	No. of firms	Margin *(percent)*	Price *(per blade)*	Quantity *(blades)*	No. of firms	Margin *(percent)*
2003:											
Jan.-Mar.	$509.94	103	4	***	***	***	***	***	***	***	***
Apr.-June	475.94	145	5	***	***	***	***	***	***	***	***
July-Sept.	456.31	156	4	***	***	***	***	***	***	***	***
Oct.-Dec.	447.40	142	4	***	***	***	***	***	***	***	***
2004:											
Jan.-	423.88	77	6	***	***	***	***	***	***	***	***
Apr.-	440.88	197	6	***	***	***	***	***	***	***	***
July-	454.26	143	5	***	***	***	***	***	***	***	***
Oct.-	414.29	122	5	***	***	***	***	***	***	***	***
2005:											
Jan.-	436.65	85	6	***	***	***	***	***	***	***	***
Apr.-	397.99	168	6	***	***	***	***	***	***	***	***
July-	443.29	146	6	***	***	***	***	***	***	***	***
Oct.-	423.29	169	6	***	***	***	***	***	***	***	***
TOTALS	([2])	1,653	6	([2])	***	***	([2])	([2])	***	***	([2])

[1] Product 7.– 24" diameter laser-welded blades for wet cutting cured concrete, 0.155" segment thickness, Premium grade blade (diamond impact strength within a TI/TTI range of 74-77 and diamond concentration in a range of 33-35 percent by volume of the segments or alternatively 1.45-1.55 carats/ccm) for use in saws of 35 hp or more.
[2] Not applicable.

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

Table V-7b
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices and quantities of the U.S.-produced and imported product 7[1] sold to U.S. other distributors, and margins of underselling (overselling), by country of origin and by quarters, January 2003-December 2005

Period of shipment	United States			China				Korea			
	Price *(per blade)*	Quantity *(blades)*	No. of firms	Price *(per blade)*	Quantity *(blades)*	No. of firms	Margin *(percent)*	Price *(per blade)*	Quantity *(blades)*	No. of firms	Margin *(percent)*
2003:											
Jan.-Mar.	$553.16	126	5	***	***	***	***	***	***	***	***
Apr.-June	550.91	265	5	***	***	***	***	***	***	***	***
July-Sept.	569.72	260	5	***	***	***	***	***	***	***	***
Oct.-Dec.	530.51	164	5	***	***	***	***	***	***	***	***
2004:											
Jan.-	484.16	170	5	***	***	***	***	***	***	***	***
Apr.-	480.01	307	6	***	***	***	***	***	***	***	***
July-	481.16	335	6	***	***	***	***	***	***	***	***
Oct.-	459.56	212	6	***	***	***	***	***	***	***	***
2005:											
Jan.-	453.82	231	6	***	***	***	***	***	***	***	***
Apr.-	481.62	340	5	***	***	***	***	***	***	***	***
July-	483.39	324	6	***	***	***	***	***	***	***	***
Oct.-	460.82	243	6	***	***	***	***	***	***	***	***
TOTALS	([2])	2,977	6	([2])	***	***	([2])	([2])	***	***	([2])

[1] Product 7.– 24" diameter laser-welded blades for wet cutting cured concrete, 0.155" segment thickness, Premium grade blade (diamond impact strength within a TI/TTI range of 74-77 and diamond concentration in a range of 33-35 percent by volume of the segments or alternatively 1.45-1.55 carats/ccm) for use in saws of 35 hp or more.
[2] Not applicable.

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

Table V-7c
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices and quantities of the U.S.-produced and imported product 7[1] sold to U.S. professional construction firms, and margins of underselling (overselling), by country of origin and by quarters, January 2003-December 2005

Period of shipment	United States			Korea			
	Price *(per blade)*	Quantity *(blades)*	No. of firms	Price *(per blade)*	Quantity *(blades)*	No. of firms	Margin *(percent)*
2003:							
Jan.-Mar.	$634.47	289	6	***	***	***	***
Apr.-June	605.75	476	6	***	***	***	***
July-Sept.	580.59	489	6	***	***	***	***
Oct.-Dec.	586.86	297	6	***	***	***	***
2004:							
Jan.-Mar.	564.33	331	6	***	***	***	***
Apr.-June	585.74	523	6	***	***	***	***
July-Sept.	566.11	410	6	***	***	***	***
Oct.-Dec.	567.88	432	6	***	***	***	***
2005:							
Jan.-Mar.	572.70	371	6	***	***	***	***
Apr.-June	559.50	464	6	***	***	***	***
July-Sept.	495.06	527	6	***	***	***	***
Oct.-Dec.	573.02	433	6	***	***	***	***
TOTALS	([2])	5,042	6	([2])	***	***	([2])

[1] Product 7.– 24" diameter laser-welded blades for wet cutting cured concrete, 0.155" segment thickness, Premium grade blade (diamond impact strength within a TI/TTI range of 74-77 and diamond concentration in a range of 33-35 percent by volume of the segments or alternatively 1.45-1.55 carats/ccm) for use in saws of 35 hp or more.

[2] Not applicable.

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

Figure V-3
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices for product 1, by country of origin, types of customers, and quarters, January 2003-December 2005

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Figure V-4
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices for product 2, by country of origin, types of customers, and quarters, January 2003-December 2005

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Figure V-5
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices for product 3, by country of origin, types of customers, and quarters, January 2003-December 2005

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Figure V-6
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices for product 4, by country of origin, types of customers, and quarters, January 2003-December 2005

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Figure V-7
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices for product 5, by country of origin, types of customers, and quarters, January 2003-December 2005

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Figure V-8
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices for product 6, by country of origin, types of customers, and quarters, January 2003-December 2005

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Figure V-9
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices for product 7, by country of origin, types of customers, and quarters, January 2003-December 2005

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Selling Price Trends

The U.S. weighted-average net f.o.b. quarterly selling prices of the specified finished diamond sawblade products produced domestically fluctuated but generally declined during January 2003-December 2005 (tables V-1a through V-7c and figures V-3 through V-9). In addition, see tables V-8a through V-8c for summary details of the price trends. Period price declines for the U.S.-produced products ranged from a high of *** percent for product 3 sold to other distributors to a low of 6.1 percent for product 6 sold to other distributors, both during January-March 2003 through October-December 2005.[76] On the other hand, U.S. producers' weighted-average prices increased for product 1 sold to branded distributors, to other distributors, and to professional construction firms, and for product 2 sold to professional construction firms. Period price increases ranged from a high of *** percent for product 1 sold to professional construction firms to a low of *** percent for product 1 sold to other distributors, both during January-March 2003 through October-December 2005.

The U.S. weighted-average net f.o.b. quarterly selling prices of the specified finished diamond sawblade products imported from China fluctuated and showed a mixed pattern of period price declines, increases, and no change during January 2003-December 2005. U.S. importers' weighted-average selling prices of their imported Chinese products declined during the periods reported for products 3, 4, and 6 sold to branded distributors, and products 2 and 3 sold to other distributors. Period price declines for the specified products imported from China ranged from a high of *** percent for product 6 sold to branded distributors during October-December 2004 through July-September 2005 to a low of *** percent for product 3 sold to branded distributors during April-June 2004 through October-December 2005. On the other hand, U.S. importers' weighted-average selling prices of their imported Chinese products increased during the periods reported for products 5 and 7 sold to branded distributors, and products 4-5 sold to professional construction firms. Period price increases ranged from a high of *** percent for product 4 sold to professional construction firms during January-March 2004 through October-December 2005 to a low of *** percent for product 2 sold to branded distributors during July-September 2004 through October-December 2005. U.S. importers' weighted-average selling prices of their imported Chinese products did not change for products 1-3 sold to professional construction firms during January-March 2003 through October-December 2005, while only a single quarter of price data was reported for the imported Chinese product 7 sold to other distributors.

The U.S. weighted-average net f.o.b. quarterly selling prices of the specified finished diamond sawblade products imported from Korea fluctuated but generally declined during January 2003-December 2005. Period price declines for the specified products imported from Korea ranged from a high of *** percent for product 2 sold to professional construction firms to a low of *** percent for product 3 sold to branded distributors, both during January-March 2003 through October-December 2005.[77] On the other hand, U.S. importers' weighted-average selling prices of their imported Korean products increased during the periods reported for products 5-7 sold to branded distributors, products 5-6 sold to other distributors, and product 7 sold to professional construction firms. Period price increases ranged from a high of *** percent for product 6 sold to other distributors to a low of *** percent for product 7 sold to branded distributors, both during January-March 2003 through October-December 2005.

[76] U.S. producers' weighted-average selling prices of their U.S.-produced products declined during the period for products 2-7 sold to branded distributors and to other distributors, and products 3-7 sold to professional construction firms during January 2003-December 2005.

[77] U.S. importers' weighted-average selling prices of their imported Korean products declined during the periods reported for products 1-4 sold to branded distributors, products 1-4 and product 7 sold to other distributors, product 5 sold to national big-box retailers, and products 1-6 sold to professional construction firms.

Table V-8a
Finished diamond sawblades: Summary of the quarterly weighted-average net f.o.b. selling prices for finished diamond sawblade products 1 through 7 sold to U.S. branded distributors, by country of origin, January 2003-December 2005

Country	Number of quarters reported	Highest price in the period (*per blade*)	Lowest price in the period (*per blade*)	Percentage change in price in the period[1]
Product 1				
United States	12	***	***	***
Korea	12	***	***	***
Product 2				
United States	12	***	***	***
China	6	***	***	***[2]
Korea	12	***	***	***
Product 3				
United States	12	***	***	***
China	7	***	***	***[3]
Korea	12	***	***	***
Product 4				
United States	12	***	115.61	***
China	7	***	***	***[4]
Korea	12	***	***	***
Product 5				
United States	12	204.17	171.24	-14.9
China	11	***	***	***
Korea	12	***	***	***
Product 6				
United States	12	272.27	222.22	-18.4
China	8	***	***	***[5]
Korea	12	***	***	***
Product 7				
United States	12	509.94	397.99	-17.0
China	12	***	***	***
Korea	12	***	***	***

[1] Price change is from the first quarter of 2003 to the fourth quarter of 2005 if available. If data for these quarters are not available, it is the change from the first quarter to the last quarter for which the data are available; this price change does not necessarily show the change between the highest and lowest prices, unless such prices were in the first and last quarters for which data are available.
[2] Price change is from the third quarter of 2004 to the fourth quarter of 2005.
[3] Price change is from the second quarter of 2004 to the fourth quarter of 2005.
[4] Price change is from the second quarter of 2004 to the fourth quarter of 2005.
[5] Price change is from the first quarter of 2004 to the fourth quarter of 2005.

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

Table V-8b
Finished diamond sawblades: Summary of the quarterly weighted-average net f.o.b. selling prices for finished diamond sawblade products 1 through 7 sold to U.S. other distributors, by country of origin, January 2003-December 2005

Country	Number of quarters reported	Highest price in the period (*per blade*)	Lowest price in the period (*per blade*)	Percentage change in price in the period[1]
Product 1				
United States	12	***	***	***
Korea	12	***	***	***
Product 2				
United States	12	***	***	***
China	8	***	***	***[2]
Korea	12	***	***	***
Product 3				
United States	12	112.43	***	***
China	9	***	***	***[3]
Korea	12	***	***	***
Product 4				
United States	12	143.90	126.71	-11.5
Korea	12	***	***	***
Product 5				
United States	12	267.07	209.28	-21.4
Korea	12	***	***	***
Product 6				
United States	12	327.17	264.09	-6.1
Korea	12	***	***	***
Product 7				
United States	12	569.72	453.82	-16.7
China	1	***	***	***
Korea	6	***	***	***[4]

[1] Price change is from the first quarter of 2003 to the fourth quarter of 2005 if available. If data for these quarters are not available, it is the change from the first quarter to the last quarter for which the data are available; this price change does not necessarily show the change between the highest and lowest prices, unless such prices were in the first and last quarters for which data are available.
[2] Price change is from the fourth quarter of 2003 to the third quarter of 2005.
[3] Price change is from the second quarter of 2003 to the fourth quarter of 2005.
[4] Price change is from the second quarter of 2003 to the third quarter of 2005.

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

Table V-8c
Finished diamond sawblades: Summary of the quarterly weighted-average net f.o.b. selling prices for finished diamond sawblade products 1 through 7 sold to U.S. professional construction firms, by country of origin, January 2003-December 2005

Country	Number of quarters reported	Highest price in the period (*per blade*)	Lowest price in the period (*per blade*)	Percentage change in price in the period[1]
Product 1				
United States	12	***	***	***
China	12	***	***	***
Korea	12	***	***	***
Product 2				
United States	12	***	***	***
China	12	***	***	***
Korea	12	***	***	***
Product 3				
United States	12	***	***	***
China	12	***	***	***
Korea	12	***	***	***
Product 4				
United States	12	183.28	152.23	-11.2
China	3	***	***	***[2]
Korea	12	***	***	***
Product 5				
United States	12	264.08	196.60	-23.9
China	7	***	***	***[3]
Korea	12	***	***	***
Product 6				
United States	12	377.82	273.30	-26.0
Korea	12	***	***	***
Product 7				
United States	12	634.47	495.06	-9.7
Korea	11	***	***	***[4]

[1] Price change is from the first quarter of 2003 to the fourth quarter of 2005 if available. If these are not available, it is the change from the first quarter to the last quarter for which the data are available; this price change does not necessarily show the change between the highest and lowest prices, unless such prices were in the first and last quarters for which data are available.
[2] Price change is from the first quarter of 2004 to the fourth quarter of 2005.
[3] Price change is from the first quarter of 2003 to the third quarter of 2004.
[4] Price change is from the second quarter of 2003 to the fourth quarter of 2005.

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

Selling Price Comparisons

A total of 360 quarterly selling price comparisons were possible between the domestic and imported specified finished diamond sawblade products 1-7 shipped by the U.S. producers and importers to specified types of U.S. customers on a U.S. f.o.b. selling price basis during January 2003-December 2005 (tables V-1a through V-7c). One hundred and fifteen selling price comparisons were possible between the domestic and imported products from China, while 245 selling price comparisons were possible between the domestic and imported products from Korea. One hundred and twelve of the 115 selling price comparisons involving the imported Chinese products showed that the imported products were priced less than the U.S.-produced products, and in the 3 remaining price comparisons the imported Chinese products were priced higher than the U.S.-produced products. One hundred and eighty-nine of the 245 selling price comparisons involving the imported Korean products showed that the imported products were priced less than the U.S.-produced products, and in the remaining 56 price comparisons the imported Korean products were priced higher than the U.S.-produced products.[78] The quarterly price comparisons based on reported selling price data are summarized in tables V-9a through V-9c.

The imported Chinese products that were priced less than the U.S.-produced products showed the greatest concentration of underselling for sales of products 3 and 5, based on the value of shipments of the imported Chinese products, and for sales to branded distributors and professional construction firms, based on both the number of price comparisons and the value of shipments of the Chinese products. The imported Korean products that were priced less than the U.S.-produced products showed the greatest concentration of such sales for product 5, based on the value of shipments of the Korean products, and for shipments to branded distributors, the latter based on both the number of price comparisons and the value of shipments of the Korean products. On the other hand, the imported Korean products that were priced higher than the U.S.-produced products showed the greatest concentration of such sales for product 4 and shipments to professional construction firms, based on the value of shipments of the Korean products.

[78] The 189 quarterly selling price comparisons showing the imported Korean products priced less than the U.S.-produced products accounted for $5.8 million in shipments of the Korean products, while the 56 quarterly price comparisons showing the imported Korean products priced higher than the U.S.-produced products accounted for $4.6 million in shipments of the Korean products.

Table V-9a
Finished diamond sawblades: Quarterly U.S. weighted-average net f.o.b. selling price comparisons between U.S.-produced and imported finished diamond sawblades, by country of origin and by year, 2003-05[1]

Country/ period	Total price comparisons		Underselling by imports			Overselling by imports		
	No.	Value[2] *(dollars)*	No.	Value[2] *(dollars)*	Range of underselling (*percentage*)	No.	Value[2] *(dollars)*	Range of overselling (*percentage*)
China:								
2003	26	$327,430	26	$327,430	25.6 - 83.0	-	-	-
2004	43	379,227	42	377,711	22.1 - 83.6	1	$1,516	2.4
2005	46	755,672	44	577,048	17.8 - 86.4	2	178,624	28.4 - 36.1
TOTALS	115	1,462,329	112	1,282,189		3	180,140	
Korea:								
2003	80	$2,876,446	59	$1,833,501	1.2 - 80.8	21	$1,042,945	1.7 - 45.4
2004	82	3,568,534	67	2,128,522	4.6 - 78.8	15	1,440,012	8.3 - 141.6
2005	83	3,999,347	63	1,865,782	3.9 - 76.3	20	2,133,565	2.0 - 78.7
TOTALS	245	10,444,327	189	5,827,805		56	4,616,522	

[1] The number of quarterly price comparisons shown for each country involve all the specified products reported and sales to U.S. branded distributors, other distributors, and professional construction firms; U.S. producers did not report any sales to national big-box retailers, such that no price comparisons were possible with the imported products sold to this latter type of customer.
[2] Value of U.S. sales of the specified finished diamond sawblade products imported from the countries.

Note.--Due to rounding, the value totals in this table may not equal the totals in tables V-9b and V-9c.

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

Table V-9b
Finished diamond sawblades: Quarterly U.S. weighted-average net f.o.b. selling price comparisons between U.S.-produced and imported finished diamond sawblades, by country of origin and by product, during January 2003-December 2005[1]

Country/ product	Total price comparisons		Underselling by imports			Overselling by imports		
	No.	Value[2] *(dollars)*	No.	Value[2] *(dollars)*	Range of underselling (*percentage*)	No.	Value[2] *(dollars)*	Range of overselling (*percentage*)
China:								
Product 1	12	$17,500	12	$17,500	79.8 - 86.4	-	-	-
Product 2	26	94,850	26	94,850	22.1 - 72.5	-	-	-
Product 3	28	609,302	28	609,302	17.8 - 74.5	-	-	-
Product 4	10	195,977	8	17,353	23.5 - 39.7	2	$178,624	28.4 - 36.1
Product 5	18	407,895	18	407,895	37.3 - 65.5	-	-	-
Product 6	8	91,660	7	90,144	39.0 - 48.8	1	1,516	2.4
Product 7	13	45,145	13	45,145	38.0 - 67.3	-	-	-
TOTALS	115	1,462,329	112	1,282,189		3	180,140	
Korea:								
Product 1	36	$149,821	36	$149,821	6.7 - 78.8	-	-	-
Product 2	36	639,266	24	300,828	1.7 - 57.7	12	$338,438	1.7 - 79.0
Product 3	36	1,511,003	11	456,714	4.6 - 25.0	25	1,054,289	2.0 - 141.6
Product 4	36	3,592,362	20	424,486	3.9 - 27.6	16	3,167,876	3.0 - 39.4
Product 5	36	3,771,912	34	3,722,846	6.3 - 80.8	2	49,066	3.1 - 3.8
Product 6	36	614,029	36	614,029	1.2 - 73.5	-	-	-
Product 7	29	165,934	28	159,081	12.9 - 60.6	1	6,853	25.8
TOTALS	245	10,444,327	189	5,827,805		56	4,616,522	

[1] The quarterly price comparisons shown for each country involve sales to U.S. branded distributors, other distributors, and professional construction firms; U.S. producers did not report any sales to national big-box retailers, such that no price comparisons were possible with the imported products sold to this latter type of customer.

[2] Value of U.S. sales of the specified finished diamond sawblade products imported from the countries.

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

Table V-9c
Finished diamond sawblades: Quarterly U.S. weighted-average net f.o.b. selling price comparisons between U.S.-produced and imported finished diamond sawblades, by country of origin and by type of customer, during January 2003-December 2005[1]

Country/ type of customer	Total price comparisons		Underselling by imports			Overselling by imports		
	No.	Value[2] *(dollars)*	No.	Value[2] *(dollars)*	Range of underselling (*percentage*)	No.	Value[2] *(dollars)*	Range of overselling (*percentage*)
China:								
Branded distributors	51	$806,570	50	$805,054	23.5 - 70.5	1	$1,516	2.4
Other distributors	18	46,034	18	46,034	17.8 - 54.7	-	-	-
Prof. const. firms	46	609,725	44	431,101	28.7 - 86.4	2	178,624	28.4 - 36.1
TOTALS	115	1,462,329	112	1,282,189		3	180,140	
Korea:								
Branded distributors	84	$3,948,094	68	$3,351,454	1.7 - 78.8	16	$596,640	3.0 - 47.5
Other distributors	78	1,993,275	58	1,322,503	3.1 - 80.8	20	670,772	1.7 - 141.6
Prof. const. firms	83	4,502,958	63	1,153,848	1.2 - 58.8	20	3,349,110	2.0 - 39.4
TOTALS	245	10,444,327	189	5,827,805		56	4,616,522	

[1] The number of quarterly price comparisons shown for each country involve all the specified products reported; U.S. producers did not report any sales to national big-box retailers, such that no price comparisons were possible with the imported products sold to this latter type of customer.
[2] Value of U.S. sales of the specified finished diamond sawblade products imported from the countries.

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

Purchase Price Comparisons

A total of 122 quarterly delivered purchase price comparisons were possible between the domestic and imported specified finished diamond sawblade products during January 2003-December 2005; these price comparisons involved product 1 purchased by "other" retailers, products 3-7 purchased by U.S. branded distributors, and products 5-7 purchased by U.S. "other" distributors on a delivered price basis (tables V-10 through V-18).[79] Forty-seven purchase price comparisons were possible between the domestic and imported products from China, while 75 purchase price comparisons were possible between the domestic and imported products from Korea. Forty-six of the 47 purchase price comparisons involving the imported Chinese products showed that the imported products were priced less than the U.S.-produced products, and in the single remaining price comparison the imported Chinese product was priced higher than the U.S.-produced product. Sixty-eight of the 75 purchase price comparisons involving the imported Korean products showed that the imported products were priced less than the U.S.-produced products, and in the 7 remaining price comparisons the imported Korean products were priced higher than the U.S.-produced products.[80] The quarterly price comparisons based on reported delivered purchase price data are summarized in tables V-19a through V-19c.

Table V-10
Finished diamond sawblades: U.S. weighted-average net delivered purchase prices and quantities of the U.S.-produced and imported Korean product 1 purchased by U.S. other retailers, and margins of underselling (overselling), by country of origin and by quarters, January 2003-December 2005

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Table V-11
Finished diamond sawblades: U.S. weighted-average net delivered purchase prices and quantities of the U.S.-produced and imported product 3 purchased by U.S. branded distributors, and margins of underselling (overselling), by country of origin, and by quarters, January 2003-December 2005

* * * * * * *

Table V-12
Finished diamond sawblades: U.S. weighted-average net delivered purchase prices and quantities of the U.S.-produced and imported product 4 purchased by U.S. branded distributors, and margins of underselling (overselling), by country of origin and by quarters, January 2003-December 2005

* * * * * * *

[79] The price data reported by U.S. purchasers are shown only for those products and types of customers reporting where there were at least some price comparisons between the domestic and subject imported diamond sawblades.

[80] The 68 quarterly selling price comparisons showing the imported Korean products priced less than the U.S.-produced products accounted for $3.3 million in shipments of the Korean products, while the 7 quarterly price comparisons showing the imported Korean products priced higher than the U.S.-produced products accounted for $23,080 in shipments of the Korean products.

Table V-13
Finished diamond sawblades: U.S. weighted-average net delivered purchase prices and quantities of the U.S.-produced and imported product 5 purchased by U.S. branded distributors, and margins of underselling (overselling), by country of origin and by quarters, January 2003-December 2005

* * * * * * *

Table V-14
Finished diamond sawblades: U.S. weighted-average net delivered purchase prices and quantities of the U.S.-produced and imported product 6 purchased by U.S. branded distributors, and margins of underselling (overselling), by country of origin and by quarters, January 2003-December 2005

* * * * * * *

Table V-15
Finished diamond sawblades: U.S. weighted-average net delivered purchase prices and quantities of the U.S.-produced and imported Korean product 7 purchased by U.S. branded distributors, and margins of underselling (overselling), by country of origin and by quarters, January 2003-December 2005

* * * * * * *

Table V-16
Finished diamond sawblades: U.S. weighted-average net delivered purchase prices and quantities of the U.S.-produced and imported product 5 purchased by U.S. other distributors, and margins of underselling (overselling), by country of origin and by quarters, January 2003-December 2005

* * * * * * *

Table V-17
Finished diamond sawblades: U.S. weighted-average net delivered purchase prices and quantities of the U.S.-produced and imported product 6 purchased by U.S. other distributors, and margins of underselling (overselling), by country of origin and by quarters, January 2003-December 2005

* * * * * * *

Table V-18
Finished diamond sawblades: U.S. weighted-average net delivered purchase prices and quantities of the U.S.-produced and imported Chinese product 7 purchased by U.S. other distributors, and margins of underselling (overselling), by country of origin and by quarters, January 2003-December 2005

* * * * * * *

Table V-19a
Finished diamond sawblades: Quarterly U.S. weighted-average net delivered purchase price comparisons between U.S.-produced and imported finished diamond sawblades, by country of origin and by year, 2003-05[1]

Country/ period	Total price comparisons		Underselling by imports			Overselling by imports		
	No.	Value[2] *(dollars)*	No.	Value[2] *(dollars)*	Range of underselling (*percentage*)	No.	Value[2] *(dollars)*	Range of overselling (*percentage*)
China:								
2003	13	$56,768	13	$56,768	46.5 - 79.3	-	-	-
2004	16	190,509	15	190,236	15.7 - 70.7	1	$273	1.8
2005	18	562,148	18	562,148	33.0 - 67.3	-	-	-
TOTALS	47	809,425	46	809,152		1	273	
Korea:								
2003	21	$870,625	17	868,025	26.5 - 66.8	4	$2,600	27.8 - 67.2
2004	27	1,389,913	24	1,369,433	3.1 - 69.5	3	20,480	0.3 - 4.1
2005	27	1,082,993	27	1,082,993	12.5 - 71.5	-	-	-
TOTALS	75	3,343,531	68	3,320,451		7	23,080	

[1] The number of quarterly price comparisons shown for each country involve all the specified products reported and purchased by branded distributors, other distributors, and other retailers.
[2] Value of U.S. purchases of the specified finished diamond sawblade products imported from the countries.

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

Table V-19b
Finished diamond sawblades: Quarterly U.S. weighted-average net delivered purchase price comparisons between U.S.-produced and imported finished diamond sawblades, by country of origin and by product, during January 2003-December 2005[1]

Country/ product	Total price comparisons		Underselling by imports			Overselling by imports		
	No.	Value[2] *(dollars)*	No.	Value[2] *(dollars)*	Range of underselling (*percentage*)	No.	Value[2] *(dollars)*	Range of overselling (*percentage*)
China:								
Product 1	-	-	-	-	-	-	-	-
Product 2	-	-	-	-	-	-	-	-
Product 3	12	45,125	12	$45,125	47.9 - 61.9	-	-	-
Product 4	10	751,076	10	751,076	65.3 - 70.7	-	-	-
Product 5	11	6,386	11	6,386	46.5 - 69.4	-	-	-
Product 6	13	4,878	12	4,605	15.7 - 79.3	1	$273	1.8
Product 7	1	1,960	1	1,960	51.0	-	-	-
TOTALS	47	809,425	46	809,152		1	273	
Korea:								
Product 1	8	$163,549	7	$145,221	12.7 - 54.5	1	$18,328	4.1
Product 2	-	-	-	-	-	-	-	-
Product 3	12	120,325	12	120,325	34.5 - 71.5	-	-	-
Product 4	12	2,950,375	12	2,950,375	46.5 - 70.8	-	-	-
Product 5	19	70,205	15	67,605	12.6 - 62.6	4	2,600	27.8 - 67.2
Product 6	15	24,380	13	22,228	3.1 - 59.1	2	2,152	0.3 - 0.3
Product 7	9	14,697	9	14,697	16.7 - 57.4	-	-	-
TOTALS	75	3,343,531	68	3,320,451		7	23,080	

[1] The quarterly price comparisons shown for each country involve purchases by branded distributors, other distributors, and other retailers.
[2] Value of U.S. purchases of the specified finished diamond sawblade products imported from the countries.

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

Table V-19c
Finished diamond sawblades: Quarterly U.S. weighted-average net delivered purchase price comparisons between U.S.-produced and imported finished diamond sawblades, by country of origin and by type of customer, during January 2003-December 2005[1]

Country/ type of customer	Total price comparisons		Underselling by imports			Overselling by imports		
	No.	Value[2] *(dollars)*	No.	Value[2] *(dollars)*	Range of underselling (*percentage*)	No.	Value[2] *(dollars)*	Range of overselling (*percentage*)
China:								
Branded distributors	38	$803,458	38	$803,458	47.9 - 79.3	-	-	-
Other distributors	9	5,967	8	5,694	15.7 - 59.1	1	$273	1.8
Other retailers	-	-	-	-	-	-	-	-
TOTALS	47	809,425	46	809,152		1	273	
Korea:								
Branded distributors	49	$3,101,310	49	$3,101,310	16.7 - 71.5	-	-	-
Other distributors	18	78,672	12	73,920	3.1 - 34.2	6	$4,752	0.3 - 67.2
Other retailers	8	163,549	7	145,221	12.7 - 54.5	1	18,328	4.1
TOTALS	75	3,343,531	68	3,320,451		7	23,080	

[1] The number of quarterly price comparisons shown for each country involve all the specified products reported.
[2] Value of U.S. purchases of the specified finished diamond sawblade products imported from the countries.

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

LOST REVENUES AND LOST SALES

The Commission requested U.S. producers of finished diamond sawblades and diamond sawblade parts to report in their questionnaire responses any instances of lost revenues or lost sales that they experienced due to competition from imports from China and Korea since January 2003. Five of the 10 firms responding for lost revenues indicated that they had to reduce prices to prevent losing sales to the finished diamond sawblades and/or diamond sawblade parts products imported from China and/or Korea, but only one of these firms, ***, provided the information requested.[81] Another of the five firms, ***, reported that it did not have documentation to support its allegation, but was confident that it has reduced prices to meet competition. According to ***, in many cases new products are developed to meet competition price points, which reduce prices for similar products. Six of the 11 firms responding for lost sales reported that they had lost sales to finished diamond sawblades and/or diamond sawblade parts imported from China and/or Korea, but only two firms, ***, provided the information requested.[82] Another of the six firms, ***, reported that it did not have documentation to back up its allegation, but was confident that it has lost business in certain situations.[83] After the hearing, *** provided additional allegations of lost sales regarding its U.S.-produced diamond sawblade cores.[84]

In addition to questionnaire responses, petitioners were required to provide lost revenue and lost sales information in their petition. Petitioners, however, did not provide sufficient data regarding specific instances of lost sales or revenues in the petition, although they did note that "(t)he nature of the sales process for diamond sawblades makes it difficult to document anecdotal cases of lost sales and revenues."[85] Instead, petitioners provided affidavits in their petition from 10 producers, resellers (distributors), and purchasers of diamond sawblades.[86] These affidavits, however, did not include specific information to verify with purchasers whether these allegations were correct. Resellers noted in their affidavits that Chinese and Korean suppliers of diamond sawblades are bypassing their companies and marketing directly to past, present, and potential customers of the resellers. The staff requested during the final phase of these investigations that the petitioners provide the requested lost revenue and lost sales

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[81] The remaining five firms, ***, reported that they did not lose revenues due to competition with the imported diamond sawblade products from China and Korea.

[82] The remaining five firms, ***, reported that they did not lose sales to the imported diamond sawblade products from China and Korea.

[83] During the preliminary phase of these investigations, another U.S. producer, ***, which has not provided a questionnaire response in this final phase, asserted that "on a regular basis, we lose business to Chinese product based on quoted prices by 50+ percent."

[84] *** also provided after the hearing additional allegations of lost sales regarding its U.S.-produced finished diamond sawblades. The data provided, however, were aggregated for the entire period, 2003-05, and appeared to conflict with one of its lost sales allegations previously submitted (all lost sales allegations submitted by *** involved a single firm, ***). Staff requested that *** submit the aggregated lost sales allegations at least on a yearly basis, but preferably on a transaction basis as it did for its previous submissions (staff e-mail to ***); staff did not receive a response.

[85] Petition, p. 9.

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

information for the general assertions that were cited in the petition, but the petitioners did not provide any of the requested information.[87]

The Commission received useable information involving a single instance of lost revenue and 13 instances of lost sales; a summary of the useable lost sales information obtained is shown in table V-20. Most of the lost sales allegations and the lost revenue allegation involved diamond sawblade cores. The single instance of lost revenue, along with additional comments of responding purchasers cited in the lost revenue and lost sales allegations, are presented in the text that follows.

*** agreed with the lost revenue allegation involving diamond sawblade cores.[88] *** reported that, in 2003, the firm threatened ***. Consequently, ***.

*** agreed with the five lost sales allegations involving diamond sawblade cores, but noted that the country of origin was Korea, not China, for the January 1, 2004 allegation. *** reported that it has purchased diamond sawblade cores from Korea at significantly reduced prices. *** also asserted that it has lost over $*** in sales of its finished diamond sawblades to imported Chinese products between January 2003-February 2006, which involved a single firm.

*** agreed with the two lost sales allegations involving diamond sawblade cores, but did not provide any discussion.

*** agreed with the four lost sales allegations involving diamond sawblade cores, but did not provide any discussion.

Table V-20
Finished diamond sawblades and diamond sawblade parts: Lost sales allegations

* * * * * * *

[87] E-mail of staff to ***. The staff had sent a similar request during the preliminary phase of these investigations, but did not receive the information requested (e-mail of staff to ***).

[88] ***.

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

BACKGROUND

This section of the report presents U.S. producers' financial results on diamond sawblades, diamond sawblade parts, and combined operations on diamond sawblades and diamond sawblade parts. The financial results are based on U.S. generally accepted accounting principles ("GAAP") and represent a mix of calendar and fiscal-year periods.[1] The majority of revenue on diamond sawblades reflects commercial sales.[2]

Staff conducted a verification of Husqvarna's U.S. producer's questionnaire response on May 24 and 25, 2006 at the company's *** diamond sawblade manufacturing facility in Columbia, SC. Changes pursuant to verification are reflected in this and other affected sections of the report.[3]

OPERATIONS ON DIAMOND SAWBLADES

Income-and-loss data for producers of diamond sawblades are presented in table VI-1 and on a per-unit basis in table VI-2.

While the overall financial results on diamond sawblades represent the combined operations of multiple companies, *** account for the majority of sales.[4] Selected company-specific financial information of operations on diamond sawblades is presented in table VI-3.

The variance analysis of operations on diamond sawblades, presented in table VI-4, shows that the reduction in gross profit between 2003 and 2004 was due to a negative price variance partially offset

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[1] The accounting and related information systems used by U.S. producers generally do not track financial results in the manner or detail requested by the Commission. As a result and not necessarily unique to this case, elements of manufacturing costs and other operating expense items were constructed from relevant financial information.

The following companies reported on a fiscal-year ("FY") basis: Terra Diamond (February 28); Western Saw (April 30); Concut and Dixie Diamond (May 31); Texas Diamond (October 31); and N-E-D (November 30). The remaining U.S. producers reported on a calendar-year basis. As requested by staff, Terra Diamond's financial results represent FY 2004, FY 2005, and FY 2006.

Neither Blackhawk, which reportedly entered bankruptcy after the Commission's preliminary determination, nor *** submitted questionnaire responses for the final phase of these investigations. In lieu of updated responses, the overlapping financial results (2003, 2004, and January-March 2005) submitted by Blackhawk and *** for the preliminary phase of these investigations are presented in this section. As indicated in the note to table VI-3, staff estimated ***. ***.

[2] A small volume of transfers was reported by ***. *** reported internal consumption.

***. ***' March 24, 2006 response to staff follow-up questions. ***. ***' April 3, 2006 response to staff follow-up questions.

[3] June 5, 2006 verification report.

[4] ***.

Table VI-1
Diamond sawblades: Results of operations, 2003-05

Item	Calendar and fiscal year		
	2003	2004	2005
	Quantity (*units*)		
Commercial sales	***	***	***
Internal consumption	***	***	***
Transfers	***	***	***
Total net sales quantity	570,620	581,124	568,262
	Value (*$1,000*)		
Commercial sales	***	***	***
Internal consumption	***	***	***
Transfers	***	***	***
Total net sales value	117,409	115,144	114,618
Cost of sales:			0
Raw material	34,432	34,024	35,650
Direct labor	10,662	10,755	10,540
Other factory costs	24,978	25,083	23,822
Total cost of goods sold	70,071	69,861	70,012
Gross profit	47,338	45,282	44,607
SG&A expenses	34,650	33,046	32,543
Operating income	12,688	12,236	12,064
Interest expense	891	722	847
Other expenses	3,989	3,110	1,092
Other income items	1,372	1,805	546
Net income	9,180	10,209	10,671
Depreciation/amortization	4,069	3,732	2,682
Estimated cash flow	13,249	13,941	13,353
	Ratio to net sales (*percent*)		
Raw material	29.3	29.6	31.1
Direct labor	9.1	9.3	9.2
Other factory costs	21.3	21.8	20.8
Cost of goods sold	59.7	60.7	61.1
Gross profit	40.3	39.3	38.9
SG&A expenses	29.5	28.7	28.4
Operating income	10.8	10.6	10.5
Net income	7.8	8.9	9.3
	Number of producers reporting		
Data	16	16	16
Operating losses	6	7	6

Note.--The difference in volume compared to the preliminary phase of these investigations is largely due to revisions made by ***. *See* footnote 15.

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

Table VI-2
Diamond sawblades: Results of operations (*per unit*), 2003-05

Item	Calendar and fiscal year		
	2003	2004	2005
	Value (*per unit*)		
Commercial sales	***	***	***
Internal consumption	***	***	***
Transfers	***	***	***
Average net sales	$205.76	$198.14	$201.70
Cost of goods sold:			
Raw material	60.34	58.55	62.73
Direct labor	18.68	18.51	18.55
Other factory costs	43.77	43.16	41.92
Total cost of goods sold	122.80	120.22	123.20
Gross profit	82.96	77.92	78.50
SG&A expenses	60.72	56.87	57.27
Operating income	22.24	21.06	21.23
Source: Compiled from data submitted in response to Commission questionnaires.			

by reductions in the average cost of raw materials.[5] The resulting contraction of average gross profit was offset somewhat by increased volume. The decline in overall gross profit was accompanied by an overall negative 2003-04 operating income variance despite a relatively large reduction in 2004 SG&A expenses.[6]

Table VI-3
Diamond sawblades: Results of operations by firm, 2003-05

* * * * * * *

[5] The variance analysis is most useful when period-to-period activity represents the same underlying product and product mix. In this case, the scope of the product can result in relatively large differences in average unit sales values and associated costs. Additionally, it is presumed that at least some change in product mix has occurred during the period. While the variance analysis is still generally meaningful, the above-referenced factors should be noted.

In terms of explaining period-to-period changes in gross profit, higher volume in the context of revenue represents a positive variance, while higher volume in the context of cost represents a negative variance. Since "other factory costs" include fixed and variable cost components, higher production/sales volume generally increases fixed cost absorption which in turn reduces average unit other factory costs. In this sense, higher production/sales volume indirectly contributes to a positive cost variance because they usually lower average COGS.

[6] The decline in 2004 SG&A expenses was accounted for primarily by ***. As shown in table VI-3, ***'s SG&A expenses to sales ratio declined from *** percent in 2003 to *** percent in 2004. The relative decline in ***'s allocated 2004 SG&A expenses was ***.

Table VI-4
Diamond sawblades: Variance analysis of U.S. producers, 2003-05

Item	Calendar and fiscal year		
	2003-05	2003-04	2004-05
	Value (*$1,000*)		
Total net sales:			
Price variance	(2,306)	(4,427)	2,023
Volume variance	(485)	2,161	(2,548)
Total net sales variance	(2,791)	(2,265)	(525)
Cost of sales:			
Raw material:			
Cost variance	(1,360)	1,041	(2,378)
Volume variance	142	(634)	753
Net raw material variance	(1,218)	407	(1,625)
Direct labor:			
Cost variance	78	104	(23)
Volume variance	44	(196)	238
Net direct labor variance	122	(93)	215
Other factory costs:			
Cost variance	1,052	355	705
Volume variance	103	(460)	555
Net other factory cost variance	1,155	(105)	1,260
Net cost of sales:			
Cost variance	(230)	1,500	(1,696)
Volume variance	290	(1,290)	1,546
Total net cost of sales	60	210	(150)
Gross profit variance	(2,731)	(2,056)	(675)
SG&A expenses:			
Expense variance	1,964	2,241	(228)
Volume variance	143	(638)	731
Total SG&A variance	2,107	1,604	504
Operating income variance	(624)	(452)	(172)
Summarized as:			
Price variance	(2,306)	(4,427)	2,023
Net cost/expense variance	1,734	3,741	(1,924)
Net volume variance	(52)	234	(271)

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

In 2005, average unit gross profit increased marginally as the result of a positive price variance (a component of the total net sales variance) which more than offset the corresponding negative cost variance (a component of the total net cost of sales variances). The negative cost variance was primarily the result of higher average raw material costs. Given the small increase in average unit gross profit, the decline in absolute gross profit in 2005 was entirely the result of a decline in volume. A positive net SG&A expense variance (the combination of both the expense variance and volume variance) partially offset the decline in gross profit, resulting in a 2004-05 negative operating income variance.

As shown in table VI-2, average raw material costs fluctuated during the period, with several different factors impacting the overall trend. Table VI-5, which presents the average purchase cost for primary raw material inputs, shows that the average purchase cost of steel cores increased by a relatively small amount during the period, while the average purchase cost of metal powder increased substantially and the average purchase cost of diamonds declined. It should be noted that the single most important raw material cost in the production of a diamond sawblade is the steel core.[7]

Table VI-5
Diamond sawblades: Average costs of primary inputs, 2003-05

* * * * * * *

*** reported lower average steel core purchase costs. ***.[8] Also with regard to steel core costs, ***.[9]

In terms of changes in overall average raw material costs, *** reported a modest increase, while *** reported a modest decrease. Most smaller U.S. producers reported relatively large increases in average steel core purchase cost, while changes in average raw material costs were mixed.[10]

The other components of COGS, direct labor and other factory costs, showed somewhat smaller relative changes. ***.[11] In response to a question regarding its lower average other factory costs, ***.[12] ***.[13]

As a percentage of sales, SG&A expenses are relatively high compared to the average SG&A expense ratios reported in other cases. It should be noted, however, that the industry's higher average SG&A expense ratios also correspond to relatively higher gross profit ratios. In response to staff questions regarding the level of SG&A expense ratios, several producers noted increased sales efforts and corresponding expenses necessary to compete with imports from China and Korea. Other producers

[7] With respect to the costs that the Commission would normally consider to be COGS, the petition's calculation of normal value (exhibit II-20 of petition) estimated that *** percent is accounted for by cores, *** percent by metal powder, and *** percent by diamonds.

[8] ***'s March 27, 2006 response to staff questions. ***. ***'s March 28, 2006 response to staff follow-up questions.

[9] ***' March 24, 2006 response to staff questions. ***.

[10] ***. ***'s March 27, 2006 response to staff questions. ***. ***'s March 21, 2006 response to staff questions. ***. ***'s March 30, 2006 response to staff questions.

[11] ***. ***' March 24, 2006 response to staff questions.

[12] ***'s March 27, 2006 response to staff questions.

[13] ***'s March 30, 2006 response to staff questions.

indicated that intensive sales and product support is the nature of the markets served and that high levels of SG&A expenses relative to sales are normal.[14]

The SG&A expense ratios of most companies moved within a relatively narrow range throughout the period. As noted previously, there was a large positive net SG&A expense variance between 2003 and 2004 which was primarily due to ***. This was followed by a smaller positive net SG&A expense variance between 2004 and 2005.[15]

***. ***. ***.[16] ***.[17]

***.[18]

Value Added on Diamond Sawblades

Value added on U.S. producers' diamond sawblade operations is presented in table VI-6.[19] With the exception ***, the level of average value added was generally correlated with company-specific average sales values. ***.

Table VI-6
Diamond sawblades: Value added by firm, 2005

* * * * * * *

OPERATIONS ON DIAMOND SAWBLADE PARTS

Income-and-loss data for producers of diamond sawblade parts are presented in table VI-7. Selected company-specific financial information for operations on diamond sawblade parts is presented in table VI-8.[20] An overall variance analysis on the financial results of diamond sawblade parts is not presented because sales and cost information for cores and segments cannot be meaningfully combined and unitized.

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[14] ***. ***'s March 27, 2006 response to staff questions. ***.
***. ***'s March 28, 2006 response to staff questions. As discussed in footnote 15, ***.
***. ***'s March 27, 2006 response to staff questions.
***. ***' March 24, 2006 response to staff questions.
***. ***'s April 6, 2006 response to staff questions.

[15] As indicated previously, the net SG&A expense variance refers to the combination of the SG&A expense variance and associated volume variance.

[16] ***. ***'s March 17, 2006 response to staff questions. ***. ***'s March 24, 2006 response to staff questions. ***. Ibid. ***.

[17] ***. ***'s March 28, 2006 response to staff questions. ***.
***. ***'s April 3, 2006 response to staff questions. ***.

[18] ***'s April 6, 2006 response to staff questions. ***.

[19] As presented in table VI-6, value added represents manufacturing conversion costs (direct labor and other factory costs) plus allocated SG&A expenses. Value added divided by the sum of value added plus raw material yields the percentage amounts presented – SG&A included in the first pair of columns and SG&A excluded in the second pair of columns.

[20] Internal consumption is not presented in this section. U.S. core producers do not produce diamond sawblades or any other products with the cores that they produce. As such and in the sense generally used by the Commission, U.S. core producers cannot internally consume their production of cores. In contrast, U.S. segment producers internally consume most of their segments in the production of diamond sawblades.

Cores

Of the two U.S. producers of diamond sawblade cores, Hyde Tools and Western Saw, the majority of sales were accounted for by ***. Both core producers exhibited somewhat different trends during the period examined with *** total volume and revenue moving within a narrow range, while *** volume and revenue declined.

Average core sales values were only somewhat higher in 2005 compared to 2003 with corresponding increases in COGS resulting in an erosion of gross margin. With the absence of any substantial change in the absolute level of SG&A expenses, an operating loss on cores was reported for 2005. The minimal increase in average core sales values during the period appears to be consistent with the previously-referenced statement by *** that U.S. core producers were under pressure to limit price increases.

Table VI-9 presents *** average purchase cost of steel during the period examined. As shown, the average purchase cost of steel increased by approximately *** percent while the overall average raw material cost for cores, shown in table VI-8, increased by only *** percent.

In response to a question regarding this pattern, ***.[21] ***.[22]

Table VI-7
Diamond sawblade parts: Results of operations, 2003-05

* * * * * * *

Table VI-8
Diamond sawblade parts: Results of operations by firm, 2003-05

* * * * * * *

Table VI-9
Diamond sawblade parts: Average per pound purchase cost of steel (core production only), 2003-05

* * * * * * *

As with the producers of diamond sawblades, core producers' SG&A expense-to-sales ratios were also relatively high.[23]

Segments

Unlike the core producers, commercial sales of segments represent a relatively small part of the respective producers' overall diamond sawblade operations. With the exception of ***, overall segment operations were profitable. As discussed previously, ***. For most companies it is understood that the majority of segments produced are consumed internally in the production of diamond sawblades.

[21] ***. *** March 27, 2006 response to staff questions.

[22] ***. *** March 24, 2006 response to staff questions.

[23] ***. *** March 27, 2006 response to staff questions.

COMBINED OPERATIONS ON DIAMOND SAWBLADES AND DIAMOND SAWBLADE PARTS

Income-and-loss data for the combined operations of producers of diamond sawblades and diamond sawblade parts are presented in table VI-10. Selected company-specific financial information for combined operations is presented in table VI-11.

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Data on capital expenditures and research and development ("R&D") expenses for diamond sawblades and parts are shown in table VI-12.

Total capital expenditures for the period were somewhat lower compared to the overall depreciation expense (see table VI-10). ***.[24] ***.[25] The majority of other producers reported at least some capital expenditures.

***.[26] ***.[27] ***.[28]

ASSETS AND RETURN ON INVESTMENT

The reported value of assets (combined diamond sawblades and diamond sawblade parts) and calculated return on investment ("ROI") are shown in table VI-13.

[24] ***.

[25] ***.

[26] The following companies reported R&D expenses during the period examined: ***.

[27] ***' March 24, 2006 response to staff questions.

[28] ***'s March 27, 2006 response to staff questions.

Table VI-10
Diamond sawblades and diamond sawblade parts: Results of combined operations, 2003-05

Item	Calendar and fiscal year		
	2003	2004	2005
	Value (*$1,000*)		
Total net sales value	129,348	127,714	127,233
Cost of goods sold	78,107	78,322	78,761
Gross profit	51,241	49,392	48,472
SG&A expenses	38,508	36,925	36,573
Operating income	12,733	12,467	11,899
Interest expense	1,088	887	1,035
Other expenses	4,037	3,157	1,107
Other income items	1,390	1,868	609
Net income	8,998	10,291	10,366
Depreciation/amortization	4,536	4,452	3,251
Estimated cash flow	13,534	14,743	13,617
	Ratio to net sales (*percent*)		
Cost of goods sold	60.4	61.3	61.9
Gross profit	39.6	38.7	38.1
SG&A expenses	29.8	28.9	28.7
Operating income	9.8	9.8	9.4
Net income	7.0	8.1	8.1
	Number of producers reporting		
Data	18	18	18
Operating losses	6	6	6

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

Table VI-11
Diamond sawblades and diamond sawblade parts: Results of operations by firm, 2003-05

* * * * * * *

Table VI-12
Diamond sawblades and diamond sawblade parts: Capital expenditures and research and development expenses, 2003-05

Item	Calendar year and fiscal year		
	2003	2004	2005
Capital expenditures	**Value (*$1,000*)**		
* * * * * * *			
Total capital expenditures	1,678	3,282	2,917
R&D expenses	**Value (*$1,000*)**		
* * * * * * *			
Total R&D expenses	708	1,052	1,127

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

Table VI-13
Diamond sawblades and diamond sawblade parts: Value of assets and return on investment, 2003-05

Item	Calendar and fiscal year		
	2003	2004	2005
	Value (*$1,000*)		
Operating income	12,797	12,496	11,885
Total assets	96,815	95,871	97,563
	Ratio of operating income to assets (*percent*)		
Return on assets	13.2	13.0	12.2

Note.--Operating income and assets in this table are modified compared to the corresponding information reported in this section and in appendix C. ***.

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

CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual or anticipated negative effects of imports of diamond sawblades and parts from China and/or Korea on their firms' growth, investment, and ability to raise capital or development and production efforts (including efforts to develop a derivative or more advanced version of the product).

Actual Negative Effects

Barranca ***.
Blackhawk ***.
Concut ***.
Diamond B ***.
Dixie Diamond ***.
Diamond Products ***.

General Tool	***.
Granquartz[29]	***.
Hoffman	***.
Hoosier[29]	***.
Husqvarna	***.
Hyde Tools	***.
K2	***.
N-E-D	***.
Saint Gobain	***.
SH Trading	***.
Sanders	***.
Terra Diamond	***.
Texas Diamond	***.
Western Saw	***.

Anticipated Negative Effects

Barranca	***.
Blackhawk	***.
Concut	***.
Diamond B	***.
Dixie Diamond	***.
Diamond Products	***.
General Tool	***.
Granquartz [29]	***.
Hoffman	***.
Hoosier[29]	***.
Husqvarna	***.
Hyde Tools	***.
K2	***.
N-E-D	***.
Saint Gobain	***.
Sanders	***.
SH Trading	***.
Terra Diamond	***.
Texas Diamond	***.
Western Saw	***.

[29] ***.

PART VII: THREAT CONSIDERATIONS

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

THE INDUSTRY IN CHINA

In the final phase of these investigations, 15 Chinese producers/exporters of finished diamond sawblades and parts provided responses to the Commission's requests for information. The firms that responded are Beijing Gang Yan Diamond Products Co. ("Gang Yan"), Bosun Tools Group Co., Ltd. ("Bosun"), Danyang Huachang Diamond Tools Manufacturing Co., Ltd. ("Huachang"), Electrolux Construction Products Co., Ltd. ("Electrolux China"), Guilin Tebon Superhard Material Co., Ltd. ("Guilin"), Jiangsu Fengtai Diamond Tool Manufacture Co., Ltd. ("Jiangsu"), Jiangyin Likn Ind. Co., Ltd. ("Jiangyin"),[1] Quanzhou Shuangyang Diamond Tool Col, Ltd. ("Shuangyang"), Rizhao Hein Saw ("Rizhao"), Saint-Gobain Abrasives Co., Ltd. ("Saint Gobain China"), Shinhan Diamond Industrial ("Shinhan China"), Weihai Xiangguang Mechanical Ind. Co., Ltd. ("Weihai"), Yichang HXF Circular Saw Ind. Co., Ltd. ("HXF"), and ZL Diamond Tools Co., Ltd ("ZL"). The largest reporting producer of diamond sawblades in China, ***, produced *** finished diamond sawblades, and reportedly accounted for *** percent of all diamond sawblade production in China. Other top producers in China are ***. Four producers in China reported commercial shipments of cores and seven firms reported commercial shipments of segments.

Table VII-1 presents responding firms' production of other products on equipment and machinery used in the production of diamond sawblades and parts, of diamond sawblades and parts as a share of production of all products on the same equipment, and shares of reported sales of diamond sawblades and parts, as a percentage of total sales in 2005. Aggregate Chinese diamond sawblades and parts capacity, production, shipments, and inventory data supplied by the responding firms are presented in tables VII-2, VII-3, and VII-4.

Several Chinese producers reported either expansions or expansion plans.[2] *** expanded its capacity from 2003 to 2005 from *** units to *** units, and ***. ***.[3] ***. *** plans to add more capacity, as needed, to serve, in the following priority, the *** markets. *** capacity expansion from 2003 to 2005 was due to ***. ***, a core producer, ***.[4] ***. This firm is in the start up phase and plans to begin production of diamond sawblades in the third quarter of 2006. In 2007, it plans to have the capacity to produce *** units.[5]

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

[2] *** reported no plans to change capacity. *** did not provide a response.

[3] ***. ***.

[4] *** plans to serve, in order of importance *** with the new capacity.

[5] The company plans to produce continuous rim diamond sawblades to serve the East Asian and European markets.

Table VII-1
Diamond sawblades and parts: Chinese producers, production of other products on equipment and machinery used in the production of diamond sawblades and parts, shares of diamond sawblades production on the same equipment, and shares of firms' total sales represented by sales of diamond sawblades and parts, 2005

* * * * * * *

Table VII-2
Finished diamond sawblades: Chinese production capacity, production, shipments, and inventories, 2003-05 and projected 2006-07

* * * * * * *

Table VII-3
Diamond sawblade cores: Chinese production capacity, production, shipments, and inventories, 2003-05 and projected 2006-07

Item	Actual experience			Projections	
	2003	2004	2005	2006	2007
			Quantity (*units*)		
Capacity	8,867,000	12,308,000	13,529,000	14,472,000	15,116,000
Production	7,649,806	10,942,666	11,859,059	12,388,000	12,914,000
End of period inventories	425,929	516,086	476,864	532,864	538,364
Shipments:					
Internal consumption	6,843,690	9,406,864	9,855,310	10,061,000	10,335,000
Home market	703,555	1,176,441	828,424	1,030,000	1,132,000
Exports to--					
The United States	40,698	5,476	51,748	105,500	134,000
All other markets[1]	61,444	263,728	1,161,799	1,135,500	1,424,500
Total exports	102,142	269,204	1,213,547	1,241,000	1,558,500
Total shipments	7,649,387	10,852,509	11,897,281	12,332,000	13,025,500
			Value (*$1,000*)		
Shipments:					
Internal consumption	3,714	5,230	5,247	5,167	5,239
Home market	10,428	13,635	13,329	16,600	18,260
Exports to--					
The United States	285	143	454	842	1,127
All other markets[1]	3,171	6,354	9,602	13,800	16,300
Total exports	3,456	6,497	10,056	14,642	17,427
Total shipments	17,597	25,362	28,632	36,409	40,926

Table continued on next page.

Table VII-3--*Continued*
Diamond sawblade cores: Chinese production capacity, production, shipments, and inventories, 2003-05 and projected 2006-07

Item	Actual experience			Projections	
	2003	2004	2005	2006	2007
Ratios and shares (*percent, by quantity*)					
Capacity utilization	86.3	88.9	87.7	85.6	85.4
Inventories to production	5.6	4.7	4.0	4.3	4.2
Inventories to total shipments	5.6	4.8	4.0	4.3	4.1
Ratios and shares (*percent, by value*)					
Share of total value of shipments:					
Internal consumption	21.1	20.6	18.3	14.2	12.8
Home market	59.3	53.8	46.6	45.6	44.6
Exports to--					
The United States	1.6	0.6	1.6	2.3	2.8
All other markets[1]	18.0	25.1	33.5	37.9	39.8
All export markets	19.6	25.6	35.1	40.2	42.6

[1] Other principal export markets include Asia, Europe, and the Middle East.

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

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

Table VII-4
Diamond sawblade segments: Chinese production capacity, production, shipments, and inventories, 2003-05 and projected 2006-07

* * * * * * *

Table VII-5 presents responding Chinese firms' total shipments of diamond sawblades by type of attachment and diameter of blade.

Table VII-5
Finished diamond sawblades: Chinese shipments, by type of attachment and size of blade, 2003-05

* * * * * * *

THE INDUSTRY IN KOREA

In the final phase of these investigations, three Korean foreign producers/exporters of diamond sawblades provided responses to the Commission's request for information. The firms that responded are Ehwa Diamond Ind. Co., Ltd. ("Ehwa"), Hyosung D&P Co., Ltd. ("Hyosung"), and Shinhan Diamond Ind. Co., Ltd. ("Shinhan"). The largest producer of finished diamond sawblades in Korea, ***, produced *** units in 2005 and accounted for approximately *** percent of diamond sawblade production in Korea. *** accounted for *** percent of Korean production and *** accounted for *** percent of Korean production. *** and *** reported shipments of cores and segments.

Table VII-6 presents responding firms' production of other products on equipment and machinery used in the production of diamond sawblades and parts, diamond sawblades and parts as a share of total production of all products on the same equipment, and shares of reported sales of diamond sawblades and parts, as a percentage of their total sales in 2005. Aggregate Korean diamond sawblade and parts production capacity, production, shipments, and inventory data supplied by the responding firms are presented in table VII-7, table VII-8, and table VII-9. *** increased capacity from *** units in 2003 to *** units in 2005, and plans to have the capacity to produce *** units by 2007. The capacity increases were reported to serve increased demand in the European markets for stone cutting applications. *** reported no plans to add, expand, curtail, or shut down Korean production. *** reported production of cores and also reported purchases of cores, which is reflected in internal consumption in table VII-8. *** purchases cores from domestic (Korean) suppliers that according to *** do not export cores to the United States.[6]

Table VII-6
Diamond sawblades and parts: Korean producers, production of other products on equipment and machinery used in the production of diamond sawblades and parts, shares of diamond sawblades production on the same equipment, and shares of firms' total sales represented by sales of diamond sawblades and parts, 2005

* * * * * * *

Table VII-7
Finished diamond sawblades: Korean production capacity, production, shipments, and inventories, 2003-05 and projected 2006-07

***** ***** ***** ***** ***** ***** *****

Table VII-8
Diamond sawblade cores: Korean production capacity, production, shipments, and inventories, 2003-05 and projected 2006-07

* * * * * * *

Table VII-9
Diamond sawblade segments: Korean production capacity, production, shipments, and inventories, 2003-05 and projected 2006-07

* * * * * * *

Table VII-10 presents responding Korean firms' shipments of diamond sawblades by type of attachment and diameter of blade.

Table VII-10
Finished diamond sawblades: Korean shipments, by type of attachment and size of blade, 2003-05

* * * * * * *

[6] *** reported purchases of cores from ***.

U.S. IMPORTERS' INVENTORIES

U.S. importers' inventories of finished diamond sawblades, cores, and segments are presented in tables VII-11, VII-12, and VII-13, respectively. Twenty importers reported inventories of subject imports during the period for which data were collected.

Table VII-11
Finished diamond sawblades: U.S. importers' end-of-period inventories of imports, 2003-05

Source	Calendar year		
	2003	2004	2005
Imports from China:			
Inventories (*units*)	555,680	659,966	1,154,400
Ratio to imports (*percent*)	42.4	29.9	33.3
Ratio to U.S. shipments of imports (*percent*)	52.5	33.7	41.6
Imports from Korea:			
Inventories (*units*)	616,878	773,610	969,397
Ratio to imports (*percent*)	34.9	33.2	38.2
Ratio to U.S. shipments of imports (*percent*)	36.9	36.2	42.2
Total imports from subject sources:			
Inventories (*units*)	1,172,558	1,433,576	2,123,797
Ratio to imports (*percent*)	38.1	31.6	35.4
Ratio to U.S. shipments of imports (*percent*)	42.9	35.0	41.9
Imports from other sources:			
Inventories (*units*)	136,291	216,483	107,316
Ratio to imports (*percent*)	11.7	14.2	10.3
Ratio to U.S. shipments of imports (*percent*)	11.5	15.3	9.4
Imports from all sources:			
Inventories (*units*)	1,308,849	1,650,059	2,231,113
Ratio to imports (*percent*)	30.8	27.2	31.7
Ratio to U.S. shipments of imports (*percent*)	33.4	29.9	35.9

Note.–Because of rounding, figures may not add to the totals shown. Partial-year ratios are based on annualized import and shipment data.

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

Table VII-12
Diamond sawblade cores: U.S. importers' end-of-period inventories of imports, 2003-05

Source	Calendar year		
	2003	2004	2005
Imports from China:			
Inventories (*units*)	***	***	***
Ratio to imports (*percent*)	***	***	***
Ratio to U.S. shipments of imports (*percent*)	***	***	***
Imports from Korea:			
Inventories (*units*)	***	***	***
Ratio to imports (*percent*)	***	***	***
Ratio to U.S. shipments of imports (*percent*)	***	***	***
Total imports from subject countries:			
Inventories (*units*)	***	***	***
Ratio to imports (*percent*)	***	***	***
Ratio to U.S. shipments of imports (*percent*)	***	***	***
Imports from other sources:			
Inventories (*units*)	***	***	***
Ratio to imports (*percent*)	***	***	***
Ratio to U.S. shipments of imports (*percent*)	***	***	***
Imports from all sources:			
Inventories (*units*)	50,295	54,529	54,507
Ratio to imports (*percent*)	34.9	28.2	26.1
Ratio to U.S. shipments of imports (*percent*)	35.4	28.8	26.1

[1] Not applicable.

Note.–Because of rounding, figures may not add to the totals shown. Partial-year ratios are based on annualized import and shipment data.

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

Table VII-13
Diamond sawblade segments: U.S. importers' end-of-period inventories of imports, 2003-05

Source	Calendar year		
	2003	2004	2005
Imports from China:			
Inventories (*units*)	0	0	0
Ratio to imports (*percent*)	([1])	([1])	([1])
Ratio to U.S. shipments of imports (*percent*)	([1])	([1])	([1])
Imports from Korea:			
Inventories (*units*)	***	***	***
Ratio to imports (*percent*)	***	***	***
Ratio to U.S. shipments of imports (*percent*)	***	***	***
Total imports from subject countries:			
Inventories (*units*)	***	***	***
Ratio to imports (*percent*)	***	***	***
Ratio to U.S. shipments of imports (*percent*)	***	***	***
Imports from other sources:			
Inventories (*units*)	***	***	***
Ratio to imports (*percent*)	***	***	***
Ratio to U.S. shipments of imports (*percent*)	***	***	***
Imports from all sources:			
Inventories (*units*)	1,132,404	1,039,712	947,409
Ratio to imports (*percent*)	84.8	99.4	87.9
Ratio to U.S. shipments of imports (*percent*)	82.0	91.3	80.9

[1]Not applicable.

Note.–Because of rounding, figures may not add to the totals shown. Partial-year ratios are based on annualized import and shipment data.

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

U.S. IMPORTERS' CURRENT ORDERS FOR DIAMOND SAWBLADES

Table VII-14 presents data on U.S. importers' arrangements for the importation of diamond sawblades and parts from China and Korea. Sixteen firms arranged for imports from China and 14 firms arranged for imports from Korea.

Table VII-14
Diamond sawblades and parts: U.S. importers' orders, by quarter, 2006

Item	Value (*$1,000*)			
	Jan.-Mar. 2006	Apr.-June 2006	July-Sept. 2006	Oct.-Dec. 2006
China	36,380	10,611	3,158	3,023
Korea	45,706	3,398	948	866

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

DUMPING IN THIRD-COUNTRY MARKETS

In the preliminary phase of these investigations, one Korean foreign producer reported that sintered turbo rim cutters from Korea were subject to antidumping findings or remedies in Germany, Italy, and the United Kingdom.[7] However, staff was unable to find such antidumping findings listed by the WTO.[8] No producer of diamond sawblades from China reported being subject to any import relief investigations, including antidumping findings or remedies, in the United States or in any other country. Likewise, no importer reported either Korea or China being subject to any import relief investigations in the United States or any other country.

[7] ***'s foreign producer questionnaire. This firm did not provide the Commission with a response for the final phase of these investigations.

[8] Counsel for Korean respondents reported in the preliminary phase of these investigations that there are no known findings or remedies on diamond sawblades from Korea.

APPENDIX A

FEDERAL REGISTER NOTICES

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 731–TA–1092–1093 (Final)]

Diamond Sawblades and Parts Thereof From China and Korea

AGENCY: United States International Trade Commission.

ACTION: Scheduling of the final phase of antidumping investigations.

SUMMARY: The Commission hereby gives notice of the scheduling of the final phase of antidumping investigation Nos. 731–TA–1092–1093 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) (the Act) to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of less-than-fair-value imports from China and Korea of diamond sawblades and parts thereof, provided for in subheading 8202.39 of the Harmonized Tariff Schedule of the United States (HTSUS).[1] When packaged together as a set for retail sale with an item that is separately classified under headings 8202 to 8205 of the HTSUS, diamond sawblades or parts thereof may be imported under heading 8206 of the HTSUS.

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

EFFECTIVE DATE: December 29, 2005.

FOR FURTHER INFORMATION CONTACT: Michael Szustakowski (202–205–3188),

[1] 1 For purposes of these investigations, the Department of Commerce has defined the subject merchandise as ''all finished circular sawblades, whether slotted or not, with a working part that is comprised of a diamond segment or segments, and parts thereof, regardless of specification or size, except as specifically excluded below. Within the scope (of these investigations) are semifinished diamond sawblades, including diamond sawblade cores and diamond sawblade segments. Diamond sawblade cores are circular steel plates, whether or not attached to non-steel plates, with slots. Diamond sawblade cores are manufactured principally, but not exclusively, from alloy steel. A diamond sawblade segment consists of a mixture of diamonds (whether natural or synthetic, and regardless of the quantity of diamonds) and metal powders (including, but not limited to, iron, cobalt, nickel, tungsten carbide) that are formed together into a solid shape (from generally, but not limited to, a heating and pressing process).'' *Preliminary Determination of Sales at Less Than Fair Value, Postponement of Final Determination, and Preliminary Partial Determination of Critical Circumstances: Diamond Sawblades and Parts Thereof from the People's Republic of China,* 70 FR 77121, 77123 (December 29, 2005) and *Notice of Preliminary Determination of Sales at Less Than Fair Value, Postponement of Final Determination, and Negative Preliminary Critical Circumstances Determination: Diamond Sawblades and Parts Thereof form the Republic of Korea*, 70 FR 77135, 77138 (December 29, 2005).

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

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

SUPPLEMENTARY INFORMATION:

Background.—The final phase of these investigations is being scheduled as a result of affirmative preliminary determinations by the Department of Commerce that imports of diamond sawblades and parts thereof from China and Korea are being sold in the United States at less than fair value within the meaning of section 733 of the Act (19 U.S.C. 1673b). The investigations were requested in a petition filed on May 3, 2005, by the Diamond Sawblade Manufacturers' Coalition and its individual members: Blackhawk Diamond, Inc, Fullerton, CA; Diamond B, Inc., Santa Fe Springs, CA; Diamond Products, Elyria, OH; Dixie Diamond, Lilburn, GA; Hoffman Diamond, Punxsutawney, PA; Hyde Manufacturing, Southbridge, MA; Sanders Saws, Honey Brook, PA; Terra Diamond, Salt Lake City, UT; and Western Saw, Inc., Oxnard, CA.

Participation in the investigations and public service list.—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the final phase of these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, no later than 21 days prior to the hearing date specified in this notice. A party that filed a notice of appearance during the preliminary phase of these investigations need not file an additional notice of appearance during this final phase. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in the final phase of these investigations available to authorized applicants under the APO issued in the investigations, provided that the application is made no later than 21 days prior to the hearing date specified in this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the investigations. A party granted access to BPI in the preliminary phase of the investigations need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff report.—The prehearing staff report in the final phase of these investigations will be placed in the nonpublic record on May 2, 2006, and a public version will be issued thereafter, pursuant to section 207.22 of the Commission's rules.

Hearing.—The Commission will hold a hearing in connection with the final phase of these investigations beginning at 9:30 a.m. on May 16, 2006, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before May 10, 2006. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on May 12, 2006, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), and 207.24 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 business days prior to the date of the hearing.

Written submissions.—Each party who is an interested party shall submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.23 of the Commission's rules; the deadline for filing is May 9, 2006. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.25 of the Commission's rules. The deadline for filing posthearing briefs is May 23, 2006; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations, including statements of support or opposition to the petition, on or before May 23, 2006. On June 9, 2006, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before June 13, 2006, but such final comments must not contain new factual information and must otherwise comply with section 207.30 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II(C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

Additional written submissions to the Commission, including requests pursuant to section 201.12 of the Commission's rules, shall not be accepted unless good cause is shown for accepting such submissions, or unless the submission is pursuant to a specific request by a Commissioner or Commission staff.

In accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the investigations must be served on all other parties to the investigations (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: These investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.21 of the Commission's rules.

By order of the Commission.

Issued: January 17, 2006.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E6–644 Filed 1–19–06; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–900]

Final Determination of Sales at Less Than Fair Value and Final Partial Affirmative Determination of Critical Circumstances: Diamond Sawblades and Parts Thereof from the People's Republic of China

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

EFFECTIVE DATE: May 22, 2006.

SUMMARY: On December 29, 2005, the Department of Commerce (''the Department'') published its preliminary determination of sales at less than fair value (''LTFV'') and preliminary determination of partial affirmative critical circumstances in the antidumping investigation of certain diamond sawblades and parts thereof (''diamond sawblades'') from the People's Republic of China (''PRC''). The period of investigation (''POI'') is October 1, 2004, through March 31, 2005. The investigation covers four manufacturers/exporters which are mandatory respondents and twenty–one separate rate applicants. We invited interested parties to comment on our preliminary determination of sales at LTFV and partial affirmative critical circumstances. Based on our analysis of the comments we received, we have made changes to our calculations for certain of the mandatory respondents and the weight–averaged margins for the separate rate applicants.[1] We have also granted a separate rate to four additional applicants. The final dumping margins for this investigation are listed in the ''Final Determination Margins'' section below.

FOR FURTHER INFORMATION CONTACT: Anya Naschak or Carrie Blozy, AD/CVD Operations, Office 9, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–6375 or 482–5403, respectively.

SUPPLEMENTARY INFORMATION:

Final Determination

We determine that diamond sawblades from the PRC are being, or are likely to be, sold in the United States at LTFV as provided in section 735 of the Tariff Act of 1930, as amended (''the Act''). The estimated margins of sales at LTFV are shown in the ''Final Determination Margins'' section of this notice.

Case History

The Department published its preliminary determination of sales at LTFV on December 29, 2005. *See Preliminary Determination of Sales at Less Than Fair Value, Postponement of Final Determination, and Preliminary Partial Determination of Critical Circumstances: Diamond Sawblades and Parts Thereof from the People's Republic of China*, 70 FR 77121 (December 29, 2005) (''*Preliminary Determination*''). The Department conducted verification of Bosun Tools Group Co., Ltd. (''Bosun''), Beijing Gang Yan Diamond Product Company (''BGY''), and Hebei Jikai Industrial Group Co. Ltd. (''Hebei Jikai'') (collectively, ''respondents''), the three mandatory respondents participating in this investigation[2] in both the PRC and the United States (where applicable), and Shanghai Deda Industry & Trading Co. Ltd. (''Shanghai Deda''), one of the separate rate applicants. See the ''Verification'' section below for additional information.

On February 6, 2006, the Department solicited comments from all interested parties regarding changes to its calculation of financial ratios. On February 7, 2006, Bosun and Petitioner submitted additional comments on the valuation of factors of production (''FOPs'') for the final determination. On February 13, 2006, BGY also submitted additional comments on the valuation of FOPs for the final determination. On February 21, 2006, Bosun submitted a rebuttal to Petitioner's February 7, 2006, comments.

On February 1, 2006, the Department received a separate rate application from Qingdao Shinhan. The Department determined on February 24, 2006, that Qingdao Shinhan's separate rate application was timely filed. *See* Memorandum to the File from Catherine Bertrand dated February 24, 2006. On March 22, 2006, the Department preliminarily determined that the information contained in Qingdao Shinhan's separate rate application demonstrated that it qualified for a separate rate in this investigation.

We invited parties to comment on the *Preliminary Determination*. We received comments from the Diamond Sawblade Manufacturers' Coalition (''Petitioner''),

[1] Danyang NYCL Tools Manufacturing Co., Ltd., Danyang Youhe Manufacturing Co. Ltd., Fujian Quanzhou Wanlong Stone Co. Ltd., Guilin Tebon Superhard Material Co. Ltd., Huzhou Gu Import & Export Co., Ltd, Jiangsu Fengtai Diamond Tools Manufacturing Co. Ltd., Jiangyin LIKN Industry Co. Ltd., Quanzhou Zhongzhi Diamond Tool Co., Ltd., Rizhao Hein Saw Co. Ltd., Shanghai Deda Industry & Trading Co. Ltd., Sichuan Huili Tools Co., Weihai Xiangguang Mechanical Industrail Co., Ltd., Wuhan Wanbang Laser Diamond Tools Company, Ltd., Xiamen ZL Diamond Tools Co. Ltd., Zhejiang Tea Import & Export Co. Ltd., Zhejiang Wanli Tools Group Co., Ltd. (''Wanli''), Zhenjiang Inter-China Import & Export Co., Ltd., (collectively, ''preliminary separate rate applicants''), as well as four additional separate rate companies, Qingdao Shinhan Diamond Industrial Co., Ltd. (''Qingdao Shinhan''), Shijiazhuang Global New Century Tools Co., Ltd. (''Global''), Shanghai Robtol Tool Manufacturing Co., Ltd. (''Robtol''), and Huachang Diamond Tools Manufacturing Co., Ltd. (''Huachang'') (collectively with preliminary separate rate applicants, ''final separate rate companies'').

[2] One mandatory respondent, Saint-Gobain Abrasives (Shanghai) Co., Ltd. (''Saint Gobain'') did not participate in this investigation.

the mandatory respondents, Quanzhou Shuangyang Diamond Tool Co., Ltd. (''QSY''), Global, Robtol, Electrolux Construction Products (Xiamen) Co., Ltd. (''Electrolux''), and Huachang.

On April 3, 2006, parties submitted case briefs. On April 10, 2006, parties submitted rebuttal briefs. On April 14, 2006, the Department rejected the case brief of Petitioner and the rebuttal briefs of Petitioner and BGY, because they contained unsolicited new factual information. Petitioner and BGY resubmitted their respective briefs on April 18, 2006.

On January 6, 2006, Bosun requested that the Department hold a public hearing in this proceeding. On January 19, 2006, Petitioner requested the Department hold a public hearing in this proceeding. On April 3, 2006, Petitioner requested that the hearing held by the Department be a closed hearing. On April 25, 2006, the Department held a hearing in this proceeding.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this investigation are addressed in the *Issues and Decision Memorandum for the Final Determination in the Investigation of Diamond Sawblades and parts thereof from the People's Republic of China*, dated May 15, 2006, which is hereby adopted by this notice (''*Issues and Decision Memorandum*''). A list of the issues which parties raised and to which we respond in the *Issues and Decision Memorandum* is attached to this notice as an Appendix. The Decision Memorandum is a public document and is on file in the Central Records Unit (''CRU''), Main Commerce Building, Room B–099, and is accessible on the Web at *http://ia.ita.doc.gov*. The paper copy and electronic version of the memorandum are identical in content.

Changes Since the Preliminary Results

Based on our analysis of comments received, we have made changes in the margin calculation for Bosun, BGY, and Hebei Jikai as follows:

The Department has revised the surrogate financial ratios to utilize a source placed on the record by Petitioner after the *Preliminary Determination*. *See Issues and Decision Memorandum*, at Comment 1 for a discussion of this issue. *See also* Memorandum to the File: Antidumping Duty Investigation of Diamond Sawblades and Parts Thereof from the People's Republic of China: Recalculation of Surrogate Financial Ratios for the Final Determination, dated May 15, 2006.

Bosun

The Department made corrections to Bosun's factors of production (''FOP'') database based on the minor corrections submitted by Bosun on the first day of the PRC verification, and changes to Bosun's constructed export price (''CEP'') database based on the minor corrections submitted by Bosun on the first day of the U.S. sales verification. *See* Memorandum to the File: Verification of the Sales and Factors Response of Bosun Tools Group Co., Ltd. in the Antidumping Investigation of Diamond Saw Blades and Parts Thereof from the People's Republic of China dated March 24, 2006 (''Bosun PRC Verification Report''), at Exhibit 2; Memorandum to the File: Verification of the U.S. CEP Sales Response of Bosun Tools Group Co., Ltd. in the Antidumping Investigation of Diamond Saw Blades and Parts Thereof from the People's Republic of China dated March 27, 2006 (''Bosun US Verification Report'') at Exhibit 1 for a list of the corrections submitted by Bosun. For a description of how these changes were incorporated, *see* Memorandum to the File: Bosun Tools Group Co., Ltd. Program Analysis for the Final Determination dated May 15, 2006 (''Bosun Final Analysis Memo''). The Department has also corrected three clerical errors identified by Bosun after the *Preliminary Determination*. *See*, *e.g.*, *Issues and Decision Memorandum* at Comment 33; Bosun Final Analysis Memo.

In addition, the Department made changes to Bosun's FOP and CEP databases based on comments received by Bosun and Petitioner. For a description of these changes, *see Issues and Decision Memorandum*, and Bosun Final Analysis Memo.

BGY

Based on the Department's determination in the Preliminary Determination to treat as a single entity with BGY, Advanced Technology & Materials Co., Ltd. (''AT&M''), and Yichang HXF Circular Saw Industrial Co., Ltd (''HXF''), the Department requested U.S. sales and FOP databases from the AT&M single entity.[3] The AT&M single entity certified that BGY and HXF were the only entities within the AT&M single entity to have exported, or sold for export, subject merchandise to the United States during the POI, and submitted complete U.S. sales and FOP information with respect to HXF. The Department has continued to find that BGY, AT&M, and HXF should be treated as a single entity for purposes of this final determination and, therefore, has incorporated HXF's and BGY's U.S. sales and FOP information in the calculation of a margin for the AT&M single entity. *See* ''Affiliation'' section below, and Memorandum to the File: Advanced Technology & Materials Co., Ltd. Entity Program Analysis for the Final Determination, dated May 15, 2006 (''AT&M Final Analysis Memo''), for a more detailed explanation of these changes.

The Department made corrections to BGY's FOP database based on the minor corrections submitted by BGY on the first day of the PRC verification, and changes to BGY's CEP database based on the minor corrections submitted by BGY on the first day of the U.S. sales verification. *See* Memorandum to the File: Verification of the Sales and Factors Response of Beijing Gang Yan Diamond Product Company in the Antidumping Duty Investigation on Diamond Sawblades and Parts Thereof from the People's Republic of China, dated March 27, 2006 (''BGY Verification Report'') at Exhibit 3; Memorandum to the File: Verification of the Sales and Factors Response of Gang Yan Diamond Products, Inc. in the Antidumping Duty Investigation on Diamond Sawblades and Parts Thereof from the People's Republic of China, dated March 27, 2006 (''GYDP Verification Report''). For a complete description of how these changes were made *see* AT&M Final Analysis Memo. *See also Issues and Decision Memorandum* at Comment 19.

In addition, the Department made changes to the AT&M entity's FOP and U.S. sales databases based on comments received by parties. For a description of these changes *see Issues and Decision Memorandum*, and AT&M Final Analysis Memo.

Hebei Jikai

The Department made corrections to Hebei Jikai's FOP database based on the minor corrections submitted by Hebei Jikai on the first day of the verification. *See* Memorandum to the File: Verification of the Sales and Factors Response of Hebei Jikai Industrial Group Co. Ltd. in the Antidumping Investigation of Diamond Saw Blades and Parts Thereof from the People's Republic of China dated March 23, 2006 (''Hebei Jikai Verification Report''), at Exhibit 1. The Department also made corrections to the gross weight in Hebei Jikai's U.S. sales database based on information collected at the verification of Hebei Jikai. *See* Hebei Jikai Verification Report at 3. For a

[3] As discussed below under ''Affiliation,'' the AT&M entity includes BGY and HXF.

description of how these changes were incorporated in the final margin program, *see* Memorandum to the File: Hebei Jikai Industrial Group Co. Ltd. (''Hebei Jikai'') Program Analysis for the Final Determination, dated May 15, 2006 (''Hebei Jikai Final Analysis Memo'').

In addition, the Department made changes to Hebei Jikai's FOP and U.S. sales databases based on comments received by Hebei Jikai and Petitioner. For a description of these changes *see Issues and Decision Memorandum*, and Hebei Jikai Final Analysis Memo.

Scope of Investigation

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

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

Merchandise subject to this investigation is typically imported under heading 8202.39.00.00 of the Harmonized Tariff Schedule of the United States (''HTSUS''). When packaged together as a set for retail sale with an item that is separately classified under headings 8202 to 8205 of the HTSUS, diamond sawblades or parts thereof may be imported under heading 8206.00.00.00 of the HTSUS. The tariff classifications are provided for convenience and U.S. Customs and Border Protection purposes; however, the written description of the scope of this investigation is dispositive.

Scope Rulings

During the course of this investigation, the Department issued several scope rulings, all of which are affirmed through this final determination. Specifically, in the *Preliminary Determination*, the Department ruled that concave and convex cores, and finished diamond sawblades produced from such cores, are within the scope of this investigation. *See* Memorandum from Maisha Cryor, Senior International Trade Compliance Analyst, to Thomas F. Futtner, Acting Office Director, ''Consideration of Scope Exclusion and Clarification Requests,'' dated December 20, 2005, at page 8. The Department also ruled that metal–bonded 1A1R grinding wheels are within the scope of this investigation. *Id.* at 11. On April 7, 2006, the Department found granite contour diamond sawblades within the scope of the investigation. *See* Memorandum from Maisha Cryor, Senior International Trade Compliance Analyst, to Thomas F. Futtner, Acting Office Director, ''Consideration of Scope Exclusion Request,'' dated April 7, 2006. In this decision, the Department confirmed that the Rockwell C hardness threshold contained in the scope of the investigation applies only to cores, and not to finished diamond sawblades. *Id.* at 7. Lastly, the term ''sawblade'' is defined as those products that meet the 1A1R specification, where the segment thickness is larger than the thickness of the core. *See* Petitioner's May 3, 2005, submission at Exhibit I–10 (''The segment or rim is slightly wider than the steel blade to allow the attacking edge to penetrate the material without the steel blade rubbing against it''); Petitioner's May 10, 2005, submission, at page 14 (''the segment or rim is slightly wider than the steel blade to allow the attacking edge to penetrate the material without the steel blade rubbing against it''); Transcript to April 25, 2006, Public Hearing in the companion investigation of diamond sawblades from the People's Republic of China (statement by the petitioner that the ''international codes for sawblades are 1A1R, 1A1RS, and 1A1RSS, where the R means recessed. And that refers to the core, {where} the core is thinner than the segments''); and ITC Investigation No. 731–TA–1093, August 2005 (''The segment, or rim, is slightly wider than the steel blade to permit the leading edge to penetrate the material without the steel blade rubbing against it and to discourage blade binding''). For this final determination, the Department has determined not to revise the scope of the investigation. *See also Issues and Decision Memorandum* at Comment 3.

Verification

As provided in section 782(i) of the Act, we verified the information submitted by the respondents and one separate rate applicant for use in our final determination. *See* the Department's verification reports on the record of this investigation in the CRU with respect to Bosun, BGY, Hebei Jikai, and Shanghai Deda. For all verified companies, we used standard verification procedures, including examination of relevant accounting and production records, as well as original source documents provided by respondents.

Critical Circumstances

On November 21, 2005, Petitioner alleged that there is a reasonable basis to believe or suspect critical circumstances exist with respect to the antidumping investigations of diamond sawblades and parts thereof from the PRC. In the *Preliminary Determination*, the Department found that critical circumstances exist for imports of diamond sawblades from Bosun and the PRC–wide entity, but that critical circumstances did not exist for the preliminary separate rate applicants, BGY, or Hebei Jikai. *See* Memorandum to Stephen J. Claeys: Antidumping Duty Investigation of Diamond Sawblades and Parts Thereof from the People's Republic of China: Preliminary Partial Affirmative Determination of Critical Circumstances, dated December 20, 2005 (''Prelim Critical Circumstances Memo''). Based on the changes made to Bosun, BGY, Hebei Jikai, and the final separate rate companies' margins, and as discussed further in the *Issues and Decision Memorandum* at Comment 10, the Department has re–examined its preliminary finding that critical circumstances exist for imports of diamond sawblades from Bosun, and Hebei Jikai, and the PRC–wide entity, but that critical circumstances did not exist for the AT&M entity. In addition,

the Department has examined the final separate rate companies.

Section 735(2)(3) of the Act provides that a final critical circumstances determination will include a finding that: (A)(i) There is a history of dumping and material injury by reason of dumped imports in the United States or elsewhere of the subject merchandise; or (ii) the person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the subject merchandise at less than its fair value and that there was likely to be material injury by reason of such sales; and (B) there have been massive imports of the subject merchandise over a relatively short period. Section 351.206(h)(1) of the Department's regulations provides that, in determining whether imports of the subject merchandise have been ''massive,'' the Department normally will examine: (i) the volume and value of the imports; (ii) seasonal trends; and (iii) the share of domestic consumption accounted for by the imports. In addition, section 351.206(h)(2) of the Department's regulations provides that an increase in imports of 15 percent during the ''relatively short period'' of time may be considered ''massive.''

As discussed in detail in the *Issues and Decision Memorandum* at Comment 10, the Department continues to find that there is a reasonable basis to believe or suspect that the importer knew or should have known that there was likely to be material injury by means of sales at LTFV of subject merchandise from the PRC. In the *Preliminary Determination*, the Department found that (1) Bosun and the PRC–wide entity had margins of more than 25 percent for export price sales and more than 15 percent for constructed export price sales, and (2) BGY, Hebei Jikai, and the preliminary separate rate applicants did not have margins of more than 25 percent for export price sales and more than 15 percent for constructed export price sales. *See* Prelim Critical Circumstances Memo at Attachment II. For this final determination, Bosun, Hebei Jikai, and the PRC–wide entity each have margins of more than 25 percent for export price sales and more than 15 percent for constructed export price sales, while the AT&M single entity and the final separate rate companies have margins less than 25 percent for export price sales and more than 15 percent for constructed export price sales. Therefore, the Department finds, for this final determination, that Bosun, Hebei Jikai, and the PRC–wide entity have sufficient margins to impute importer knowledge of sales at less than fair value. *See, e.g., Carbon and Alloy Steel Wire Rod From Germany, Mexico, Moldova, Trinidad and Tobago, and Ukraine: Notice of Preliminary Determination of Critical Circumstances*, 67 FR 6224, 6225 (February 11, 2002); Issues and Decision Memorandum at Comment 10. However, the AT&M single entity and the final separate rate companies' margins are insufficient to impute importer knowledge of sales at less than fair value. In addition, as no party in this proceeding has called into question the Department's preliminary determination of massive imports with respect to Bosun, BGY, Hebei Jikai, the final separate rate companies, and the PRC–wide entity, the Department also continues to find that there have been massive imports of the subject merchandise over a relatively short period for Bosun, the AT&M single entity, Hebei Jikai, the final separate rate companies, and the PRC–wide entity. *See Issues and Decision Memorandum* at Comment 10 and Prelim Critical Circumstances Memo at Attachment I.

Therefore, given the analysis summarized above, and described in more detail in the *Issues and Decision Memorandum* at Comment 10, we determine that critical circumstances exist for imports of diamond sawblades from Bosun, Hebei Jikai, and the PRC–wide entity. However, we do not find that critical circumstances exist for the AT&M single entity or the final separate rate companies.

Surrogate Country

In the *Preliminary Determination*, we stated that we had selected India as the appropriate surrogate country to use in this investigation for the following reasons: (1) It is a significant producer of comparable merchandise; (2) it is at a similar level of economic development pursuant to 773(c)(4) of the Act; and (3) we have reliable data from India that we can use to value the factors of production. *See Preliminary Determination*, 70 FR at 77124–77125. For the final determination, we made no changes to our findings with respect to the selection of a surrogate country.

Affiliation

In the *Preliminary Determination*, based on the evidence on the record, we preliminarily found that BGY was affiliated with AT&M and HXF pursuant to sections 771(33)(E), (F), and (G) of the Act. In addition, based on the evidence presented in BGY's questionnaire responses, we preliminarily found that BGY, HXF, and AT&M should be treated as a single entity for the purposes of the antidumping duty investigation of diamond sawblades from the PRC. *See* Memorandum to the File from Anya Naschak: Affiliation and Treatment as a Single Entity of Beijing Gang Yan Diamond Product Company, Advanced Technology & Materials Co., Ltd., and Yichang HXF Circular Saw Industrial Co., Ltd.; Affiliation of Gang Yan Diamond Products, Inc. and Beijing Gang Yan Diamond Product Company; and Affiliation of Gang Yan Diamond Products, Inc., SANC Materials, Inc., and Cliff (Tianjin) International, Ltd., dated December 20, 2005 (''AT&M Affiliation Memo''). This finding was based on the determination that BGY, HXF, and AT&M are affiliated, that BGY and HXF have production facilities for ''identical products,'' and no substantial retooling of either facility would be necessary in order to ''restructure manufacturing priorities.'' *See* 19 CFR 351.401(f)(1). Additionally, based on levels of common ownership and control, and intertwined operations, the Department found that there is significant potential for manipulation of price or production between the parties. *See* 19 CFR 351.401(f)(2). Accordingly, the Department requested after the Preliminary Determination that the AT&M single entity provide complete responses to sections C and D of the Department's questionnaire with respect to all of the AT&M single entity's sales to the first U.S. unaffiliated customer and factors of production for these sales. *See* Letter from Carrie Blozy to BGY dated December 23, 2005. On January 26, 2006, the AT&M Group submitted the requested information. Based on the information contained in the AT&M single entity's responses to date, and based on information collected at verification (*see* BGY Verification Report), the Department finds no evidence to countermand the Department's finding in the *Preliminary Determination* that BGY, HXF, and AT&M are affiliated pursuant to sections 771(33)(E), (F), and (G) of the Act, and that these companies should be treated as a single entity for the purposes of the antidumping duty investigation of diamond sawblades from the PRC, in accordance with 19 CFR 351.401(f)(1) and (2). Therefore, the Department continues to find, for this final determination, that BGY, HXF, and AT&M are a single entity, and will calculate a single antidumping margin for the AT&M entity.

In addition, the Department also found in its *Preliminary Determination* that Gang Yan Diamond Products, Inc. (''GYDP''), is affiliated with BGY, pursuant to section 771(33)(E) of the Act, and that GYDP, SANC Materials, Inc. (''SANC''), and Cliff (Tianjin)

International, Ltd. (''Cliff'') are affiliated with each other pursuant to sections 771(33)(B), (E), and (F) of the Act. *See* BGY Affiliation Memo. Since the *Preliminary Determination*, the Department has found no information that would rebut this determination. Therefore, the Department continues to find GYDP, SANC, and Cliff to be affiliated with each other pursuant to sections 771(33)(B), (E), and (F) of the Act, and that BGY and GYDP are affiliated with each other pursuant to section 771(33)(E) of the Act, for this final determination.

Separate Rates

In proceedings involving non–market-economy (''NME'') countries, the Department begins with a rebuttable presumption that all companies within the country are subject to government control and, thus, should be assigned a single antidumping duty deposit rate. It is the Department's policy to assign all exporters of merchandise subject to an investigation in an NME country this single rate unless an exporter can demonstrate that it is sufficiently independent so as to be entitled to a separate rate. *See Notice of Final Determination of Sales at Less Than Fair Value: Sparklers from the People's Republic of China*, 56 FR 20588 (May 6, 1991) (''*Sparklers*''), as amplified by *Notice of Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People's Republic of China*, 59 FR 22585 (May 2, 1994) (''*Silicon Carbide*''), and Section 351.107(d) of the Department's regulations.

In the *Preliminary Determination*, we found that BGY, Bosun, Hebei Jikai, and the Separate Rate Applicants demonstrated their eligibility for separate–rate status. For the final determination, we continue to find that the evidence placed on the record of this investigation by the AT&M entity, Bosun, Hebei Jikai, and the Separate Rate Applicants demonstrate both a *de jure* and *de facto* absence of government control, with respect to their respective exports of the merchandise under investigation, and, thus are eligible for separate rate status.

The AT&M Single Entity

With respect to the AT&M single entity, in the *Preliminary Determination*, based on the evidence on the record, we preliminarily found that BGY had both *de jure* and *de facto* control over its export activities, but noted that the Department would further examine this issue for the final determination. In light of the Department's decision in the *Preliminary Determination* that BGY was affiliated with AT&M and HXF, and that BGY, AT&M, and HXF should be treated as a single entity, the Department further examined AT&M, BGY, and HXF's claim to a separate rate.

The Department finds, based on information submitted on the record of this proceeding after the *Preliminary Determination*, that the AT&M single entity has demonstrated both a *de jure* and *de facto* absence of government control and should be granted a separate rate. As discussed further in the *Issues and Decision Memorandum* at Comment 16, the evidence provided by HXF and AT&M after the *Preliminary Determination* supports a finding of *de jure* absence of governmental control based on the following: (1) An absence of restrictive stipulations associated with the individual exporter's business and export licenses; (2) the applicable legislative enactments decentralizing control of the companies; and (3) any other formal measures by the government decentralizing control of companies.[4] The evidence on the record with respect to HXF also supports a finding of *de facto* absence of governmental control based on record statements and supporting documentation showing the following: (1) It sets its own export prices independent of the government and without the approval of a government authority; (2) it retains the proceeds from its sales and makes independent decisions regarding disposition of profits or financing of losses; (3) it has the authority to negotiate and sign contracts and other agreements; and (4) it has autonomy from the government regarding the selection of management. *See Silicon Carbide*, 59 FR at 22586–87. Therefore, because the Department found no evidence that AT&M made shipments of subject merchandise to the United States during the POI, and because AT&M is a single entity including BGY and HXF, and BGY and HXF have demonstrated a *de facto* independence from government control, we find that the AT&M single entity has demonstrated a *de facto* independence from government control with respect to its export activities. *See Issues and Decision Memorandum*, at Comment 16.

Other Separate Rate Applicants

Additionally, in the *Preliminary Determination*, the Department considered for a separate rate only the seventeen applicants whose applications were considered complete by the sixty-day deadline established by the application, and these companies, the Separate Rate Applicants, were granted a separate rate. For the final determination, we continue to find that the evidence placed on the record of this investigation for the Separate Rate Applicants that we granted a separate rate to in the *Preliminary Determination* demonstrates a *de jure* and *de facto* absence of government control, with respect to their respective exports of the merchandise under investigation, and, thus are eligible for separate rate status. Therefore, for the final determination we are continuing to grant these seventeen applicants a separate rate.

On February 1, 2006, the Department received a separate rate application from Qingdao Shinhan, and determined that Qingdao Shinhan's separate rate application was timely filed. *See* Memorandum to the File from Catherine Bertrand dated February 24, 2006. On March 22, 2006, the Department preliminarily determined that the information contained in Qingdao Shinhan's separate rate application demonstrated that it qualified for a separate rate in this investigation. *See* Memorandum to the File from Catherine Bertrand: Separate Rates Application of Qingdao Shinhan Diamond Industrial Co., Ltd. dated March 22, 2006. For the final determination, we continue to find that the evidence placed on the record of this investigation by Qingdao Shinhan demonstrates an absence of government control, both in law and in fact, with respect to its exports of the merchandise under investigation, and, thus is eligible for separate rate status. For a further discussion of this issue *See Issues and Decision Memo* at Comment 15.

In addition, the Department received case briefs from QSY, Global, Robtol, Electrolux, and Huachang, arguing that the Department should grant these companies a separate rate. These companies had been denied a separate rate in the *Preliminary Determination* because the Department determined these applications were not filed in a complete manner by the deadline. *See* Memorandum to James C. Doyle from Carrie Blozy: Antidumping Investigation of Diamond Sawblades and Parts Thereof from the People's Republic of China: Deficient Separate Rate Applications, dated October 12, 2005.

With respect to Global, Robtol, and Huachang the Department finds that, after analyzing their separate rates applications, these companies have demonstrated both a *de jure* and *de facto* absence of government control and should be granted a separate rate. The evidence provided by these companies in their respective separate rates applications supports a finding of *de*

[4] *See Sparklers* 56 FR 20588 and *Silicon Carbide* 59 FR 22585.

jure absence of governmental control based on the following: (1) An absence of restrictive stipulations associated with the individual exporter's business and export licenses; (2) the applicable legislative enactments decentralizing control of the companies; and (3) any other formal measures by the government decentralizing control of companies. *See*, *e.g.*, *Sparklers*, 56 FR 20588 and *Silicon Carbide*, 59 FR 22586–87. The evidence on the record with respect to these companies also supports a finding of *de facto* absence of governmental control based on record statements and supporting documentation showing the following for each company: (1) It sets its own export prices independent of the government and without the approval of a government authority; (2) it retains the proceeds from its sales and makes independent decisions regarding disposition of profits or financing of losses; (3) it has the authority to negotiate and sign contracts and other agreements; and (4) it has autonomy from the government regarding the selection of management. *See Sparklers*, 56 FR 20589; *Silicon Carbide*, 59 FR 22586–87. Therefore, the Department is granting Global, Robol, and Huachang a separate rate. *See Issues and Decision Memorandum*, at Comment 13 and 14 for a further discussion of this issue.

Further, the Department is continuing to deny a separate rate to QSY and Electrolux because the Department still finds that the separate rate applications of QSY and Electrolux are deficient. Therefore, the Department will not conduct a separate rates analysis for these two companies. *See Issues and Decision Memorandum* at Comment 12 and 14.

The PRC–Wide Rate

In the *Preliminary Determination*, the Department found that certain companies and the PRC–wide entity did not respond to our request for Q&V information and Saint Gobain, one of the largest exporters of the merchandise under investigation,[5] did not respond to the Department's questionnaire. In the *Preliminary Determination* we treated these PRC producers/exporters as part of the PRC–wide entity because they did not demonstrate that they operate free of government control. No additional information has been placed on the record with respect to these entities after the *Preliminary Determination*. The PRC–wide entity, including Saint Gobain, has not provided the Department with the requested information. Therefore, pursuant to section 776(a)(2)(A) of the Act, the Department continues to find that the use of facts available is appropriate to determine the PRC–wide rate. Section 776(b) of the Act provides that, in selecting from among the facts otherwise available, the Department may employ an adverse inference if an interested party fails to cooperate by not acting to the best of its ability to comply with requests for information. *See Final Determination of Sales at Less Than Fair Value: Certain Cold–Rolled Flat–Rolled Carbon–Quality Steel Products from the Russian Federation*, 65 FR 5510, 5518 (February 4, 2000). *See also ''Statement of Administrative Action''* accompanying the URAA, H.R. Rep. No. 103–316, 870 (1994) (''*SAA*''). We find that, because the PRC–wide entity did not respond to our request for information, it has failed to cooperate to the best of its ability. Therefore, the Department finds that, in selecting from among the facts otherwise available, an adverse inference is appropriate.

Because we begin with the presumption that all companies within a NME country are subject to government control and because only the companies listed under the ''Final Determination Margins'' section below have overcome that presumption, we are applying a single antidumping rate—the PRC–wide rate—to all other exporters of subject merchandise from the PRC. Such companies did not demonstrate entitlement to a separate rate. *See*, *e.g.*, *Final Determination of Sales at Less Than Fair Value: Synthetic Indigo from the People's Republic of China*, 65 FR 25706 (May 3, 2000). The PRC–wide rate applies to all entries of subject merchandise except for entries from the respondents which are listed in the ''Final Determination Margins'' section below (except as noted).

Corroboration

At the *Preliminary Determination*, in accordance with section 776(c) of the Act, we corroborated our adverse facts available (''AFA'') margin using information submitted by certain respondents. *See* Memorandum to the File: Corroboration of the PRC–Wide Facts Available Rate for the Preliminary Determination in the Antidumping Duty Investigation of Diamond Sawblades and Parts Thereof from the People's Republic of China, dated December 20, 2005 (''Corroboration Memo''). The *Statement of Administration Action* also clarifies that ''corroborate'' means that the Department will satisfy itself that the secondary information to be used has probative value, *i.e.*, reliable and relevant. *See ''Statement of Administrative Action''* accompanying the URAA, H.R. Rep. No. 103–316, 870 (1994) (''*SAA*'') at 870.

To assess the probative value of the total AFA rate it has chosen for Saint Gobain and the PRC–wide entity, the Department compared the final margin calculations of certain respondents in this investigation with the rate of 164.09 percent from the petition. We find that the rate is within the range of the highest margins we have determined in this investigation. *See* Memorandum to the File: Corroboration of the PRC–Wide Facts Available Rate for the Final Determination in the Antidumping Duty Investigation of Diamond Sawblades and Parts Thereof from the People's Republic of China, dated May 15, 2006 (''Final Corroboration Memo''). Since the record of this investigation contains margins within the range of the petition margin, we determine that the rate from the petition continues to be relevant for use in this investigation. As discussed therein, we found that the margin of 164.09 percent has probative value. *See* Final Corroboration Memo. Accordingly, we find that the rate of 164.09 percent is corroborated within the meaning of section 776(c) of the Act.

Combination Rates

In the *Initiation Notice*, the Department stated that it would calculate combination rates for certain respondents that are eligible for a separate rate in this investigation. *See Initiation Notice*, 70 FR 35625, 35629. This change in practice is described in *Policy Bulletin 05.1*, available at http://www.trade.gov/ia/. The *Policy Bulletin 05.1* states:

> ''[w]hile continuing the practice of assigning separate rates only to exporters, all separate rates that the Department will now assign in its NME investigations will be specific to those producers that supplied the exporter during the period of investigation. Note, however, that one rate is calculated for the exporter and all of the producers which supplied subject merchandise to it during the period of investigation. This practice applies both to mandatory respondents receiving an individually calculated separate rate as well as the pool of non–investigated firms receiving the weighted–average of the individually calculated rates. This practice is referred to as the application of ''combination rates'' because such rates apply to specific combinations of exporters and one or more producers. The cash–deposit rate assigned to an exporter will apply only to merchandise

[5] *See* Respondent Selection Memo.

both exported by the firm in question *and* produced by a firm that supplied the exporter during the period of investigation.'' *See Policy Bulletin 05.1*, at page 6.

Therefore, for the final determination, we have assigned a combination rate to respondents that are eligible for a separate rate.

As discussed in the *Issues and Decision Memorandum* at Comment 18, the Department will continue to not issue a combination rate for exports made by Cliff and manufactured by BGY, as these sales were made by BGY. Further, the Department continues to find that BGY should be treated as a single entity with AT&M and HXF, and the AT&M single entity has demonstrated its eligibility for a separate rate in this case. Therefore, the Department will apply a single combination rate for the AT&M single entity as the producer and exporter. However, exports where Cliff acted as a facilitator for the AT&M single entity are eligible to claim AT&M's antidumping duty cash deposit rate. For a further discussion of this issue, *see Issues and Decision Memorandum*, at Comments 16–18.

Final Determination Margins

We determine that the following percentage weighted–average margins exist for the POI:

Exporter	Producer	Weighted–Average Deposit Rate
Advanced Technology & Materials Co., Ltd.	Advanced Technology & Materials Co., Ltd.	[6]2.50%
Bosun Tools Group Co., Ltd.	Bosun Tools Group Co., Ltd.	34.19%
Danyang Huachang Diamond Tools Manufacturing Co., Ltd.	Danyang Huachang Diamond Tools Manufacturing Co., Ltd.	20.72%
Danyang NYCL Tools Manufacturing Co., Ltd.	Danyang NYCL Tools Manufacturing Co., Ltd.	20.72%
Danyang Youhe Tool Manufacturer Co., Ltd.	Danyang Youhe Tool Manufacturer Co., Ltd.	20.72%
Fujian Quanzhou Wanlong Stone Co., Ltd.	Fujian Quanzhou Wanlong Stone Co., Ltd.	20.72%
Guilin Tebon Superhard Material Co., Ltd.	Guilin Tebon Superhard Material Co., Ltd.	20.72%
Hebei Jikai Industrial Group Co., Ltd.	Hebei Jikai Industrial Group Co., Ltd.	48.50%
Huzhou Gu's Import & Export Co., Ltd.	Danyang Aurui Hardware Products Co., Ltd.	20.72%
Huzhou Gu's Import & Export Co., Ltd.	Danyang Huachang Diamond Tools Manufacturing Co., Ltd.	20.72%
Jiangsu Fengtai Diamond Tool Manufacture Co., Ltd.	Jiangsu Fengtai Diamond Tool Manufacture Co., Ltd.	20.72%
Jiangyin Likn Industry Co., Ltd.	Jiangsu Fengtai Diamond Tool Manufacture Co., Ltd.	20.72%
Jiangyin Likn Industry Co., Ltd.	Wuhan Wanbang Laser Diamond Tools Co.	20.72%
Qingdao Shinhan Diamond Industrial Co., Ltd.	Qingdao Shinhan Diamond Industrial Co., Ltd.	20.72%
Quanzhou Zhongzhi Diamond Tool Co., Ltd.	Quanzhou Zhongzhi Diamond Tool Co., Ltd.	20.72%
Rizhao Hein Saw Co., Ltd.	Rizhao Hein Saw Co., Ltd.	20.72%
Shanghai Deda Industry & Trading Co., Ltd.	Hua Da Superabrasive Tools Technology Co., Ltd.	20.72%
Shanghai Robtol Tool Manufacturing Co., Ltd.	Shanghai Robtol Tool Manufacturing Co., Ltd.	20.72%
Shijiazhuang Global New Century Tools Co., Ltd.	Shijiazhuang Global New Century Tools Co., Ltd.	20.72%
Sichuan Huili Tools Co.	Chengdu Huifeng Diamond Tools Co., Ltd.	20.72%
Sichuan Huili Tools Co.	Sichuan Huili Tools Co.	20.72%
Weihai Xiangguang Mechanical Industrial Co., Ltd.	Weihai Xiangguang Mechanical Industrial Co., Ltd.	20.72%
Wuhan Wanbang Laser Diamond Tools Co.	Wuhan Wanbang Laser Diamond Tools Co.	20.72%
Xiamen ZL Diamond Tools Co., Ltd.	Xiamen ZL Diamond Tools Co., Ltd.	20.72%
Zhejiang Tea Import & Export Co., Ltd.	Danyang Dida Diamond Tools Manufacturing Co., Ltd.	20.72%
Zhejiang Tea Import & Export Co., Ltd.	Danyang Tsunda Diamond Tools Co., Ltd.	20.72%
Zhejiang Tea Import & Export Co., Ltd.	Wuxi Lianhua Superhard Material Tools Co., Ltd.	20.72%
Zhejiang Wanli Tools Group Co., Ltd.	Zhejiang Wanli Super–hard Materials Co., Ltd.	20.72%
Zhenjiang Inter–China Import & Export Co., Ltd.	Danyang Weiwang Tools Manufacturing Co., Ltd.	20.72%
PRC–Wide Rate		164.09%

[6] Including Beijing Gang Yan Diamond Products Company as an exporter when merchandise was also produced by Beijing Gang Yan Diamond Products Company, and Yichang HXF Circular Saw Industrial Co., Ltd. as an exporter when merchandise was also produced by Yichang HXF Circular Saw Industrial Co., Ltd.

Disclosure

We will disclose the calculations performed within five days of the date of publication of this notice to parties in this proceeding in accordance with 19 CFR 351.224(b).

Continuation of Suspension of Liquidation

Pursuant to section 735(c)(1)(B) of the Act, we will instruct U.S. Customs and Border Protection (''CBP'') to suspend liquidation of all entries of subject merchandise from the PRC entered, or withdrawn from warehouse, for consumption as follows: for the final separate rate companies, on or after the date of publication of the *Preliminary Determination* in the **Federal Register**, December 29, 2005; for Bosun, Hebei Jikai, and the PRC–wide entity, on or after the date which is 90 days prior to the date of publication of the *Preliminary Determination*, September 30, 2005, due to the final determination of critical circumstances. *See e.g., Preliminary Determination; Issues and Decision Memorandum* at Comment 10. CBP shall continue to require a cash deposit or the posting of a bond equal to the estimated amount by which the normal value exceeds the U.S. price as shown above. In addition, with respect to the AT&M single entity, in the *Preliminary Determination*, due to BGY's *de minimus* preliminary margin, the Department did not require any cash deposit or posting of a bond. However, based on this final determination that the AT&M single entity does not have a *de minimus* margin rate, the Department will instruct CBP to suspend liquidation of all entries of subject merchandise from the AT&M single entity[7] entered, or withdrawn from warehouse, for consumption, on or after the date of publication of the *Final Determination* in the **Federal Register**. These instructions suspending liquidation will remain in effect until further notice.

ITC Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our final determination of sales at LTFV. As our final determination is affirmative, in accordance with section 735(b)(2) of the Act, within 45 days the ITC will determine whether the domestic industry in the United States is

[7] Including BGY and HXF.

materially injured, or threatened with material injury, by reason of imports or sales (or the likelihood of sales) for importation of the subject merchandise. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing CBP to assess antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

Notification Regarding APO

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

This determination and notice are issued and published in accordance with sections 735(d) and 777(i)(1) of the Act.

Dated: May 15, 2006.

David M. Spooner,

Assistant Secretary for Import Administration.

List of Issues

General Issues

Comment 1: Whether The Department Should Revise Its Selection of Surrogate Financial Ratios
Comment 2: Whether Process Materials and Energy Inputs Should Be Valued As Factors of Production
Comment 3: Preliminary Scope Determinations
Comment 4: Country of Origin Determination
Comment 5: Whether the Department Should Revise the Physical Characteristics and Model Match Criteria
Comment 6: Whether Employee Benefits Should Be Moved from Direct Labor To Manufacturing Overhead
Comment 7: Treatment of Negative Margins
Comment 8: Application of Sigma Cap
Comment 9: Treatment of Packing Costs and Byproducts
Comment 10: Whether the Department Should Reevaluate its Preliminary Partial Determination of Critical Circumstances
Comment 11: Surrogate Value Issues
A. Cores
B. Oxygen
C. Graphite and Steel Molds
D. Copper Powder
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F. Steel Sheet 5

Separate Rate Applicant–Specific Issues

Comment 12: Separate Rate Status of Electrolux
Comment 13: Separate Rate Status of Huachang
Comment 14: Separate Rate Status of QSY, Robtol, and Global
Comment 15: Separate Rate Status of Qingdao Shinhan

Company–Specific Issues

BGY Issues:

Comment 16: Whether the Department should Deny a Separate Rate to BGY, Yichang HXF Circular Saw Industrial Co., Ltd. (''HXF''), and Advanced Technology & Materials Co., Ltd. (''AT&M'')
Comment 17: Whether BGY was the Seller of Sawblades to the United States
Comment 18: Whether the Department Should Revise the Combination Rates for BGY
Comment 19: Whether the Department should Apply Total Adverse Facts Available to BGY
Comment 20: Whether the Department should Calculate CEP Profit Based on BGY's U.S. and Third Country Sales
Comment 21: Whether the Department Should Adjust BGY's Reported Electricity and Labor FOPs.
Comment 22: Whether to Modify the Steel Surrogate Values for BGY
Comment 23: Whether to Continue to Apply an Inflator to Market Economy (''ME'') Purchases of Diamond Powder Made Prior to the POI
Comment 24: Whether the Department Should Revise the Surrogate Value for Gasoline
Comment 25: Whether to Deduct BGY's Reported Interest Revenue from Gross Unit Price
Comment 26: Whether BGY's Reported Billing Adjustments Should Be Considered Direct Selling Expenses
Comment 27: Whether the Department Erred in Certain Statements in the BGY and GYDP Verification Reports

Bosun Issues:

Comment 28: Whether Returns Should Be Treated As A Selling Expense
Comment 29: Whether Bosun's U.S. Indirect Selling Expenses Should Be Revised
Comment 30: Whether Movement Expenses and Repacking Expenses Should Be Included In The Calculation of CEP Profit
Comment 31: Surrogate Value for Tape
Comment 32: Surrogate Value for Acrylic Lacquer and Pallet Lacquer
Comment 33: Whether The Department Should Correct Certain Ministerial Errors
Comment 34: Whether The Surrogate Value For International Freight Should Be Revised
Comment 35: Whether The Department Should Make Additional Adjustments to Bosun's U.S. Sales Data and Supplier Databases

Hebei Jikai Issues:

Comment 36: Whether to apply AFA to Hebei Jikai's Process Materials
Comment 37: Whether International Freight to Two U.S. Customers Should Be Deducted
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Comment 39: Surrogate Value for Nickel
Comment 40: Surrogate Value for Copper Plate
Comment 41: Surrogate Value Packaging Film
Comment 42: Valuation of Steel

[FR Doc. E6–7763 Filed 5–19–06; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–580–855]

Notice of Final Determination of Sales at Less Than Fair Value and Final Determination of Critical Circumstances: Diamond Sawblades and Parts Thereof from the Republic of Korea

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

EFFECTIVE DATE: May 22, 2006.

SUMMARY: On December 29, 2005, the Department of Commerce (the Department) published its preliminary determination of sales at less than fair value (LTFV) in the antidumping duty investigation of diamond sawblades and parts thereof from the Republic of Korea (Korea). The period of investigation (POI) is April 1, 2004, through March 31, 2005.

Based on our analysis of the comments received, we have made changes in the margin calculations. Therefore, the final determination differs from the preliminary determination. The final weighted–average dumping margins for the investigated companies are listed below

in thesection entitled ''Final Determination Margins.'' Finally, we determine that critical circumstances do not exist with regard to certain exports of subject merchandise from Korea by Ehwa Diamond Industrial Co., Ltd. (Ehwa) and Hyosung Diamond Industrial Co. (Hyosung). However, we find that critical circumstances do exist with respect to Shinhan Diamond Industrial Co., Ltd. (Shinhan) and the companies covered by the ''All Others'' rate.

FOR FURTHER INFORMATION CONTACT: Maisha Cryor or Thomas Martin, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–5831 or (202) 482–3936, respectively.

SUPPLEMENTARY INFORMATION: We determine that diamond sawblades from Korea are being, or are likely to be, sold in the United States at LTFV, as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The estimated margins of sales at LTFV are shown in the ''Continuation of Suspension of Liquidation'' section of this notice. In addition, we determine that there is no reasonable basis to believe or suspect that critical circumstances exist with respect to imports of the subject merchandise produced by Ehwa and Hyosung. However, we find that there is a reasonable basis to believe or suspect that critical circumstances exist with respect to imports of the subject merchandise produced by Shinhan and companies covered by the ''All Others'' rate.

Case History

The preliminary determination in this investigation was published on December 29, 2005. *See Notice of Preliminary Determination of Sales at Less Than Fair Value, Postponement of Final Determination, and Negative Preliminary Critical Circumstances Determination: Diamond Sawblades and Parts Thereof from the Republic of Korea*, 70 FR 77135 (December 29, 2005) (*Preliminary Determination*).

Since the preliminary determination, the following events have occurred.

In February 2006 and March 2006, we verified the questionnaire responses of the three participating respondents in this case, Ehwa, Shinhan, and Hyosung.

On April 17, 2006, we received case briefs from the petitioner,[1] Ehwa, Shinhan, and Hyosung. We also received rebuttal briefs on April 24, 2006, from the petitioner, Ehwa, Shinhan, and Hyosung. The Department held a public hearing on May 1, 2006, at the request of the petitioner, Ehwa, Shinhan, and Hyosung.

Period of Investigation

The period of investigation is April 1, 2004, through March 31, 2005.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties in this investigation are addressed in the ''Issues and Decision Memorandum'' from Stephen J. Claeys, Deputy Assistant Secretary for Import Administration, to David M. Spooner, Assistant Secretary for Import Administration, dated May 15, 2006, which is adopted by this notice. Parties can find a complete discussion of the issues raised in this investigation and the corresponding recommendations in this public memorandum, which is on file in the Central Records Unit, room B–099 of the main Commerce Building. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly on the Web at http://ia.ita.doc.gov/frn/index.html. The paper copy and electronic version of the Issues and Decision Memorandum are identical in content.

Scope of Investigation

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

Sawblades with diamonds directly attached to the core with a resin or electroplated bond, which thereby do not contain a diamond segment, are not included within the scope of this investigation. Diamond sawblades and/or sawblade cores with a thickness of less than 0.025 inches, or with a thickness greater than 1.1 inches, are excluded from the scope of this investigation. Circular steel plates that have a cutting edge of non–diamond material, such as external teeth that protrude from the outer diameter of the plate, whether or not finished, are excluded from the scope of this investigation. Diamond sawblade cores with a Rockwell C hardness of less than 25 are excluded from the scope of the petition. Diamond sawblades and/or diamond segment(s) with diamonds that predominantly have a mesh size number greater than 240 (such as 250 or 260) are excluded from the scope of this investigation. Merchandise subject to this investigation is typically imported under heading 8202.39.00.00 of the Harmonized Tariff Schedule of the United States (HTSUS). When packaged together as a set for retail sale with an item that is separately classified under headings 8202 to 8205 of the HTSUS, diamond sawblades or parts thereof may be imported under heading 8206.00.00.00 of the HTSUS. The tariff classification is provided for convenience and U.S. Customs and Border Protection purposes; however, the written description of the scope of this investigation is dispositive.

Scope Rulings

During the course of this investigation, the Department issued several scope rulings, all of which are affirmed through this final determination. Specifically, in the *Preliminary Determination*, the Department ruled that concave and convex cores, and finished diamond sawblades produced from such cores, are within the scope of this investigation. *See* Memorandum from Maisha Cryor, Senior International Trade Compliance Analyst, to Thomas F. Futtner, Acting Office Director, ''Consideration of Scope Exclusion and Clarification Requests,'' dated December 20, 2005, at page 8. The Department also ruled that metal–bonded, diamond 1A1R grinding wheels are within the scope of this investigation. *Id.* at 11. On April 7, 2006, the Department found granite contour diamond sawblades within the scope of the investigation. *See* Memorandum from Maisha Cryor, Senior International Trade Compliance Analyst, to Thomas F. Futtner, Acting Office Director, ''Consideration of Scope Exclusion Request,'' dated April 7, 2006. In this decision, the Department confirmed that the Rockwell C hardness threshold contained in the scope of the investigation applies only to cores, and not to finished diamond sawblades. *Id.* at 7. Lastly, the term ''sawblade'' is

[1] The petitioner in this investigation is the Diamond Sawblade Manufacturers' Coalition.

defined as those products that meet the 1A1R specification, where the segment thickness is larger than the thickness of the core. *See* the petitioner's May 3, 2005, submission at Exhibit I–10 (''The segment or rim is slightly wider than the steel blade to allow the attacking edge to penetrate the material without the steel blade rubbing against it''); the petitioner's May 10, 2005, submission, at page 14 (''the segment or rim is slightly wider than the steel blade to allow the attacking edge to penetrate the material without the steel blade rubbing against it''); Transcript to April 25, 2006, Public Hearing in the companion investigation of diamond sawblades from the People's Republic of China (statement by the petitioner that the ''international codes for ... sawblades are 1A1R, 1A1RS, and 1A1RSS, where the R means recessed. And that refers to the core, {where} the core is thinner than the segments''); and ITC Investigation No. 731–TA–1093, August 2005 (''The segment, or rim, is slightly wider than the steel blade to permit the leading edge to penetrate the material without the steel blade rubbing against it and to discourage blade binding'').

Changes Since the Preliminary Determination

Based on our analysis of the comments received and our findings at verification, we have made certain changes to the margin calculations. For a discussion of these changes, see the ''Margin Calculations'' section of the Issues and Decision Memorandum.

Critical Circumstances

In our preliminary determination, we found that critical circumstances did not exist for any mandatory respondent or any company subject to the ''All Others'' rate. *See Preliminary Determination*, 70 FR at 77142–77144. We received comments on our critical circumstances determination from the petitioner, Ehwa, and Shinhan. Based upon those comments, we have revised our analysis to include the margins listed in the ''Final Determination Margins'' section below, and we based our analysis of whether imports were massive according to the value of shipments, rather than quantity. *See* Memorandum from Mark J. Manning, Acting Program Manager, to Thomas F. Futtner, Acting Office Director, ''Final Determination of Critical Circumstances,'' dated May 15, 2006. Due to the changes made in our analysis, we determine that critical circumstances do not exist for imports of subject merchandise from Ehwa and Hyosung because, as required section 735(a)(3)(A)(ii) of the Act, there is no evidence that importers knew, or should have known, that the exporter was selling subject merchandise at LTFV. In addition, we also note that the requirements of section 735(a)(3)(B) of Act are not met for Ehwa and Hyosung because their imports were not massive. However, we find that critical circumstances do exist for imports of subject merchandise from Shinhan and the ''All Others'' companies because, pursuant to section 735(a)(3)(A)(ii) of the Act, there is evidence that importers knew, or should have known, that the exporter was selling subject merchandise at LTFV. In addition, we also note that Shinhan and the ''All Others'' companies satisfy section 735(a)(3)(B) of Act because their imports were massive. *Id.*

Verification

As provided in section 782(i) of the Act, we verified the information submitted by Ehwa, Shinhan and Hyosung for use in our final determination. We used standard verification procedures including examination of relevant accounting and production records, and original source documents provided by the respondents.

Continuation of Suspension of Liquidation

In accordance with section 735(c)(1)(B) of the Act, we are directing U.S. Customs and Border Protection (CBP) to continue to suspend liquidation of all imports of subject merchandise that are entered, or withdrawn from warehouse, for consumption on or after December 29, 2005, the date of publication of the preliminary determination in the **Federal Register**. However, since we have determined that critical circumstances exist with respect to subject merchandise produced by Shinhan and the companies covered by the ''All Others'' rate, we will instructed CBP to suspend liquidation of all unliquidated entries of merchandise produced and/or exported by these companies that entered on or after September 30, 2005, which is 90 days before the date of publication of the *Preliminary Determination*. *See* section 735(c)(4)(B). We will instruct CBP to continue to require a cash deposit or the posting of a bond for all companies based on the estimated weighted–average dumping margins shown below. The suspension of liquidation instructions will remain in effect until further notice.

Final Determination Margins

We determine that the following weighted–average dumping margins exist for the period April 1, 2004, through March 31, 2005:

Exporter/Manufacturer	Weighted–Average Margin Percentage	Critical Circumstances
Ehwa	12.76%	No
Shinhan	26.55%	Yes
Hyosung	6.43%	No
All Others	16.39%	Yes

In accordance with section 735(c)(5)(A) of the Act, we have based the ''All Others'' rate on the weighted–average of the dumping margins calculated for the exporters/manufacturers investigated in this proceeding. The ''All Others'' rate is calculated exclusive of all *de minimis* margins and margins based entirely on adverse facts available.

ITC Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our determination. As our final determination is affirmative, the ITC will determine within 45 days whether these imports are causing material injury, or threat of material injury, to an industry in the United States. If the ITC determines that material injury or threat of injury does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing CBP officials to assess antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

This notice serves as the only reminder to parties subject to administrative protective order (APO) of

their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

We are issuing and publishing this determination and notice in accordance with sections 735(d) and 777(i) of the Act.

Dated: May 15, 2006.

David M. Spooner,

Assistant Secretary for Import Administration.

Appendix

List of Issues in the Issues and Decision Memorandum

Comment 1: Whether the Department Should Revise the Physical Characteristics and Model Match Criteria.
Comment 2: Whether the Department Should Reaffirm Its Preliminary Scope Conclusions In the Final Determination And Include These Conclusions in Instructions to Customs.
Comment 3: Whether the Department Should Treat the Location of Segment Manufacture As the Country of Origin for DSB.
Comment 4: Whether U.S. Repacking Expenses, U.S. Warehousing Expenses, and U.S. Movement Expenses Should Be Treated as Selling Expenses for Purposes of Calculating CEP Profit.
Comment 5: Whether Further Manufacturing Costs Should be Deducted from the Calculation of Net U.S. Price When Such Sales are Not Reported.
Comment 6: Whether Further Manufacturing Costs and Revenues Should be Included in the Calculation of CEP Profit When Such Sales are Not Reported.
Comment 7: Whether the Department Should Use the Adjustments to Respondents' Costs to Account for NME Inputs in the Calculation of CEP Profit.
Comment 8: Whether the Department Should Correct VCOM and TCOM for any Changes it Makes to the Reported Costs.
Comment 9: Whether the Department Should Reconsider its Preliminary Critical Circumstances Determination.
Comment 10: Whether the Department Should Adjust Ehwa's and Shinhan's Purchases from Affiliated Suppliers.
Comment 11: Whether the Department Should Provide Offsets to Dumping.
Comment 12: Whether the Department Should Adjust the Reported Costs for Purchases from Unaffiliated NME Suppliers.
Comment 13: Whether the Department's Preliminary Decision to Collapse Ehwa and Shinhan was Contrary to Law and the Department's Longstanding and Consistent Past Practice.
Comment 14: Whether the Department Should Treat Information Regarding a Particular Relationship Between Ehwa and Shinhan as Public Information.
Comment 15: Whether the Department Should Collapse Ehwa with its Chinese Affiliates.
Comment 16: Whether Ehwa's Other Discounts and Certain Billing Adjustments Should be Treated As Selling Expenses for Purposes of Calculating CEP Profit.
Comment 17: Whether Ehwa Placed Conflicting Values Related to its Indirect Selling Expenses on the Record.
Comment 18: Whether the Department Should Correct Formulas Used in Ehwa's Calculation of Indirect Selling Expenses.
Comment 19: Whether the Department Should Disallow Ehwa's Allocation of Indirect Selling Expenses Between the Industrial and the Stone & Construction Divisions because Ehwa's Sales of 1A1R Merchandise are from the Industrial Division.
Comment 20: Whether the Department Should Calculate the Indirect Selling Expense Ratio for Each of Ehwa's U.S. Affiliates.
Comment 21: Whether Ehwa Properly Excluded its Sales of Refurbished Products from its HM Sales Database.
Comment 22: Whether the Department Should Adjust Costs Related to the Allocation of Costs Between Indirect Selling and G&A Expenses.
Comment 23: Whether Ehwa's Use of Surrogate Costs Was Appropriate.
Comment 24: Whether the Department Should Adjust G&A Expenses to Account for the Over–Accrual of the Provision for Retirement Expenses.
Comment 25: Whether Shinhan Failed to Report COM for SHINUS04 and SHINHM04.
Comment 26: Whether the Department Should Base Shinhan's Starting Price on INVNPRU Rather than GRSUPRU.
Comment 27: Whether the Department Should Apply AFA to Shinhan's Inland Freight Expenses.
Comment 28: Whether the Department Should Allocate Shinhan's Freight Revenue on the Same Basis as Inland Freight.
Comment 29: Whether the Department Double–Counted Shinhan's Freight Revenue.
Comment 30: Whether the Department Should Recalculate Shinhan's HM and International Movement Expenses.
Comment 31: Whether the Department Should Exclude Shinhan's Sales of Refurbished DSB from Shinhan's HM Sales Database or Weight–Average the Sales and Costs Databases for Refurbished and Non–Refurbished DSB.
Comment 32: Whether the Department Should Collapse Shinhan With Its Korean Affiliates.
Comment 33: Whether the Department Should Collapse Shinhan with Its Chinese Affiliate.
Comment 34: Whether the Department Should Make Symmetric Adjustments to Shinhan's Reported Sales and Cost Data.
Comment 35: Whether the Department Should Ensure that Segments are not Compared with DSB in the Dumping Margin Calculations.
Comment 36: Whether the Department Should Allow Shinhan's Residual Cost Variance Adjustment.
Comment 37: Whether the Department Should Use SG&A Methodology Submitted During the Cost Verification.
Comment 38: Whether the Department Should Adjust for Items in Shinhan's G&A Expense Rate Calculation.
Comment 39: Whether the Department Should Correct Certain Minor Errors in Its Proposed Cost Adjustments.
Comment 40: Whether the Department Should Use the Costs Based on Shinhan's Normal Accounting System.
Comment 41: Whether the Department Should Adjust Shinhan's Costs for Certain CONNUMs.
Comment 42: Whether the Department Should Reduce Shinhan's Materials Rebate Adjustment.
Comment 43: Whether the Department Should Adjust the Production Quantities of CONNUMS not Produced in the POI.
Comment 44: Whether the Department Should Base Shinhan's Financial Expense Rate on Facts Available.
Comment 45: Whether The Department Should Revise Certain Freight Expenses in Hyosung's U.S. Sales Database.
Comment 46: Whether the Department Should Apply AFA to Hyosung's Reported HM Inland Freight.
Comment 47: Whether the Department Should Revise the Indirect Selling Expense Ratio for Domestic and Export Sales.
Comment 48: Whether Hyosung Fully and Accurately Reported all HM and U.S. Sales of Subject Merchandise.
Comment 49: Whether the Department Should Allow a Duty Drawback Adjustment for Hyosung.
Comment 50: Whether the Department Should Recalculate Credit Expense for the EP Sales with Revised Shipment Dates in the Final Determination.
Comment 51: Whether the Department Should Use Hyosung's Originally Reported Costs of Production.

Comment 52: Whether the Department Should Adjust Hyosung's Reported Costs for Unreconciled Differences.
Comment 53: Whether the Department Should Exclude Hyosung's Prior Period Income Tax Payments From G&A Expenses.
Comment 54: Whether the Department Should Allow the Short–Term Income Generated From Investment Securities as an Offset to Hyosung's Financial Expenses.
Comment 55: Whether the Department Should Correct the Surrogate CONNUM for two Products on the COP Database.
Comment 56: Whether the Department Should Ensure that the Products Purchased from Unaffiliated Suppliers Should be Assigned the Reported Costs of Production for Those Products.
Comment 57: Whether the Department Should Reject the Petitioner's Case Brief for Failure To Comply With the Department's Regulations.

[FR Doc. E6–7771 Filed 5–19–06; 8:45 am]
BILLING CODE 3510–DS–S

APPENDIX B

HEARING WITNESSES

CALENDAR OF THE PUBLIC CONFERENCE

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

Subject: Diamond Sawblades and Parts Thereof from China and Korea

Inv. Nos.: 731-TA-1092 and 1093 (Final)

Date and Time: May 16, 2006 - 9:30 a.m.

Sessions were held in connection with these investigations in the Main Hearing Room (room 101), 500 E Street, S.W., Washington, D.C.

In Support of the Imposition of Antidumping Duties:

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

The Diamond Sawblade Manufacturing Coalition ("DSMC")

Kevin Baron, CEO, Western Saw Co.

Kraig Baron, President, Western Saw Co.

Richard Brakeman, Chief Financial Officer, Diamond B Inc.

Steve Garrison, Sales Manager, Diamond B Inc.

Leo Edmund, President, B&W Equipment and Supply Corporation

Stacey Guthrie, General Manager, Ricker Machinery Company

Andy Jedick, Vice President *and* General Manager, Diamond Products, Inc.

Edward P. McCarthy, Owner, McCarthy Associates

Judith O'Day, President, Terra Diamond Industrial

Ken Rizner, Vice President, Industrial Blade Solutions Unit, Hyde Tools, Inc.

Nolan Schabacker, President, Grabber Power Products

Greg Wolters, President, Dixie Diamond Manufacturing

Garrett Wolters, Vice President, Dixie Diamond Manufacturing

Seth Kaplan, Vice President, Charles River Associates

Daniel B. Pickard) – OF COUNSEL

In Opposition to the Imposition of
Antidumping Duties:

Akin Gump Strauss Hauer & Feld LLP
Washington, D.C.
on behalf of

J. Christine Kim, Director, Ehwa Diamond Industrial Co., Ltd.

Jae Woo Kim, General Manager, General Tool, Inc.

John Corcoran, President, Sutton Diamond Tool

Dan Steiner, President, DITEQ Corp.

Brian Delahaut, Vice President, MK Diamond

Thomas L. Rogers, Economist, Capital Trade, Inc.

Spencer S. Griffith)
J. David Park) – OF COUNSEL
Jarrod M. Goldfeder)

Wilmer Cutler Pickering Hale and Dorr LLP ("WilmerHale")
Washington, D.C.
on behalf of

Saint-Gobain Abrasives, Inc.
Douglas I. Nixon, General Manager, Construction Products

Leonard M. Shambon)
Lynn Fischer Fox) – OF COUNSEL

APPENDIX C

SUMMARY DATA

Table C-1
Finished diamond sawblades: Summary data concerning the U.S. market, 2003-05

(Quantity=units, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per unit; period changes=percent, except where noted)

	Reported data			Period changes		
Item	2003	2004	2005	2003-05	2003-04	2004-05
U.S. consumption quantity:						
Amount	4,464,299	6,065,126	6,753,839	51.3	35.9	11.4
Producers' share (1)	12.2	9.1	8.0	-4.3	-3.1	-1.2
Importers' share (1):						
China	23.7	32.3	41.1	17.4	8.6	8.7
Korea	37.5	35.3	34.0	-3.4	-2.2	-1.2
Subtotal (subject)	61.2	67.6	75.1	13.9	6.4	7.5
Other sources	26.6	23.3	16.9	-9.6	-3.3	-6.3
Total imports	87.8	90.9	92.0	4.3	3.1	1.2
U.S. consumption value:						
Amount	184,719	205,592	214,939	16.4	11.3	4.5
Producers' share (1)	61.9	54.3	51.9	-10.0	-7.6	-2.5
Importers' share (1):						
China	7.5	11.0	14.3	6.8	3.5	3.3
Korea	20.3	23.7	25.7	5.5	3.5	2.0
Subtotal (subject)	27.7	34.7	40.0	12.3	7.0	5.3
Other sources	10.3	10.9	8.1	-2.3	0.6	-2.9
Total imports	38.1	45.7	48.1	10.0	7.6	2.5
U.S. shipments of imports from:						
China:						
Quantity	1,057,497	1,960,114	2,772,961	162.2	85.4	41.5
Value	13,850	22,565	30,769	122.2	62.9	36.4
Unit value	$13.10	$11.51	$11.10	-15.3	-12.1	-3.6
Ending inventory quantity	555,680	659,966	1,154,400	107.7	18.8	74.9
Korea:						
Quantity	1,673,469	2,139,437	2,298,931	37.4	27.8	7.5
Value	37,406	48,821	55,308	47.9	30.5	13.3
Unit value	$22.35	$22.82	$24.06	7.6	2.1	5.4
Ending inventory quantity	616,878	773,610	969,397	57.1	25.4	25.3
Subtotal (subject):						
Quantity	2,730,966	4,099,551	5,071,892	85.7	50.1	23.7
Value	51,257	71,386	86,077	67.9	39.3	20.6
Unit value	$18.77	$17.41	$16.97	-9.6	-7.2	-2.5
Ending inventory quantity	1,172,558	1,433,576	2,123,797	81.1	22.3	48.1
All other sources:						
Quantity	1,186,710	1,412,611	1,144,473	-3.6	19.0	-19.0
Value	19,090	22,473	17,356	-9.1	17.7	-22.8
Unit value	$16.09	$15.91	$15.17	-5.7	-1.1	-4.7
Ending inventory quantity	136,291	216,483	107,316	-21.3	58.8	-50.4
All sources:						
Quantity	3,917,676	5,512,162	6,216,365	58.7	40.7	12.8
Value	70,346	93,859	103,433	47.0	33.4	10.2
Unit value	$17.96	$17.03	$16.64	-7.3	-5.2	-2.3
Ending inventory quantity	1,308,849	1,650,059	2,231,113	70.5	26.1	35.2

Table continued on next page.

Table C-1--Continued
Finished diamond sawblades: Summary data concerning the U.S. market, 2003-05

(Quantity=units, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per unit; period changes=percent, except where noted)

	Reported data			Period changes		
Item	2003	2004	2005	2003-05	2003-04	2004-05
U.S. producers':						
Average capacity quantity	949,241	968,584	1,005,141	5.9	2.0	3.8
Production quantity	593,461	598,197	589,526	-0.7	0.8	-1.4
Capacity utilization (1)	62.5	61.8	58.7	-3.9	-0.8	-3.1
U.S. shipments:						
Quantity	546,623	552,964	537,474	-1.7	1.2	-2.8
Value	114,373	111,733	111,505	-2.5	-2.3	-0.2
Unit value	$209.24	$202.06	$207.46	-0.8	-3.4	2.7
Export shipments:						
Quantity	25,117	25,888	26,426	5.2	3.1	2.1
Value	4,374	4,042	3,860	-11.8	-7.6	-4.5
Unit value	$174.16	$156.13	$146.07	-16.1	-10.4	-6.4
Ending inventory quantity	139,573	146,389	164,632	18.0	4.9	12.5
Inventories/total shipments (1)	24.4	25.3	29.2	4.8	0.9	3.9
Production workers	482	477	480	-0.5	-1.1	0.6
Hours worked (1,000s)	980	954	926	-5.5	-2.6	-3.0
Wages paid ($1,000s)	14,607	14,505	15,112	3.5	-0.7	4.2
Hourly wages	$14.90	$15.20	$16.32	9.5	2.0	7.4
Productivity (units/1,000 hours)	552.5	574.4	595.7	7.8	4.0	3.7
Unit labor costs	$26.98	$26.46	$27.40	1.6	-1.9	3.6
Net sales:						
Quantity	570,620	581,124	568,262	-0.4	1.8	-2.2
Value	117,409	115,144	114,618	-2.4	-1.9	-0.5
Unit value	$205.76	$198.14	$201.70	-2.0	-3.7	1.8
Cost of goods sold (COGS)	70,071	69,861	70,012	-0.1	-0.3	0.2
Gross profit or (loss)	47,338	45,282	44,607	-5.8	-4.3	-1.5
SG&A expenses	34,650	33,046	32,543	-6.1	-4.6	-1.5
Operating income or (loss)	12,688	12,236	12,064	-4.9	-3.6	-1.4
Capital expenditures	1,250	2,582	1,517	21.3	106.5	-41.3
Unit COGS	$122.80	$120.22	$123.20	0.3	-2.1	2.5
Unit SG&A expenses	$60.72	$56.87	$57.27	-5.7	-6.4	0.7
Unit operating income or (loss)	$22.24	$21.06	$21.23	-4.5	-5.3	0.8
COGS/sales (1)	59.7	60.7	61.1	1.4	1.0	0.4
Operating income or (loss)/ sales (1)	10.8	10.6	10.5	-0.3	-0.2	-0.1

(1) "Reported data" are in percent and "period changes" are in percentage points.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year ba
Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

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

Table C-1A
Finished diamond sawblades: Summary data concerning the U.S. market (excluding 2 firms from domestic industry data), 2003-05

(Quantity=units, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per unit; period changes=percent, except where noted)

	Reported data			Period changes		
Item	2003	2004	2005	2003-05	2003-04	2004-05
U.S. consumption quantity:						
Amount	4,464,299	6,065,126	6,753,839	51.3	35.9	11.4
Producers' share (1):						
Excluding 2 firms (2)	***	***	***	***	***	***
Excluded 2 firms (3)	***	***	***	***	***	***
Total	12.2	9.1	8.0	-4.3	-3.1	-1.2
Importers' share (1):						
China	23.7	32.3	41.1	17.4	8.6	8.7
Korea	37.5	35.3	34.0	-3.4	-2.2	-1.2
Subtotal (subject)	61.2	67.6	75.1	13.9	6.4	7.5
Other sources	26.6	23.3	16.9	-9.6	-3.3	-6.3
Total imports	87.8	90.9	92.0	4.3	3.1	1.2
U.S. consumption value:						
Amount	184,719	205,592	214,939	16.4	11.3	4.5
Producers' share (1):						
Excluding 2 firms (2)	***	***	***	***	***	***
Excluded 2 firms (3)	***	***	***	***	***	***
Total	61.9	54.3	51.9	-10.0	-7.6	-2.5
Importers' share (1):						
China	7.5	11.0	14.3	6.8	3.5	3.3
Korea	20.3	23.7	25.7	5.5	3.5	2.0
Subtotal (subject)	27.7	34.7	40.0	12.3	7.0	5.3
Other sources	10.3	10.9	8.1	-2.3	0.6	-2.9
Total imports	38.1	45.7	48.1	10.0	7.6	2.5
U.S. shipments of imports from:						
China:						
Quantity	1,057,497	1,960,114	2,772,961	162.2	85.4	41.5
Value	13,850	22,565	30,769	122.2	62.9	36.4
Unit value	$13.10	$11.51	$11.10	-15.3	-12.1	-3.6
Ending inventory quantity	555,680	659,966	1,154,400	107.7	18.8	74.9
Korea:						
Quantity	1,673,469	2,139,437	2,298,931	37.4	27.8	7.5
Value	37,406	48,821	55,308	47.9	30.5	13.3
Unit value	$22.35	$22.82	$24.06	7.6	2.1	5.4
Ending inventory quantity	616,878	773,610	969,397	-32.6	-26.3	-2.4
Subtotal (subject):						
Quantity	2,730,966	4,099,551	5,071,892	85.7	50.1	23.7
Value	51,257	71,386	86,077	67.9	39.3	20.6
Unit value	$18.77	$17.41	$16.97	-9.6	-7.2	-2.5
Ending inventory quantity	1,172,558	1,433,576	2,123,797	81.1	22.3	48.1
All other sources:						
Quantity	1,186,710	1,412,611	1,144,473	-3.6	19.0	-19.0
Value	19,090	22,473	17,356	-9.1	17.7	-22.8
Unit value	$16.09	$15.91	$15.17	-5.7	-1.1	-4.7
Ending inventory quantity	136,291	216,483	107,316	-21.3	58.8	-50.4
All sources:						
Quantity	3,917,676	5,512,162	6,216,365	58.7	40.7	12.8
Value	70,346	93,859	103,433	47.0	33.4	10.2
Unit value	$17.96	$17.03	$16.64	-7.3	-5.2	-2.3
Ending inventory quantity	1,308,849	1,650,059	2,231,113	70.5	26.1	35.2

Table continued on next page.

Table C-1A--Continued
Finished diamond sawblades: Summary data concerning the U.S. market (excluding 2 firms from domestic industry data), 2003-05

(Quantity=units, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per unit; period changes=percent, except where noted)

	Reported data			Period changes		
Item	2003	2004	2005	2003-05	2003-04	2004-05
U.S. producers' (2):						
Average capacity quantity	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***
U.S. shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Export shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***
Production workers	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***
Wages paid ($1,000s)	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***
Productivity (units/1,000 hours)	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***
Net sales:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***
U.S. producers' (3):						
U.S. shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Excluding data reported for ***.
(3) ***.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

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

Table C-1B
Finished diamond sawblades: Summary data concerning the U.S. market (excluding 3 firms from domestic industry data), 2003-05

(Quantity=units, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per unit; period changes=percent, except where noted)

	Reported data			Period changes		
Item	2003	2004	2005	2003-05	2003-04	2004-05
U.S. consumption quantity:						
Amount	4,464,299	6,065,126	6,753,839	51.3	35.9	11.4
Producers' share (1):						
Excluding 3 firms (2)	***	***	***	***	***	***
Excluded 3 firms (3)	***	***	***	***	***	***
Total	12.2	9.1	8.0	-4.3	-3.1	-1.2
Importers' share (1):						
China	23.7	32.3	41.1	17.4	8.6	8.7
Korea	37.5	35.3	34.0	-3.4	-2.2	-1.2
Subtotal (subject)	61.2	67.6	75.1	13.9	6.4	7.5
Other sources	26.6	23.3	16.9	-9.6	-3.3	-6.3
Total imports	87.8	90.9	92.0	4.3	3.1	1.2
U.S. consumption value:						
Amount	184,719	205,592	214,939	16.4	11.3	4.5
Producers' share (1):						
Excluding 3 firms (2)	***	***	***	***	***	***
Excluded 3 firms (3)	***	***	***	***	***	***
Total	61.9	54.3	51.9	-10.0	-7.6	-2.5
Importers' share (1):						
China	7.5	11.0	14.3	6.8	3.5	3.3
Korea	20.3	23.7	25.7	5.5	3.5	2.0
Subtotal (subject)	27.7	34.7	40.0	12.3	7.0	5.3
Other sources	10.3	10.9	8.1	-2.3	0.6	-2.9
Total imports	38.1	45.7	48.1	10.0	7.6	2.5
U.S. shipments of imports from:						
China:						
Quantity	1,057,497	1,960,114	2,772,961	162.2	85.4	41.5
Value	13,850	22,565	30,769	122.2	62.9	36.4
Unit value	$13.10	$11.51	$11.10	-15.3	-12.1	-3.6
Ending inventory quantity	555,680	659,966	1,154,400	107.7	18.8	74.9
Korea:						
Quantity	1,673,469	2,139,437	2,298,931	37.4	27.8	7.5
Value	37,406	48,821	55,308	47.9	30.5	13.3
Unit value	$22.35	$22.82	$24.06	7.6	2.1	5.4
Ending inventory quantity	616,878	773,610	969,397	-32.6	-26.3	-2.4
Subtotal (subject):						
Quantity	2,730,966	4,099,551	5,071,892	85.7	50.1	23.7
Value	51,257	71,386	86,077	67.9	39.3	20.6
Unit value	$18.77	$17.41	$16.97	-9.6	-7.2	-2.5
Ending inventory quantity	1,172,558	1,433,576	2,123,797	81.1	22.3	48.1
All other sources:						
Quantity	1,186,710	1,412,611	1,144,473	-3.6	19.0	-19.0
Value	19,090	22,473	17,356	-9.1	17.7	-22.8
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Ending inventory quantity	136,291	216,483	107,316	-21.3	58.8	-50.4
All sources:						
Quantity	3,917,676	5,512,162	6,216,365	58.7	40.7	12.8
Value	70,346	93,859	103,433	47.0	33.4	10.2
Unit value	$17.96	$17.03	$16.64	-7.3	-5.2	-2.3
Ending inventory quantity	1,308,849	1,650,059	2,231,113	70.5	26.1	35.2

Table continued on next page.

Table C-1B--Continued
Finished diamond sawblades: Summary data concerning the U.S. market (excluding 3 firms from domestic industry data), 2003-05

(Quantity=units, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per unit; period changes=percent, except where noted)

	Reported data			Period changes		
Item	2003	2004	2005	2003-05	2003-04	2004-05
U.S. producers' (2):						
Average capacity quantity	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***
U.S. shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Export shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***
Production workers	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***
Wages paid ($1,000s)	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***
Productivity (units/1,000 hours)	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***
Net sales:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***
U.S. producers' (3):						
U.S. shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Excluding data reported for ***.
(3) ***.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

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

Table C-1C
Finished diamond sawblades: Summary data concerning the U.S. market (excluding 4 firms from domestic industry data), 2003-05

(Quantity=units, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per unit; period changes=percent, except where noted)

	Reported data			Period changes		
Item	2003	2004	2005	2003-05	2003-04	2004-05
U.S. consumption quantity:						
Amount	4,464,299	6,065,126	6,753,839	51.3	35.9	11.4
Producers' share (1):						
Excluding 4 firms (2)	***	***	***	***	***	***
Excluded 4 firms (3)	***	***	***	***	***	***
Total	12.2	9.1	8.0	-4.3	-3.1	-1.2
Importers' share (1):						
China	23.7	32.3	41.1	17.4	8.6	8.7
Korea	37.5	35.3	34.0	-3.4	-2.2	-1.2
Subtotal (subject)	61.2	67.6	75.1	13.9	6.4	7.5
Other sources	26.6	23.3	16.9	-9.6	-3.3	-6.3
Total imports	87.8	90.9	92.0	4.3	3.1	1.2
U.S. consumption value:						
Amount	184,719	205,592	214,939	16.4	11.3	4.5
Producers' share (1):						
Excluding 4 firms (2)	***	***	***	***	***	***
Excluded 4 firms (3)	***	***	***	***	***	***
Total	61.9	54.3	51.9	-10.0	-7.6	-2.5
Importers' share (1):						
China	7.5	11.0	14.3	6.8	3.5	3.3
Korea	20.3	23.7	25.7	5.5	3.5	2.0
Subtotal (subject)	27.7	34.7	40.0	12.3	7.0	5.3
Other sources	10.3	10.9	8.1	-2.3	0.6	-2.9
Total imports	38.1	45.7	48.1	10.0	7.6	2.5
U.S. shipments of imports from:						
China:						
Quantity	1,057,497	1,960,114	2,772,961	162.2	85.4	41.5
Value	13,850	22,565	30,769	122.2	62.9	36.4
Unit value	$13.10	$11.51	$11.10	-15.3	-12.1	-3.6
Ending inventory quantity	555,680	659,966	1,154,400	107.7	18.8	74.9
Korea:						
Quantity	1,673,469	2,139,437	2,298,931	37.4	27.8	7.5
Value	37,406	48,821	55,308	47.9	30.5	13.3
Unit value	$22.35	$22.82	$24.06	7.6	2.1	5.4
Ending inventory quantity	616,878	773,610	969,397	-32.6	-26.3	-2.4
Subtotal (subject):						
Quantity	2,730,966	4,099,551	5,071,892	85.7	50.1	23.7
Value	51,257	71,386	86,077	67.9	39.3	20.6
Unit value	$18.77	$17.41	$16.97	-9.6	-7.2	-2.5
Ending inventory quantity	1,172,558	1,433,576	2,123,797	81.1	22.3	48.1
All other sources:						
Quantity	1,186,710	1,412,611	1,144,473	-3.6	19.0	-19.0
Value	19,090	22,473	17,356	-9.1	17.7	-22.8
Unit value	$16.09	$15.91	$15.17	-5.7	-1.1	-4.7
Ending inventory quantity	136,291	216,483	107,316	-21.3	58.8	-50.4
All sources:						
Quantity	3,917,676	5,512,162	6,216,365	58.7	40.7	12.8
Value	70,346	93,859	103,433	47.0	33.4	10.2
Unit value	$17.96	$17.03	$16.64	-7.3	-5.2	-2.3
Ending inventory quantity	1,308,849	1,650,059	2,231,113	70.5	26.1	35.2

Table continued on next page.

Table C-1C--Continued
Finished diamond sawblades: Summary data concerning the U.S. market (excluding 4 firms from domestic industry data), 2003-05

(Quantity=units, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per unit; period changes=percent, except where noted)

	Reported data			Period changes		
Item	2003	2004	2005	2003-05	2003-04	2004-05
U.S. producers' (2):						
Average capacity quantity	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***
U.S. shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Export shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***
Production workers	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***
Wages paid ($1,000s)	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***
Productivity (units/1,000 hours)	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***
Net sales:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***
U.S. producers' (3):						
U.S. shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Excluding data reported for ***.
(3) ***.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

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

Table C-2
Diamond sawblade cores: Summary data concerning the U.S. market, 2003-05

(Quantity=units, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per unit; period changes=percent, except where noted)

Item	Reported data			Period changes		
	2003	2004	2005	2003-05	2003-04	2004-05
U.S. consumption quantity:						
Amount	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***
Importers' share (1):						
China	***	***	***	***	***	***
Korea	***	***	***	***	***	***
Subtotal (subject)	***	***	***	***	***	***
Other sources	***	***	***	***	***	***
Total imports	***	***	***	***	***	***
U.S. consumption value:						
Amount	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***
Importers' share (1):						
China	***	***	***	***	***	***
Korea	***	***	***	***	***	***
Subtotal (subject)	***	***	***	***	***	***
Other sources	***	***	***	***	***	***
Total imports	***	***	***	***	***	***
U.S. shipments of imports from:						
China:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Korea:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Subtotal (subject):						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
All other sources:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
All sources:						
Quantity	141,882	189,046	208,645	47.1	33.2	10.4
Value	1,546	1,663	2,237	44.7	7.6	34.5
Unit value	$10.90	$8.80	$10.72	-1.6	-19.3	21.9
Ending inventory quantity	50,295	54,529	54,507	8.4	8.4	-0.0

Table continued on next page.

Table C-2--Continued
Diamond sawblade cores: Summary data concerning the U.S. market, 2003-05

(Quantity=units, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per unit; period changes=percent, except where noted)

	Reported data			Period changes		
Item	2003	2004	2005	2003-05	2003-04	2004-05
U.S. producers':						
Average capacity quantity	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***
U.S. commercial shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Export shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***
Production workers	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***
Wages paid ($1,000s)	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***
Productivity (units/1,000 hours)	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***
Net commercial sales:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Not applicable.
(3) Undefined.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year ba
Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

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

Table C-3
Diamond sawblade segments: Summary data concerning the U.S. market, 2003-05

(Quantity=units, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per unit; period changes=percent, except where noted)

Item	Reported data			Period changes		
	2003	2004	2005	2003-05	2003-04	2004-05
U.S. consumption quantity:						
Amount	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***
Importers' share (1):						
China	***	***	***	***	***	***
Korea	***	***	***	***	***	***
Subtotal (subject)	***	***	***	***	***	***
Other sources	***	***	***	***	***	***
Total imports	***	***	***	***	***	***
U.S. consumption value:						
Amount	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***
Importers' share (1):						
China	***	***	***	***	***	***
Korea	***	***	***	***	***	***
Subtotal (subject)	***	***	***	***	***	***
Other sources	***	***	***	***	***	***
Total imports	***	***	***	***	***	***
U.S. shipments of imports from:						
China:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Korea:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Subtotal (subject):						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
All other sources:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
All sources:						
Quantity	1,381,294	1,138,474	1,170,415	-15.3	-17.6	2.8
Value	3,348	3,675	3,863	15.4	9.7	5.1
Unit value	$2.42	$3.23	$3.30	36.2	33.2	2.3
Ending inventory quantity	1,132,404	1,039,712	947,409	-16.3	-8.2	-8.9

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Table C-3--Continued
Diamond sawblade segments: Summary data concerning the U.S. market, 2003-05

(Quantity=units, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per unit; period changes=percent, except where noted)

	Reported data			Period changes		
Item	2003	2004	2005	2003-05	2003-04	2004-05
U.S. producers':						
Average capacity quantity	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***
U.S. commercial shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Export shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***
Production workers	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***
Wages paid ($1,000s)	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***
Productivity (units/1,000 hours)	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***
Net commercial sales:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Not applicable.
(3) Undefined.
(4) Not available.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

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

Table C-4
Finished diamond sawblades and parts: Summary data concerning the U.S. market, 2003-05

(Value=1,000 dollars; period changes=percent, except where noted)

Item	Reported data			Period changes		
	2003	2004	2005	2003-05	2003-04	2004-05
U.S. consumption value:						
Amount	199,173	221,100	231,200	16.1	11.0	4.6
Producers' share (1)	62.2	55.1	52.6	-9.6	-7.1	-2.5
Importers' share (1):						
China	7.1	10.3	13.6	6.5	3.2	3.3
Korea	20.3	23.6	25.5	5.3	3.4	1.9
Subtotal (subject)	27.3	33.9	39.1	11.8	6.6	5.2
Other sources	10.5	11.0	8.3	-2.2	0.5	-2.7
Total imports	37.8	44.9	47.4	9.6	7.1	2.5
Value of U.S. shipments of imports from:						
China	14,048	22,716	31,436	123.8	61.7	38.4
Korea	40,341	52,205	58,970	46.2	29.4	13.0
Subtotal (subject)	54,389	74,921	90,406	66.2	37.8	20.7
All other sources	20,852	24,276	19,127	-8.3	16.4	-21.2
All sources	75,240	99,197	109,534	45.6	31.8	10.4
Value of U.S. producers':						
U.S. shipments	123,932	121,904	121,666	-1.8	-1.6	-0.2
Export shipments	5,957	5,518	5,555	-6.8	-7.4	0.7
Total shipments	129,889	127,422	127,220	-2.1	-1.9	-0.2
Net sales	129,348	127,714	127,233	-1.6	-1.3	-0.4
Cost of goods sold (COGS)	78,107	78,322	78,761	0.8	0.3	0.6
Gross profit or (loss)	51,241	49,392	48,472	-5.4	-3.6	-1.9
SG&A expenses	38,508	36,925	36,573	-5.0	-4.1	-1.0
Operating income or (loss)	12,733	12,467	11,899	-6.6	-2.1	-4.6
Capital expenditures	1,678	3,282	2,917	73.8	95.6	-11.1
COGS/sales (1)	60.4	61.3	61.9	1.5	0.9	0.6
Operating income or (loss)/ sales (1)	9.8	9.8	9.4	-0.5	-0.1	-0.4

(1) "Reported data" are in percent and "period changes" are in percentage points.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Shares are calculated from the unrounded figures.

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

Table C-4A
Finished diamond sawblades and parts: Summary data concerning the U.S. market (excluding 2 firms from domestic industry data), 2003-05

(Value=1,000 dollars; period changes=percent, except where noted)

	Reported data			Period changes		
Item	2003	2004	2005	2003-05	2003-04	2004-05
U.S. consumption value:						
Amount	199,173	221,100	231,200	16.1	11.0	4.6
Producers' share (1):						
Excluding 2 firms (2)	***	***	***	***	***	***
Excluded 2 firms (3)	***	***	***	***	***	***
Total	62.2	55.1	52.6	-9.6	-7.1	-2.5
Importers' share (1):						
China	7.1	10.3	13.6	6.5	3.2	3.3
Korea	20.3	23.6	25.5	5.3	3.4	1.9
Subtotal (subject)	27.3	33.9	39.1	11.8	6.6	5.2
Other sources	10.5	11.0	8.3	-2.2	0.5	-2.7
Total imports	37.8	44.9	47.4	9.6	7.1	2.5
Value of U.S. shipments of imports from:						
China	14,048	22,716	31,436	123.8	61.7	38.4
Korea	40,341	52,205	58,970	46.2	29.4	13.0
Subtotal (subject)	54,389	74,921	90,406	66.2	37.8	20.7
All other sources	20,852	24,276	19,127	-8.3	16.4	-21.2
All sources	75,240	99,197	109,534	45.6	31.8	10.4
Value of U.S. producers' (2):						
U.S. shipments	***	***	***	***	***	***
Export shipments	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***
Net sales	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***
Value of U.S. producers' (3):						
U.S. shipments	***	***	***	***	***	***
Export shipments	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Excluding data reported for ***.
(3) ***.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Shares are calculated from the unrounded figures.

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

Table C-4B
Finished diamond sawblades and parts: Summary data concerning the U.S. market (excluding 3 firms from domestic industry data), 2003-05

(Value=1,000 dollars; period changes=percent, except where noted)

	Reported data			Period changes		
Item	2003	2004	2005	2003-05	2003-04	2004-05
U.S. consumption value:						
Amount	199,173	221,100	231,200	16.1	11.0	4.6
Producers' share (1):						
Excluding 3 firms (2)	***	***	***	***	***	***
Excluded 3 firms (3)	***	***	***	***	***	***
Total	62.2	55.1	52.6	-9.6	-7.1	-2.5
Importers' share (1):						
China	7.1	10.3	13.6	6.5	3.2	3.3
Korea	20.3	23.6	25.5	5.3	3.4	1.9
Subtotal (subject)	27.3	33.9	39.1	11.8	6.6	5.2
Other sources	10.5	11.0	8.3	-2.2	0.5	-2.7
Total imports	37.8	44.9	47.4	9.6	7.1	2.5
Value of U.S. shipments of imports from:						
China	14,048	22,716	31,436	123.8	61.7	38.4
Korea	40,341	52,205	58,970	46.2	29.4	13.0
Subtotal (subject)	54,389	74,921	90,406	66.2	37.8	20.7
All other sources	20,852	24,276	19,127	-8.3	16.4	-21.2
All sources	75,240	99,197	109,534	45.6	31.8	10.4
Value of U.S. producers' (2):						
U.S. shipments	***	***	***	***	***	***
Export shipments	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***
Net sales	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***
Value of U.S. producers' (3):						
U.S. shipments	***	***	***	***	***	***
Export shipments	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Excluding data reported for ***.
(3) ***.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Shares are calculated from the unrounded figures.

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

Table C-4C
Finished diamond sawblades and parts: Summary data concerning the U.S. market (excluding 4 firms from domestic industry data), 2003-05

(Value=1,000 dollars; period changes=percent, except where noted)

	Reported data			Period changes		
Item	2003	2004	2005	2003-05	2003-04	2004-05
U.S. consumption value:						
Amount	199,173	221,100	231,200	16.1	11.0	4.6
Producers' share (1):						
Excluding 4 firms (2)	***	***	***	***	***	***
Excluded 4 firms (3)	***	***	***	***	***	***
Total	62.2	55.1	52.6	-9.6	-7.1	-2.5
Importers' share (1):						
China	7.1	10.3	13.6	6.5	3.2	3.3
Korea	20.3	23.6	25.5	5.3	3.4	1.9
Subtotal (subject)	27.3	33.9	39.1	11.8	6.6	5.2
Other sources	10.5	11.0	8.3	-2.2	0.5	-2.7
Total imports	37.8	44.9	47.4	9.6	7.1	2.5
Value of U.S. shipments of imports from:						
China	14,048	22,716	31,436	123.8	61.7	38.4
Korea	40,341	52,205	58,970	46.2	29.4	13.0
Subtotal (subject)	54,389	74,921	90,406	66.2	37.8	20.7
All other sources	20,852	24,276	19,127	-8.3	16.4	-21.2
All sources	75,240	99,197	109,534	45.6	31.8	10.4
Value of U.S. producers' (2):						
U.S. shipments	***	***	***	***	***	***
Export shipments	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***
Net sales	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***
Value of U.S. producers' (3):						
U.S. shipments	***	***	***	***	***	***
Export shipments	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Excluding data reported for ***.
(3) ***.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Shares are calculated from the unrounded figures.

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

Table C-4D
Finished diamond sawblades and parts: Summary data concerning the U.S. market (excluding 3 firms from domestic industry data), 2003-05

(Value=1,000 dollars; period changes=percent, except where noted)

	Reported data			Period changes		
Item	2003	2004	2005	2003-05	2003-04	2004-05
U.S. consumption value:						
Amount	199,173	221,100	231,200	16.1	11.0	4.6
Producers' share (1):						
Excluding 3 firms (2)	***	***	***	***	***	***
Excluded 3 firms (3)	***	***	***	***	***	***
Total	62.2	55.1	52.6	-9.6	-7.1	-2.5
Importers' share (1):						
China	7.1	10.3	13.6	6.5	3.2	3.3
Korea	20.3	23.6	25.5	5.3	3.4	1.9
Subtotal (subject)	27.3	33.9	39.1	11.8	6.6	5.2
Other sources	10.5	11.0	8.3	-2.2	0.5	-2.7
Total imports	37.8	44.9	47.4	9.6	7.1	2.5
Value of U.S. shipments of imports from:						
China	14,048	22,716	31,436	123.8	61.7	38.4
Korea	40,341	52,205	58,970	46.2	29.4	13.0
Subtotal (subject)	54,389	74,921	90,406	66.2	37.8	20.7
All other sources	20,852	24,276	19,127	-8.3	16.4	-21.2
All sources	75,240	99,197	109,534	45.6	31.8	10.4
Value of U.S. producers' (2):						
U.S. shipments	***	***	***	***	***	***
Export shipments	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***
Net sales	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***
Value of U.S. producers' (3):						
U.S. shipments	***	***	***	***	***	***
Export shipments	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Excluding data reported for ***.
(3) ***.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Shares are calculated from the unrounded figures.

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

Table C-5
Finished diamond sawblades: Summary data concerning the U.S. market (excluding 3 firms from domestic industry data), 2003-05

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APPENDIX D

TRANSFORMATION OF PARTS INTO FINISHED DIAMOND SAWBLADES AND VALUE ADDED

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APPENDIX E

FINISHED DIAMOND SAWBLADES' CHANNELS OF DISTRIBUTION

Table E-1
Finished diamond sawblades: U.S. producers' channels of distribution for U.S. commercial shipments, 2003-05

Item	Blade diameter						
	< 7.0"	7.0" - 10.0"	10.0" - 12.0"	12.0" - 14.0"	14.0" - 20.0"	> 20.0"	Total
	Value ($1,000)						
U.S. producers' USCS during 2003 to:							
Branded distributors	1,276	844	2,274	6,697	2,055	2,819	15,963
Other distributors	1,433	1,356	5,249	17,736	5,953	6,709	38,436
Total distributors	2,709	2,200	7,523	24,433	8,008	9,527	54,400
National big box retailers	0	32	38	391	288	251	999
Other retailers	0	0	4	68	152	187	411
Total retailers	0	32	43	459	439	438	1,411
Diamond saw/sawblade producers	0	0	213	677	237	82	1,209
General purpose sawblade producers	0	16	42	284	224	294	860
Total OEM	0	16	255	961	461	376	2,069
Professional construction	1,486	483	3,649	12,032	11,000	18,557	47,208
All other end users	73	4	91	274	212	1,073	1,727
Total end users	1,559	487	3,740	12,307	11,213	19,630	48,935
Total	4,268	2,735	11,560	38,160	20,121	29,970	106,814
U.S. producers' USCS during 2004 to:							
Branded distributors	1,267	919	2,039	5,920	1,942	2,794	14,882
Other distributors	1,427	1,260	5,376	17,110	6,263	6,742	38,177
Total distributors	2,694	2,179	7,415	23,030	8,205	9,536	53,059
National big box retailers	0	26	38	466	360	323	1,213
Other retailers	0	0	3	63	187	240	493
Total retailers	0	26	41	529	547	563	1,707
Diamond saw/sawblade producers	0	0	118	368	201	126	814
General purpose sawblade producers	0	17	35	237	311	207	806
Total OEM	0	17	152	605	512	333	1,620
Professional construction	1,356	372	3,349	11,850	11,397	17,952	46,277
All other end users	73	0	90	281	545	1,394	2,382
Total end users	1,429	372	3,439	12,131	11,941	19,346	48,659
Total	4,123	2,595	11,047	36,295	21,206	29,779	105,045
U.S. producers' USCS during 2005 to:							
Branded distributors	1,178	874	2,329	5,908	1,830	2,275	14,394
Other distributors	1,465	1,226	4,409	17,130	6,543	7,457	38,230
Total distributors	2,644	2,099	6,738	23,038	8,373	9,732	52,624
National big box retailers	0	23	23	579	684	618	1,927
Other retailers	0	0	1	101	371	326	800
Total retailers	0	23	24	680	1,055	944	2,726
Diamond saw/sawblade producers	0	0	71	337	223	46	676
General purpose sawblade producers	0	9	29	250	288	184	760
Total OEM	0	9	99	587	511	230	1,436
Professional construction	1,267	326	2,696	11,815	11,810	18,887	46,801
All other end users	76	0	86	287	601	1,605	2,656
Total end users	1,343	326	2,782	12,102	12,411	20,492	49,457
Total	3,987	2,457	9,643	36,407	22,350	31,399	106,243
U.S. producers' USCS during 2003-05 to:							
Branded distributors	3,721	2,636	6,642	18,525	5,826	7,888	45,240
Other distributors	4,325	3,842	15,033	51,976	18,759	20,908	114,843
Total distributors	8,046	6,478	21,676	70,501	24,585	28,796	160,083
National big box retailers	0	81	99	1,436	1,332	1,192	4,139
Other retailers	0	0	9	232	710	753	1,704
Total retailers	0	81	107	1,669	2,042	1,945	5,843
Diamond saw/sawblade producers	0	0	401	1,382	661	254	2,698
General purpose sawblade producers	0	42	105	771	823	685	2,426
Total OEM	0	42	507	2,153	1,484	939	5,124
Professional construction	4,110	1,181	9,694	35,697	34,207	55,397	140,286
All other end users	223	4	267	842	1,358	4,072	6,766
Total end users	4,332	1,185	9,961	36,540	35,565	59,468	147,052
Total	12,378	7,786	32,251	110,862	63,677	91,148	318,102

Table continued on next page.

Table E-1--Continued
Finished diamond sawblades: U.S. producers' channels of distribution for U.S. commercial shipments, 2003-05

Item	Blade diameter						
	< 7.0"	7.0" - 10.0"	10.0" - 12.0"	12.0" - 14.0"	14.0" - 20.0"	> 20.0"	Total
	Share of value (percent)						
U.S. producers' USCS during 2003 to:							
Branded distributors	1.2	0.8	2.1	6.3	1.9	2.6	14.9
Other distributors	1.3	1.3	4.9	16.6	5.6	6.3	36.0
Total distributors	2.5	2.1	7.0	22.9	7.5	8.9	50.9
National big box retailers	0.0	0.0	0.0	0.4	0.3	0.2	0.9
Other retailers	0.0	0.0	0.0	0.1	0.1	0.2	0.4
Total retailers	0.0	0.0	0.0	0.4	0.4	0.4	1.3
Diamond saw/sawblade producers	0.0	0.0	0.2	0.6	0.2	0.1	1.1
General purpose sawblade producers	0.0	0.0	0.0	0.3	0.2	0.3	0.8
Total OEM	0.0	0.0	0.2	0.9	0.4	0.4	1.9
Professional construction	1.4	0.5	3.4	11.3	10.3	17.4	44.2
All other end users	0.1	0.0	0.1	0.3	0.2	1.0	1.6
Total end users	1.5	0.5	3.5	11.5	10.5	18.4	45.8
Total	4.0	2.6	10.8	35.7	18.8	28.1	100.0
U.S. producers' USCS during 2004 to:							
Branded distributors	1.2	0.9	1.9	5.6	1.8	2.7	14.2
Other distributors	1.4	1.2	5.1	16.3	6.0	6.4	36.3
Total distributors	2.6	2.1	7.1	21.9	7.8	9.1	50.5
National big box retailers	0.0	0.0	0.0	0.4	0.3	0.3	1.2
Other retailers	0.0	0.0	0.0	0.1	0.2	0.2	0.5
Total retailers	0.0	0.0	0.0	0.5	0.5	0.5	1.6
Diamond saw/sawblade producers	0.0	0.0	0.1	0.4	0.2	0.1	0.8
General purpose sawblade producers	0.0	0.0	0.0	0.2	0.3	0.2	0.8
Total OEM	0.0	0.0	0.1	0.6	0.5	0.3	1.5
Professional construction	1.3	0.4	3.2	11.3	10.8	17.1	44.1
All other end users	0.1	0.0	0.1	0.3	0.5	1.3	2.3
Total end users	1.4	0.4	3.3	11.5	11.4	18.4	46.3
Total	3.9	2.5	10.5	34.6	20.2	28.3	100.0
U.S. producers' USCS during 2005 to:							
Branded distributors	1.1	0.8	2.2	5.6	1.7	2.1	13.5
Other distributors	1.4	1.2	4.1	16.1	6.2	7.0	36.0
Total distributors	2.5	2.0	6.3	21.7	7.9	9.2	49.5
National big box retailers	0.0	0.0	0.0	0.5	0.6	0.6	1.8
Other retailers	0.0	0.0	0.0	0.1	0.3	0.3	0.8
Total retailers	0.0	0.0	0.0	0.6	1.0	0.9	2.6
Diamond saw/sawblade producers	0.0	0.0	0.1	0.3	0.2	0.0	0.6
General purpose sawblade producers	0.0	0.0	0.0	0.2	0.3	0.2	0.7
Total OEM	0.0	0.0	0.1	0.6	0.5	0.2	1.4
Professional construction	1.2	0.3	2.5	11.1	11.1	17.8	44.1
All other end users	0.1	0.0	0.1	0.3	0.6	1.5	2.5
Total end users	1.3	0.3	2.6	11.4	11.7	19.3	46.6
Total	3.8	2.3	9.1	34.3	21.0	29.6	100.0
U.S. producers' USCS during 2003-05 to:							
Branded distributors	1.2	0.8	2.1	5.8	1.8	2.5	14.2
Other distributors	1.4	1.2	4.7	16.3	5.9	6.6	36.1
Total distributors	2.5	2.0	6.8	22.2	7.7	9.1	50.3
National big box retailers	0.0	0.0	0.0	0.5	0.4	0.4	1.3
Other retailers	0.0	0.0	0.0	0.1	0.2	0.2	0.5
Total retailers	0.0	0.0	0.0	0.5	0.6	0.6	1.8
Diamond saw/sawblade producers	0.0	0.0	0.1	0.4	0.2	0.1	0.8
General purpose sawblade producers	0.0	0.0	0.0	0.2	0.3	0.2	0.8
Total OEM	0.0	0.0	0.2	0.7	0.5	0.3	1.6
Professional construction	1.3	0.4	3.0	11.2	10.8	17.4	44.1
All other end users	0.1	0.0	0.1	0.3	0.4	1.3	2.1
Total end users	1.4	0.4	3.1	11.5	11.2	18.7	46.2
Total	3.9	2.4	10.1	34.9	20.0	28.7	100.0

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

Table E-2
Finished diamond sawblades: U.S. importers' channels of distribution for U.S. commercial shipments of imports from China, 2003-05

Item	Blade diameter						
	< 7.0"	7.0" - 10.0"	10.0" - 12.0"	12.0" - 14.0"	14.0" - 20.0"	> 20.0"	Total
	Value ($1,000)						
U.S. importers' USCS during 2003 to:							
Branded distributors	2,489	825	730	2,349	324	92	6,809
Other distributors	1,424	335	142	499	173	0	2,573
Total distributors	3,912	1,159	873	2,848	497	92	9,381
National big box retailers	258	263	0	0	0	0	520
Other retailers	182	5	5	38	0	0	231
Total retailers	440	268	5	38	0	0	751
Diamond saw/sawblade producers	475	362	80	366	2	0	1,285
General purpose sawblade producers	224	79	0	118	0	0	420
Total OEM	699	440	80	484	2	0	1,705
Professional construction	241	16	485	962	195	102	2,002
All other end users	0	0	3	6	0	0	8
Total end users	241	16	488	968	195	102	2,011
Total	5,293	1,883	1,446	4,337	695	195	13,848
U.S. importers' USCS during 2004 to:							
Branded distributors	4,081	1,659	1,148	3,785	665	150	11,489
Other distributors	1,414	441	326	1,411	179	0	3,771
Total distributors	5,495	2,100	1,474	5,197	844	150	15,260
National big box retailers	235	140	112	476	84	0	1,047
Other retailers	205	4	9	87	0	0	305
Total retailers	440	144	121	563	84	0	1,352
Diamond saw/sawblade producers	1,120	640	140	557	21	0	2,478
General purpose sawblade producers	1,122	128	0	256	0	0	1,506
Total OEM	2,242	768	140	813	21	0	3,984
Professional construction	208	13	253	1,045	156	156	1,832
All other end users	0	0	0	0	0	0	0
Total end users	208	13	253	1,045	156	156	1,832
Total	8,385	3,025	1,989	7,617	1,105	306	22,427
U.S. importers' USCS during 2005 to:							
Branded distributors	4,301	1,612	1,149	5,366	1,068	285	13,782
Other distributors	1,150	428	492	2,483	201	2	4,755
Total distributors	5,451	2,040	1,641	7,849	1,269	287	18,537
National big box retailers	1,320	784	207	727	158	0	3,196
Other retailers	279	7	12	125	2	0	426
Total retailers	1,600	792	219	851	160	0	3,622
Diamond saw/sawblade producers	971	730	240	1,019	29	0	2,990
General purpose sawblade producers	3,129	146	0	146	0	0	3,420
Total OEM	4,100	876	240	1,165	29	0	6,410
Professional construction	197	0	269	1,131	332	250	2,179
All other end users	0	0	0	0	0	0	0
Total end users	197	0	269	1,131	332	250	2,179
Total	11,347	3,708	2,369	10,996	1,790	537	30,748
U.S. importers' USCS during 2003-05 to:							
Branded distributors	10,870	4,096	3,028	11,500	2,057	528	32,079
Other distributors	3,988	1,204	960	4,393	553	2	11,099
Total distributors	14,858	5,299	3,988	15,893	2,610	530	43,178
National big box retailers	1,813	1,187	319	1,203	242	0	4,764
Other retailers	666	17	26	250	2	0	961
Total retailers	2,480	1,204	345	1,452	244	0	5,725
Diamond saw/sawblade producers	2,566	1,732	461	1,942	52	0	6,753
General purpose sawblade producers	4,474	352	0	520	0	0	5,346
Total OEM	7,040	2,085	461	2,461	52	0	12,099
Professional construction	646	29	1,008	3,138	683	509	6,013
All other end users	0	0	3	6	0	0	9
Total end users	646	29	1,010	3,144	683	509	6,022
Total	25,024	8,617	5,804	22,951	3,589	1,038	67,023

Table continued on next page.

Table E-2--Continued
Finished diamond sawblades: U.S. importers' channels of distribution for U.S. commercial shipments of imports from China, 2003-05

Item	Blade diameter						
	< 7.0"	7.0" - 10.0"	10.0" - 12.0"	12.0" - 14.0"	14.0" - 20.0"	> 20.0"	Total
	Share of value (percent)						
U.S. importers' USCS during 2003 to:							
Branded distributors	18.0	6.0	5.3	17.0	2.3	0.7	49.2
Other distributors	10.3	2.4	1.0	3.6	1.2	0.0	18.6
Total distributors	28.3	8.4	6.3	20.6	3.6	0.7	67.7
National big box retailers	1.9	1.9	0.0	0.0	0.0	0.0	3.8
Other retailers	1.3	0.0	0.0	0.3	0.0	0.0	1.7
Total retailers	3.2	1.9	0.0	0.3	0.0	0.0	5.4
Diamond saw/sawblade producers	3.4	2.6	0.6	2.6	0.0	0.0	9.3
General purpose sawblade producers	1.6	0.6	0.0	0.9	0.0	0.0	3.0
Total OEM	5.0	3.2	0.6	3.5	0.0	0.0	12.3
Professional construction	1.7	0.1	3.5	6.9	1.4	0.7	14.5
All other end users	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Total end users	1.7	0.1	3.5	7.0	1.4	0.7	14.5
Total	38.2	13.6	10.4	31.3	5.0	1.4	100.0
U.S. importers' USCS during 2004 to:							
Branded distributors	18.2	7.4	5.1	16.9	3.0	0.7	51.2
Other distributors	6.3	2.0	1.5	6.3	0.8	0.0	16.8
Total distributors	24.5	9.4	6.6	23.2	3.8	0.7	68.0
National big box retailers	1.0	0.6	0.5	2.1	0.4	0.0	4.7
Other retailers	0.9	0.0	0.0	0.4	0.0	0.0	1.4
Total retailers	2.0	0.6	0.5	2.5	0.4	0.0	6.0
Diamond saw/sawblade producers	5.0	2.9	0.6	2.5	0.1	0.0	11.1
General purpose sawblade producers	5.0	0.6	0.0	1.1	0.0	0.0	6.7
Total OEM	10.0	3.4	0.6	3.6	0.1	0.0	17.8
Professional construction	0.9	0.1	1.1	4.7	0.7	0.7	8.2
All other end users	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total end users	0.9	0.1	1.1	4.7	0.7	0.7	8.2
Total	37.4	13.5	8.9	34.0	4.9	1.4	100.0
U.S. importers' USCS during 2005 to:							
Branded distributors	14.0	5.2	3.7	17.5	3.5	0.9	44.8
Other distributors	3.7	1.4	1.6	8.1	0.7	0.0	15.5
Total distributors	17.7	6.6	5.3	25.5	4.1	0.9	60.3
National big box retailers	4.3	2.6	0.7	2.4	0.5	0.0	10.4
Other retailers	0.9	0.0	0.0	0.4	0.0	0.0	1.4
Total retailers	5.2	2.6	0.7	2.8	0.5	0.0	11.8
Diamond saw/sawblade producers	3.2	2.4	0.8	3.3	0.1	0.0	9.7
General purpose sawblade producers	10.2	0.5	0.0	0.5	0.0	0.0	11.1
Total OEM	13.3	2.8	0.8	3.8	0.1	0.0	20.8
Professional construction	0.6	0.0	0.9	3.7	1.1	0.8	7.1
All other end users	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total end users	0.6	0.0	0.9	3.7	1.1	0.8	7.1
Total	36.9	12.1	7.7	35.8	5.8	1.7	100.0
U.S. importers' USCS during 2003-05 to:							
Branded distributors	16.2	6.1	4.5	17.2	3.1	0.8	47.9
Other distributors	5.9	1.8	1.4	6.6	0.8	0.0	16.6
Total distributors	22.2	7.9	5.9	23.7	3.9	0.8	64.4
National big box retailers	2.7	1.8	0.5	1.8	0.4	0.0	7.1
Other retailers	1.0	0.0	0.0	0.4	0.0	0.0	1.4
Total retailers	3.7	1.8	0.5	2.2	0.4	0.0	8.5
Diamond saw/sawblade producers	3.8	2.6	0.7	2.9	0.1	0.0	10.1
General purpose sawblade producers	6.7	0.5	0.0	0.8	0.0	0.0	8.0
Total OEM	10.5	3.1	0.7	3.7	0.1	0.0	18.1
Professional construction	1.0	0.0	1.5	4.7	1.0	0.8	9.0
All other end users	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total end users	1.0	0.0	1.5	4.7	1.0	0.8	9.0
Total	37.3	12.9	8.7	34.2	5.4	1.5	100.0

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

Table E-3
Finished diamond sawblades: U.S. importers' channels of distribution for U.S. commercial shipments of imports from Korea, 2003-05

Item	Blade diameter						
	< 7.0"	7.0" - 10.0"	10.0" - 12.0"	12.0" - 14.0"	14.0" - 20.0"	> 20.0"	Total
	Value ($1,000)						
U.S. importers' USCS during 2003 to:							
Branded distributors	4,595	2,324	1,967	5,020	2,350	537	16,793
Other distributors	2,378	1,567	221	1,168	643	299	6,276
Total distributors	6,973	3,891	2,188	6,188	2,993	836	23,069
National big box retailers	219	30	0	30	30	0	309
Other retailers	115	29	39	147	107	1	438
Total retailers	334	59	39	176	137	1	747
Diamond saw/sawblade producers	1,540	1,869	902	1,887	257	42	6,496
General purpose sawblade producers	2,071	140	115	94	0	0	2,419
Total OEM	3,610	2,009	1,016	1,981	257	42	8,915
Professional construction	92	70	453	1,766	581	344	3,306
All other end users	133	8	77	128	39	50	435
Total end users	225	78	530	1,894	621	393	3,741
Total	11,143	6,037	3,774	10,239	4,007	1,272	36,471
U.S. importers' USCS during 2004 to:							
Branded distributors	5,603	2,694	2,159	6,595	2,881	579	20,511
Other distributors	2,727	1,612	563	1,948	712	361	7,923
Total distributors	8,331	4,306	2,722	8,543	3,593	940	28,434
National big box retailers	95	24	0	36	36	0	190
Other retailers	144	39	59	234	131	2	609
Total retailers	239	62	59	270	167	2	799
Diamond saw/sawblade producers	2,738	3,049	1,220	2,891	379	36	10,313
General purpose sawblade producers	2,773	189	107	85	0	0	3,155
Total OEM	5,511	3,238	1,327	2,977	379	36	13,467
Professional construction	97	61	555	2,248	847	426	4,234
All other end users	133	4	91	187	52	64	531
Total end users	231	65	646	2,434	899	490	4,765
Total	14,312	7,671	4,754	14,224	5,038	1,468	47,466
U.S. importers' USCS during 2005 to:							
Branded distributors	6,272	3,109	2,925	8,355	3,255	737	24,654
Other distributors	2,330	458	634	2,395	1,004	463	7,284
Total distributors	8,602	3,568	3,559	10,750	4,259	1,200	31,938
National big box retailers	114	65	0	48	44	0	272
Other retailers	166	30	72	360	157	2	787
Total retailers	280	95	72	409	201	2	1,059
Diamond saw/sawblade producers	2,594	3,703	1,569	3,649	486	35	12,037
General purpose sawblade producers	2,391	633	89	966	0	0	4,080
Total OEM	4,986	4,336	1,659	4,615	486	35	16,116
Professional construction	102	60	504	2,493	854	506	4,521
All other end users	113	1	90	216	127	76	623
Total end users	215	61	594	2,710	981	582	5,144
Total	14,083	8,060	5,884	18,484	5,927	1,820	54,258
U.S. importers' USCS during 2003-05 to:							
Branded distributors	16,470	8,128	7,051	19,970	8,486	1,853	61,958
Other distributors	7,435	3,637	1,418	5,511	2,359	1,124	21,483
Total distributors	23,905	11,765	8,469	25,481	10,845	2,976	83,441
National big box retailers	429	119	0	114	109	0	771
Other retailers	425	98	170	741	395	5	1,834
Total retailers	854	217	170	855	504	5	2,606
Diamond saw/sawblade producers	6,872	8,621	3,691	8,427	1,122	113	28,845
General purpose sawblade producers	7,235	961	311	1,146	0	0	9,654
Total OEM	14,107	9,582	4,002	9,573	1,122	113	38,499
Professional construction	292	191	1,513	6,507	2,282	1,276	12,060
All other end users	380	13	258	531	219	190	1,590
Total end users	671	204	1,771	7,038	2,501	1,466	13,650
Total	39,538	21,768	14,412	42,946	14,972	4,561	138,196

Table continued on next page.

Table E-3--Continued
Finished diamond sawblades: U.S. importers' channels of distribution for U.S. commercial shipments of imports from Korea, 2003-05

Item	Blade diameter						
	< 7.0"	7.0" - 10.0"	10.0" - 12.0"	12.0" - 14.0"	14.0" - 20.0"	> 20.0"	Total
	Share of value (percent)						
U.S. importers' USCS during 2003 to:							
Branded distributors	12.6	6.4	5.4	13.8	6.4	1.5	46.0
Other distributors	6.5	4.3	0.6	3.2	1.8	0.8	17.2
Total distributors	19.1	10.7	6.0	17.0	8.2	2.3	63.3
National big box retailers	0.6	0.1	0.0	0.1	0.1	0.0	0.8
Other retailers	0.3	0.1	0.1	0.4	0.3	0.0	1.2
Total retailers	0.9	0.2	0.1	0.5	0.4	0.0	2.0
Diamond saw/sawblade producers	4.2	5.1	2.5	5.2	0.7	0.1	17.8
General purpose sawblade producers	5.7	0.4	0.3	0.3	0.0	0.0	6.6
Total OEM	9.9	5.5	2.8	5.4	0.7	0.1	24.4
Professional construction	0.3	0.2	1.2	4.8	1.6	0.9	9.1
All other end users	0.4	0.0	0.2	0.4	0.1	0.1	1.2
Total end users	0.6	0.2	1.5	5.2	1.7	1.1	10.3
Total	30.6	16.6	10.3	28.1	11.0	3.5	100.0
U.S. importers' USCS during 2004 to:							
Branded distributors	11.8	5.7	4.5	13.9	6.1	1.2	43.2
Other distributors	5.7	3.4	1.2	4.1	1.5	0.8	16.7
Total distributors	17.6	9.1	5.7	18.0	7.6	2.0	59.9
National big box retailers	0.2	0.1	0.0	0.1	0.1	0.0	0.4
Other retailers	0.3	0.1	0.1	0.5	0.3	0.0	1.3
Total retailers	0.5	0.1	0.1	0.6	0.4	0.0	1.7
Diamond saw/sawblade producers	5.8	6.4	2.6	6.1	0.8	0.1	21.7
General purpose sawblade producers	5.8	0.4	0.2	0.2	0.0	0.0	6.6
Total OEM	11.6	6.8	2.8	6.3	0.8	0.1	28.4
Professional construction	0.2	0.1	1.2	4.7	1.8	0.9	8.9
All other end users	0.3	0.0	0.2	0.4	0.1	0.1	1.1
Total end users	0.5	0.1	1.4	5.1	1.9	1.0	10.0
Total	30.2	16.2	10.0	30.0	10.6	3.1	100.0
U.S. importers' USCS during 2005 to:							
Branded distributors	11.6	5.7	5.4	15.4	6.0	1.4	45.4
Other distributors	4.3	0.8	1.2	4.4	1.8	0.9	13.4
Total distributors	15.9	6.6	6.6	19.8	7.8	2.2	58.9
National big box retailers	0.2	0.1	0.0	0.1	0.1	0.0	0.5
Other retailers	0.3	0.1	0.1	0.7	0.3	0.0	1.5
Total retailers	0.5	0.2	0.1	0.8	0.4	0.0	2.0
Diamond saw/sawblade producers	4.8	6.8	2.9	6.7	0.9	0.1	22.2
General purpose sawblade producers	4.4	1.2	0.2	1.8	0.0	0.0	7.5
Total OEM	9.2	8.0	3.1	8.5	0.9	0.1	29.7
Professional construction	0.2	0.1	0.9	4.6	1.6	0.9	8.3
All other end users	0.2	0.0	0.2	0.4	0.2	0.1	1.1
Total end users	0.4	0.1	1.1	5.0	1.8	1.1	9.5
Total	26.0	14.9	10.8	34.1	10.9	3.4	100.0
U.S. importers' USCS during 2003-05 to:							
Branded distributors	11.9	5.9	5.1	14.5	6.1	1.3	44.8
Other distributors	5.4	2.6	1.0	4.0	1.7	0.8	15.5
Total distributors	17.3	8.5	6.1	18.4	7.8	2.2	60.4
National big box retailers	0.3	0.1	0.0	0.1	0.1	0.0	0.6
Other retailers	0.3	0.1	0.1	0.5	0.3	0.0	1.3
Total retailers	0.6	0.2	0.1	0.6	0.4	0.0	1.9
Diamond saw/sawblade producers	5.0	6.2	2.7	6.1	0.8	0.1	20.9
General purpose sawblade producers	5.2	0.7	0.2	0.8	0.0	0.0	7.0
Total OEM	10.2	6.9	2.9	6.9	0.8	0.1	27.9
Professional construction	0.2	0.1	1.1	4.7	1.7	0.9	8.7
All other end users	0.3	0.0	0.2	0.4	0.2	0.1	1.2
Total end users	0.5	0.1	1.3	5.1	1.8	1.1	9.9
Total	28.6	15.8	10.4	31.1	10.8	3.3	100.0

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

Table E-4
Finished diamond sawblades: U.S. importers' channels of distribution for U.S. commercial shipments of imports from all other sources, 2003-05

Item	Blade diameter						
	< 7.0"	7.0" - 10.0"	10.0" - 12.0"	12.0" - 14.0"	14.0" - 20.0"	> 20.0"	Total
	Value ($1,000)						
U.S. importers' USCS during 2003 to:							
Branded distributors	2	0	0	82	56	1	141
Other distributors	43	86	782	3,741	648	231	5,532
Total distributors	45	86	782	3,823	703	232	5,673
National big box retailers	9,403	345	338	726	105	0	10,917
Other retailers	0	0	0	0	0	0	0
Total retailers	9,403	345	338	726	105	0	10,917
Diamond saw/sawblade producers	0	0	0	0	0	0	0
General purpose sawblade producers	443	0	300	0	0	0	743
Total OEM	443	0	300	0	0	0	743
Professional construction	1	0	292	647	83	153	1,176
All other end users	2	0	0	41	19	1	64
Total end users	3	0	292	688	102	155	1,240
Total	9,895	432	1,712	5,237	910	387	18,574
U.S. importers' USCS during 2004 to:							
Branded distributors	0	0	129	0	0	0	129
Other distributors	30	92	1,146	4,343	566	59	6,236
Total distributors	30	92	1,275	4,343	566	59	6,365
National big box retailers	10,636	277	376	791	61	0	12,141
Other retailers	0	0	0	0	0	0	0
Total retailers	10,636	277	376	791	61	0	12,141
Diamond saw/sawblade producers	0	0	0	0	0	0	0
General purpose sawblade producers	108	54	0	0	0	0	162
Total OEM	108	54	0	0	0	0	162
Professional construction	0	0	294	604	78	34	1,009
All other end users	1	0	1	24	26	1	53
Total end users	1	0	294	628	103	35	1,062
Total	10,776	423	1,946	5,762	730	94	19,730
U.S. importers' USCS during 2005 to:							
Branded distributors	0	0	91	0	0	0	91
Other distributors	21	66	782	3,660	686	62	5,275
Total distributors	21	66	873	3,660	686	62	5,367
National big box retailers	6,451	197	51	322	1	0	7,022
Other retailers	330	0	26	30	7	0	393
Total retailers	6,781	197	77	352	8	0	7,415
Diamond saw/sawblade producers	0	0	0	0	0	0	0
General purpose sawblade producers	0	0	0	0	0	0	0
Total OEM	0	0	0	0	0	0	0
Professional construction	0	0	124	474	47	39	684
All other end users	0	0	2	25	5	0	33
Total end users	0	0	126	500	52	39	717
Total	6,802	262	1,077	4,512	746	100	13,498
U.S. importers' USCS during 2003-05 to:							
Branded distributors	2	0	221	82	56	1	362
Other distributors	94	244	2,710	11,743	1,899	352	17,043
Total distributors	96	244	2,931	11,826	1,955	353	17,405
National big box retailers	26,491	819	765	1,838	167	0	30,080
Other retailers	330	0	26	30	7	0	393
Total retailers	26,820	819	791	1,869	174	0	30,473
Diamond saw/sawblade producers	0	0	0	0	0	0	0
General purpose sawblade producers	551	54	300	0	0	0	905
Total OEM	551	54	300	0	0	0	905
Professional construction	1	0	710	1,726	207	226	2,870
All other end users	4	0	3	90	50	2	149
Total end users	4	0	713	1,816	257	228	3,019
Total	27,472	1,117	4,735	15,510	2,386	581	51,802

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Table E-4--Continued
Finished diamond sawblades: U.S. importers' channels of distribution for U.S. commercial shipments of imports from all other sources, 2003-05

Item	Blade diameter						
	< 7.0"	7.0" - 10.0"	10.0" - 12.0"	12.0" - 14.0"	14.0" - 20.0"	> 20.0"	Total
	Share of value (percent)						
U.S. importers' USCS during 2003 to:							
Branded distributors	0.0	0.0	0.0	0.4	0.3	0.0	0.8
Other distributors	0.2	0.5	4.2	20.1	3.5	1.2	29.8
Total distributors	0.2	0.5	4.2	20.6	3.8	1.2	30.5
National big box retailers	50.6	1.9	1.8	3.9	0.6	0.0	58.8
Other retailers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total retailers	50.6	1.9	1.8	3.9	0.6	0.0	58.8
Diamond saw/sawblade producers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General purpose sawblade producers	2.4	0.0	1.6	0.0	0.0	0.0	4.0
Total OEM	2.4	0.0	1.6	0.0	0.0	0.0	4.0
Professional construction	0.0	0.0	1.6	3.5	0.4	0.8	6.3
All other end users	0.0	0.0	0.0	0.2	0.1	0.0	0.3
Total end users	0.0	0.0	1.6	3.7	0.5	0.8	6.7
Total	53.3	2.3	9.2	28.2	4.9	2.1	100.0
U.S. importers' USCS during 2004 to:							
Branded distributors	0.0	0.0	0.7	0.0	0.0	0.0	0.7
Other distributors	0.2	0.5	5.8	22.0	2.9	0.3	31.6
Total distributors	0.2	0.5	6.5	22.0	2.9	0.3	32.3
National big box retailers	53.9	1.4	1.9	4.0	0.3	0.0	61.5
Other retailers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total retailers	53.9	1.4	1.9	4.0	0.3	0.0	61.5
Diamond saw/sawblade producers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General purpose sawblade producers	0.5	0.3	0.0	0.0	0.0	0.0	0.8
Total OEM	0.5	0.3	0.0	0.0	0.0	0.0	0.8
Professional construction	0.0	0.0	1.5	3.1	0.4	0.2	5.1
All other end users	0.0	0.0	0.0	0.1	0.1	0.0	0.3
Total end users	0.0	0.0	1.5	3.2	0.5	0.2	5.4
Total	54.6	2.1	9.9	29.2	3.7	0.5	100.0
U.S. importers' USCS during 2005 to:							
Branded distributors	0.0	0.0	0.7	0.0	0.0	0.0	0.7
Other distributors	0.2	0.5	5.8	27.1	5.1	0.5	39.1
Total distributors	0.2	0.5	6.5	27.1	5.1	0.5	39.8
National big box retailers	47.8	1.5	0.4	2.4	0.0	0.0	52.0
Other retailers	2.4	0.0	0.2	0.2	0.1	0.0	2.9
Total retailers	50.2	1.5	0.6	2.6	0.1	0.0	54.9
Diamond saw/sawblade producers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General purpose sawblade producers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total OEM	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Professional construction	0.0	0.0	0.9	3.5	0.3	0.3	5.1
All other end users	0.0	0.0	0.0	0.2	0.0	0.0	0.2
Total end users	0.0	0.0	0.9	3.7	0.4	0.3	5.3
Total	50.4	1.9	8.0	33.4	5.5	0.7	100.0
U.S. importers' USCS during 2003-05 to:							
Branded distributors	0.0	0.0	0.4	0.2	0.1	0.0	0.7
Other distributors	0.2	0.5	5.2	22.7	3.7	0.7	32.9
Total distributors	0.2	0.5	5.7	22.8	3.8	0.7	33.6
National big box retailers	51.1	1.6	1.5	3.5	0.3	0.0	58.1
Other retailers	0.6	0.0	0.1	0.1	0.0	0.0	0.8
Total retailers	51.8	1.6	1.5	3.6	0.3	0.0	58.8
Diamond saw/sawblade producers	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General purpose sawblade producers	1.1	0.1	0.6	0.0	0.0	0.0	1.7
Total OEM	1.1	0.1	0.6	0.0	0.0	0.0	1.7
Professional construction	0.0	0.0	1.4	3.3	0.4	0.4	5.5
All other end users	0.0	0.0	0.0	0.2	0.1	0.0	0.3
Total end users	0.0	0.0	1.4	3.5	0.5	0.4	5.8
Total	53.0	2.2	9.1	29.9	4.6	1.1	100.0

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

Table E-5
Finished diamond sawblades: U.S. importers' channels of distribution for U.S. commercial shipments of imports from all sources, 2003-05

Item	Blade diameter						
	< 7.0"	7.0" - 10.0"	10.0" - 12.0"	12.0" - 14.0"	14.0" - 20.0"	> 20.0"	Total
	Value ($1,000)						
U.S. importers' USCS during 2003 to:							
Branded distributors	7,086	3,149	2,697	7,451	2,730	630	23,743
Other distributors	3,845	1,988	1,146	5,408	1,464	530	14,380
Total distributors	10,930	5,137	3,843	12,859	4,194	1,160	38,123
National big box retailers	9,880	638	338	756	135	0	11,746
Other retailers	297	34	45	185	107	1	669
Total retailers	10,178	672	383	940	242	1	12,415
Diamond saw/sawblade producers	2,015	2,231	982	2,252	259	42	7,781
General purpose sawblade producers	2,738	218	415	212	0	0	3,583
Total OEM	4,753	2,449	1,396	2,465	259	42	11,364
Professional construction	334	86	1,231	3,375	859	599	6,484
All other end users	136	8	80	175	59	51	507
Total end users	469	94	1,310	3,550	918	650	6,991
Total	26,330	8,352	6,932	19,813	5,612	1,854	68,893
U.S. importers' USCS during 2004 to:							
Branded distributors	9,685	4,353	3,436	10,381	3,546	729	32,129
Other distributors	4,171	2,145	2,035	7,702	1,456	421	17,930
Total distributors	13,856	6,498	5,471	18,082	5,002	1,150	50,059
National big box retailers	10,967	441	488	1,302	180	0	13,379
Other retailers	349	43	68	321	131	2	914
Total retailers	11,316	484	556	1,623	312	2	14,293
Diamond saw/sawblade producers	3,858	3,689	1,360	3,448	400	36	12,791
General purpose sawblade producers	4,003	370	107	341	0	0	4,822
Total OEM	7,861	4,060	1,467	3,789	400	36	17,613
Professional construction	306	74	1,102	3,897	1,081	616	7,075
All other end users	135	4	92	211	78	65	584
Total end users	440	78	1,194	4,107	1,159	681	7,659
Total	33,472	11,119	8,688	27,602	6,873	1,868	89,623
U.S. importers' USCS during 2005 to:							
Branded distributors	10,573	4,722	4,166	13,721	4,323	1,022	38,527
Other distributors	3,501	952	1,907	8,537	1,891	527	17,315
Total distributors	14,074	5,674	6,073	22,259	6,214	1,549	55,842
National big box retailers	7,886	1,046	259	1,097	203	0	10,490
Other retailers	775	38	109	515	166	2	1,606
Total retailers	8,660	1,084	368	1,612	369	2	12,096
Diamond saw/sawblade producers	3,565	4,433	1,810	4,668	514	35	15,026
General purpose sawblade producers	5,520	778	89	1,112	0	0	7,500
Total OEM	9,086	5,212	1,899	5,780	514	35	22,526
Professional construction	299	60	898	4,099	1,233	795	7,384
All other end users	113	1	92	242	132	76	656
Total end users	412	61	989	4,341	1,365	871	8,040
Total	32,232	12,031	9,330	33,991	8,463	2,458	98,504
U.S. importers' USCS during 2003-05 to:							
Branded distributors	27,343	12,223	10,300	31,552	10,599	2,382	94,399
Other distributors	11,517	5,085	5,088	21,647	4,811	1,478	49,625
Total distributors	38,860	17,308	15,388	53,200	15,410	3,859	144,024
National big box retailers	28,733	2,125	1,085	3,155	518	0	35,615
Other retailers	1,421	115	221	1,021	404	5	3,189
Total retailers	30,154	2,240	1,307	4,176	922	5	38,804
Diamond saw/sawblade producers	9,438	10,353	4,151	10,368	1,174	113	35,598
General purpose sawblade producers	12,261	1,367	611	1,666	0	0	15,905
Total OEM	21,699	11,720	4,762	12,034	1,174	113	51,502
Professional construction	939	220	3,230	11,370	3,173	2,011	20,943
All other end users	383	13	263	628	269	192	1,747
Total end users	1,322	233	3,494	11,998	3,442	2,203	22,690
Total	92,034	31,502	24,950	81,407	20,947	6,180	257,021

Table continued on next page.

Table E-5--Continued
Finished diamond sawblades: U.S. importers' channels of distribution for U.S. commercial shipments of imports from all sources, 2003-05

Item	Blade diameter						
	< 7.0"	7.0" - 10.0"	10.0" - 12.0"	12.0" - 14.0"	14.0" - 20.0"	> 20.0"	Total
	Share of value (percent)						
U.S. importers' USCS during 2003 to:							
Branded distributors	10.3	4.6	3.9	10.8	4.0	0.9	34.5
Other distributors	5.6	2.9	1.7	7.9	2.1	0.8	20.9
Total distributors	15.9	7.5	5.6	18.7	6.1	1.7	55.3
National big box retailers	14.3	0.9	0.5	1.1	0.2	0.0	17.1
Other retailers	0.4	0.0	0.1	0.3	0.2	0.0	1.0
Total retailers	14.8	1.0	0.6	1.4	0.4	0.0	18.0
Diamond saw/sawblade producers	2.9	3.2	1.4	3.3	0.4	0.1	11.3
General purpose sawblade producers	4.0	0.3	0.6	0.3	0.0	0.0	5.2
Total OEM	6.9	3.6	2.0	3.6	0.4	0.1	16.5
Professional construction	0.5	0.1	1.8	4.9	1.2	0.9	9.4
All other end users	0.2	0.0	0.1	0.3	0.1	0.1	0.7
Total end users	0.7	0.1	1.9	5.2	1.3	0.9	10.1
Total	38.2	12.1	10.1	28.8	8.1	2.7	100.0
U.S. importers' USCS during 2004 to:							
Branded distributors	10.8	4.9	3.8	11.6	4.0	0.8	35.8
Other distributors	4.7	2.4	2.3	8.6	1.6	0.5	20.0
Total distributors	15.5	7.3	6.1	20.2	5.6	1.3	55.9
National big box retailers	12.2	0.5	0.5	1.5	0.2	0.0	14.9
Other retailers	0.4	0.0	0.1	0.4	0.1	0.0	1.0
Total retailers	12.6	0.5	0.6	1.8	0.3	0.0	15.9
Diamond saw/sawblade producers	4.3	4.1	1.5	3.8	0.4	0.0	14.3
General purpose sawblade producers	4.5	0.4	0.1	0.4	0.0	0.0	5.4
Total OEM	8.8	4.5	1.6	4.2	0.4	0.0	19.7
Professional construction	0.3	0.1	1.2	4.3	1.2	0.7	7.9
All other end users	0.2	0.0	0.1	0.2	0.1	0.1	0.7
Total end users	0.5	0.1	1.3	4.6	1.3	0.8	8.5
Total	37.3	12.4	9.7	30.8	7.7	2.1	100.0
U.S. importers' USCS during 2005 to:							
Branded distributors	10.7	4.8	4.2	13.9	4.4	1.0	39.1
Other distributors	3.6	1.0	1.9	8.7	1.9	0.5	17.6
Total distributors	14.3	5.8	6.2	22.6	6.3	1.6	56.7
National big box retailers	8.0	1.1	0.3	1.1	0.2	0.0	10.6
Other retailers	0.8	0.0	0.1	0.5	0.2	0.0	1.6
Total retailers	8.8	1.1	0.4	1.6	0.4	0.0	12.3
Diamond saw/sawblade producers	3.6	4.5	1.8	4.7	0.5	0.0	15.3
General purpose sawblade producers	5.6	0.8	0.1	1.1	0.0	0.0	7.6
Total OEM	9.2	5.3	1.9	5.9	0.5	0.0	22.9
Professional construction	0.3	0.1	0.9	4.2	1.3	0.8	7.5
All other end users	0.1	0.0	0.1	0.2	0.1	0.1	0.7
Total end users	0.4	0.1	1.0	4.4	1.4	0.9	8.2
Total	32.7	12.2	9.5	34.5	8.6	2.5	100.0
U.S. importers' USCS during 2003-05 to:							
Branded distributors	10.6	4.8	4.0	12.3	4.1	0.9	36.7
Other distributors	4.5	2.0	2.0	8.4	1.9	0.6	19.3
Total distributors	15.1	6.7	6.0	20.7	6.0	1.5	56.0
National big box retailers	11.2	0.8	0.4	1.2	0.2	0.0	13.9
Other retailers	0.6	0.0	0.1	0.4	0.2	0.0	1.2
Total retailers	11.7	0.9	0.5	1.6	0.4	0.0	15.1
Diamond saw/sawblade producers	3.7	4.0	1.6	4.0	0.5	0.0	13.9
General purpose sawblade producers	4.8	0.5	0.2	0.6	0.0	0.0	6.2
Total OEM	8.4	4.6	1.9	4.7	0.5	0.0	20.0
Professional construction	0.4	0.1	1.3	4.4	1.2	0.8	8.1
All other end users	0.1	0.0	0.1	0.2	0.1	0.1	0.7
Total end users	0.5	0.1	1.4	4.7	1.3	0.9	8.8
Total	35.8	12.3	9.7	31.7	8.1	2.4	100.0

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

Table E-6

Finished diamond sawblades: U.S. importers' channels of distribution for U.S. commercial shipments of imports from China and Korea, 2003-05

Item	Blade diameter						
	< 7.0"	7.0" - 10.0"	10.0" - 12.0"	12.0" - 14.0"	14.0" - 20.0"	> 20.0"	Total
	Value ($1,000)						
U.S. importers' USCS during 2003 to:							
Branded distributors	7,084	3,149	2,697	7,369	2,674	629	23,602
Other distributors	3,802	1,902	363	1,667	816	299	8,849
Total distributors	10,885	5,050	3,061	9,036	3,490	928	32,450
National big box retailers	477	293	0	30	30	0	829
Other retailers	297	34	44	185	107	1	669
Total retailers	774	327	44	214	137	1	1,498
Diamond saw/sawblade producers	2,015	2,231	982	2,253	259	42	7,781
General purpose sawblade producers	2,295	219	115	212	0	0	2,839
Total OEM	4,309	2,449	1,096	2,465	259	42	10,620
Professional construction	333	86	938	2,728	776	446	5,308
All other end users	133	8	80	134	39	50	443
Total end users	466	94	1,018	2,862	816	495	5,752
Total	16,436	7,920	5,220	14,576	4,702	1,467	50,319
U.S. importers' USCS during 2004 to:							
Branded distributors	9,684	4,353	3,307	10,380	3,546	729	32,000
Other distributors	4,141	2,053	889	3,359	891	361	11,694
Total distributors	13,826	6,406	4,196	13,740	4,437	1,090	43,694
National big box retailers	330	164	112	512	120	0	1,237
Other retailers	349	43	68	321	131	2	914
Total retailers	679	206	180	833	251	2	2,151
Diamond saw/sawblade producers	3,858	3,689	1,360	3,448	400	36	12,791
General purpose sawblade producers	3,895	317	107	341	0	0	4,661
Total OEM	7,753	4,006	1,467	3,790	400	36	17,451
Professional construction	305	74	808	3,293	1,003	582	6,066
All other end users	133	4	91	187	52	64	531
Total end users	439	78	899	3,479	1,055	646	6,597
Total	22,697	10,696	6,743	21,841	6,143	1,774	69,893
U.S. importers' USCS during 2005 to:							
Branded distributors	10,573	4,721	4,074	13,721	4,323	1,022	38,436
Other distributors	3,480	886	1,126	4,878	1,205	465	12,039
Total distributors	14,053	5,608	5,200	18,599	5,528	1,487	50,475
National big box retailers	1,434	849	207	775	202	0	3,468
Other retailers	445	37	84	485	159	2	1,213
Total retailers	1,880	887	291	1,260	361	2	4,681
Diamond saw/sawblade producers	3,565	4,433	1,809	4,668	515	35	15,027
General purpose sawblade producers	5,520	779	89	1,112	0	0	7,500
Total OEM	9,086	5,212	1,899	5,780	515	35	22,526
Professional construction	299	60	773	3,624	1,186	756	6,700
All other end users	113	1	90	216	127	76	623
Total end users	412	61	863	3,841	1,313	832	7,323
Total	25,430	11,768	8,253	29,480	7,717	2,357	85,006
U.S. importers' USCS during 2003-05 to:							
Branded distributors	27,340	12,224	10,079	31,470	10,543	2,381	94,037
Other distributors	11,423	4,841	2,378	9,904	2,912	1,126	32,582
Total distributors	38,763	17,064	12,457	41,374	13,455	3,506	126,619
National big box retailers	2,242	1,306	319	1,317	351	0	5,535
Other retailers	1,091	115	196	991	397	5	2,795
Total retailers	3,334	1,421	515	2,307	748	5	8,331
Diamond saw/sawblade producers	9,438	10,353	4,152	10,369	1,174	113	35,598
General purpose sawblade producers	11,709	1,313	311	1,666	0	0	15,000
Total OEM	21,147	11,667	4,463	12,034	1,174	113	50,598
Professional construction	938	220	2,521	9,645	2,965	1,785	18,073
All other end users	380	13	261	537	219	190	1,599
Total end users	1,317	233	2,781	10,182	3,184	1,975	19,672
Total	64,562	30,385	20,216	65,897	18,561	5,599	205,219

Table continued on next page.

Table E-6--Continued

Finished diamond sawblades: U.S. importers' channels of distribution for U.S. commercial shipments of imports from China and Korea, 2003-05

Item	Blade diameter						
	< 7.0"	7.0" - 10.0"	10.0" - 12.0"	12.0" - 14.0"	14.0" - 20.0"	> 20.0"	Total
	Share of value (percent)						
U.S. importers' USCS during 2003 to:							
Branded distributors	14.1	6.3	5.4	14.6	5.3	1.3	46.9
Other distributors	7.6	3.8	0.7	3.3	1.6	0.6	17.6
Total distributors	21.6	10.0	6.1	18.0	6.9	1.8	64.5
National big box retailers	0.9	0.6	0.0	0.1	0.1	0.0	1.6
Other retailers	0.6	0.1	0.1	0.4	0.2	0.0	1.3
Total retailers	1.5	0.6	0.1	0.4	0.3	0.0	3.0
Diamond saw/sawblade producers	4.0	4.4	2.0	4.5	0.5	0.1	15.5
General purpose sawblade producers	4.6	0.4	0.2	0.4	0.0	0.0	5.6
Total OEM	8.6	4.9	2.2	4.9	0.5	0.1	21.1
Professional construction	0.7	0.2	1.9	5.4	1.5	0.9	10.5
All other end users	0.3	0.0	0.2	0.3	0.1	0.1	0.9
Total end users	0.9	0.2	2.0	5.7	1.6	1.0	11.4
Total	32.7	15.7	10.4	29.0	9.3	2.9	100.0
U.S. importers' USCS during 2004 to:							
Branded distributors	13.9	6.2	4.7	14.9	5.1	1.0	45.8
Other distributors	5.9	2.9	1.3	4.8	1.3	0.5	16.7
Total distributors	19.8	9.2	6.0	19.7	6.3	1.6	62.5
National big box retailers	0.5	0.2	0.2	0.7	0.2	0.0	1.8
Other retailers	0.5	0.1	0.1	0.5	0.2	0.0	1.3
Total retailers	1.0	0.3	0.3	1.2	0.4	0.0	3.1
Diamond saw/sawblade producers	5.5	5.3	1.9	4.9	0.6	0.1	18.3
General purpose sawblade producers	5.6	0.5	0.2	0.5	0.0	0.0	6.7
Total OEM	11.1	5.7	2.1	5.4	0.6	0.1	25.0
Professional construction	0.4	0.1	1.2	4.7	1.4	0.8	8.7
All other end users	0.2	0.0	0.1	0.3	0.1	0.1	0.8
Total end users	0.6	0.1	1.3	5.0	1.5	0.9	9.4
Total	32.5	15.3	9.6	31.2	8.8	2.5	100.0
U.S. importers' USCS during 2005 to:							
Branded distributors	12.4	5.6	4.8	16.1	5.1	1.2	45.2
Other distributors	4.1	1.0	1.3	5.7	1.4	0.5	14.2
Total distributors	16.5	6.6	6.1	21.9	6.5	1.7	59.4
National big box retailers	1.7	1.0	0.2	0.9	0.2	0.0	4.1
Other retailers	0.5	0.0	0.1	0.6	0.2	0.0	1.4
Total retailers	2.2	1.0	0.3	1.5	0.4	0.0	5.5
Diamond saw/sawblade producers	4.2	5.2	2.1	5.5	0.6	0.0	17.7
General purpose sawblade producers	6.5	0.9	0.1	1.3	0.0	0.0	8.8
Total OEM	10.7	6.1	2.2	6.8	0.6	0.0	26.5
Professional construction	0.4	0.1	0.9	4.3	1.4	0.9	7.9
All other end users	0.1	0.0	0.1	0.3	0.1	0.1	0.7
Total end users	0.5	0.1	1.0	4.5	1.5	1.0	8.6
Total	29.9	13.8	9.7	34.7	9.1	2.8	100.0
U.S. importers' USCS during 2003-05 to:							
Branded distributors	13.3	6.0	4.9	15.3	5.1	1.2	45.8
Other distributors	5.6	2.4	1.2	4.8	1.4	0.5	15.9
Total distributors	18.9	8.3	6.1	20.2	6.6	1.7	61.7
National big box retailers	1.1	0.6	0.2	0.6	0.2	0.0	2.7
Other retailers	0.5	0.1	0.1	0.5	0.2	0.0	1.4
Total retailers	1.6	0.7	0.3	1.1	0.4	0.0	4.1
Diamond saw/sawblade producers	4.6	5.0	2.0	5.1	0.6	0.1	17.3
General purpose sawblade producers	5.7	0.6	0.2	0.8	0.0	0.0	7.3
Total OEM	10.3	5.7	2.2	5.9	0.6	0.1	24.7
Professional construction	0.5	0.1	1.2	4.7	1.4	0.9	8.8
All other end users	0.2	0.0	0.1	0.3	0.1	0.1	0.8
Total end users	0.6	0.1	1.4	5.0	1.6	1.0	9.6
Total	31.5	14.8	9.9	32.1	9.0	2.7	100.0

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

APPENDIX F

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

Table F-1
Finished diamond sawblades: U.S. producers' shipments, purchases, of imports, and imports, by value, 2003-05

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Table F-2
Finished diamond sawblades and parts: U.S. producers' shipments, purchases, of imports, and imports, by value, 2003-05

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APPENDIX G

NET U.S. F.O.B SELLING PRICE DATA FOR THE SPECIFIED DIAMOND SAWBLADE PRODUCTS IMPORTED FROM BOTH SUBJECT COUNTRIES COMBINED

Table G-1
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices and quantities of the specified products imported from both subject countries combined and sold to U.S. branded distributors, by products and by quarters, January 2003-December 2005

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Table G-2
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices and quantities of the specified products imported from both subject countries combined and sold to U.S. other distributors, by products and by quarters, January 2003-December 2005

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Table G-3
Finished diamond sawblades: U.S. weighted-average net f.o.b. selling prices and quantities of the specified products imported from both subject countries combined and sold to U.S. professional construction firms, by products and by quarters, January 2003-December 2005

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