

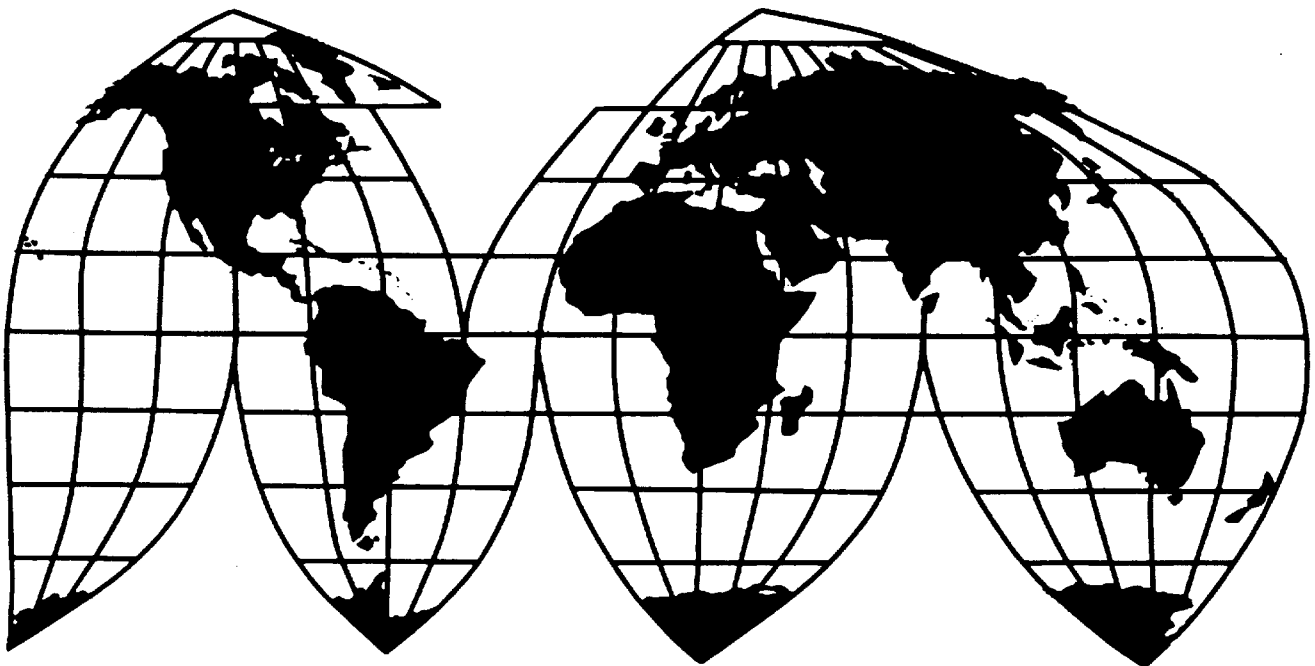
Metal Calendar Slides From Japan

Investigation No. 731-TA-1094 (Final)

Publication 3873

August 2006

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-1094 (Final)

METAL CALENDAR SLIDES FROM JAPAN

DETERMINATION

On the basis of the record¹ developed in the subject investigation, the United States International Trade Commission (Commission) determines, 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 Japan of metal calendar slides, provided for in subheading 7326.90.10 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).

BACKGROUND

The Commission instituted this investigation effective June 29, 2005 (70 F.R. 39788, July 11, 2005), following receipt of a petition filed with the Commission and Commerce by Stuebing Automatic Machine Co., Cincinnati, OH. The final phase of the investigation was scheduled by the Commission following notification of a preliminary determination by Commerce that imports of metal calendar slides from Japan 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 February 13, 2006 (71 F.R. 7574). The hearing was held in Washington, DC, on June 22, 2006, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

IEWS OF THE COMMISSION

Based on the record in this investigation, we find 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 of metal calendar slides (“slides”) from Japan found to be sold in the United States at less than fair value (“LTFV”).

I. BACKGROUND

The petition in this investigation was filed on June 29, 2005 by Stuebing Automatic Machine Company (“Stuebing” or “Petitioner”). Petitioner is the lone domestic producer of metal calendar slides, which are “V” or “U” shaped strips used for binding and finishing the edges of calendars.¹ Nishiyama Kinzoku Co., Ltd. (“Nishiyama”) is the only foreign producer of metal calendar slides that exported subject merchandise to the United States over the period of investigation, and Norwood Promotional Products, Inc. (“Norwood”) is the only importer and consumer of subject merchandise.² Both Nishiyama and Norwood participated fully in the investigation.

II. DOMESTIC LIKE PRODUCT

A. In General

In determining 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.”³ 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.”⁴ 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”⁵

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.⁶ No single factor is dispositive, and the Commission

¹ Confidential Staff Report (“CR”) at I-3, 5-6; Public Staff Report (“PR”) at I-2, 4-5.

² CR at I-3; PR at I-2.

³ 19 U.S.C. § 1677(4)(A).

⁴ 19 U.S.C. § 1677(4)(A).

⁵ 19 U.S.C. § 1677(10).

⁶ 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 Nippon, 19 CIT at 455 n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996).

may consider other factors it deems relevant based on the facts of a particular investigation.⁷ The Commission looks for clear dividing lines among possible like products and disregards minor variations.⁸ Although the Commission must accept the determination of the Department of Commerce (“Commerce”) as to the scope of the imported merchandise allegedly sold at LTFV, the Commission determines what domestic product is like the imported articles Commerce has identified.⁹ The Commission must base its domestic like product determination on the record in the investigation before it.

B. Product Description

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

‘V’ and/or ‘U’ shaped metal calendar slides manufactured from cold-rolled steel sheets, whether or not left in black form, tin plated or finished as tin-free steel (TFS), typically with a thickness from 0.19 mm to 0.23 mm, typically in lengths from 152 mm to 915 mm, typically in widths from 12 mm to 29 mm when the slide is lying flat and before the angle is pressed into the slide (although they are not typically shipped in this flat form), that are typically either primed to protect the outside of the slide against oxidization or coated with a colored enamel or lacquer for decorative purposes, whether or not stacked, and excluding paper and plastic slides. Metal calendar slides are typically provided with either a plastic attached hanger or eyelet to hang and bind calendars, posters, maps or charts, or the hanger can be stamped from the metal body of the slide itself.¹⁰

Metal calendar slides are “V” or “U”-shaped metal strips, manufactured from cold-rolled steel with a thickness of 0.19 mm to 0.23 mm, and used for binding and hanging calendars along the top margin.¹¹ The top strip may have an integral eyelet or hanger that is stamped into the metal, or an attached eyelet, typically made from plastic or paper.¹² Similar slides, although without the eyelet, can be used at the bottom margin to prevent the calendar from curling.¹³ Metal calendar slides are manufactured in standard sizes and in sizes produced to customers’ requirements.¹⁴ The metal calendar slides are

⁷ See, e.g., S. Rep. No. 96-249 at 90-91 (1979).

⁸ Nippon Steel, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49. See also S. Rep. No. 96-249 at 90-91 (1979) (Congress has indicated that the 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.”).

⁹ Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find single like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-752 (affirming Commission determination of six like products in investigations where Commerce found five classes or kinds).

¹⁰ Metal Calendar Slides from Japan: Notice of Final Determination of Sales at Less Than Fair Value and Final Negative Determination on Critical Circumstances, Case No. A-588-867, 71 Fed. Reg. 36063, 36063 (June 26, 2006).

¹¹ CR at II-1; PR at II-1; see also CR at I-5; PR at I-4.

¹² CR at II-1; PR at II-2; see also CR at I-5; PR at I-4.

¹³ CR at II-1; PR at II-1; see also CR at I-5-6; PR at I-4-5.

¹⁴ CR at II-1; PR at II-1; see also CR at I-6; PR at I-5.

clamped onto the calendar by binding machines by means of a double fold that locks the paper into the slide.¹⁵

Petitioner sells metal calendar slides to calendar manufacturers, printing companies, and publishers for calendar assembly.¹⁶ The finished products are then sold to retailers and planning companies for final sales to customers.¹⁷ Calendars bound with metal slides are particularly popular with production plants, trade unions, and similar businesses, where pages of multi-sheet calendars can be ripped off monthly or weekly or where all 12 months can be displayed on a single hanger.¹⁸

C. Analysis

Petitioner argued that the Commission should define a single domestic like product coextensive with the scope of the investigation,¹⁹ as the Commission did in its preliminary determination, and Norwood indicated that it agreed.²⁰ No new facts suggest this definition should be modified. Accordingly, we find a single domestic like product consisting of all metal calendar slides coextensive with Commerce's scope, for the reasons stated in our preliminary determination.²¹

IV. DOMESTIC INDUSTRY & RELATED PARTIES

A. In General

The domestic industry is defined as the “producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”²² 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.²³

B. Analysis

Petitioner and respondent Norwood agreed that the Commission should define the domestic industry to include only Stuebing, as the lone domestic producer of metal calendar slides.²⁴ Accordingly,

¹⁵ CR at II-1; PR at II-1; see also CR at I-6-7; PR at I-5.

¹⁶ CR at II-1; PR at II-1; see also CR at I-10; PR at I-8.

¹⁷ CR at II-1; PR at II-1.

¹⁸ CR at II-1; PR at II-1.

¹⁹ Stuebing Prehearing Brief at 24.

²⁰ Norwood Prehearing Brief at 29-30. Nishiyama did not express an opinion as to the appropriate domestic like product definition.

²¹ Metal Calendar Slides from Japan, Inv. No. 731-TA-1094 (Prelim.), USITC Pub. 3792 (Aug. 2005) at 6. Commissioner Shara L. Aranoff was sworn in on September 6, 2005, and did not participate in the preliminary phase of this investigation.

²² 19 U.S.C. § 1677(4)(A).

²³ 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).

²⁴ Stuebing Prehearing Brief at 24; Norwood Prehearing Brief at 30-31. Nishiyama did not comment on the appropriate domestic industry definition. As Stuebing imported no subject imports over the period of investigation, and is not otherwise related to the subject merchandise, there is no related party issue in this investigation. See CR

(continued...)

we find that the domestic industry consists of Stuebing, the sole domestic producer of metal calendar slides in the United States, as we did in the preliminary determination.²⁵

V. NO MATERIAL INJURY BY REASON OF THE SUBJECT IMPORTS

A. General Legal Standards

In the final phase of antidumping or countervailing duty investigations, the Commission determines whether an industry in the United States is materially injured by reason of the imports under investigation.²⁶ 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.²⁷ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”²⁸ 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.²⁹ 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.”³⁰

For the reasons stated below, we determine that the domestic industry producing metal calendar slides is not materially injured by reason of subject imports of metal calendar slides from Japan.

B. Conditions of Competition and the Business Cycle

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

1. Demand Conditions

Domestic demand for metal calendar slides is derived primarily from calendar assembly companies, printers, publishers, and other companies that sell downstream calendar products. The U.S. market for calendar slides is characterized by relatively few purchasers, with Norwood the dominant consumer of calendar slides and producer of promotional calendars in the United States.³¹

Demand for metal calendar slides is seasonal. Although domestic production of metal calendar slides occurs throughout the year, the majority of domestic production occurs in the second half of the

²⁴ (...continued)
at IV-1.

²⁵ See Metal Calendar Slides from Japan, USITC Pub. 3792 at 6-7.

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

²⁷ 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).

²⁸ 19 U.S.C. § 1677(7)(A).

²⁹ 19 U.S.C. § 1677(7)(C)(iii).

³⁰ 19 U.S.C. § 1677(7)(C)(iii).

³¹ CR at I-3, IV-1; PR at I-2-3, IV-1; see also Hearing Transcript at 18, 24 (Blumberg) (testifying that Norwood increased its share of the promotional calendar market from 33 percent in 2004 to 50 percent today, and is the largest purchaser of metal calendar slides), 216 (Harris) (testifying that calendars comprise 21 percent of Norwood’s business by value and 10-13 percent by volume).

year in order to fulfill blanket orders placed earlier in the year and to satisfy customer demand as the new calendar year approaches.³² Petitioner claims that its customers have traditionally placed blanket orders early in the year, specifying one or more deliveries throughout the year, to help it schedule production and meet demand during peak periods.³³ Customers also place “special orders” for slide requirements not specified in any blanket order.³⁴ As a result of this seasonality, we place little weight on the interim data collected for the January-March 2005 and 2006 periods in this investigation. Data on the first quarter of each year is of limited probative value because peak demand for slides occurs in the second half of each year.³⁵

Petitioner testified at the hearing that U.S. calendar slide demand remained “steady”³⁶ over the period of investigation. This is confirmed by data obtained by the Commission which shows that U.S. apparent consumption of metal calendar slides fluctuated within a narrow range, declining from *** million units in 2002 to *** million units in 2003, before increasing to *** million units in 2004 and to *** million units in 2005.³⁷

Metal calendar slides represent a relatively small share of total calendar production costs. Norwood reported that calendar slides comprise only *** percent to *** percent of its cost of producing bound calendars, while other purchasers estimate this share as between 3 and 40 percent, with the share smaller for multi-sheet calendars and larger for single-sheet calendars.³⁸

2. Supply Conditions

Petitioner is the sole producer of metal calendar slides in the United States, and was the only supplier of metal calendar slides in the U.S. market until subject imports entered the market in late 2003.³⁹ Stuebing’s export shipments, primarily to ***, were substantial over the period of investigation, increasing from *** million slides in 2002 to *** million slides in 2003, and to *** million slides in 2004, before declining to *** million slides in 2005.⁴⁰

As noted, subject imports entered the U.S. market in 2003.⁴¹ Nishiyama is the only known exporter of subject merchandise from Japan over the period of investigation.⁴² Norwood was the only importer of subject imports over the period of investigation, internally consuming all of the slides that it imported in the production of calendars.⁴³

³² CR at III-4; PR at III-2.

³³ CR at V-2; PR at V-2; see also Hearing Transcript at 117-18, 137 (Blumberg).

³⁴ Hearing Transcript at 118 (Blumberg).

³⁵ See, e.g., CR/PR at Table III-3A.

³⁶ Hearing Transcript at 135 (Blumberg).

³⁷ CR/PR at Table IV-2.

³⁸ CR at II-5 & n.18; PR at II-4 & n.18; see also Norwood Prehearing Brief at 32 (By comparison, Norwood claims that the cost share of labor is *** percent to *** percent.).

³⁹ CR/PR at Table IV-1.

⁴⁰ CR at III-6; PR at III-3; CR/PR at Table III-2.

⁴¹ CR at I-3; PR at I-2; CR/PR at Table IV-1.

⁴² CR at I-3; PR at I-2.

⁴³ CR at IV-1; PR at IV-1.

In early 2005, Petitioner shifted *** slide manufacturing machines from its facility in Cincinnati, Ohio to Varilla-Co., a sister company in Matamoros, Mexico,⁴⁴ and moved its Cincinnati operations from a *** square foot facility to a *** square foot facility.⁴⁵ Stuebing began to supply Mexican and Latin American customers from its Mexican facility,⁴⁶ which explains the significant drop in Stuebing's export shipments of U.S. produced slides in 2005.⁴⁷ Stuebing also sourced *** percent of its U.S. shipments from Mexico in 2005, by value, though *** percent of its U.S. shipments continued to be sourced from its Cincinnati production facility.⁴⁸

Before 2005, Japan had been the only foreign supplier of metal calendar slides to the U.S. market.⁴⁹ In 2005, after Stuebing's move to Mexico, non-subject imports totaled *** million slides by quantity and \$*** by value.⁵⁰ Stuebing was the only importer of non-subject merchandise during the period of investigation, all from its sister company in Mexico.⁵¹

3. Stuebing's Deteriorating Relationship with Norwood

Until 2003, Norwood sourced its slides from Stuebing pursuant to annual blanket orders.⁵² Petitioner argued that Norwood, its largest customer, cancelled its 2003 blanket order with Stuebing in September 2003 and incrementally moved to source metal calendar slides entirely from Japanese producer Nishiyama due to their lower price.⁵³ Norwood countered that it was forced to seek out a new metal calendar slide supplier due to persistent quality and productivity problems with Stuebing's slides, and ultimately switched to subject imports for non-price reasons.⁵⁴ The significance of the deterioration of Stuebing's relationship with Norwood, a key condition of competition in this investigation, is addressed below.

a. Physical Distinctions Between the Metal Calendar Slides at Issue

Norwood began the period of investigation purchasing attached eyelet slides from Stuebing and then began purchasing integral eyelet slides from Nishiyama in 2003.⁵⁵ Norwood purchased a limited quantity of "Japanese-style" integral eyelet slides from Stuebing in 2004 and 2005, before switching to subject imports entirely in 2006.⁵⁶

The defining characteristic of Stuebing's attached eyelet slide, on which it has patent protection, is the plastic eyelet attached to the middle of the slide, used for hanging the calendar on the wall with a

⁴⁴ CR at III-1-2, VI-1; PR at III-1, VI-1; see also Stuebing Prehearing Brief at 20, 48, Exhibits 17-18; Stuebing Posthearing Brief at 10, 13.

⁴⁵ CR at III-4; PR at III-2.

⁴⁶ See CR at VI-2 n. 5; PR at VI-1 n.5; Stuebing Responses to Commissioner Questions at 14.

⁴⁷ CR/PR at Table III-3.

⁴⁸ CR at III-2 n. 4; PR at III-1 n.4; Hearing Transcript at 23 (Blumberg).

⁴⁹ CR/PR at Table C-1.

⁵⁰ CR/PR at Table C-1.

⁵¹ CR at II-4; PR at II-3.

⁵² CR at I-3; PR at I-2.

⁵³ See CR at II-6; PR at II-4..

⁵⁴ See CR at II-6, V-13; PR at II-4, V-6.

⁵⁵ See Norwood Prehearing Brief at 25, 28, 40.

⁵⁶ See Norwood Prehearing Brief at 25, 28, 40.

nail or tack.⁵⁷ Stuebing claimed that its attached eyelet slide is favored by most calendar manufacturers and consumers for its superior performance in facilitating calendar hanging.⁵⁸ By contrast, Nishiyama's slides do not have a hanging plastic eyelet; rather, they contain an integral eyelet stamped into the metal slide.⁵⁹ Norwood states that it prefers the integral eyelet slide produced by Nishiyama because it improves productivity in the manufacturing process.⁶⁰ Norwood is the only U.S. purchaser of integral eyelet slides, and no other domestic purchaser reported any familiarity with subject imports.⁶¹

Norwood claimed that Stuebing's attached eyelet slides possessed other, less advantageous attributes, such as inconsistent steel thickness and hardness, and soft steel unsuitable for use with its cam-driven binding machines.⁶² Other problems reportedly experienced with Stuebing's slides included low quality paint and a poor design that caused slides to stick together, a problem called "embedding"; irregular spacing between slides stacked for loading into binding machine magazines; a sharp "v" shape unsuitable for thick calendars; sharp ends that posed a risk to factory workers; rough edges that damaged calendars during the binding process; inconsistent steel grain direction that contributed to slide bowing; marred surfaces; the inability to fully load the binding machine magazines with Stuebing slides due to their attached plastic eyelets; and curled eyelets.⁶³ Stuebing conceded that it uses lower quality steel in the production of slides, with inconsistent thickness and hardness.⁶⁴ Norwood returned three to four percent of Stuebing's attached eyelet slides annually as unusable, and claimed that the return rate would have been higher but for business pressures that often forced it to use otherwise unsatisfactory slides.⁶⁵

As discussed above, Nishiyama's integral eyelet slides possess an eyelet stamped into the middle of the slide, rather than an attached plastic eyelet. Norwood claimed that Nishiyama's integral eyelet slides possess a consistent thickness and hardness, and are made of harder steel ideal for use with Norwood's cam-driven binding machines, and less prone to bowing and warping.⁶⁶ According to Norwood, subject imports also possess a uniform surface, smooth edges, a consistent grain, consistent spacing, a wider "V," making them ideal for thicker calendars and less likely to stick together, and rounded edges, making them safer for factory workers to handle.⁶⁷ Nishiyama claimed to have

⁵⁷ CR at I-9; PR at I-7.

⁵⁸ See Hearing Transcript at 27, 33, 42, 63-64, 81-82, 153 (Blumberg).

⁵⁹ Norwood Prehearing Brief at 12.

⁶⁰ See Norwood Prehearing Brief at 39-41; Norwood Posthearing Brief at 5; Norwood Responses to Commissioner and Staff Questions at 12-13.

⁶¹ CR at II-6-7; PR at II-4.

⁶² See CR at D-3; PR at D-3; Norwood Prehearing Brief at 15-16; Norwood Posthearing Brief at 3; Hearing Transcript at 13 (Thomas) (Stuebing slides best suited for pneumatic binding machines), 184 (Shoen) (switch to softer metal in 2002), 173-74 (Haala); see also id. at 34, 29-40 (Blumberg).

⁶³ See CR at D-3-4; PR at D-3; Norwood Prehearing Brief at 15-16; Norwood Posthearing Brief at 3; Hearing Transcript at 169, 171, 173-74 (Haala); see also id. at 35 (Blumberg) (acknowledging sharp corners and rough edges of Stuebing's slides, but claiming no customer complaints),

⁶⁴ Hearing Transcript at 34, 39-40 (Blumberg) (testifying that Stuebing's steel became softer after supplier's discontinuation of preferred T2 temper material, and that Stuebing never uses prime quality steel or guarantees consistent thickness).

⁶⁵ Hearing Transcript at 36 (Blumberg), 213 (Harris); Norwood Posthearing Brief at 6; see also Stuebing Prehearing Brief at 51, Exhibit E at 8 (former Norwood buyer declares that return rate was historically 2-3 percent).

⁶⁶ CR at D-3; PR at D-3; Norwood Prehearing Brief at 14-15, 27; Norwood Posthearing Brief at 5-6, 8; Hearing Transcript at 13 (Thomas), 193 (Shoen), 197, 259 (Morgan).

⁶⁷ CR at D-3-4; PR at D-3; Norwood Prehearing Brief at 14-15, 27; Norwood Posthearing Brief at 5-6, 8; Hearing Transcript at 13 (Thomas), 193 (Shoen), 197, 259 (Morgan).

consistently provided Norwood with slides produced from prime quality steel in a uniform thickness of 0.19 mm.⁶⁸

Stuebing's Japanese-style integral eyelet slide, introduced in March 2004 to compete with Nishiyama for Norwood's business, is physically similar to its attached eyelet slide but with the eyelet stamped into the middle of the slide, as with Nishiyama's integral eyelet slide.⁶⁹ Although curled eyelets were no longer an issue, Norwood claimed that Stuebing's Japanese-style slides suffered from inconsistent thickness, hardness, steel grain orientation, lengths, radii, and angles, as well as soft steel, sticky paint, and sharp edges.⁷⁰

b. Chronology of Stuebing's Relationship with Norwood⁷¹

Norwood claimed that it was resigned to using Stuebing's problematic attached eyelet slides for years, due to Stuebing's monopoly producer status.⁷² A November 13, 2000 letter from Norwood to Stuebing complained of problems with overly soft and thin slides that caused its binding machines to jam.⁷³ Stuebing's November 22, 2000 letter in response acknowledged the problems, indicated that they were caused by steel quality and slide packaging, and recommended improved slide storage and handling.⁷⁴

These problems continued in 2001,⁷⁵ after Stuebing announced that it was experiencing difficulty in acquiring "best material," in a January 30, 2001 letter to Norwood, and indicated that its preferred steel (55 pound single reduced material) had been discontinued and would be replaced with the closest substitutes (steel ranging from 70 pounds to 80 pounds), in a May 1, 2001 letter to all customers.⁷⁶ Stuebing's January 30, 2001 letter to Norwood also indicated that it would improve the packaging of its slides in an effort to remedy Norwood's continued problems with curly eyelets.⁷⁷

When Stuebing President Allan Gavronsky visited Norwood's factory in the spring of 2002, Norwood again complained that Stuebing's slides suffered from soft steel, inconsistent thickness and hardness, and embedding, causing its binding machines to jam and misfeed.⁷⁸ In July 2002, Stuebing advised Norwood to use 7/8" wide slides rather than 3/4" wide slides to compensate for the softer steel it had been forced to use.⁷⁹ In a July 22, 2002 letter to Norwood, Stuebing attributed the problems

⁶⁸ Nishiyama Prehearing Brief at 23-24; see also Hearing Transcript at 259 (Nishiyama), 259 (Morgan).

⁶⁹ See Norwood Prehearing Brief at 14, 28; Hearing Transcript at 189 (Shoen).

⁷⁰ See Norwood Prehearing Brief at 14; Norwood Posthearing Brief at 8; Norwood Responses to Commission and Staff Questions at 2-3; Hearing Transcript at 13 (Thomas), 189 (Shoen), 199 (Morgan); see also CR at D-3-4; PR at D-3.

⁷¹ See, generally, CR/PR at Appendix E.

⁷² Norwood Prehearing Brief at 16.

⁷³ Norwood Responses to Commissioner and Staff Questions at 8.

⁷⁴ Norwood Prehearing Brief at Exhibit 5(B).

⁷⁵ Norwood Prehearing Brief at Exhibits 5(A) and (B); Norwood Responses to Commissioner and Staff Questions at 8.

⁷⁶ Norwood Prehearing Brief at Exhibit 5(B); Norwood Responses to Commissioner and Staff Questions at 8.

⁷⁷ Norwood Prehearing Brief at Exhibit 5(B).

⁷⁸ Norwood Prehearing Brief at 17; Norwood Responses to Commissioner and Staff Questions at 8.

⁷⁹ Norwood Prehearing Brief at Exhibit 6; Norwood Responses to Commissioner and Staff Questions at 9. In a September 5, 2003 analysis of Norwood's problems with soft and thin tin, Stuebing indicated that because "U.S. mills no longer roll 55 lb. TFS (tin free steel) T2-T3, the range varies from 55 lb. to 70 lb. DR (double reduced)" and that "[i]f heavier material is used, (.009) we compensate by using a softer material." Norwood Prehearing Brief at

(continued...)

Norwood was experiencing to the “fluctuating thickness and temper of available material,” and stressed the necessity of using wider slides to compensate.⁸⁰ Stuebing took the view that the recent flurry of service calls were largely due to Norwood’s own practices, and indicated that it would begin charging for such visits.⁸¹ Norwood forwarded samples of problem slides to Stuebing for testing throughout the year,⁸² and was advised by Stuebing that it would have to accommodate the unavoidably softer slides with adjustments to its binding equipment.⁸³

Norwood claimed that Stuebing’s unresponsiveness prompted it to begin searching for a new slide supplier in October 2002, consistent with the focus of its new management on efficiency.⁸⁴ Importantly, the Norwood employee assigned to this task was Mr. Kevin Haala, Norwood’s “Lean Master Facilitator,” whose mandate was to look for ways to improve production efficiency, given the problems Norwood had been having on the shop floor.⁸⁵ Norwood investigated the products of other calendar slides manufacturers and even attempted to identify U.S. suppliers that “might be persuaded to get into the metal calendar slide business.”⁸⁶ Norwood then identified Nishiyama, which it had known as a manufacturer of binding machines, as a potential supplier of either machines or slides and sent them a letter of inquiry on October 22, 2002.⁸⁷ BSI, a trading company responsible for Nishiyama’s exports of binding machines to the United States, responded by sending marketing materials and samples.⁸⁸ Although Mr. Haala inquired about the prices of Nishiyama slides at this point, Nishiyama agreed to provide test samples for free and no definitive pricing information was discussed at that time.⁸⁹

After testing in late 2002 and early 2003, Norwood concluded that Nishiyama’s slides were superior to Stuebing’s slides in terms of their physical and performance attributes.⁹⁰ While it is not clear whether Norwood was previously aware of the fact, most of Norwood’s cam driven binding machines, which it purchased from Stuebing, were in fact manufactured by Nishiyama under an arrangement with Stuebing dating back to the 1980s and early 1990s.⁹¹ In Norwood’s tests, the Nishiyama slides and machines worked together far better than the Stuebing slides ever had.⁹² Pleased with the test results, Norwood requested a price quote for specific slides in February 2003 and discovered that Nishiyama’s slides were considerably less expensive than Stuebing’s.⁹³ A trial order placed in March 2003 confirmed

⁷⁹ (...continued)

Exhibit 11.

⁸⁰ Norwood Prehearing Brief at 17, Exhibit 7; Norwood Responses to Commissioner and Staff Questions at 9.

⁸¹ Norwood Prehearing Brief at Exhibit 7.

⁸² Norwood Prehearing Brief at 18.

⁸³ Norwood Prehearing Brief at 18, Exhibit 6.

⁸⁴ Norwood Prehearing Brief at 21; Hearing Transcript at 252 (Harris).

⁸⁵ See Hearing Transcript at 168-69.

⁸⁶ Hearing Transcript at 177 (Haala).

⁸⁷ Hearing Transcript at 177 (Haala).

⁸⁸ Norwood Prehearing Brief at 21-22.

⁸⁹ See Norwood Prehearing Brief at Exhibit 4; Hearing Transcript at 243-44 (Haala).

⁹⁰ See Norwood Prehearing Brief at 22-23; Hearing Transcript at 178 (Haala).

⁹¹ See Norwood Prehearing Brief at 14; Hearing Transcript at 178 (Haala); Stuebing Responses to Commissioner Questions at 11. Stuebing imported automatic cam driven binding machines from Nishiyama for sale under its own brand name in the 1980s and early 1990s. Stuebing Responses to Commissioner Questions at 11.

⁹² Norwood Prehearing Brief at 14-15; Hearing Transcript at 179 (Haala).

⁹³ Norwood Prehearing Brief at 22-23; Hearing Transcript at 179, 180, 243-44, 280-81 (Haala). We note that Petitioner’s reliance on Norwood’s e-mail exchange with BSI in November 2002 is misplaced. See Stuebing

(continued...)

that subject imports were a major improvement over Norwood's experience with Stuebing's slides, running smoothly on the binding machines with no jams or interruptions.⁹⁴

Norwood continued to experience difficulties with Stuebing's slides that reduced the productivity of its binding operations. In a letter dated June 5, 2003, Norwood complained that Stuebing's slides were jamming its machines due to soft steel, curled eyelets, and embedding.⁹⁵ Norwood received no direct response to this letter.⁹⁶ In August 2003, Norwood sent six faxes to Stuebing documenting specific problems with its slides,⁹⁷ and mailed Stuebing samples of soft slides and calendars marred by such slides.⁹⁸ Stuebing responded to these communications by acknowledging problems with steel quality, twisted and warped slides, and inconsistent steel grain (problems which it ascribed to available raw materials and claimed to have no ability to change), in a September 5, 2003 letter and in a September 9, 2003 letter also suggested that Norwood's operators caused problems by overloading their binder machine magazines.⁹⁹ Stuebing tacitly acknowledged the embedding problem when it began to stamp dimples in its slides in December 2003, in a reportedly unsuccessful attempt to remedy the problem.¹⁰⁰ Norwood estimated that in 2003, it achieved an average productivity rate of *** calendars bound or "tinned" per hour using Stuebing attached eyelet slides and *** calendars tinned per hour using Nishiyama integral eyelet slides.¹⁰¹

On September 2, 2003, Norwood informed Stuebing by letter that it would no longer use Stuebing's slides for normal production runs, pursuant to its blanket order, but only for custom orders.¹⁰² Two days later, Stuebing representatives visited Norwood's facility in an effort to dissuade them from switching suppliers, and Norwood recalled that 14 problem areas were discussed at the meeting.¹⁰³ When Norwood advised Stuebing of the advantages of the integral eyelet slides it had discovered, Stuebing indicated that it too could supply Norwood with integral eyelet slides. In October 2003, however, Stuebing provided Norwood with samples of inferior integral eyelet slides, accompanied by a note

⁹³ (...continued)

Posthearing Brief at 1-4. Although Norwood's November 2, 2002 e-mail to BSI does request "additional information on tin availability with regards to min / max length, color, thickness, and pricing," the vast majority of the e-mail inquires into the compatibility of Nishiyama's slides with Norwood's operations. See Norwood Prehearing Brief at Exhibit 4. BSI's response on November 5, 2002 focused on these compatibility issues, and provided only a cryptic reference to slide pricing, rather than an actual price quote that Norwood could accept. Id. Norwood first requested and received price quotes on specific slides in February 2003. Norwood Prehearing Brief at 23; Hearing Transcript at 180 (Haala).

⁹⁴ Norwood Prehearing Brief at 24.

⁹⁵ Norwood Prehearing Brief at 18-19, Exhibit 9.

⁹⁶ Hearing Transcript at 186 (Shoen). Stuebing claimed that it did not respond to this letter because it was improperly addressed "to whom it may concern" and failed to reach the appropriate employee. See Stuebing Posthearing Brief at 9.

⁹⁷ Norwood Prehearing Brief at 19, Exhibit 10.

⁹⁸ Norwood Responses to Commission and Staff Questions at 9.

⁹⁹ Norwood Prehearing Brief at 20, Exhibit 11; Norwood Responses to Commission and Staff Questions at 10-11.

¹⁰⁰ Hearing Transcript at 174 (Haala), 185 (Shoen); see also Norwood Prehearing Brief at Exhibit 8.

¹⁰¹ CR/PR at Table D-3.

¹⁰² Stuebing Prehearing Brief at 16, Exhibit 4; Norwood Prehearing Brief at 25 (mailed in late August 2003), Exhibit 16.

¹⁰³ Norwood Prehearing Brief at 25-26.

denigrating the quality of integral eyelet slides generally.¹⁰⁴ On a second visit to Norwood's facility on December 8, 2003, Stuebing representatives observed Norwood's use of Nishiyama slides and inquired into their price.¹⁰⁵

In the meantime, Stuebing was working to develop a new "Japanese-style" integral eyelet slide that would incorporate all the advantages Norwood experienced with Nishiyama's slide.¹⁰⁶ This effort took over a year and involved an investment of *** by Stuebing.¹⁰⁷ There is no evidence, however, that Norwood ever directly asked Stuebing to develop such a product or that Stuebing even informed Norwood of its efforts until the new product was ready for testing on Norwood's machines.¹⁰⁸

In early 2004, Norwood invited three companies to bid on an open-ended contract to supply metal calendar slides -- Nishiyama, Stuebing, and a possible new U.S. supplier -- in accordance with its company-wide policy of soliciting a minimum of three bids for each contract.¹⁰⁹ Stuebing representatives visited Norwood's facility on March 4, 2004 to present their new Japanese-style integral eyelet slides, which appeared to run well during a demonstration,¹¹⁰ though the parties disagree as to the specifics.¹¹¹

In a March 11, 2004 letter, Stuebing offered to supply Norwood with its Japanese-style slides at a 32 percent discount, together with three free binding machines, in return for 50 percent or more of Norwood's business.¹¹² The letter acknowledged the "'runability' or productivity advantages of the Japanese specification slides."¹¹³ Because Stuebing's Japanese-style slide failed to remedy many of the faults that resulted in jamming and reduced productivity, as addressed above, and because Norwood perceived the new Stuebing slides to be inferior to Nishiyama's in certain other respects, Norwood rejected the offer.¹¹⁴ On June 9, 2004, Stuebing re-tendered its bid to Norwood, offering to match Nishiyama's prices in exchange for 50 percent or more of Norwood's business, but the offer was again rejected.¹¹⁵

In 2004 and 2005, Norwood continued to purchase Stuebing's Japanese-style slides, but only for custom-sized slides, used on Norwood's large-format binding machines (which were manufactured by Stuebing), until they were replaced with new Nishiyama binding machines in 2004, and for expedited

¹⁰⁴ Norwood Prehearing Brief at 26-27, Exhibit 19; Hearing Transcript at 83, 85 (Blumberg) (denigrated cheaper type of integral eyelet slide sold in Latin America).

¹⁰⁵ Norwood Prehearing Brief at 27.

¹⁰⁶ See Letter from Stuebing to Norwood, dated March 11, 2004, Norwood Prehearing Brief at Exhibit 20.

¹⁰⁷ See Stuebing Responses to Commissioner Questions at 5, Exhibit 1.C.

¹⁰⁸ See Blumberg Declaration at ¶¶ 10-11, Stuebing Prehearing Brief at Exhibit. C; see also Hearing Transcript at 231-32 (Harris)

¹⁰⁹ Norwood Prehearing Brief at 28; Norwood Posthearing Brief at 10.

¹¹⁰ Norwood Prehearing Brief at 28; Hearing Transcript at 189 (Shoen).

¹¹¹ Stuebing claimed that Norwood ran 11,000 slides over a period of several hours with 100 percent runability and productivity, while Norwood claimed that only 3,600 slides were run over two hours with jams, misfeeds, and other problems evident. Compare Hearing Transcript at 27-29 (Blumberg) with Norwood Posthearing Brief at 7-8.

¹¹² Norwood Prehearing Brief at 28, Exhibit 20.

¹¹³ Norwood Prehearing Brief at Exhibit 20; Hearing Transcript at 88 (Blumberg).

¹¹⁴ Norwood Prehearing Brief at 28. An e-mail from Norwood to Stuebing in May 2004 indicated that Stuebing's Japanese-style slide seemed to offer "runability" comparable to that of Nishiyama's slide, and was "acceptable" for Norwood's purposes. See Stuebing Prehearing Brief at Exhibit 7; Stuebing Posthearing Brief at 7. However, Norwood's subsequent production experience with Stuebing's Japanese-style slides, addressed in the following section, belied this initial impression. In addition, Norwood deemed Stuebing's March 2004 offer non-responsive, in offering new machines and requiring a minimum 50 percent of Norwood's business. Norwood Prehearing Brief at 28; Hearing Transcript at 190 (Shoen).

¹¹⁵ Hearing Transcript at 88 (Blumberg), 191 (Shoen); Norwood Posthearing Brief at 10.

orders.¹¹⁶ Problems with these slides continued, according to Norwood.¹¹⁷ Norwood did not ask Stuebing to bid on its business in 2005 and 2006, and purchased no slides from Stuebing in 2006, because it had phased out production of calendars requiring unusual slide sizes available only from Stuebing, reduced the variety of slides used in its calendars from 234 to 38, and began carrying larger slide inventories to avoid the need for expedited slide orders.¹¹⁸

c. Norwood's Production Experience with Subject Imports and the Domestic Like Product

Overall, we find that Norwood was motivated to complain about the myriad shortcomings of Stuebing's slides and to seek out a new slide supplier, because of the negative impact of Stuebing's slides on the productivity of Norwood's calendar binding operations. Switching to subject imports significantly advanced Norwood's goal of improved productivity.

The record indicates that Nishiyama slides yielded significantly higher productivity, in terms of calendars tinned per hour, than either Stuebing's attached eyelet slides or its Japanese-style slides. Norwood reported productivity rates ranging from *** to *** calendars tinned per hour using both types of Stuebing's slides, and from *** to *** calendars tinned per hour using Nishiyama's slides.¹¹⁹ While the data are not directly comparable, other domestic calendar producers reported even lower rates of efficiency using Stuebing slides. *** estimated a productivity rate of *** calendars tinned per hour *** using Stuebing's attached eyelet slides.¹²⁰ *** reported that its productivity rate in calendars tinned per hour declined from *** in 2002, to *** in 2003, *** in 2004, and to *** in 2005, using Stuebing's attached eyelet slides.¹²¹

¹¹⁶ Norwood Prehearing Brief at 28, 40 (ordered 50,000 slides from Stuebing in 2005 when a Nishiyama shipment was delayed); Norwood Posthearing Brief at 10-11; Hearing Transcript at 191 (Shoen), 248 (Harris); see also Hearing Transcript at 90 (Blumberg) (Stuebing sold two million Japanese-style slides to Norwood at the price offered in March 2004).

¹¹⁷ Norwood Prehearing Brief at 40; Norwood Posthearing Brief at 8-9; Hearing Transcript at 192 (Shoen).

¹¹⁸ Norwood Prehearing Brief at 41; Norwood Posthearing Brief at 10, 14; Hearing Transcript at 164 (Harris), 193 (Shoen).

¹¹⁹ CR/PR at Table D-3. In 2003, Norwood retained Synergetics, a consulting firm, to advise it on improving efficiency of all its operations, including but not limited to calendar production. See Norwood Prehearing Brief at 24; Hearing Transcript at 240-41 (Harris). As part of that process, Synergetics was to identify a production target in calendars tinned per hour based upon the optimal use of its binding machines, among other things. Norwood Prehearing Brief at 24. Using the Management Operating System ("MOS") of measuring productivity developed by Synergetics, based on an optimal tinning rate of *** calendars per hour, Norwood calculated that Stuebing's attached eyelet slides achieved *** percent efficiency and its Japanese-style slides achieved 67 percent efficiency, while Nishiyama's slides achieved *** percent efficiency – an improvement of either *** percentage points. Norwood Prehearing Brief at 40; Norwood Posthearing Brief at 5; Hearing Transcript at 222 (Harris). We do not rely on the efficiency rate data reported by Norwood in the preliminary investigation, see CR/PR at Tables D-1-2, as advocated by petitioner. See Stuebing Responses to Commissioner Questions at 13. Norwood reported that this data set "is calculated by a methodology that does not involve the direct measurement of product produced; includes operations other than tinning; has different (and lower) targets than those set for the MOS data; and is used for an entirely different purpose – developing calendar price estimates for customers." Norwood Responses to Commissioner and Staff Questions at 29; see also id. at 30-34. Nor do these data distinguish between Stuebing and Nishiyama slides. Id. at 30. We are satisfied that the MOS data reported by Norwood provide a reliable means of comparing the actual productivity rates achieved with Stuebing and Nishiyama slides.

¹²⁰ CR/PR at Table D-3.

¹²¹ CR/PR at Table D-3.

Norwood calculated that the higher productivity of Nishiyama's slides yielded a labor cost savings of over \$*** per year, or \$*** per slide, as compared to Stuebing's attached eyelet slides, and a savings of \$*** per year, or \$*** per slide, as compared to Stuebing's Japanese-style slides, assuming two workers per binding machine.¹²² In seeking ways to increase the efficiency of its operations, Norwood reported focusing more on decreasing its labor costs than its slide acquisition costs because the former constituted a much larger share of calendar production costs.¹²³ Norwood claimed that the actual labor cost savings is higher than suggested by these figures, because Stuebing's slides often required a third worker to help clear jams.¹²⁴ Due to this substantial labor cost differential, Norwood asserted that it destroyed its remaining inventory of Stuebing slides in 2005 because it would have been more costly to run them in place of Nishiyama slides.¹²⁵

C. 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."¹²⁶

The increase in subject import volume over the period examined, both in absolute terms and relative to production and consumption in the United States, would appear substantial in isolation. By quantity, subject imports increased from *** slides in 2002 to *** million slides in 2003 to *** million slides in 2004, and increased further to *** million slides in 2005.¹²⁷ By value, subject imports increased from *** in 2002 to *** in 2003 to *** in 2004, and to *** in 2005.¹²⁸

Subject import shipments as a share of U.S. apparent consumption, by quantity, increased from *** percent in 2002 to *** percent in 2003 to *** percent in 2004, and to *** percent in 2005.¹²⁹ At the same time, domestic industry shipments as a share of U.S. apparent consumption, by quantity, declined from *** percent in 2002 to *** percent in 2003, *** percent in 2004, and to *** percent in 2005.¹³⁰ The ratio of subject imports to domestic production rose from *** percent in 2002 to *** percent in 2003 to *** percent in 2004, and to *** percent in 2005.¹³¹

Notwithstanding these increases, we find that subject import volume was not significant in light of Norwood's reasons for switching to subject imports, which were unrelated to subject import prices.¹³² As detailed in the chronology above, Norwood experienced problems with Stuebing's attached eyelet

¹²² Norwood Responses to Commissioner and Staff Questions at 13; Norwood Prehearing Brief at Exhibit 15. Petitioner does not contest these calculations.

¹²³ Norwood Prehearing Brief at 32 (labor accounted for *** to *** percent of total costs, while slides accounted for *** to *** percent of total costs).

¹²⁴ Norwood Responses to Commissioner and Staff Questions at 13; Hearing Transcript at 271 (Harris); see also Hearing Transcript at 133 (Blumberg) (two workers needed per binding machine, three if a large operation).

¹²⁵ Hearing Transcript at 163 (Harris); Stuebing Posthearing Brief at 12.

¹²⁶ 19 U.S.C. § 1677(7)(C)(i).

¹²⁷ CR/PR at Table IV-1.

¹²⁸ CR/PR at Table IV-1.

¹²⁹ CR/PR at Table IV-3.

¹³⁰ CR/PR at Table IV-3.

¹³¹ CR/PR at Table IV-4.

¹³² Based on the substantial absolute increase in subject imports over the period of investigation and the substantial increase in subject import market share, as measured by both quantity and value, Commissioner Lane finds subject import volume to be significant. However, based on the following discussion regarding price and impact, Commissioner Lane finds that the domestic industry is not materially injured by reason of subject imports.

slides at least as early as 2000,¹³³ long before subject imports entered the U.S. market in 2003.¹³⁴ In 2000, Stuebing acknowledged difficulty in securing the preferred type of steel, as well as problems with its slide packaging, and in mid-2001, announced that the discontinuation of this type of steel by suppliers would necessitate use of inferior steel. Norwood repeatedly complained to Stuebing that overly soft steel, inconsistent thickness and hardness, curly eyelets, and embedding, among other problems with Stuebing slides, were causing its binding machines to jam and misfeed; Norwood production disruptions due to Stuebing metal calendar slides resulted in reduced productivity.¹³⁵

As indicated above, Norwood's difficulties with Stuebing slides continued in 2002, and Stuebing urged Norwood to purchase wider slides to compensate for the "fluctuating thickness and temper of available material."¹³⁶ Stuebing blamed Norwood for the problems it was experiencing, and threatened to begin charging for service calls due to their frequency.¹³⁷ Norwood's claim that it began searching for a new slide supplier in late 2002 is credible,¹³⁸ given the production-related problems it was experiencing with Stuebing slides as well as the increasing difficulties Norwood faced in working with Stuebing to resolve these problems. Subject imports had yet to enter the U.S. market.

Norwood's problems with Stuebing slides continued into 2003,¹³⁹ despite Stuebing's efforts to resolve the curly eyelet problem with improved packaging and the embedding problem with stamped dimples.¹⁴⁰ In a letter to Norwood, Stuebing insisted that it had replaced the "relatively small quantity" of slides that contained damaged eyelets.¹⁴¹ Norwood reported that its return rate of three to four percent was high compared to the return rate for other calendar components,¹⁴² and does not count the damaged slides it was forced to use during peak periods.¹⁴³

Norwood incrementally switched to subject imports beginning in 2003 as a solution to the quality problems that plagued Stuebing attached eyelet slides. Nishiyama's integral eyelet slides exhibited none of the physical shortcomings of Stuebing's attached eyelet slides, as detailed above,¹⁴⁴ and consequently yielded significantly higher productivity and a substantial labor cost savings.¹⁴⁵ Stuebing responded with its own Japanese-style integral eyelet slide, eliminating the curly eyelet problem, but problems with soft

¹³³ Norwood Responses to Commissioner and Staff Questions at 8.

¹³⁴ CR/PR at Table IV-1.

¹³⁵ See Norwood Prehearing Brief at Exhibits 5(A) and (B). In response to questions e-mailed by Commission staff, four purchasers other than Norwood confirmed that slide thickness affects the performance of their calendar binding operations. See e-mail from ***, June 28, 2006 (***) ; e-mail from ***, June 30, 2006; e-mail from ***, July 5, 2006; e-mail from ***, July 11, 2006 (***) .

¹³⁶ See Norwood Prehearing Brief at Exhs. 6-7.

¹³⁷ Norwood Prehearing Brief at Exhibit 7; Stuebing Responses to Commissioner Questions at 2.

¹³⁸ Norwood Prehearing Brief at 22-23; Hearing Transcript at 179, 180, 243-44, 280-81 (Haala).

¹³⁹ See Norwood Prehearing Brief at 18-19, Exhs. 9-10. Although the frequency of Norwood's complaints increased in 2003, this is consistent with its increased focus on productivity. See Hearing Transcript at 252 (Harris). Norwood's complaints are well documented and consistent with complaints made in prior years, as well as Stuebing's own admissions with respect to the deficiencies of its slides.

¹⁴⁰ Norwood Prehearing Brief at Exhibit 8.

¹⁴¹ Stuebing Postconference Brief at Exhibit 5, item 1.1.

¹⁴² Hearing Transcript at 79 (Blumberg), 176 (Haala), 213 (Harris), 215 (Shoen).

¹⁴³ Hearing Transcript at 176 (Shoen) (slides would not be returned during peak periods, when "[t]hey had to be made to work, "or when simply scrapped").

¹⁴⁴ See CR at D-3-4; PR at D-3.

¹⁴⁵ See CR/PR at Table D-3; Norwood Prehearing Brief at Exhibit 15; Norwood Responses to Commission and Staff Questions at 12-13.

steel, of inconsistent thickness and hardness, inconsistent steel grain, rough and sharp edges, and sticky paint remained,¹⁴⁶ and according to Norwood, binding productivity was little improved.¹⁴⁷

We find that Norwood's switch to subject imports was motivated by the differing physical characteristics of subject imports that permitted significantly higher binding productivity, not by lower subject import prices. The deteriorating relationship between Norwood and Stuebing also played a role, with Stuebing either unwilling or unable to provide the level of customer service Norwood demanded. Having identified a product and supplier it liked better, Norwood refused to purchase Stuebing's Japanese-style slides even when they were offered at the same price as subject imports.¹⁴⁸ It even undertook the cost of replacing its Stuebing-built binding machines and revising its inventory practices to avoid having to rely on Stuebing even as a back-up supplier. We therefore conclude that subject import volume was not significant over the period of investigation.^{149 150}

D. 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.¹⁵¹

The Commission requested pricing data on coated metal calendar slide products in four dimensions: 17" x 7/8" (product 1), 18" x 7/8" (product 2), 22" x 7/8" (product 3), and 27" x 7/8" (product 4).¹⁵² Because no selling price data was available from Norwood, which internally consumes all of the subject merchandise that it imports, the Commission asked Stuebing to report its sale prices for metal calendar slides and Norwood to report its delivered purchase prices for subject imports and the domestic like product.¹⁵³ Sales prices reported by Stuebing are not directly comparable to the purchase prices reported by Norwood. Though the data are limited, Norwood reported that its purchase prices for subject

¹⁴⁶ See Norwood Prehearing Brief at 14; Norwood Posthearing Brief at 8; Norwood Responses to Commission and Staff Questions at 2-3; Hearing Transcript at 13 (Thomas), 189 (Shoen), 199 (Morgan); see also CR at D-3-4; PR at D-3.

¹⁴⁷ See CR at D-3-4; PR at D-3.

¹⁴⁸ Hearing Transcript at 88 (Blumberg), 191 (Shoen); Norwood Posthearing Brief at 10.

¹⁴⁹ Chairman Pearson and Commissioner Okun concur with the above discussion. Further, in the preliminary phase of the investigation Chairman Pearson and Commissioner Okun found that because of the myriad quality problems noted above and the superior productivity achieved by Norwood using the subject imports, subject imports and the domestic like product were not good substitutes for one another. See Dissenting Views of Vice Chairman Okun and Commissioner Pearson, Metal Calendar Slides from Japan, USITC Pub. 3792 at 27. Chairman Pearson and Commissioner Okun therefore found that these significant product differences attenuated competition between subject imports and the domestic like product. Chairman Pearson and Commissioner Okun continue to find that the record supports a finding of attenuated competition between subject imports and the domestic like product.

¹⁵⁰ As noted above, Commissioner Lane finds subject import volume to be significant.

¹⁵¹ 19 U.S.C. § 1677(7)(C)(ii).

¹⁵² CR at V-4; PR at V-4.

¹⁵³ CR at V-4 & n. 9; PR at V-3 & n. 9.

imports were lower than its purchase prices for the domestic like product.¹⁵⁴ In addition, Stuebing made *** lost sales allegations total over \$*** and *** lost revenue allegations total over \$*** all involving Norwood (and all of which Norwood denied).¹⁵⁵ We do not find the lower subject import prices to be significant, however, due to the non-price factors that motivated Norwood's purchasing decisions.

The parties disagree as to the importance of price to purchasing decisions, with Stuebing insisting that price is the only consideration and Norwood claiming that price was irrelevant.¹⁵⁶ The record indicates that Norwood opted to source its slides from Nishiyama for reasons other than price. As detailed in section V.B.3. above, substantial physical differences between subject imports and the domestic like product are reflected in the higher productivity rates possible with subject imports. Stuebing slides caused jams and misfeeds that slowed Norwood's calendar production process, due to their soft steel, sticky paint, curled eyelets, and inconsistent thickness, hardness, steel grain, and spacing.¹⁵⁷ Nishiyama slides had a much lower propensity to jam or misfeed due to their harder steel, superior surface finish, and consistent thickness, hardness, and steel grain.¹⁵⁸ Consequently, Norwood reported that its productivity using Stuebing slides ranged from *** to *** calendars tinned per hour, while its productivity using Nishiyama slides ranged from *** to *** calendars tinned per hour.¹⁵⁹ Norwood reported that it switched to subject imports to reap the substantial labor cost savings from the higher productivity possible with subject imports.¹⁶⁰

Indeed, Norwood would have accepted Stuebing's re-tender of June 2004, offering to match Nishiyama's prices,¹⁶¹ were price a significant factor in its purchasing decisions.¹⁶² Norwood professed that it would have preferred to retain multiple suppliers and particularly a domestic supplier, and thus been better able to satisfy orders on an expedited basis.¹⁶³ To accommodate Nishiyama's slides, Norwood had to reduce the variety of slides used from 238 to 34, change its calendar product offerings, increase its inventory of slides, and purchase two new binding machines for \$50,000.¹⁶⁴ Stuebing's March 2004 bid offered three new binding machines at no cost and a 32 percent discount on Stuebing slides.¹⁶⁵ That Norwood did not accept Stuebing's offers, and continued to place the bulk of its slide orders with Nishiyama, confirms that factors other than price dominated Norwood's purchasing decisions.

We also find that subject imports had no significant adverse effects on prices for the domestic like product. There is no evidence of significant price depression on the record. Pricing product data indicate that prices for the domestic like product generally fluctuated within a narrow band or increased over the

¹⁵⁴ CR/PR at Tables V-1-4; CR at V-11; PR at V-5-6. As reported by Norwood, subject import prices were lower than domestic prices in all direct quarterly comparisons by an average of *** percent for product 1, *** percent for product 2, *** percent for product 3, and *** percent for product 4. Id.

¹⁵⁵ CR at V-12; PR at V-6.

¹⁵⁶ See Stuebing Prehearing Brief at 49; Norwood Prehearing Brief at 51.

¹⁵⁷ See CR at D-3-4; PR at D-3.

¹⁵⁸ See CR at D-3-4; PR at D-3.

¹⁵⁹ CR/PR at Table D-3.

¹⁶⁰ See Norwood Prehearing Brief at Exhibit 15; Norwood Responses to Commission and Staff Questions at 12-13.

¹⁶¹ Hearing Transcript at 88 (Blumberg), 191 (Shoen); Norwood Posthearing Brief at 10.

¹⁶² Other purchasers reported that quality and availability were generally more important than price to their purchasing decisions. See CR at II-6; PR at II-4; CR/PR at Tables II-1-2.

¹⁶³ Norwood Posthearing Brief at 10; Hearing Transcript at 168, 248 (Harris); see also CR at II-9 (Stuebing reported lead times of *** to *** weeks, and Nishiyama reported lead times of *** weeks)..

¹⁶⁴ Norwood Prehearing Brief at 41; Norwood Posthearing Brief at 10; Hearing Transcript at 164 (Harris), 193 (Shoen).

¹⁶⁵ Norwood Prehearing Brief at 28, Exhibit 20.

period of investigation,¹⁶⁶ notwithstanding Stuebing's reportedly reduced prices on shipments to Norwood after March 2004.¹⁶⁷ The average unit value ("AUV") of Stuebing's U.S. shipments increased from \$*** per slide in 2002 to \$*** per slide in 2003 and 2004, and to \$*** per slide in 2005.¹⁶⁸

We also find no evidence of significant price suppression by the subject imports. The record belies Petitioner's assertion that subject import competition suppressed prices for the domestic like product by preventing price hikes in line with increasing steel costs.¹⁶⁹ Stuebing acknowledged that it was able to recoup higher steel prices by raising prices for all customers in 2003, and for some customers in 2004 and 2005,¹⁷⁰ and conceded that these price hikes account for a portion of the increase in the AUV of its U.S. shipments over the period of investigation.¹⁷¹

Moreover, there is no evidence that higher steel prices significantly increased Stuebing's cost of production. Stuebing's ratio of raw materials to sales increased less than *** over the period of investigation, from *** percent in 2002 to *** percent in 2005.¹⁷² There was only a modest increase in Stuebing's cost of goods sold as a share of sales, from *** percent in 2002 to *** percent in 2005.¹⁷³ In any event, the non-price differences between subject imports and the domestic like product indicate that subject imports could not have been a significant reason for any price suppression that did occur.¹⁷⁴

Having lost its largest customer to lower-price imports, Stuebing appears to have feared that its other domestic customers would demand lower prices or switch to subject imports.¹⁷⁵ However, there is no evidence on the record that subject import competition influenced the prices Stuebing was able to charge its customers other than Norwood. Norwood was the only purchaser of subject merchandise over the period of investigation,¹⁷⁶ and no other purchaser reported knowledge of subject imports.¹⁷⁷ Stuebing admitted that no customers had mentioned subject imports during price negotiations,¹⁷⁸ though some had

¹⁶⁶ See CR/PR at Tables V-1-4, Figures V-3-7.

¹⁶⁷ Hearing Transcript at 88-89 (Blumberg). Although Stuebing reportedly offered reduced prices to Norwood after March 2004 in an effort to retain its business, Norwood switched to subject imports for non-price reasons, as addressed above, and the share of Stuebing's shipments that would have been effected by the price cut was not significant. See Hearing Transcript at 90 (Blumberg) (Stuebing sold two million Japanese-style slides to Norwood at the price offered in March 2004); Norwood Prehearing Brief at 28, 40 (Norwood ordered only *** slides from Stuebing in 2005, when a Nishiyama shipment was delayed); CR/PR at Table III-3 (Stuebing's U.S. shipments were *** million in 2004 and *** million in 2005). We note that Stuebing's reduced prices to Norwood are not reflected in pricing product data or in the AUV of Stuebing's U.S. shipments. See CR/PR at Tables V-1-4, C-1.

¹⁶⁸ CR/PR at Table C-1. We recognize that AUVs were affected somewhat by a change in Stuebing's product mix over the period of investigation. See Stuebing Responses to Commissioner Questions at 7-8, Exhibit D. Petitioner's presentation of data purportedly controlling this factor for Stuebing's shipments of pricing products 1-4, however, fails to exhibit significant price depression. See *id.* at Exhibit D.

¹⁶⁹ Stuebing Prehearing Brief at 35-36; CR/PR at Table VI-1.

¹⁷⁰ Stuebing Prehearing Brief, Appendix C at 13-14; Stuebing Responses to Commissioner Questions at 6; Hearing Transcript at 41, 85, 145 (Blumberg).

¹⁷¹ Stuebing Responses to Commission Questions at 6, 8.

¹⁷² Compare CR/PR at Table VI-1 with Figure C-1.

¹⁷³ CR/PR at Table VI-1.

¹⁷⁴ See Section V.B.3., *supra*.

¹⁷⁵ See Stuebing Responses to Commissioner Questions at 7; Hearing Transcript at 41, 85, 145 (Blumberg), 149 (Goldberg).

¹⁷⁶ CR at IV-1; PR at IV-1.

¹⁷⁷ CR at II-6-7; PR at II-4.

¹⁷⁸ Hearing Transcript at 86 (Ramp).

mentioned the need to compete with Norwood.¹⁷⁹ Stuebing stressed that its remaining U.S. customers, and most consumers, preferred the performance advantages of its patented attached eyelet slides.¹⁸⁰ Thus, Stuebing's claim that subject import competition prevented it from increasing prices to customers other than Norwood is not supported by the record evidence. We conclude, therefore, that the price of subject imports failed to affect the price of the domestic like product to a significant degree and that subject import prices did not significantly depress or suppress prices for the domestic like product.

E. Impact of the Subject Imports

Section 771(7)(C)(iii) provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry."¹⁸¹ These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."¹⁸²

By most measures, the domestic industry was in a robust condition through 2004, even after subject imports had entered the U.S. market. Between 2002 and 2004, Stuebing's production increased from *** million slides to *** million slides, its capacity remained stable at *** million slides, and its capacity utilization increased, albeit remaining at a low level, from *** percent to *** percent.¹⁸³ Stuebing's total shipments increased from *** million in 2002 to *** million in 2004, even as its U.S. shipments declined by *** million slides and its U.S. market share declined by *** percentage points, due to a near *** of exports from *** million slides in 2002 to *** million slides in 2003 and to *** million slides in 2004.¹⁸⁴ Inventories increased between 2002 and 2004, but remained low as a percentage of total shipments.¹⁸⁵ The value of Stuebing's net sales increased from \$*** million in 2002 to \$*** million in 2003, before declining to \$*** million in 2004, *** percent lower than in 2002.¹⁸⁶

Stuebing's average number of production workers, hours worked, and wages paid all increased *** between 2002 and 2003, before declining *** in 2004 to ***, and productivity in slides per hour increased a significant *** percent, from *** in 2002 to *** in 2004.¹⁸⁷ Stuebing increased capital

¹⁷⁹ Hearing Transcript at 86 (Gavronsky). Norwood's competitive calendar prices would have primarily resulted from factors other than the cost of calendar slides, given their low share of total calendar production costs. See CR at II-5; PR at II-4.

¹⁸⁰ See Hearing Transcript at 27, 33, 42, 63-64, 81-82, 153 (Blumberg).

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

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

¹⁸³ CR/PR at Table III-2.

¹⁸⁴ CR/PR at Tables III-3, IV-3.

¹⁸⁵ CR/PR at Table II-4 (inventories increased from *** in 2002 to *** million slides in 2003, or *** percent of total shipments, but declined in 2004 to *** million slides, or *** percent of total shipments).

¹⁸⁶ CR/PR at Table VI-1.

¹⁸⁷ CR/PR at Table III-5.

expenditures from *** in 2002 and 2003 to \$*** in 2004, and R&D expenditures from \$*** in 2002 to \$*** in 2003, and to \$*** in 2004, reportedly due to the development of its Japanese-style slide.¹⁸⁸

Stuebing's operating income increased from \$*** in 2002, or *** percent of sales, to \$*** in 2003, or *** percent of sales, but declined to \$*** in 2004, or *** percent of sales.¹⁸⁹ Stuebing's return on investment ("ROI") followed a similar trajectory, increasing from *** percent in 2002 to *** percent in 2003, before declining to *** percent in 2004.¹⁹⁰

We find 2002-2004 data more probative with respect to the impact of subject import competition on Stuebing's operations than 2005 data, because the more recent data reflect Stuebing's decision to move *** of *** slide production machines to its sister company in Mexico in January 2005.¹⁹¹ The record suggests that Stuebing's decision to shift production to Mexico was motivated by the need to cut production costs on products sold in the very competitive Mexican and Latin American markets. Indeed, Stuebing's facility in Mexico has largely served the Latin American market, not the U.S. market or Norwood.¹⁹²

We find that Stuebing was motivated to shift a portion of its slide production to Mexico not to confront subject import competition, but to reduce production costs on sales of low value slides in export markets. Stuebing's exports had begun to grow before subject imports were a significant presence in the U.S. market, increasing from *** million slides in 2002 to *** million slides in 2003, and to *** million slides in 2004, or *** percent of Stuebing's total shipments.¹⁹³ But the AUV of Stuebing's export shipments declined from \$*** per slide in 2002 to \$*** per slide in 2003, and to \$*** per slide in 2004, due in part to competition from low cost "mom and pop" slide producers in key Latin American export markets.¹⁹⁴ Stuebing's AUV on export shipments remained above its cost of goods sold until 2004, when the two measures converged.¹⁹⁵ Given that Stuebing was no longer earning gross profits on its export sales in 2004, and that its export AUV and COGS per unit trends were moving in opposite directions, Stuebing's decision to move machines to Mexico would have constituted a rational business decision to cut production costs on low value sales to Mexico and Latin America.¹⁹⁶ We find further support for our conclusion in the fact that Stuebing continued to serve the U.S. market and Norwood primarily from its

¹⁸⁸ CR at VI-6; PR at VI-2; CR/PR at Table VI-4.

¹⁸⁹ CR/PR at Table VI-1.

¹⁹⁰ CR/PR at Table VI-5.

¹⁹¹ CR at III-4; PR at III-2.

¹⁹² Only 16 percent of Stuebing's U.S. shipments in 2005 were sourced from Mexico. See CR at VI-2 n. 5; PR at VI-1 n.5; see also Stuebing Responses to Commissioner Questions at 13-14; Hearing Transcript at 23, 72, 100-01 (Blumberg) (*** percent of U.S. shipments in 2005 sourced from Mexico); CR/PR at Table V-1 (Stuebing provided Norwood with ***).

¹⁹³ CR/PR at Table III-3.

¹⁹⁴ Hearing Transcript at 83-84 (Blumberg), 84 (Gavronsky) ("[M]om and pop people just get any scrap metal and just bend a *U* and they're trying to work their way up to the plastic slide that we have. It is the cheapest form of slide that we can mass produce under those circumstances that appeal to that market."); CR at III-2; PR at III-1.

¹⁹⁵ CR/PR at Tables III-3, VI-2.

¹⁹⁶ Stuebing indicated that most shipments from its Mexican operations were to Mexican customers. See CR at VI-2 n.5; PR at VI-1 n.5; see also Hearing Transcript at 72, 100-01 (Blumberg).

facility in Ohio, which accounted for 86 percent of Stuebing's U.S. shipments in 2005,¹⁹⁷ and redirected exports from its U.S. facility to markets other than Mexico and Latin America.¹⁹⁸

Stuebing claimed that it moved the machines to Mexico in a desperate bid to cut costs, so that it might match Nishiyama's prices to Norwood,¹⁹⁹ and asserted that it would have moved its entire facility to Mexico years ago if lower labor costs were the motivation.²⁰⁰ Such a belief is not supported by the record evidence that shows that Norwood was motivated by concerns about improving the quality and productivity of the slides, not the price of subject imports. Lowering its prices would not have enabled Stuebing to regain Norwood as a customer. Indeed, in January 2005, Norwood had not accepted Stuebing's March 2004 offer of a 32 percent discount and free binding machines, nor its June 2004 offer to match Nishiyama's prices, due to the importance of non-price factors in its switch to subject imports.²⁰¹ Moreover, Stuebing did not move all of the slide making equipment used to produce Japanese-style slides for Norwood to Mexico. Stuebing conceded that it "maintains some machines capable of producing integral eyelet slides in the United States,"²⁰² and provided Norwood with *** domestically-produced Japanese-style slides in ***.²⁰³

Because Stuebing moved production to Mexico for reasons unrelated to subject imports, we find that the negative trends resulting from the move in 2005 were not by reason of subject imports. Stuebing's reduced U.S. operations in 2005 primarily reflected its decision to shift capacity for serving Latin American markets from the United States to Mexico, including a *** percent decline in capacity, a *** percent decline in production, a *** percent decline in total shipments, a *** percent decline in sales, a *** percent decline in operating income, a *** percent decline in average production workers, a *** percent decline in hours worked, and a *** percent decline in wages paid.²⁰⁴ Stuebing's operating profit

¹⁹⁷ Stuebing Posthearing Brief at 13; Responses to Commissioner Questions at 5; Hearing Transcript at 23 (Blumberg); CR/PR at Table V-1.

¹⁹⁸ See Stuebing Posthearing Brief at 14; see also CR/PR at Table III-3 (the AUV of Stuebing exports nearly *** to \$*** per slide in 2005, with exports shipped mainly to Canada).

¹⁹⁹ See Stuebing Posthearing Brief at 10 (noting that an urgent internal memorandum requesting the conduct of a feasibility study on the transfer of production to Mexico, as a possible response to "extremely stiff" Japanese competition, was circulated the same day in June 2004 that Stuebing offered to match Nishiyama's low prices to Norwood); Stuebing Prehearing Brief at Exhs. 17-18; Hearing Transcript at 21, 100 (Blumberg)..

²⁰⁰ Stuebing Posthearing Brief at 13.

²⁰¹ Hearing Transcript at 90 (Blumberg) ("[T]hey never officially awarded any tender to us.").

²⁰² Stuebing Posthearing Brief at 13; see also Hearing Transcript at 98 (Commissioner Koplan) ("[I]s your current capacity in the United States sufficient to meet current U.S. demand? When I say current U.S. demand...I'm including as part of current U.S. demand Norwood's needs."), 98-99 (Blumberg) ("Commissioner Koplan, I believe that the current capacity that we have is sufficient to cope with the entire rest of the United States market."); Compare CR/PR at Table III-2 (Stuebing's 2005 capacity was *** million slides) with id. at Table IV-2 (2005 U.S. apparent consumption was *** million slides).

²⁰³ See CR/PR at Table V-1. That Stuebing continued to serve Norwood from its U.S. facility after moving production to Mexico, and used its Mexican facility primarily to serve the Latin American market, distinguishes this case from Artists' Canvas from China, Inv. No. 731-TA-1091 (Final), USITC Pub. 3853 (May 2006). In Artists' Canvas, the Commission found that a domestic producer moved production to Mexico in order to retain U.S. customers that would otherwise have purchased subject imports. Id. at 24. The Commission also found that price was a primary motivation for purchasers that switched to subject imports, and that subject imports had significant adverse price effects. See id. at 19-22. In this case, we find that Norwood switched to subject imports primarily for reasons other than price.

²⁰⁴ See CR/PR at Tables III-2, 3 5, VI-1.

margin remained positive at *** percent,²⁰⁵ and its ROI declined to *** percent.²⁰⁶ For the reasons stated above, we determine that an industry in the United States is not materially injured by reason of subject imports of metal calendar slides from Japan and sold in the United States at LTFV.

VI. NO THREAT OF MATERIAL INJURY BY REASON OF LTFV IMPORTS

Section 771(7)(F) of the Act directs the Commission to determine whether an industry in the United States 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.”²⁰⁷ The Commission may not make such a determination “on the basis of mere conjecture or supposition,” and considers the threat factors “as a whole.”²⁰⁸ In making our determination, we have considered all factors that are relevant to this investigation.²⁰⁹ Based on an evaluation of the relevant statutory factors, we find that Stuebing is not

²⁰⁵ CR/PR at Table VI-1.

²⁰⁶ CR/PR at Table VI-5.

²⁰⁷ 19 U.S.C. § 1677d(b) and 1677(7)(F)(ii).

²⁰⁸ 19 U.S.C. § 1677(7)(F)(ii). An affirmative threat determination must be based upon “positive evidence tending to show an intention to increase the levels of importation.” Metallwerken Nederland B.V. v. United States, 744 F. Supp. 281, 287 (Ct. Int’l Trade 1990), citing American Spring Wire Corp. v. United States, 590 F. Supp. 1273, 1280 (Ct. Int’l Trade 1984); see also Calabrian Corp. v. United States, 794 F. Supp. 377, 387-88 (Ct. Int’l Trade 1992), citing H.R. Rep. No. 98-1156 at 174 (1984).

²⁰⁹ 19 U.S.C. § 1677(7)(F). The Commission must consider, in addition to other relevant economic factors, the following statutory factors in its threat analysis:

- (I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement and whether imports of the subject merchandise are likely to increase,
- (II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,
- (III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,
- (IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices and are likely to increase demand for further imports,
- (V) inventories of the subject merchandise,
- (VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products,
- (VII) in any investigation under this subtitle which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 1671d(b)(1) or 1673d(b)(1) of this title with respect to either the raw agricultural product or the processed agricultural product (but not both),
- (VIII) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and
- (IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).

(continued...)

threatened with material injury by reason of imports of metal calendar slides from Japan that are sold in the United States at LTFV.

We find that the increase in the volume and market share of subject imports over the period of investigation does not indicate a likelihood of substantially increased imports because additional purchasers are unlikely to embrace integral eyelet slides. Norwood accounted for the entire increase in subject imports²¹⁰ and chose to replace Stuebing slides with subject imports for reasons other than price, as detailed above.²¹¹ According to Stuebing, no other U.S. calendar manufacturer uses integral eyelet slides.²¹² Indeed, all *** other purchasers that responded to the Commission's questionnaire reported being satisfied with Stuebing slides,²¹³ and Stuebing reported that no customer had ever mentioned subject imports during price negotiations.²¹⁴ During discussions with Stuebing over a possible global alliance proposed by Stuebing,²¹⁵ Nishiyama stated in a June 10, 2004 letter that it "did not believe that [its integral eyelet] slides are getting popular and are accepted perfectly" in the U.S. market, and could not gain additional U.S. business without Stuebing's assistance.²¹⁶ We note that Nishiyama cannot produce attached eyelet slides for the U.S. market because Stuebing has patented the design.²¹⁷ The satisfaction purchasers reportedly exhibit for Stuebing's attached eyelet slides, and their unfamiliarity with subject imports, indicates that there is no likelihood of significantly increased subject imports in the imminent future.

We find that subject imports are not entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices or likely to increase demand for further imports. We have found no significant adverse price effects, and also that the lower prices Norwood paid for subject imports were not significant, because Norwood switched to subject imports for reasons other than price and other purchasers showed no interest in subject imports.²¹⁸ Like Norwood, other purchasers report that slide quality and availability are generally more important to their purchasing decisions than price,²¹⁹

²⁰⁹ (...continued)

Moreover, the Commission shall consider the threat factors "as a whole" in making its determination "whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur" unless an order issues. In addition, the Commission must consider whether dumping findings or antidumping remedies in markets of foreign countries against the same class of merchandise suggest a threat of material injury to the domestic industry.

Factors I and VII are inapplicable to these investigations.

²¹⁰ CR at I-3, IV-1; PR at I-2, IV-1.

²¹¹ See Section IV.C., *supra*.

²¹² Hearing Transcript at 81 (Blumberg).

²¹³ See Purchasers' Questionnaire Response of *** at Questions III-14 and III-16; Purchasers' Questionnaire Response of *** at Question II-3; *see also* Phone Notes of ***, June 1, 2006 (***)

²¹⁴ See Hearing Transcript at 86 (Ramp).

²¹⁵ Nishiyama approached Stuebing in September 2002 with an offer to supply binding machines, and Stuebing expanded the discussions to address the possible purchase of slide-making equipment. Nishiyama Posthearing Brief at 8-9. When Blumberg of Stuebing visited Japan in May 2004, he proposed a partnership in China to produce slides for the Japanese and U.S. markets, offered to distribute Nishiyama's slides in the U.S. market for "appropriate consideration" Nishiyama Posthearing Brief at 9-10; Nishiyama Prehearing Brief at Exhibit 2.

²¹⁶ Nishiyama Prehearing Brief at Exhibit 2.

²¹⁷ Hearing Transcript at 82 (Goldberg).

²¹⁸ See Section IV.D., *supra*.

²¹⁹ CR at II-6; PR at II-4; CR/PR at Tables II-1-2.

possibly because slides constitute a relatively small proportion of total calendar production costs.²²⁰ Stuebing slides enjoy a significant lead time advantage over subject imports,²²¹ particularly during peak demand periods,²²² and the performance advantage of attached eyelets. Moreover, Norwood's switch to subject imports required extensive changes to its calendar manufacturing operations, in part to compensate for longer subject import lead times, including the purchase of two new binding machines for \$***, the maintenance of larger inventories, and a reduction in the variety of slides used and calendar sizes offered.²²³ It is therefore not likely that subject import prices will have a significant price depressing or suppressing effect, or significantly increase subject import purchases, in the imminent future.

We find no likelihood that Nishiyama's unused production capacity or slide inventories will lead to significantly increased imports in the imminent future. Nishiyama operated at *** percent capacity utilization in 2005, and projected a capacity utilization rate of *** percent in 2006 and 2007.²²⁴ Due to the seasonality of calendar slide production, however, Nishiyama reported that it possesses no unused capacity during peak demand periods with which to accommodate new customers.²²⁵ Nishiyama reported that it did not pursue a contact from an interested U.S. customer in 2005 for this reason.²²⁶ The reported decline in Japanese metal calendar slide consumption, evident from Nishiyama's declining home market shipments, has not left Nishiyama with significant unused capacity.²²⁷

As an additional constraint on its ability to increase exports to the United States, Nishiyama reported that only one-third of its slide production equipment can produce slides in widths of 18 inches or more, the most popular sizes in the U.S. market.²²⁸ Nishiyama's slide inventory, though large,²²⁹ consists entirely of slides in metric sizes for Japanese customers, which cannot be exported to the United States, as noted by Commerce in its verification report.²³⁰

We find that subject imports are not likely to have an actual or potential negative effect on the domestic industry's existing production and development efforts. Stuebing reported that capital expenditures and R&D are not significant factors in a mature industry like metal calendar slides,²³¹ and

²²⁰ CR at II-5; PR at II-4.

²²¹ CR at II-9; PR at II-6; Purchasers' Questionnaire Response of *** at Question III-18 (***).

²²² Hearing Transcript at 136 (Blumberg).

²²³ Norwood Prehearing Brief at 41; Norwood Posthearing Brief at 10, 14; Hearing Transcript at 164 (Harris), 193 (Shoen). Norwood Posthearing Brief at 10.

²²⁴ CR/PR at Table VII-1.

²²⁵ Nishiyama Posthearing Brief at 11, Exhibit 10 (excerpt from Commerce verification report noting that Nishiyama must produce slides year-round due to insufficient capacity to meet demand during peak periods); see also CR/PR at Table VII-1A.

²²⁶ Nishiyama Responses to Commissioner Questions at 3, Exhibit 11 at ¶8 (Declaration of Kazuhiro Nishiyama) (contacted by two U.S. purchasers in 2003 and 2005, but pursued neither).

²²⁷ CR at VII-3; PR at VII-2-3; CR/PR at Table VII-1. We recognize that Nishiyama's increased exports to the United States compensated for its reduced home market shipments, and enabled Nishiyama to fill its production capacity. See id. But conditions in the Japanese market were not a factor in Nishiyama's increased exports to the United States. Norwood approached Nishiyama about sourcing calendar slides due to intractable problems with Stuebing slides, and switched to subject imports for reasons other than price. See Sections V.B.3, V.C., and V.D., supra.; see also CR at VII-3; PR at VII-2-3.

²²⁸ Nishiyama Posthearing Brief at 11.

²²⁹ CR/PR at Table VII-1 (Nishiyama possessed an inventory of *** million slides at the end of 2005, and projects inventories of *** million slides in 2006 and *** million slides in 2007).

²³⁰ Nishiyama Responses to Commissioner Questions at 12, Exhibit 10 (excerpt from Commerce verification report); Hearing Transcript at 276 (Morgan).

²³¹ Stuebing Prehearing Brief at 49.

the presence of subject imports in the market did not prevent Stuebing from developing its Japanese-style integral eyelet slide.²³²

Finally, we find that there is no possibility of product shifting, given that other Nishiyama products use production processes very different from the processes used to make calendar slides,²³³ and note the absence of any antidumping order on subject merchandise in third country markets.²³⁴

We conclude that an industry in the United States is not threatened with material injury by reason of subject imports.

CONCLUSION

For the reasons stated above, we determine that an industry in the United States is not materially injured or threatened with material injury by reason of metal calendar slides from Japan sold in the United States at LTFV.

²³² See CR at VI-6; PR at VI-2.

²³³ See CR at VII-8; PR at VII-4. Nishiyama's other products include binding machines, birdcages, metal dog houses, and 365 days a year calendars with a separate sheet for each day of the year held together in a metal frame. See *id.*; Hearing Transcript at 228 (Moran).

²³⁴ CR at VII-8; PR at VII-4.

PART I: INTRODUCTION

BACKGROUND

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

Effective date	Action
June 29, 2005	Petition filed with Commerce and the Commission; institution of Commission’s investigation (70 FR 39788, July 11, 2005)
July 26, 2005	Commerce’s notice of initiation (70 FR 43122)
August 15, 2005	Commission’s preliminary determination (70 FR 48778, August 19, 2005)
February 1, 2006	Commerce’s preliminary determination (71 FR 5244); scheduling of final phase of Commission investigation (71 FR 7574, February 13, 2006)
June 23, 2006	Commerce’s final determination (71 FR 36063)
June 22, 2006	Commission’s hearing ¹
July 20, 2006	Commission’s vote
August 2, 2006	Commission determination transmitted to Commerce

¹ A list of hearing witnesses is presented in appendix B.

ORGANIZATION OF THE REPORT

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

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

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

In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in

¹ Federal Register notices cited in the tabulation since the Commission’s preliminary determination are presented in app. A.

that volume, either in absolute terms or relative to production or consumption in the United States is significant.

...

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

...

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

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

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

THE U.S. METAL CALENDAR SLIDE MARKET

Petitioner Stuebing is the sole domestic producer of metal calendar slides in the United States. U.S.-produced metal calendar slides represented *** percent of Stuebing's overall establishment net sales during 2005.² Norwood Promotional Products, Inc. ("Norwood") of Sleepy Eye, MN, is the largest consumer of metal calendar slides in the United States.³ Norwood's facility in Sleepy Eye, MN is the only Norwood establishment that imports metal calendar slides from Japan and it also internally consumes all such imports.⁴ Norwood sourced its "blanket" order of metal calendar slides from Stuebing

² Stuebing verification report, July 5, 2006, p. 3.

³ In 2004, Norwood was *** domestic purchaser of metal calendar slides and petitioner's largest customer. Hearing transcript, p. 22 (Blumberg) and app. D.

⁴ Norwood's importer questionnaire response, section I-2.

until 2003, when it began importing from Japan.⁵ During the period of investigation, Norwood was the only importer of metal calendar slides from Japan.

Nishiyama Kinzoku Co., Ltd. (“Nishiyama”), Osaka, Japan, is the only known manufacturer of metal calendar slides in Japan to have exported to the United States during the period of investigation. All such exports by Nishiyama were through its export sales agent in Osaka, BSI Corp. (“BSI”). Petitioner’s sister company in Mexico, Varilla-Co. (“Varilla”), is the only other known producer and exporter of metal calendar slides to the U.S. market, with imports from Mexico first appearing in the United States during ***.

The customer base for the U.S. metal calendar slides industry is small, with Norwood being *** domestic importer/purchaser along with several other small U.S. firms. In 2005, Stuebing’s largest customer was ***, which accounted for *** percent of sales.⁶

SUMMARY DATA

A summary of data collected in this investigation for the U.S. metal calendar slides market is presented in appendix C. The period of investigation is January 2002 through March 2006. U.S. industry data are based on the questionnaire response of Stuebing, the sole U.S. producer. U.S. import data are based on questionnaire responses submitted by U.S. importers, Norwood and Stuebing.

PREVIOUS INVESTIGATIONS

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

NATURE AND EXTENT OF SALES AT LTFV

On June 23, 2006,⁷ the Commission received notification of Commerce’s final determination that metal calendar slides from Japan are being, or are likely to be, sold in the United States at LTFV. Commerce’s weighted-average dumping margin for Nishiyama and all other manufacturers/exporters is 3.02 percent *ad valorem*. Commerce determined that critical circumstances do not exist with respect to imports of metal calendar slides from Japan.

THE SUBJECT PRODUCT

Commerce has defined the imported merchandise subject to investigation as:⁸

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

⁵ Conference transcript, p. 21 (Blumberg). “Blanket” orders are bulk orders placed in the first part of the year for delivery in the second part of the year. Typically, the manufacturing related to these large orders takes place throughout the year. Also referred to as a bulk order.

⁶ Petitioner’s producer questionnaire response, section IV-C.

⁷ *Metal Calendar Slides from Japan: Notice of Final Determination of Sales at Less Than Fair Value and Final Negative Determination of Critical Circumstances*, 71 FR 36063, June 26, 2006.

⁸ *Ibid.*

are typically either primed to protect the outside of the slide against oxidization or coated with a colored enamel or lacquer for decorative purposes, whether or not stacked, and excluding paper and plastic slides. Metal calendar slides are typically provided with either a plastic attached hanger or eyelet to hang and bind calendars, posters, maps or charts, or the hanger can be stamped from the metal body of the slide itself.

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

THE DOMESTIC LIKE PRODUCT

The Commission’s determination regarding the appropriate domestic product that is “like” the subject imported product is based on a number of factors, including (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and, where appropriate, (6) price. For purposes of its preliminary determination, the Commission found a single domestic like product consisting of all metal calendar slides coextensive with Commerce’s scope.⁹

Physical Characteristics and Uses

Metal calendar slides (known as “tins”), whether of domestic or Japanese origin, have similar physical characteristics and uses, being folded lengthwise into open “V”- or “U”-shaped strips, for the binding and finishing of the edges of a calendar.^{10 11} One leg of the “V” or “U” is typically longer than the other, so it can be double-folded around the calendar sheet(s) to bind the calendar into the slide. An eyelet stamped into the slide or a separate eyelet attached to the center of the slide enables the finished calendar to be hung for display.¹² A similar slide without the hanger or eyelet may be attached to the bottom of the calendar for weight to prevent curling. Metal calendar slides may have bulges (“dimples”) along their lengths to prevent them from sticking together when stacked during storage and shipment, to promote uniform stacking in feed magazines for binding (“tinning”) equipment, and to prevent scratching or marring of stacked slides. Both domestic and Japanese calendar slides are made of cold-rolled sheet

⁹ *Metal Calendar Slides from Japan, Inv. No. 731-TA-1094 (Preliminary)*, USITC Publication 3792, August 2005, p. 6. Although Norwood and Nishiyama identified other products for holding calendars such as metal stitches, metal and plastic loops, and spiral binding, they did not dispute petitioner’s like product definition. *Ibid.* According to petitioner, plastic and paper calendar slides are not “like” the subject product as they are not used to bind calendars in the United States. Petition, pp. 18 and 22. Petitioner indicated that aluminum and heavier-gauge steel slides are also distinct from the subject product as they are designed to be reusable in other applications (e.g., for display posters or signs), rather than for single-use binding of calendars. Petition, pp. 18-19.

¹⁰ Norwood and Nishiyama argued that Nishiyama uses the U-shaped design, in contrast with the V-shaped designed generally used by petitioner, that ensures more reliable and efficient feeding of the slides into the binding machine. Norwood’s prehearing brief, p. 23.

¹¹ Stuebing produced a more U-shaped “Japanese-style” metal calendar slide for sale to Norwood. Hearing transcript, pp. 270-272 (Shoen and Haala).

¹² Norwood argued that Nishiyama’s process for stamping integral hanger eyelets into the body of its slides offers stacking and loading advantages over the attached plastic eyelets primarily used on petitioner’s slides. Norwood’s prehearing brief, pp. 22-23. Stuebing testified that all of its customers, with the exception of Norwood, prefer the plastic eyelet slides. Hearing transcript, p. 28 (Blumberg).

steel within a limited range of thicknesses and temper specifications.¹³ However, there are no industry-wide standards or specifications for metal calendar slides.¹⁴ Although slides may be left unplated (“black form”), the outer surface of slides may be tin plated or finished with a tin-free coating (i.e., “tin-free steel, or TFS) for protection against oxidation. Alternatively, coating the outside surface with either colored enamel or lacquer provides not only a decorative finish but also protects against oxidation.¹⁵

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

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

¹³ Petition, p. 5 and petitioner’s postconference brief, pp. 5 and 12. Norwood and Nishiyama argued that petitioner’s metal calendar slides were of “too soft” metal and inconsistent thickness, while Nishiyama slides were made of thicker steel with consistent hardness. Nishiyama purchases steel with a uniform thickness of 0.19 mm for its production of metal calendar slides for sale to Norwood. Nishiyama’s posthearing brief, responses to the questions from the Commission, p. 8, and Norwood’s importer questionnaire response, section III-B-15.

¹⁴ Petition, p. 7.

¹⁵ Petition, pp. 5-6.

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

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

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

¹⁹ Petition, p. 6.

²⁰ Petition, p. 18.

²¹ Petitioner’s prehearing brief, p. 11.

²² Petition, p. 21, and hearing transcript, pp. 46 and 140 (Blumberg).

²³ Petition, p. 21.

²⁴ Petitioner’s prehearing brief, p. 11.

Manufacturing Processes, Facilities, and Employees

The manufacturing process for metal calendar slides is reportedly similar in both the United States and Japan.²⁵ Strips are first cut to width from a coil of pre-coated steel sheet. The cut strips are subsequently fed into a machine that automatically cuts the strips to the specified length, then folds them lengthwise into a V- or U-shaped angle with one leg typically shorter than the other, and finally either stamps an eyelet into or attaches a separate hanger onto the slide. The completed slides are stacked in bundles for packaging and shipment.²⁶

Petitioner argued that metal calendar slides do not share common manufacturing processes, facilities, or employees with plastic or paper calendar slides.²⁷ Moreover, petitioner asserted that the production process for metal calendar slides differs from that for slides of aluminum or heavier-gauge steel.²⁸

Interchangeability and Customer and Producer Perceptions

Petitioner asserted that domestic and Japanese-origin metal calendar slides are perceived by both producers and purchasers as being interchangeable products,²⁹ and that the two are “always” interchangeable.³⁰ Petitioner argued that all metal calendar slides are “the same product made from the same materials in fundamentally the same manner and are used for exactly the same purpose in the identical binding or tinning machines and sold through the same supply chains.”³¹ Norwood characterized the petitioner as manufacturing metal calendar slides that “slowed production rates and caused jams and misfeeds in our binding equipment.”³² Norwood asserted that the subject U.S. and Japanese-origin products are never interchangeable³³ and that the metal calendar slides imported from Nishiyama demonstrated “substantially greater ‘runnability’ on Norwood’s binding equipment.”³⁵

²⁵ Petition, p. 17, and conference transcript, pp. 65-66 (Blumberg).

²⁶ Petition, p. 21, and conference transcript, pp. 63-65 (Blumberg).

²⁷ Petition, p. 20.

²⁸ Petition, p. 21.

²⁹ Petition, p. 17.

³⁰ Hearing transcript, pp. 71, 72, 300, and 301; and Stuebing’s producer questionnaire response, section IV-B-15.

³¹ Hearing transcript, p. 38 (Blumberg).

³² Hearing transcript, p. 178 (Haala).

³³ Norwood’s importer questionnaire response, attachment to section III-B-15, and hearing transcript, p. 227 (Haala). Petitioner argued that Norwood’s claim of lack of interchangeability is belied by Norwood’s acknowledgment in its questionnaire response that “***.” Petitioner’s postconference brief, p. 5.

³⁴ Norwood submitted one set of “efficiency rate” data during the preliminary phase of this investigation as reported in table D-1 (see Norwood’s postconference brief, exh. 1-C, and e-mail from Ritchie Thomas, counsel to Norwood, August 3, 2005) and another set of “tinning productivity rates” data during the final phase of this investigation reported in table D-3 (see Norwood’s purchaser questionnaire response, section II-4). Norwood argued that the “efficiency rate” data shown in table D-1 are of “***” than the set of data reported in table D-3. Norwood’s prehearing brief, p. 40, exh. 26, p. 2, and posthearing brief, exh. B, p. 29. Stuebing argued that the monthly data in table D-1 indicated that Norwood achieved “relatively *** using slides produced exclusively by Stuebing,” and that efficiency rates provided by *** showed that “well-operated machinery can *** using Stuebing’s slides.” Petitioner’s posthearing brief, exh. 1, pp. 13 and 14.

³⁵ Norwood’s prehearing brief, p. 35 and posthearing brief, pp. 3-4. In 2002 and 2003, 5 out of 8 of Norwood’s calendar binding machines were Nishiyama-made and cam driven, and the other 3 were Stuebing’s pneumatically
(continued...)

Petitioner principally produces metal calendar slides with either an attached plastic eyelet or with an integrated eyelet stamped into the slide. Slides of petitioner's earlier design are characterized by an attached plastic eyelet, whereas the subject imported product has an integral eyelet stamped into the slide. Norwood claimed, and petitioner acknowledged, that slides with integrated eyelets decrease production time for binding calendars.³⁶

Petitioner also argued that both customers and producers consider metal calendar slides as distinct from slides of other materials. According to petitioner, metal calendar slides are distinguishable in both appearance and application from those of other materials. Petitioner argued that plastic and paper (and similarly, aluminum and heavier-gauge steel) slides are not interchangeable with metal calendar slides because they are not designed to be double-folded around the calendar sheet to lock it in place.³⁷ Other common methods for binding multi-sheet calendars in the United States include metal stitching, single- or double-loop wire, and metal and plastic spiral bindings. Norwood offers calendars bound with metal stitching and spiral bindings and has named these products as possible substitutes for metal calendar slides.³⁸

Channels of Distribution

Both domestic and imported metal calendar slides are sold through the same channel of distribution: direct sales to calendar "assembly" companies – e.g., calendar manufacturers, printing companies, and publishers – that are the end users of metal calendar slides.³⁹

Price

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

According to petitioner, the *** in Japan for paper slides would preclude their use for binding calendars in the United States. Similarly, although plastic, aluminum, and heavier-gauge steel slides could theoretically be used in metal calendar slide applications, the higher cost for these heavier and larger slide products limits their use.⁴⁰

³⁵ (...continued)

driven machines. In 2004, Norwood replaced its remaining pneumatically driven machines with 2 new Nishiyama cam driven machines. Norwood contends that Stuebing's metal calendar slides "did not run well even on the Stuebing built machines." Hearing transcript, pp. 215 (Thomas), 277 (Haala), and 297 (Haala). Stuebing's other U.S. customers who provided information on their binding equipment reported that all their calendar binding machines are cam driven (Nishiyama-made machines). Stuebing's U.S. customers, with the exception of Norwood, buy Stuebing's metal calendar slides with the plastic eyelet. E-mails from *** and ***, and hearing transcript, p. 28, 66, and 85 (Blumberg).

³⁶ Norwood and Nishiyama's postconference brief, p. 2, and hearing transcript, pp. 152 (Goldberg) and 208-210 (Morgan).

³⁷ Petition, pp. 19 and 21.

³⁸ Norwood's importer questionnaire response, section III-B-1.

³⁹ Petition, p. 19 and exhibit 14.

⁴⁰ Petition, p. 20.

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

U.S. MARKET SEGMENTS AND CHANNELS OF DISTRIBUTION

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

Stuebing is the only manufacturer of metal calendar slides in the United States.^{3 4} Stuebing produces metal calendar slides and sells them to calendar manufacturers, printing companies, and publishers for calendar assembly. The finished products are then sold to retailers and planning companies for final sales to customers.⁵ Calendars bound with metal slides are particularly popular with production plants, trade unions, and similar businesses, because pages of multi-sheet calendars can be ripped off monthly or weekly, or all 12 months can be displayed on a single hanger.⁶

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

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

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

¹ Petition, p. 6.

² Both Stuebing and Nishiyama also manufacture calendar binding machines. Hearing transcript, pp. 41-42 (Blumberg) and 227 (Nishiyama).

³ Hearing transcript, p. 18 (Blumberg).

⁴ Stuebing submitted a producer questionnaire and an importer questionnaire. The company imports metal calendar slides from its sister company in Mexico.

⁵ The Commission mailed purchasers’ questionnaires to 6 firms that bought metal calendar slides during the period of investigation. The Commission has received *** responses: from Norwood, ***. All subject imports were purchased by Norwood.

⁶ Conference transcript, p. 171 (Burns and Haala).

Industry capacity

U.S. producers' reported capacity utilization increased from *** percent in 2002 to *** percent in 2005 (see table III-1).

Alternative markets

Alternative markets for U.S.-produced metal calendar slides include ***. Prices for metal calendar slides in the United States are reportedly higher than global prices.⁷ U.S. producers' export shipments, measured in quantity of slides, increased from *** percent of total shipments in 2002 to *** percent of total shipments in 2004 (see table III-3). In 2005, this percentage decreased to *** percent, partly due to the opening of a sister plant in Matamoros, Mexico, which primarily supplies metal calendar slides to foreign markets. The *** level of exports during the period indicates that domestic producers *** shift shipments between the United States and other markets in response to price changes.

Inventory levels

Sales of metal calendar slides are seasonal, with production starting early in the calendar year after blanket orders are received and progressing as shipments are made. Stuebing builds its inventory for several months to insure a sufficient supply for the entire year, with sales heaviest in the second and third quarters.⁸ Its end-of-year inventory, as a share of total shipments, rose from *** percent in 2002 to *** percent in 2005 (see table III-4).

Production alternatives

Stuebing reported that it does not produce other products on the same equipment and machinery used in the production of metal calendar slides.⁹

Subject Imports

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

Reported capacity utilization for Nishiyama, the one Japanese producer that exports metal calendar slides to the United States, increased from *** percent in 2002 to *** percent in 2005 (see table VII-1). Nishiyama produces metal calendar slides for its home market and exports only to Norwood and a company in Hong Kong, which then ships finished products back to Japan.¹⁰ In addition, Norwood is the only customer for whom Nishiyama produces metal calendar slides in inches. Inventories in Japan are

⁷ Conference transcript, p. 63 (Blumberg) and petitioner's postconference brief, p. A-1.

⁸ Conference transcript, pp. 64-65 (Blumberg).

⁹ Conference transcript, p. 77 (Blumberg).

¹⁰ Conference transcript, p. 119 (Akamatsu) and respondents' postconference brief, p. 45.

in metric sizes that do not match requirements of the U.S. market.¹¹ Nishiyama *** inventories of the slides it produces for Norwood.¹²

Nishiyama reported that it does not produce other products on the same equipment and machinery used in the production of metal calendar slides.¹³

Nonsubject Imports

Although there are other producers of metal calendar slides in various countries, Japan and Mexico are the only countries now known to be exporting metal calendar slides to the U.S. market.¹⁴ Stuebing imports metal calendar slides from Varilla, its sister plant in Mexico. ***.

U.S. Demand

Based on available information, metal calendar slide consumers are likely to respond to changes in the price of metal calendar slides with small changes in their purchases of metal calendar slides. The main contributing factors to the relatively low price-responsiveness of demand are the low cost share of slides in finished calendars and the lack of substitute products reported by some questionnaire respondents.

Demand Characteristics

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

Substitute Products

The petitioner stated that there are no substitutes for metal calendar slides. Stuebing reported that paper and plastic slides are not used for binding calendars in the U.S. market, although they are used in other countries.¹⁵ ***, a domestic purchaser of metal calendar slides, also reported no substitutes. Norwood reported that various substitute products exist, including metal stitching, staples, and single- or double-loop metal or plastic spiral binding. Norwood reported using all these binding methods and noted that for the widest sizes of calendars, metal calendar slides would be the preferred method.¹⁶ Similarly, another purchaser reported these substitutes less suitable than metal calendar slides in terms of rigidity.¹⁷ There was no information provided on any change in the price of metal calendar slides due to the use of these products.

¹¹ Nishiyama's prehearing brief, pp. 30-31.

¹² Hearing transcript, pp. 276-277 (Moran).

¹³ Conference transcript, pp. 118-119 (Akamatsu).

¹⁴ Conference transcript, p. 64 (Blumberg).

¹⁵ Conference transcript, pp. 46-48 (Blumberg).

¹⁶ E-mail from Ritchie Thomas, counsel to Norwood, May 18, 2006.

¹⁷ ***'s purchaser's questionnaire response.

Cost Share

Purchasers, importers, and producers were asked to provide information on the cost share of metal calendar slides relative to the end products in which they are used. Norwood stated that metal calendar slides account for *** percent of its finished calendars, depending on the size of the calendar. Other domestic purchasers approximated this cost share at between 3 and 40 percent, depending on the product.¹⁸ Stuebing reported having no knowledge of this cost share.

SUBSTITUTABILITY ISSUES

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

Factors Affecting Purchasing Decisions

Petitioner describes U.S.-produced metal calendar slides as competing with those produced in Japan mostly or entirely on price. According to Norwood, however, there are a number of quality differences between the metal calendar slides produced in the United States and those produced in Japan that make Japanese slides superior, although Stuebing has an advantage in lead times. These differences include variations in thickness and hardness of the metal, the width of the opening of the “V” shape, the surface finish, the smoothness of the slides’ edges, the hanger or eyelet, and the way the slides feed into the binding machines.

Purchasers were asked to identify the three major factors considered by their firm in choosing among sources of metal calendar slides (table II-1). All of the three responding firms¹⁹ reported that quality was one of the most important factors, while two purchasers reported that availability was one of the most important factors. Other factors reported with lesser frequency were price, service, and whether the supplier is a local or traditional supplier.

Purchasers were also asked to rate the importance of 15 factors in their purchasing decisions (table II-2). Availability, delivery time, consistency and quality of the slides, and reliability of supply were factors reported as very important by all four purchasers. Delivery terms and technical support were factors reported as very important by three of the purchasers. Discounts were reported as somewhat important by all purchasers. Extension of credit, lower prices, packaging, product range, and transportation costs were reported as somewhat important by two of the purchasers.

Purchasers were additionally asked to compare the U.S.-produced metal calendar slides to foreign-produced metal calendar slides, using the same 15 factors (table II-3). Only one purchaser, Norwood, reported experience with both U.S. and foreign metal calendar slides. Compared to subject imported Japanese metal calendar slides, Norwood considered the U.S. metal calendar slides to be superior in terms of delivery time, inferior in terms of packaging, consistency, and quality, and comparable in terms of all other factors.

¹⁸ The cost share of slides in finished calendars is smaller for multi-sheet calendars, while larger for single-sheet calendars. ***’s purchaser questionnaire response.

¹⁹ *** did not provide an usable answer to this question.

Table II-1**Metal calendar slides: Most important factors in selecting a supplier, as reported by purchasers**

Factor	First	Second	Third
	<i>Number of firms responding</i>		
Quality	1	0	2
Availability	0	2	0
Service	0	1	0
Local distributor	1	0	0
Traditional supplier	0	0	1
Price	1	0	0

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

Table II-2**Metal calendar slides: Importance of purchase factors, as reported by purchasers**

Factor	Very important	Somewhat important	Not important
	<i>Number of firms responding</i>		
Availability	4	0	0
Delivery terms	3	1	0
Delivery time	4	0	0
Discounts offered	0	4	0
Extension of credit	0	2	2
Price	2	2	0
Minimum quantity requirements	2	1	1
Packaging	2	2	0
Metal calendar slides consistency	4	0	0
Quality meets industry standards	4	0	0
Quality exceeds industry standards	4	0	0
Metal calendar slide range	2	2	0
Reliability of supply	4	0	0
Technical support/service	3	1	0
U.S. transportation costs	1	2	1

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

Table II-3

Metal calendar slides: Comparisons of product by source country, as reported by purchasers¹

Factor	U.S. vs Japan		
	S	C	I
	<i>Number of firms responding</i>		
Availability	0	1	0
Delivery terms	0	1	0
Delivery time	1	0	0
Discounts offered	0	0	0
Extension of credit	0	1	0
Price	0	1	0
Minimum quantity requirements	0	1	0
Packaging	0	0	1
Metal calendar slides consistency	0	0	1
Quality meets industry standards	0	0	1
Quality exceeds industry standards	0	0	1
Metal calendar slides range	0	1	0
Reliability of supply	0	1	0
Technical support/service	0	1	0
Lower U.S. transportation costs	0	1	0
<p>¹ Only Norwood reported experience with both U.S. and Japanese metal calendar slides.</p> <p>Note.--S=first listed country's product is superior; C=both countries' products are comparable; I=first listed country's product is inferior.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>			

Lead Times

Stuebing reported that *** percent of its sales were produced to order and available in *** and *** percent were sold out of inventory and available ***. Nishiyama reported lead times of *** for sales produced to order for the U.S. market.²⁰

²⁰ Nishiyama's posthearing brief, p. 15.

Comparisons of Domestic Products, Subject Imports, and Nonsubject Imports

Purchasers, importers, and producers were asked to assess how interchangeable metal calendar slides from the United States are with metal calendar slides from both subject and nonsubject countries. Their answers are summarized in table II-4. Stuebing reported that metal calendar slides from the United States and from other countries are always interchangeable. Norwood reported that metal calendar slides from the United States and Japan are never interchangeable “without significant production rate degradation.”²¹

Table II-4
Metal calendar slides: U.S. producer’s and importer’s perceived degree of interchangeability of products produced in the United States and in other countries¹

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

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

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

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

Producers and importers were asked to assess how often differences other than price were significant in sales of metal calendar slides from the United States, subject countries, and nonsubject countries (table II-5). In both its producer and importer questionnaire responses, Stuebing reported differences other than price were never significant. Norwood said differences other than price were always significant in sales of metal calendar slides produced in the United States and in Japan.

In explaining the factors that limit or preclude interchangeability and the significance of these non-price factors, Norwood reported that it found domestic metal calendar slides to be unsuitable for the efficient production of calendars. Quality problems that were cited by Norwood relating to the domestic product but not the product manufactured in Japan include curling or missing eyelets, variation in the thickness or hardness of the metal, embedded slides and slides that warp and cause feed problems in the binding machines, rough or sharp edges, and marred surfaces, among other problems.²² Norwood stated that the domestic product’s quality problems affected both the appearance of the finished calendars and the productivity of its calendar binding operation. By contrast, Norwood reported that Nishiyama’s slides with a stamped-in integrated eyelet stacked together more precisely than petitioner’s product and had rounded ends;²³ are produced from thicker steel of consistent hardness for a stronger slide;²⁴ are cut from

²¹ Norwood’s importer questionnaire response, section II-B-5.

²² Hearing transcript, pp. 173-174 (Haala).

²³ Hearing transcript, p. 178 (Haala).

²⁴ Conference transcript, p. 114 (Akamatsu) and respondents’ postconference brief, p. 19.

the coiled sheet steel so that the rough edge of the slide faces the inside of the bound calendar;²⁵ and have a less-sharp “U”-shaped fold that enables slides to be stacked more uniformly in the feed magazine.²⁶ Norwood’s comparison of domestic and imported slides, listing factors that allegedly limit or preclude their interchangeability, is presented in appendix D.

Table II-5
Metal calendar slides: U.S. producer’s and importer’s perceived importance of factors other than price in sales of product produced in the United States and in other countries¹

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

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

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

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

Stuebing argued that Norwood’s allegations of poor quality are unsubstantiated, citing Norwood’s long history of purchases from petitioner without any material issues relating to quality or evidence of significant return rates, and contradicted by Stuebing’s experience with other domestic purchasers.²⁷ In addition, Stuebing argued that it responded to Norwood’s production concerns by incorporating “dimples” into its metal calendar slides to improve feedability, and that “from 2004 Stuebing offered ‘Japan Specification’ type metal calendar slides, i.e. a broader, heavier slide with an integral hanger.”²⁸

Norwood argued that it received much better production efficiency rates when using Nishiyama slides: over 80 percent with the Nishiyama slides compared to about 67 percent with the Stuebing’s “Japanese-style” slide and around 61 percent with Stuebing’s plastic eyelet slides.²⁹ In its purchaser questionnaire, Norwood reported efficiency rate data for its metal calendar slide “tinning” operations during the period of investigation.³⁰ In 2002, the average efficiency rate for Norwood’s automatic tinning operations, based on personnel recall information, was estimated at between *** percent.³¹ At this time Norwood used exclusively U.S.-produced metal calendar slides in its calendar binding process. For 2005, Norwood reported efficiency rates of *** percent experienced with the use of the Japanese metal calendar slides. *** reported efficiency rates ranging from *** percent with the use of the Stuebing slides during the period of investigation, while *** reported efficiency rates consistently at *** percent. It should be

²⁵ Conference transcript, pp. 115-116 (Akamatsu) and respondents’ postconference brief, p. 19.

²⁶ Conference transcript, pp. 116-117 (Akamatsu) and respondents’ postconference brief, pp. 19-20.

²⁷ Petitioner’s prehearing brief, exhibit E and petitioner’s postconference brief, pp. 26-32.

²⁸ Conference transcript, p. 32 (Blumberg) and Stuebing’s producer questionnaire response.

²⁹ Hearing transcript, p. 232 (Harris).

³⁰ Efficiency is calculated using a process rate of *** calendars per hours as the standard against which actual production rates are measured.

³¹ According to Norwood, production rate data were not retained until early 2004.

noted that these efficiency rates are based on each firm's own efficiency standards and that the reported percentages are not necessarily comparable across firms.

In terms of slides per hour, Norwood estimated a process rate of between *** slides during 2002 with the use of Stuebing slides. Norwood's process rate in 2005 with the use of the Japanese metal calendar slides averaged *** slides per hour. *** reported a process rate of between *** slides per hour with the use of the U.S.-produced metal calendar slides during the period of investigation. ***'s reported process rates approximate those of ***, in terms of slides per hour.³² *** reported having experience with the Japanese slides. Appendix D presents efficiency data as reported by Norwood in the preliminary and final phases of this investigation.

ELASTICITY ESTIMATES

U.S. Supply Elasticity

The domestic supply elasticity for metal calendar slides measures the sensitivity of the quantity of metal calendar slides supplied by U.S. producers to changes in the U.S. market price of metal calendar slides. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced metal calendar slides. Earlier analysis of these factors indicates that the U.S. industry has a moderate ability to increase or decrease shipments to the U.S. market; an estimate in the range of 2 to 4 is suggested.

U.S. Demand Elasticity

The U.S. demand elasticity for metal calendar slides measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of metal calendar slides. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of metal calendar slides in the production of any downstream products. Based on the available information, staff suggests a price elasticity of demand in the range of 0.2 to 0.5, in absolute terms. Purchasers would not likely be very sensitive to changes in the price of metal calendar slides and would continue to demand fairly constant quantities over a considerably wide range of prices.

Substitution Elasticity

The elasticity of substitution measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change. The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products, which in the case of metal calendar slides would reflect such attributes as quality and delivery time. According to Stuebing, product differentiation between the domestic and Japanese varieties of metal calendar slides is minimal and substitution responds mainly to relative prices. On the other hand, Norwood contends significant product differentiation between both varieties and cost savings experienced with the use of the Japanese slides in its production process.³³ Based on available

³² ***'s reported process rates reflect ***.

³³ E-mail from Ritchie Thomas, counsel to Norwood, May 12, 2006.

information, the elasticity of substitution between domestic and subject metal calendar slides in the U.S. market is believed to be moderate, in the range of 3 to 5.

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

U.S. PRODUCER

Since 2002, Stuebing has been the only producer of metal calendar slides in the United States, and the firm operated one plant located in Cincinnati, OH. Stuebing has been in business since 1894 and is ***. In the 1940s, a company called E.B. Wobbe (“Wobbe”) started manufacturing metal calendar slides in Springfield, OH. In the 1950s another company, Carpenters of Allentown (“Carpenters”) in Pennsylvania, entered the metal calendar slides production business. Stuebing purchased Wobbe in the 1980s. In 1988, Carpenters went out of business and Stuebing purchased Carpenters’ machines to use as spare parts. Wobbe’s operation was merged with Stuebing in November 2002. Then in December 2004, Stuebing downsized its plant in Cincinnati and moved its U.S. operations to a smaller plant in Cincinnati. In January 2005, Stuebing began transferring *** metal calendar slide machines from Cincinnati to its sister company, Varilla, in Mexico. Sales of metal calendar slides accounted for *** percent of Stuebing’s net sales during 2005.¹

Stuebing’s Mexico Operations

In the fall of 2004, Varilla was reportedly incorporated as a reaction to price competition from Japanese imports.² Varilla began production of metal calendar slides in the spring of 2005 in Matamoros, Mexico, with *** from Stuebing’s Cincinnati plant.³

According to company officials, Stuebing set up Varilla in a plant of *** with a staff of *** employees to produce ***.⁴ Varilla produces ***.⁵ Varilla then ships ***.⁶ A comparison of the capacity, production, and shipments of metal calendar slides at Stuebing and its sister company, Varilla, is presented in table III-1.

¹ Stuebing verification report, July 5, 2006.

² “***.” Stuebing’s producer questionnaire response, section I-6; staff field trip reports, Stuebing and Varilla, March 10, 2006, p. 3; and Stuebing’s prehearing brief, exh. C.

³ Staff field trip reports, Stuebing and Varilla, March 10, 2006, p. 3.

⁴ Most of Varilla’s metal calendar slides production is *** or sent back to Stuebing in Ohio. “***,” and the remaining *** percent of the slides sold to U.S. customers were produced in Stuebing’s Ohio plant. Varilla *** the metal calendar slides it sells to Stuebing by *** percent “***.” Less than *** percent of Varilla’s metal calendar slides are exported to non-Mexican markets in Latin America. The cost of direct labor to manufacture slides in Mexico is ***. The costs of steel, coating, and packaging are the same in both the United States and Mexico, and slides made in Mexico and imported into the United States require an additional freight cost. Petitioner’s posthearing brief, exh. 1, pp. 4, 5, and 14.

⁵ “In 2005, approximately 14 percent of Stuebing’s U.S. sales are sourced from the Mexican operation. The remaining vast majority of U.S. slide shipments are slides produced at the Cincinnati plant.” Hearing transcript, p. 24 (Blumberg); petitioner’s posthearing brief, exh. 1, p. 4; and staff field trip reports, Stuebing and Varilla, March 10, 2006, p. 3.

⁶ Staff field trip reports, Stuebing and Varilla, March 10, 2006, p. 3.

Table III-1
Metal calendar slides: Stuebing and Varilla’s capacity, production, shipments, and capacity utilization, 2002-05, and January-March 2005-06

* * * * *

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

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

Stuebing’s production, capacity, and capacity utilization data are presented in tables III-2 (annual) and III-2A (semi-annual). Metal calendar slides are produced on dedicated machinery and equipment.⁷ From 2002 to 2004, Stuebing’s capacity remained steady and was *** U.S. consumption needs plus exports. Stuebing’s production increased steadily from 2002 to 2004, by *** percent. In 2005, however, Stuebing’s production declined by *** percent from 2004. U.S. production and production capacity declined in January 2005, when Stuebing shipped *** machines that produce metal calendar slides to Varilla and began importing metal calendar slides from Mexico.⁸ In addition, Stuebing ended the lease on its large production facility of *** square feet and began leasing a space of *** square feet to produce metal calendar slides.^{9 10} Capacity utilization rates for Stuebing rose from *** percent in 2002 to *** percent in 2003 and increased again to *** percent in 2004. Due to its relocation to a smaller facility in mid-January 2005 with *** machines, Stuebing’s capacity decreased by *** percent, and its capacity utilization rate for 2005 rose to *** percent.

Table III-2
Metal calendar slides: Stuebing’s capacity, production, and capacity utilization, 2002-05, January-March 2005, and January-March 2006

* * * * *

Table III-2A
Metal calendar slides: Stuebing’s capacity, production, and capacity utilization, January-June 2002-05, and July-December 2002-05

* * * * *

⁷ Stuebing’s producer questionnaire response, section II-3.

⁸ Petition, p. 31, and Stuebing’s producer questionnaire response, section II-2. A chronology of events leading to Stuebing’s partial relocation to Mexico is presented in app. E.

⁹ Petitioner’s statements that Stuebing owned its Cincinnati, OH production facility prior to 2005 (petition, exh. 3-A, p. 7; conference transcript, p. 20 (Blumberg); and petitioner’s postconference brief, p. 15) were clarified to indicate that ***.

¹⁰ Stuebing argued that these changes in production and capacity were the result of unfairly traded imports from Japan and the sole reason for its relocation of *** machines to Mexico. Conference transcript, p. 20 (Blumberg) and Stuebing’s producer questionnaire response, section II-2.

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

All of Stuebing's U.S. shipments were sold to unrelated customers during the period examined. U.S. shipments *** in 2002, prior to the entry of Japanese metal calendar slides in the U.S. market. In 2003 and 2004, U.S. shipments declined compared to shipments in 2002, despite stable demand for metal calendar slides.¹¹ Stuebing attributed the decline in its U.S. shipments after 2002 to unfairly priced imports of metal calendar slides from Japan and the related loss of several sales to Norwood, Stuebing's *** U.S. customer during 2002-04.¹²

Tables III-3 (annual) and III-3A (semi-annual) present data on Stuebing's shipments during the period of investigation. Based on these data, Stuebing's total shipments of metal calendar slides fell by *** percent between 2002 and 2005, from *** slides to *** slides. Export shipments increased from *** percent of total shipments in 2002, to *** percent in 2003, and to a *** of *** percent in 2004, before falling to *** percent in 2005. Export markets include ***¹³ Stuebing explained its rapid export growth during 2002-04 as an attempt to survive against Japanese import competition.¹⁴ The average unit values for exports were *** than those for U.S. shipments for 2002 to 2004, but were *** in 2005.

Table III-3
Metal calendar slides: Stuebing's shipments, by type, 2002-05, and January-March 2005-06

* * * * * * *

Table III-3A
Metal calendar slides: Stuebing's shipments, by type, January-June 2002-05, and July-December 2002-05

* * * * * * *

U.S. PRODUCER'S INVENTORIES

Tables III-4 (annual) and III-4A (semi-annual) present data on Stuebing's inventories during the period of investigation. Stuebing had *** inventories in 2002, but *** inventories in July to December of 2003. Stuebing stated that the inventory first accrued as a result of the blanket order Norwood had placed in January 2003, which Norwood canceled in September 2003, after Stuebing had already produced the order.¹⁵ Inventories, as a ratio of U.S. shipments, *** declined from 2003 to 2005, but fluctuated in the January to June period of 2003 to 2005 due to the seasonality of the metal calendar slides business.

Table III-4
Metal calendar slides: Stuebing's end-of-period inventories, 2002-05, January-March 2005, and January-March 2006

* * * * * * *

¹¹ Petition, p. 23.

¹² Hearing transcript, p. 20 (Blumberg).

¹³ Stuebing's producer questionnaire response, section IV-C.

¹⁴ Hearing transcript, p. 55 (Szamosszegi).

¹⁵ Petitioner's postconference brief, pp. 32 and 33. Norwood switched to Nishiyama for its supply of "standard" metal calendar slides in August 2003.

Table III-4A

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

* * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Tables III-5 and III-5A present Stuebing's employment-related data during the period examined. Stuebing used dedicated production and related workers for producing metal calendar slides. From 2002 to 2004, Stuebing's number of employees fluctuated ***, between a high of *** employees in 2003 to a low of *** employees in 2004. Employment dropped in 2005 to *** employees, or a *** percent decline from a 2003 *** employees. Stuebing attributed the declining employment from 2002 to 2005 to the negative impact of LTFV imports of metal calendar slides from Japan.¹⁶ Productivity increased from 2002 to 2004, before falling by *** percent in 2005.¹⁷

Table III-5

Metal calendar slides: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2002-05, January-March 2005, and January-March 2006

* * * * *

Table III-5A

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

* * * * *

¹⁶ Petition, p. 32.

¹⁷ The decline in productivity in 2005 may be attributed to Stuebing's focus on the production of ***. Staff field trip reports, Stuebing and Varilla, March 10, 2006, p. 3.

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

U.S. IMPORTERS

The Commission's importers' questionnaires in this final phase investigation were sent to the two known importers of metal calendar slides. As the only importer of slides from Japan, Norwood's imports accounted for all subject imports during the period. In the 1950s, Mr. Morris Smith founded Radio Cap Company and sold promotional mugs, sporting, and leisure products. In 1989, Radio Cap Company was recapitalized and renamed Norwood Acquisition Company. In 1993, the company was again renamed to Norwood Promotional Products. Finally in October 1998, Norwood Promotional Products was bought by Liberty Partners and became privately held again, as it remains today. In December 2003, Norwood closed its plants in Washington, Iowa, and Ontario, Canada and consolidated those operations into the operations of its plant in Sleepy Eye, Minnesota. Norwood reportedly is the dominant player¹ in the highly competitive promotional calendars industry, with calendars accounting for over 25 percent of Norwood's overall revenues in 2005.² Norwood does not produce or sell any metal calendar slides, but rather imports and purchases metal calendar slides for use in its calendar assembly operations, internally consuming all of its purchases. Norwood was the largest importer of metal calendar slides during the period, accounting for 100 percent of reported subject imports from Japan and *** percent of total reported U.S. imports from all sources in 2005. Petitioner Stuebing is the only other known importer of metal calendar slides, with imports from its sister firm in Mexico, accounting for *** percent of total reported U.S. imports from all sources in 2005.³

U.S. IMPORTS

Data regarding U.S. subject imports from Japan are based on Norwood's questionnaire response and are presented in tables IV-1 (annual) and IV-1A (semi-annual). Import data reported by Norwood and Stuebing account for all known subject and nonsubject imports during the period. The HTS statistical reporting number (7326.90.1000) covering metal calendar slides includes other items made of tinplate, and given that there is no industry standard class specification for metal calendar slides,⁴ the official statistics of the Department of Commerce would be inaccurate for purposes of determining the volume of subject imports.

Table IV-1
Metal calendar slides: U.S. imports by sources, 2002-05, and January-March 2005-06

* * * * *

¹ Norwood reportedly accounts for one-third of the promotional calendar industry in the United States. Hearing transcript, p. 34 (Blumberg).

² Hearing transcript, p. 172 (Harris). Norwood's revenues were approximately \$320 million, with calendars representing its largest product category. Ibid.

³ See Part III for a discussion of Stuebing's partial relocation to Mexico.

⁴ Petition, p. 7.

Table IV-1A

Metal calendar slides: U.S. imports by sources, January-June 2002-05, and July-December 2002-05

* * * * *

The bulk of metal calendar slide imports from both subject and nonsubject countries occur in the second half of each year, corresponding with the seasonal nature of the calendar business. Subject imports were zero in 2002, and increased overall by *** percent between 2003 and 2005, with subject imports peaking at *** slides during July-December of 2005. During the period examined, all of Norwood’s imports of metal calendar slides came from one supplier, Nishiyama, in Japan. In early 2005, Norwood eliminated nonstandard sizes, such as half- and quarter-inch sizes, in order to source its metal calendar slides exclusively from Nishiyama and also modified its inventory practices to carry sufficient inventory on hand for all calendar orders.⁵ The average unit value of imports from Japan fluctuated between an initial high of \$*** per slide in January to June of 2003 to a low of \$*** per slide in January to June of 2004, before increasing to \$*** per slide from July-December 2004 through July-December 2005.

APPARENT U.S. CONSUMPTION

Tables IV-2 (annual) and IV-2A (semi-annual) present apparent U.S. consumption during the period, based on shipments of imports and Stuebing’s U.S. shipments. On an annual basis, apparent U.S. consumption peaked in 2002, declined in 2003, and increased *** in 2004 and 2005, when consumption was *** percent lower than in 2002. Apparent U.S. consumption for January to March of 2006 fell by *** percent when compared to the same period in 2005. Petitioner described the demand for metal calendar slides as “steady.”⁶

Table IV-2

Metal calendar slides: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 2002-05, January-March 2005, and January-March 2006

* * * * *

Table IV-2A

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

* * * * *

⁵ Norwood’s prehearing brief, p. 63. Norwood testified that it only purchased Stuebing slides when necessary to fill orders for custom-sized calendars on an expedited schedule since it began importing metal calendar slides from Nishiyama. Norwood began reducing its master parts list at the beginning of 2005 from 234 parts down to 38 parts in 2006, so it can source all slide requirements from inventory on hand and avoid sourcing from Stuebing. Hearing transcript, pp. 199 and 201 (Shoen).

⁶ Hearing transcript, p. 141 (Blumberg).

U.S. MARKET SHARES

With the onset of imports of metal calendar slides from Japan in 2003, Stuebing's market share shifted *** downward from *** percent in 2003 to *** percent in 2004 and finally to a low of *** percent in 2005, reaching *** percent in the second half of 2005 when metal calendar slide sales are at their peak, as shown in tables IV-3 (annual) and IV-3A (semi-annual). The market share of imports from Japan increased from *** to *** percent between 2003 and 2005 and nonsubject imports accounted for *** percent of the U.S. metal calendar slides market in 2005.⁷

Table IV-3
Metal calendar slides: U.S. consumption and market shares, 2002-05, January-March 2005, and January-March 2006

* * * * * * *

Table IV-3A
Metal calendar slides: U.S. consumption and market shares, January-June 2002-05, and July-December 2002-05

* * * * * * *

IMPORTS AS A SHARE OF U.S. PRODUCTION

The ratios of imports to U.S. production over the period examined are presented in tables IV-4 (annual) and IV-4A (semi-annual). The ratio of subject imports from Japan to U.S. production increased steadily from *** percent in 2003, to a high of *** percent in 2005.⁸ Nonsubject imports did not exist until 2005 and were *** percent of U.S. production in 2005.⁹

Table IV-4
Metal calendar slides: U.S. production, U.S. imports, and ratios of imports to production, by sources, 2002-05, January-March 2005, and January-March 2006

* * * * * * *

Table IV-4A
Metal calendar slides: U.S. production, U.S. imports, and ratios of imports to production, by sources, January-June 2002-05, and July-December 2002-05

* * * * * * *

⁷ Nonsubject imports are from Stuebing's sister company, Varilla, in Mexico. Stuebing's importer questionnaire response, section II-11.

⁸ In January 2005, Stuebing relocated *** metal calendar slides machines to its sister company, Varilla, in Mexico, thereby decreasing its U.S. production ***. Stuebing's producer questionnaire response, section II-2.

⁹ Stuebing is the only company to report imports of metal calendar slides from nonsubject sources. All of Stuebing's imports of metal calendar slides are from Varilla. Stuebing's importer questionnaire response, section II-9.

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Materials

The main raw material used in the production of metal calendar slides is cold-rolled steel sheet. Cold-rolled steel sheet prices were significantly higher in nominal terms in 2005 than in 2002, but down from their recent peak in mid-to-late 2004 (figure V-1). Since late 2005, the average monthly price of cold-rolled steel sheet has remained at around \$633 per ton.

Transportation Costs to the U.S. Market

Transportation costs for metal calendar slides to the United States (excluding U.S. inland transportation costs) are estimated to be equivalent to approximately 8.8 percent of the total customs value for metal calendar slides imported from Japan in 2005. These estimates are derived from official import data and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared with customs value.¹

U.S. Inland Transportation Costs

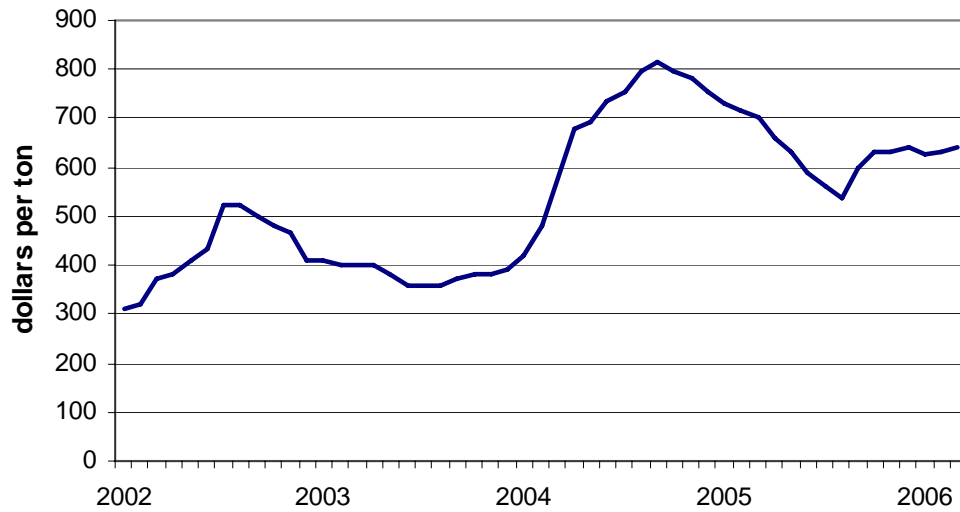
*** reported it has no knowledge of U.S. inland transportation costs, because they are paid by its customers.² *** reported that U.S. inland transportation costs were equivalent to *** percent of the cost of metal calendar slides purchased from *** and *** percent of the cost of metal calendar slides purchased from ***.³ *** reported that it arranged delivery and shipped *** percent of its metal calendar slides over 1,000 miles and *** percent between 101 and 1,000 miles, and that it served the entire U.S. market. According to ***, transportation costs may vary depending on the size of the shipment.

¹ These estimates are based on HTS statistical reporting number 7326.90.1000.

² Staff telephone interview with ***.

³ ***.

Figure V-1
Cold-rolled steel sheets: Average monthly price in dollars per ton, January 2002-March 2006



Source: Purchasing Magazine.

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that both the nominal and real values of the Japanese yen appreciated relative to the U.S. dollar from January 2002 to March 2004 (figure V-2). The value of the yen relative to the U.S. dollar remained relatively stable during 2004, but the yen depreciated against the dollar in 2005.

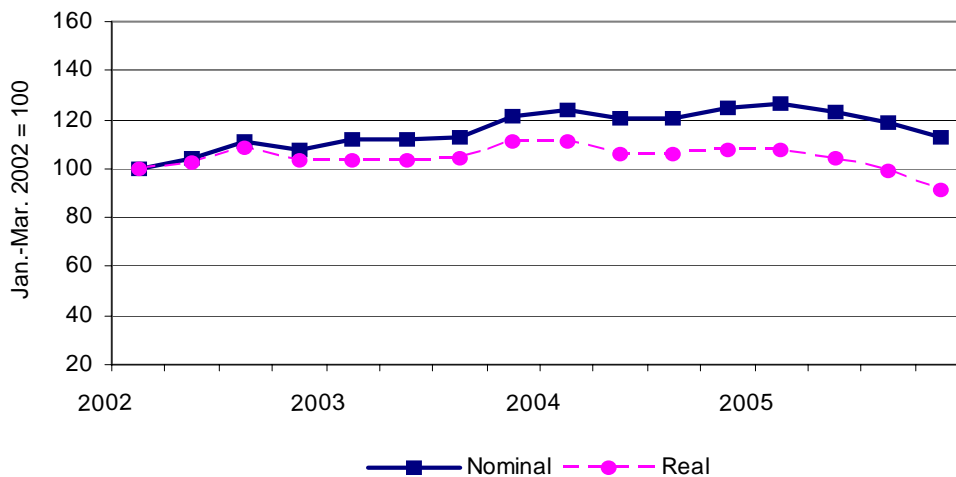
PRICING PRACTICES

Pricing Methods

Stuebing reported using *** to market metal calendar slides. Stuebing reported that it does not enter into contracts with customers or sell on a spot sales basis; rather, customers place blanket purchase orders based on Stuebing's set price lists, which Stuebing then fills in either single or multiple deliveries.⁴

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

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



Source: International Monetary Fund, *International Financial Statistics*, retrieved from <http://ifs.apdi.net/imf/about.asp> on May 12, 2006.

Sales Terms and Discounts

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

Price Trends

Petitioner reported that it has been unable to pass along increased raw material costs to its largest customer.⁵ Stuebing reduced prices for *** in March 2004 and offered to match *** prices in June 2004.⁶ It was able to pass on price increases to some customers in 2004 and 2005.⁷ Respondents argued that subject imports could not have depressed prices in the U.S. market when the price of the domestic like product increased during periods when subject import volume increased.⁸

PRICE DATA

The Commission requested U.S. producers and importers⁹ of metal calendar slides to provide quarterly data for the total quantity and f.o.b. value of metal calendar slides that were shipped to unrelated customers in the U.S. market. Importers also were asked to report the quantity and value for direct import

⁵ Petitioner's prehearing brief, app. C, pp. 13-14.

⁶ Hearing transcript, p. 91 (Ramp).

⁷ Petitioner's posthearing brief, app. 1, p. 6, and hearing transcript, p. 88 (Blumberg).

⁸ Norwood's posthearing brief, p. 13.

⁹ ***, so there are no selling price data from importers.

purchases of metal calendar slides from Japan. Data were requested for the period January 2002 to December 2005.¹⁰ The products for which pricing data were requested are as follows:

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

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

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

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

Stuebing provided usable pricing data for sales of the requested products, and Norwood provided usable pricing data for purchases of the requested products, although neither firm reported pricing for all products for all quarters. By quantity, pricing data for the four requested sizes of metal calendar slides reported by these firms accounted for approximately *** percent of the U.S. producer's shipments of metal calendar slides in the U.S. market in 2005 and *** percent of U.S. imports from Japan in 2005. The pricing data are presented in tables V-1-V-4 and figures V-3-V-6.

Table V-1

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

* * * * *

Table V-2

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

* * * * *

Table V-3

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

* * * * *

¹⁰ Supplemental questionnaires were also mailed to producers, importers, and purchasers asking for quarterly data for the period January 2006 to March 2006. No usable pricing information was provided by any firm.

Table V-4

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

* * * * *

Figure V-3

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

* * * * *

Figure V-4

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

* * * * *

Figure V-5

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

* * * * *

Figure V-6

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

* * * * *

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

Price Comparisons

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

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

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

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

LOST SALES AND LOST REVENUES

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

Table V-5
Stuebing’s lost sales allegations

* * * * * * *

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

* * * * * * *

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

With regard to the lost revenue allegations, *** stated that although the Japanese supplier became Norwood’s preferred supplier because of quality issues, Norwood anticipated that it would continue to place special orders with Stuebing on occasion. In March 2004, Stuebing offered Norwood reduced prices in response to Norwood’s request for quotation, and Norwood paid the prices quoted by Stuebing for special orders in 2004.¹¹ The price cited in table V-6 as the “rejected” price was the price Norwood paid Stuebing for metal calendar slides until late 2003. The price cited in table V-6 as the “revised” price was the price Stuebing offered Norwood in its March 2004 quote.¹²

¹¹ Hearing transcript, p. 92 (Goldberg).

¹² Hearing transcript, p. 91 (Ramp).

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

BACKGROUND

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

Stuebing's U.S. producer questionnaire response was verified by staff on June 15 and June 16, 2006. Changes pursuant to verification are reflected in this and other affected sections of the report.²

All of Stuebing's sales were classified as commercial sales and reflect both U.S. commercial shipments and export shipments. As noted in a previous section of this report, calendar slide sales are seasonal in nature. Stuebing's financial results, which reflect *** in both interim periods, should be considered with this seasonality in mind.

Stuebing physically relocated *** of its metal calendar-slide making machines to Mexico in early 2005.³ In addition to physical assets, ***.⁴

With respect to its activity after the establishment of calendar slide operations in Mexico, Stuebing explained that "****".⁵

OPERATIONS ON METAL CALENDAR SLIDES

Income-and-loss data for Stuebing's U.S.-produced calendar slides are presented in table VI-1 and on an average unit basis in table VI-2. Because the financial results reflect changes in period-to-period product mix, a variance analysis on calendar slide operations is not presented.⁶ Stuebing's overall establishment financial results, with adjustments, are presented in table VI-3.⁷

Table VI-1

Metal calendar slides: Results of operations, 2002-05, January-March 2005, and January-March 2006

* * * * *

Table VI-2

Metal calendar slides: Results of operations (*per slide*), 2002-05, January-March 2005, and January-March 2006

* * * * *

¹ During the full-year periods examined, Stuebing's U.S.-produced metal calendar slides ranged from *** percent to *** percent of its overall establishment sales. The difference is generally accounted for by ***.

² Stuebing verification report, July 5, 2005.

³ ***.

⁴ Stuebing described these ***. Fax (second) from counsel for Stuebing, July 27, 2005.

⁵ E-mail attachment from counsel for Stuebing, May 24, 2006. ***.
***.

In response to a question regarding the extent to which Stuebing provides support such as engineering to the Mexican operation, the company stated that ***. Ibid.

⁶ "****." Letter with attachments from counsel for Stuebing, July 19, 2005.

⁷ ***.

Table VI-3
Stuebing's overall establishment financial results (with adjustments): Results of operations, 2002-05

* * * * *

A notable feature of the period was the decline, beginning in 2004 and accelerating in 2005, in Stuebing's sales of U.S.-produced metal calendar slides which was also accompanied by absolute and relative declines in profitability. Full-year gross profit as a percent of sales peaked in 2003 and subsequently declined to its lowest full-year level in 2005. This decline, despite an increase in average sales value,⁸ was due to higher relative increases in raw material costs, direct labor, and other factory costs.⁹

According to Stuebing ***.¹⁰ ¹¹ ***.¹²

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Data on capital expenditures and research and development ("R&D") expenses are shown in table VI-4.

Stuebing's ***.¹³ R&D expenses were described as follows: "****."¹⁴

Table VI-4
Metal calendar slides: Capital expenditures and R&D expenses, 2002-05, January-March 2005, and January-March 2006

* * * * *

ASSETS AND RETURN ON INVESTMENT

The reported value of assets and calculated return on investment are shown in table VI-5. The increase in Stuebing's total assets at the end of calendar year 2005 is primarily due to ***.¹⁵ ***.

Table VI-5
Metal calendar slides and overall establishment operations: Value of assets and return on investment, 2002-05, January-March 2005, and January-March 2006

* * * * *

⁸ ***.

⁹ ***. ***.

¹⁰ E-mail attachment from counsel for Stuebing, May 24, 2006. ***. Stuebing's May 9, 2006 e-mail response to staff follow-up questions.

¹¹ ***.

¹² Stuebing verification report, July 5, 2006, p. 8.

¹³ Based on information contained in Stuebing's 2002 through 2004 overall establishment financial statements, the line item "depreciation/amortization" presented in table VI-1 is divided approximately ***.

¹⁴ Letter with attachments from counsel for Stuebing, July 19, 2005.

¹⁵ ***.

CAPITAL AND INVESTMENT

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

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

“***.”

PART VII: THREAT CONSIDERATIONS

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

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

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

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

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

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

(V) inventories of the subject merchandise,

(VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products,

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

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

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

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

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

THE INDUSTRY IN JAPAN

Petitioner alleged that there are four known producers of metal calendar slides in Japan: Nishiyama Kinzoku Co., Ltd. ("Nishiyama"); Sanko Shoji KK ("Sanko"); Taiyo Shoko KK ("Taiyo"); and KK Shino Kanagu ("KK Shino"). Additionally, BSI Corp. ("BSI") is the export agent for Nishiyama. No questionnaire responses were received from Sanko, Taiyo, or KK Shino during the preliminary or final phases of this investigation. The petition acknowledged that Nishiyama is the only confirmed producer of metal calendar slides for export to the United States.³

Nishiyama provided data in response to the Commission's foreign producers' questionnaire, and metal calendar slide sales accounted for *** percent of its total sales in 2005.⁴ There were no imports of the subject product in 2002 and Nishiyama's exports to the United States accounted for all known imports of the subject product into the United States from 2003 to March 2006.

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

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

³ Petition, p. 8.

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

⁵ Norwood's prehearing brief, pp. 8 and 60.

⁶ Norwood's prehearing brief, pp. 62-64, and hearing transcript, p. 241 (Moran).

⁷ Petition, p. 33 and hearing transcript, pp. 140-141 (Blumberg). Little information is available on the size of the metal calendar slides market in Japan. The petition cited a private market research firm which noted that Nishiyama is the *** manufacturer of metal calendar slides in Japan, accounting for *** percent with sales of *** in 2003. The

(continued...)

acknowledged that demand for metal calendar slides in Japan has experienced a “drop off,” but expects demand to “stay steady.”⁸ Nishiyama reported that the metal calendar slides that it exports to the United States are measured in inches and made to the exact specification of Norwood and that it does not sell the same metal calendar slides in its home market.⁹ Nishiyama began exporting to the United States in 2003. As mentioned earlier, Norwood decided in 2004 to attempt to source all of its metal calendar slides needs from Nishiyama in the future, thereby potentially increasing Nishiyama’s exports to the United States.¹⁰

Data for Nishiyama are presented in tables VII-1 (annual) and VII-1A (semi-annual). Nishiyama’s capacity to produce metal calendar slides in Japan was *** U.S. apparent consumption during 2002-05. During the period 2002 to 2005, Nishiyama’s capacity to produce metal calendar slides in Japan held steady at *** slides. During this same period, Nishiyama’s production increased by *** percent, with capacity utilization ranging from *** percent. Projections for 2006 and 2007 show Nishiyama’s capacity utilization at *** percent. Nishiyama reported that most of its production capacity for metal calendar slides is dedicated to producing slides in *** and that it only produces slides in ***.¹¹ Nishiyama reported *** capacity utilization.

Nishiyama’s home market shipments accounted for the majority of total shipments, declined by *** percent from 2002 to 2005, and are expected to remain at that level during 2006 and 2007.¹² Exports to the United States in 2005 were *** slides, *** times as *** as exports to Nishiyama’s *** slides, and are projected to remain so in 2006 and 2007. Nishiyama’s exports to the United States increased from zero in 2002 to *** slides during 2003, *** to *** slides during 2004, further increased to *** slides during 2005, and are projected to remain steady at *** slides in 2006 and 2007.

Due to the seasonality of the calendar business, Nishiyama’s inventories were higher in the first part of the year, from January to June, and were drawn down in the second part of the year, from July to December in 2002 to 2005. Nishiyama carried higher inventory levels than Stuebing during the period of investigation, with the ratio of inventories to total shipments ranging from *** percent to *** percent during 2002 to 2005. This ratio is projected to decline to *** percent in 2006 and to *** percent in 2007. Nishiyama reported that it maintains *** inventories to meet *** delivery on orders in its home market.¹³ All of Nishiyama’s inventory are metal calendar slides cut to metric lengths for its home market and its *** in Hong Kong.¹⁴

⁷ (...continued)

private market research firm also reported that the metal calendar slides market in Japan has declined from approximately *** slides per year to *** slides per year as a result of the shift to paper slides. Hearing transcript, pp. 45-46 (Goldberg).

⁸ Hearing transcript, pp. 240-241 (Moran).

⁹ Nishiyama’s prehearing brief, p. 30. Only approximately *** of Nishiyama’s machines can produce metal calendar slides in lengths of “***.” Nishiyama’s posthearing brief, p. 11. Stuebing argued that “it would take but a few minutes, at most, to fix one of Nishiyama’s machines up to produce the slides that were measured in inches instead of millimeters.” Hearing transcript, p. 147 (Blumberg).

¹⁰ Hearing transcript, pp. 201 (Shoen) and 231 (Harris).

¹¹ Hearing transcript, p. 288 and 287 (Moran) and Nishiyama’s prehearing brief, p. 30.

¹² Stuebing argued that this “continued shift in Japan away from metal calendar slides would free up capacity, increasing the pressure on Nishiyama to increase shipments to the U.S. market.” Hearing transcript, pp. 56 and 57 (Szamosszegi).

¹³ E-mail from Lyle Vander Schaaf, counsel for Nishiyama, August 3, 2005.

¹⁴ Norwood’s prehearing brief, p. 65. Norwood and Nishiyama both stated that all of Nishiyama’s exports to the United States for sale to its single customer, Norwood, are produced to order. Nishiyama argued that it would not maintain inventory for “U.S.-sized” slides because it does not sell slides to Norwood pursuant to any long-term contracts or blanket orders and it would risk the possibility of having inventory that could not be sold in Japan.

(continued...)

Table VII-1

Metal calendar slides: Nishiyama's production capacity, production, shipments, and inventories, 2002-05, January-March 2005, January-March 2006, and projected 2006-07

* * * * *

Table VII-1A

Metal calendar slides: Nishiyama's production capacity, production, shipments, and inventories, January-June 2002-05, and July-December 2002-05

* * * * *

U.S. INVENTORIES OF METAL CALENDAR SLIDES

U.S. importers' inventory holdings are shown in tables VII-2 (annual) and VII-2A (semi-annual). Reported inventories of subject imports increased substantially in quantity during the period examined, particularly during the interim periods. Norwood, the only importer of the subject product, reported that it plans to continue carrying an inventory of imported metal calendar slides.¹⁵

Table VII-2

Metal calendar slides: U.S. importers' end-of-period inventories of imports, 2002-05, January-March 2005, and January-March 2006

* * * * *

Table VII-2A

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

* * * * *

DUMPING IN THIRD COUNTRY MARKETS AND PRODUCT SHIFTING

Based on available information, metal calendar slides from Japan have not been subject to any other import relief investigation. Nishiyama's only other export market is Hong Kong. There are currently no antidumping orders on metal calendar slides in any WTO member countries. Aside from metal calendar slides, Nishiyama also produces higher valued products such as binding machines, birdcages, and metal dog houses.¹⁶ Given that these products are "very different" in production process than metal calendar slides, Nishiyama reportedly cannot shift its production away from these products to increase its production of metal calendar slides.¹⁷

¹⁴ (...continued)

Nishiyama's posthearing brief, p. 12.

¹⁵ See section IV for a discussion of Norwood's plans for sourcing metal calendar slides.

¹⁶ Hearing transcript, p. 238 (Moran) and Norwood's prehearing brief, pp. 65-66.

¹⁷ Norwood's prehearing brief, pp. 65-66.

APPENDIX A
***FEDERAL REGISTER* NOTICES**

DEPARTMENT OF COMMERCE**International Trade Administration**

[A-588-867]

**Notice of Preliminary Determination of
Sales at Less Than Fair Value: Metal
Calendar Slides from Japan**

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

SUMMARY: In response to a petition filed
by Stuebing Automatic Machine

Company (Petitioner), the U.S. Department of Commerce (the Department) initiated and is conducting an investigation of sales of metal calendar slides (MCS) from Japan for the period April 1, 2004 through March 31, 2005. See *Notice of Initiation of Antidumping Duty Investigation: Metal Calendar Slides from Japan*, 70 FR 43122 (July 26, 2005) (*Initiation Notice*). The Department preliminarily determines that MCS from Japan are being, or are likely to be, sold in the United States at less than fair value (LTFV), as provided in section 733(b) of the Tariff Act of 1930, as amended (the Act). The estimated margins of sales at LTFV are listed in the "Suspension of Liquidation" section of this notice. Interested parties are invited to comment on this preliminary determination.

EFFECTIVE DATE: February 1, 2006.

FOR FURTHER INFORMATION CONTACT:

Scott Lindsay, Dara Iserson, or Kimberley Hunt, AD/CVD Operations, Office 6, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-0780, (202) 482-4052, or (202) 482-1272, respectively.

SUPPLEMENTARY INFORMATION:

Case History

This investigation was initiated on July 19, 2005. See *Initiation Notice*. Since the initiation of the investigation, the following events have occurred. On August 3, 2005, the Department issued a letter providing interested parties an opportunity to comment on a proposed set of model-match criteria. We received comments in response to this letter from Petitioner and Nishiyama Kinzoku Co., Ltd. (Nishiyama). On August 17, 2005. Based on these submissions, we determined the appropriate model-match characteristics. See Memorandum to Maria MacKay through Thomas Gilgunn, "Selection of Model Matching Criteria for Purposes of the Antidumping Duty Questionnaire" (September 26, 2005).

On August 11, 2005, the United States International Trade Commission (ITC) preliminarily determined that there is a reasonable indication that imports of the products subject to this investigation are materially injuring an industry in the United States producing the domestic like product. See *Metal Calendar Slides from Japan*, 70 FR 48778 (August 19, 2005) (*ITC Preliminary Determination*).

On September 21, 2005, the Department selected Nishiyama

Kinzoku Co., Ltd. (Nishiyama) as the sole respondent in this investigation. See *Respondent Selection* section below. The Department issued its section A of the questionnaire to Nishiyama on September 21, 2005 and sections B–D on September 27, 2005.¹ Nishiyama submitted its response to section A on October 28, 2005, and its response to sections B and C on November 14, 2005. The Department issued a supplemental questionnaire to Nishiyama on December 7, 2005. We received the supplemental response for sections A–C on December 27, 2005. Nishiyama submitted its section D response on December 30, 2005.

On November 2, 2005, Nishiyama notified the Department of its intention to use its fiscal year (FY) (calendar year 2004), rather than the period of investigation (POI), as the basis for reporting variable manufacturing cost and total manufacturing cost in its November 14, 2005 sections B and C responses. Petitioner commented on this cost reporting period shift in its November 25, 2005 submission. On November 28, 2005, the Department requested additional information from Nishiyama in order to determine the appropriateness of its use of its FY costs. Based on our analysis of Nishiyama's December 12, 2005 response, we allowed the shift because there were no significant cost differences between the periods. See Letter from Barbara E. Tillman to Nishiyama, "Antidumping Duty Investigation of Metal Calendar Slides from Japan" (December 27, 2005).

On November 10, 2005, Petitioner requested that the Department extend the preliminary determination in this investigation from December 6, 2005 to January 25, 2006. We postponed the preliminary determination to January 25, 2006, under section 733(c)(1) of the Act. See *Notice of Postponement of Preliminary Determination in the Antidumping Duty Investigation of Metal Calendar Slides from Japan*, 70 FR 70059 (November 21, 2005).

On January 19, 2006, Petitioner submitted comments regarding the preliminary determination. Due to the

¹ Section A of the questionnaire requests general information concerning a company's corporate structure and business practices, the merchandise under investigation that it sells, and the manner in which it sells that merchandise in all of its markets. Section B requests a complete listing of all home market sales, or, if the home market is not viable, of sales in the most appropriate third-country market (this section is not applicable to respondents in non-market economy (NME) cases). Section C requests a complete listing of U.S. sales. Section D requests information on the cost of production (COP) of the foreign like product and the constructed value (CV) of the merchandise under investigation.

statutory deadline governing this investigation, we were unable to fully analyze these comments for the purposes of the preliminary determination. If necessary, the Department will issue an additional supplemental questionnaire to clarify issues raised by Petitioner.

Although critical circumstances were not alleged in the petition, Petitioner maintained that there is a reasonable basis to believe or suspect that critical circumstances will exist with regard to imports of MCS from Japan. See *Petition for Imposition of Antidumping Duties on Metal Calendar Slides from Japan* (June 29, 2005) (*Petition*). In the *Petition*, Petitioner requested that the Department monitor imports of MCS pursuant to section 351.206(g) of the Department's regulations. In the *Initiation Notice*, the Department stated that it would monitor imports of MCS from Japan and would request that U.S. Customs and Border Protection (CBP) compile information on an expedited basis regarding entries of the subject merchandise. *Initiation Notice*, 70 FR at 43124.

The Department has obtained CBP data covering entries of subject merchandise from January 1, 2003, through October 31, 2005. We placed this data on the record on January 10, 2006. See Memorandum to the File from Dara Iserson, "Antidumping Duty Investigation of Metal Calendar Slides from Japan: The Placing of U.S. Bureau of Customs and Border Protection IM-115 Data on the Record" (January 10, 2006). In addition, Nishiyama submitted to the Department the volume and value of its monthly shipments to the United States for the period 2003 through 2005. On January 19, 2006, Petitioner alleged critical circumstances. Pursuant to section 351.206(c)(2)(ii) of the Department's regulations, the Department will issue its preliminary finding with respect to critical circumstances within 30 days of Petitioner's allegation.

Respondent Selection

Section 777A(c)(1) of the Act directs the Department to calculate individual dumping margins for each known exporter and producer of the subject merchandise. In the *Petition*, Petitioners identified five potential producers and exporters of MCS in Japan: Nishiyama, BSI Corp., Sanko Shoji KK, Taiyo Shoko KK, and KK Shino Kanagu. On August 5, 2005, the Department sent a cable to the U.S. Embassy in Tokyo, Japan requesting information about the potential producers/exporters of MCS. See Memorandum to the File from Dara Iserson, "Metal Calendar Slides from

Japan - Mini Quantity and Value Questionnaire Responses and Respondent Selection" (September 21, 2005) (placing the cable to the embassy on the record) (*Mini Q&V Memorandum*). The Embassy's August 9, 2005, reply confirmed that Nishiyama produced MCS and exported MCS to the United States. In addition, Sanko Shoji KK, Taiyo Shoko KK, and KK Shino Kanagu each informed the U.S. Embassy that they produce MCS and distribute them in the Japanese market, but do not directly export MCS to the United States. Finally, the U.S. Embassy stated that it was unable to obtain any information regarding BSI Corp.

On August 18, 2005, the Department sent Nishiyama, BSI Corp., Sanko Shoji KK, Taiyo Shoko KK, and KK Shino Kanagu letters requesting information on the total quantity and value of MCS that each produced and/or exported to the United States during the POI. We also requested that, if the company did not produce the product, it provide the Department with the total quantity and value of subject merchandise that it exported to the United States during the POI. On August 26, 2005, we received a response from BSI Corp. certifying that it neither produced nor exported subject merchandise to the United States during the POI. On August 31, 2005, we received a response from Nishiyama certifying the amount of in-scope merchandise it produced in Japan and exported to the United States during the POI. On September 7, 2005, we received a response from Sanko Shoji KK, certifying that it has never made shipments of MCS to the United States and that it has only made sales in its home market. To date, the Department has not received a response from Taiyo Shoko KK or KK Shino Kanagu.

Based on our analysis of the information collected by the U.S. Embassy and the information provided in responses to the letters requesting quantity and value information, we determined that Nishiyama was the only known exporter of metal calendar slides to the United States. See *Mini Q&V Memorandum*. Therefore, Nishiyama is the sole respondent in this investigation and the Department has calculated an individual dumping margin for the company. See section 777A(c)(2)(B) of the Act. See *Mini Q&V Memorandum* (providing the complete analysis of the respondent selection).

Period of Investigation

The POI is April 1, 2004 through March 31, 2005. This period corresponds to the four most recent fiscal quarters prior to the month of filing of the Petition (*i.e.*, June 2005)

involving imports from a market economy, and is in accordance with the Department's regulations. See 19 CFR 351.204(b)(1).

Scope of Investigation

For the purpose of this investigation, the product covered is MCS. The products covered in this investigation are "V" and/or "U" shaped MCS manufactured from cold-rolled steel sheets, whether or not left in black form, tin plated or finished as tin free steel (TFS), typically with a thickness from 0.19 mm to 0.23 mm, typically in lengths from 152 mm to 915 mm, typically in widths from 12 mm to 29 mm when the slide is lying flat and before the angle is pressed into the slide (although they are not typically shipped in this "flat" form), that are typically either primed to protect the outside of the slide against oxidization or coated with a colored enamel or lacquer for decorative purposes, whether or not stacked, and excluding paper and plastic slides. MCS are typically provided with either a plastic attached hanger or eyelet to hang and bind calendars, posters, maps or charts, or the hanger can be stamped from the metal body of the slide itself. These MCS are believed to be classified under Harmonized Tariff Schedule of the United States (HTSUS) subheading 7326.90.1000 (Other articles of iron and steel: Forged or stamped; but not further worked: Other: Of tinsplate). This HTSUS number is provided for convenience and U.S. Customs and Border Protection purposes. The written description of the scope of this investigation is dispositive.

Date of Sale

Nishiyama reported invoice date as the date of sale for both the home and U.S. markets. Nishiyama maintains that it makes no contract sales in either market. As such, Nishiyama maintains that its invoice, issued at the time of shipment, is the first document that establishes the price and quantity of the sale. Nishiyama contends that although its home market and U.S. customers issue purchase orders, the terms of sale including the quantity and price may change at any point up to the time of shipment. Nishiyama submitted documentation for home market and U.S. sales for which the terms of sale shown on the invoices differed from the terms of sale on the purchase orders. Because the material terms of sale are established when the invoice is issued, and because of our presumption that invoice date is the date of sale, as stated in section 351.401(i) of the Department's regulations, we are using invoice date as

the date of sale for all of Nishiyama's sales in both markets.

Cost Reporting Period

As noted above, on November 2, 2005, Nishiyama notified the Department that it intended to report its total cost of manufacturing and variable cost of manufacturing for its November 14, 2005 section B and C responses based on the company's FY rather than the POI. On November 28, 2005, the Department issued a cost period shift questionnaire. Based on our analysis of Nishiyama's December 12, 2005 response, we allowed the shift, because there were no significant cost differences between the two periods. See Letter to Nishiyama, Re: "Antidumping Investigation of Metal Calendar Slides from Japan" (December 27, 2005).

Fair Value Comparisons

To determine whether sales of MCS to the United States were made at LTFV, we compared export price (EP) to normal value (NV), as described in the "U.S. Price" and "Normal Value" sections below.

U.S. Price

Section 772(a) of the Act defines EP as "the price at which the subject merchandise is first sold (or agreed to be sold) before the date of importation by the producer or exporter of subject merchandise outside of the United States to an unaffiliated purchaser in the United States or to an unaffiliated purchaser for exportation to the United States . . .," as adjusted under subsection (c). For purposes of this investigation, Nishiyama classified all of its U.S. sales as EP sales. Nishiyama has reported that it sold and shipped the subject merchandise directly to unaffiliated customers in the U.S. market and that it did not make any U.S. sales through an affiliated U.S. importer. Therefore, we preliminarily determine that Nishiyama's transactions were EP sales.

We calculated the EP in accordance with section 772(a) of the Act. We based EP price on Nishiyama's Cost and Freight (C&F) price to its unaffiliated U.S. customers. We then made appropriate deductions for foreign inland freight, domestic brokerage, and international freight pursuant to section 772(c) of the Act.

Normal Value

A. Selection of Comparison Market

Section 773(a)(1) of the Act directs the Department to calculate NV based on the price at which the foreign like product is first sold in the home market,

provided that the merchandise is sold in sufficient quantities (or value, if quantity is inappropriate), and that there is no particular market situation that prevents a proper comparison with the EP. Under the statute, the Department will normally consider quantity (or value) insufficient if it is less than five percent of the aggregate quantity (or value) of sales of the subject merchandise to the United States. See Section 773(a)(1)(C) of the Act. We found that Nishiyama had a viable home market for MCS. As such, Nishiyama submitted its home market sales data for the calculation of NV. In deriving NV, we made adjustments as detailed in the "Calculation of Normal Value Based on Home Market Prices" section below.

C. Cost of Production Analysis

On December 2, 2005, Petitioner alleged that Nishiyama made sales in the home market at less than the cost of production (COP). Based on these allegations, and in accordance with section 773(b)(2)(A)(I) of the Act, we found reasonable grounds to believe or suspect that MCS sales were made in Japan at prices below the COP. See Memorandum from the Team to Barbara E. Tillman, "Petitioner's Allegation of Sales Below the Cost of Production for Nishiyama Kinzoku Co., Ltd. (Nishiyama)" (December 14, 2005). As a result, the Department is conducting an investigation to determine whether Nishiyama made home market sales of MCS at prices below COP during the POI within the meaning of section 773(b) of the Act.

1. Calculation of Cost of Production

In accordance with section 773(b)(3) of the Act, we calculated a weighted-average COP based on the sum of the cost of materials and fabrication for the foreign like product, plus amounts for the home market selling, general, and administrative (SG&A) expenses, including interest expenses and packing expenses. We relied on the COP data submitted by Nishiyama in its cost questionnaire responses, except as noted below:

- we revised Nishiyama's reported financial expense rate to include certain exchange losses;
- we revised the reported cost of goods sold denominator used to calculate both the G&A and financial expense rates to account for the ending finished goods inventory, and to deduct certain selling expenses, and packing costs.

For further details regarding these adjustments, see Memorandum from Ernest Gzyrian to the File, "Cost of Production and Constructed Value

Calculation Adjustments for the Preliminary Determination - Nishiyama Kinzoku, Co., Ltd." (January 25, 2005) (*COP Memo*).

2. Test of Home Market Sales Prices

We compared the weighted-average COP for Nishiyama to its home market sales prices of the foreign like product, as required under section 773(b) of the Act, to determine whether these sales had been made at prices below the COP within an extended period of time (*i.e.*, a period of one year) in substantial quantities, and whether such prices were sufficient to permit the recovery of all costs within a reasonable period of time. On a model-specific basis, we compared the COP to the home market prices, less any applicable movement charges, discounts, rebates, and direct and indirect selling expenses.

3. Results of the COP Test

Pursuant to section 773(b)(2)(C) of the Act, where less than 20 percent of the respondent's sales of a given product during the POI are at prices less than the COP, we do not disregard any below-cost sales of that product, because we determine that in such instances the below-cost sales were not made in substantial quantities. Where 20 percent or more of the respondent's sales of a given product during the POI are at prices less than the COP, we determine that the below-cost sales represent substantial quantities within an extended period of time, in accordance with section 773(b)(1)(A) of the Act. In such cases, we also determine whether such sales were made at prices which would not permit recovery of all costs within a reasonable period of time, in accordance with section 773(b)(1)(B) of the Act.

We found that more than 20 percent of Nishiyama's home market sales of a given product during the POI were at prices below the COP, and in addition, the below-cost sales of the product were at prices which would not permit recovery of all costs within a reasonable time period, in accordance with section 773(b)(2)(D) of the Act. We therefore excluded these sales and used the remaining sales, if any, as the basis for determining NV, in accordance with section 773(b)(1) of the Act.

D. Calculation of Normal Value Based on Home Market Prices

We calculated NV based on ex-works, "free on board," or delivered prices to home market customers. We recalculated the starting price taking into account, where appropriate, billing adjustments and rebates in accordance with section 773(a)(6)(B)(iii) of the Act.

In accordance with 19 CFR 351.401(c), we added other revenue (*e.g.*, inland freight revenue), where applicable. Pursuant to section 773(a)(6)(B)(ii) of the Act, we made deductions from the starting price for inland freight, when appropriate. In accordance with sections 773(a)(6)(A) and (B) of the Act, we added U.S. packing costs and deducted home market packing, respectively. In accordance with section 773(a)(6)(iii) of the Act and 19 CFR 351.410(c-d), we made circumstances of sale adjustments for direct selling expenses, bank charges, and credit expenses.

We also made adjustments, in accordance with 19 CFR 351.410(e), for indirect selling expenses incurred on comparison market or U.S. sales where commissions were granted on sales in one market but not in the other (*i.e.*, commission offset). Specifically, where commissions were incurred in the U.S. market, but not in the home market, we limited the amount of the commission offset to the lesser of indirect selling expenses (including inventory carrying cost) incurred in the home market or the commissions paid in the U.S. market.

F. Level of Trade

In accordance with section 773(a)(1)(B)(I) of the Act, to the extent practicable, we determine NV based on sales in the home market at the same LOT as U.S. sales. See 19 CFR 351.412. The NV LOT is the level of the starting-price sale in the home market. For EP, the U.S. LOT is based on the starting price, which is usually from the exporter to the importer.

To determine whether NV sales are at a different LOT than EP sales, we examine stages in the marketing process and selling functions along the chain of distribution between the producer and the unaffiliated customer in the home market. If the comparison-market sales are at a different LOT, and the difference affects price comparability, as manifested in a pattern of consistent price differences between the sales on which NV is based and comparison-market sales at the LOT of the export transaction, we make an LOT adjustment under section 773(a)(7)(A) of the Act.

In the current investigation, Nishiyama claimed two levels of trade in the home market and a single separate level of trade in the U.S. market. In addition, Nishiyama requested an LOT adjustment. Nishiyama maintains that its HM "LOT 1" sales are made to large calendar manufacturers who provide estimates of projected MCS purchases for the entire year. Nishiyama maintains that these estimates eliminate the need for the

extensive coordination between sales and production that is required on "order by order" sales and enables Nishiyama to produce MCS during the non-peak season. Nishiyama contends that the "LOT 2" sales are made to small calendar manufacturers that do not provide estimates to Nishiyama, rather, Nishiyama produces MCS for these customers on an "order by order" basis. Nishiyama maintains that there is a shorter production lead time for this type of customer. Nishiyama also maintains that it has to make significant additional efforts to coordinate sales and production due to the shorter delivery schedules, smaller orders, and level of customization. Nishiyama claims that the U.S. sales more closely correspond to "LOT 1" because the U.S. customers place orders with longer lead times and do not require significant time for coordination with the customer.

In our original questionnaire and our supplemental questionnaire, we asked Nishiyama to provide a complete list of all the selling activities performed and services offered in the U.S. market and the home market for each claimed LOT. Pursuant to 19 CFR 351.412(c)(2), substantial differences in selling activities are a necessary condition for determining there is a difference in the stage of marketing. While Nishiyama claimed that there were some differences between these distribution channels, which it claimed constitute separate LOTs, we find that these differences are not differences in selling functions and do not create two LOTs. Information submitted by Nishiyama with respect to its claimed LOTs primarily focused on the differences in the lead times for the order, the size of the manufacturers making the orders, and the amount of coordination needed when dealing with large versus small manufacturers. Nishiyama did not submit any information on the specific selling activities and functions for each proposed LOT nor did it define the stages of marketing of each proposed LOT. Nishiyama has not demonstrated substantial differences in the selling activities in the U.S. market and home market. As such, Nishiyama has not adequately supported its claim that it has two LOTs in the home market and a different, separate LOT in the U.S. market, or that we should grant it an LOT adjustment.

Currency Conversions

We made currency conversions into U.S. dollars in accordance with section 773A of the Act based on exchange rates in effect on the dates of the U.S. sales, as obtained from the Federal Reserve

Bank (the Department's preferred source for exchange rates).

Verification

In accordance with section 782(i) of the Act, we will verify the questionnaire responses of Nishiyama before making our final determination.

Suspension of Liquidation

In accordance with section 733(d)(2) of the Act, we are directing CBP to suspend liquidation of all entries of MCS from Japan that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**. We are also instructing CBP to require a cash deposit or the posting of a bond equal to the weighted-average dumping margins as indicated in the chart below. These instructions suspending liquidation will remain in effect until further notice.

The weighted-average dumping margins are as follows:

Producer/Exporter	Weighted-Average Margin (Percentage)
Nishiyama Kinzoku Co., Ltd.	7.68%
All Others	7.68%

Disclosure

In accordance with 19 CFR 351.224(b), the Department will disclose to interested parties, the calculations performed in this preliminary determination within five days of the date of the public announcement.

Public Comment

Interested parties are invited to comment on the preliminary determination. Interested parties may submit case briefs either 50 days after the date of publication of this notice or ten days after the issuance of the verification reports, whichever is later. See 19 CFR 351.309(c)(1)(I). Rebuttal briefs, the content of which is limited to the issues raised in the case briefs, must be filed within five days after the deadline for the submission of case briefs. See 19 CFR 351.309(d). A list of authorities used, a table of contents, and an executive summary of issues should accompany any briefs submitted to the Department. Executive summaries should be limited to five pages total, including footnotes.

In accordance with section 774 of the Act, we will hold a public hearing, if requested, to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs. If a request for a hearing is made, we will tentatively hold the hearing two days

after the deadline for submission of rebuttal briefs at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230, at a time and in a room to be determined. Parties should confirm by telephone the date, time, and location of the hearing 48 hours before the scheduled date.

Interested parties who wish to request a hearing, or to participate in a hearing if one is requested, must submit a written request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, within 30 days of the date of publication of this notice. Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; and (3) a list of the issues to be discussed. At the hearing, oral presentations will be limited to issues raised in the briefs. See 19 CFR 351.310(c). Unless the Department receives a request for a postponement pursuant to section 735(a)(2) of the Act, the Department will make its final determination no later than 75 days after the date of this preliminary determination. See section 735(a)(1) of the Act.

International Trade Commission Notification

In accordance with section 733(f) of the Act, we have notified the ITC of the Department's preliminary affirmative determination. If the final determination in this proceeding is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after the final determination whether imports of MCS from Japan are materially injuring, or threatening material injury to, the U.S. industry. See section 735(b)(2) of the Act.

This determination is issued and published pursuant to sections 733(f) and 777(i)(1) of the Act.

Dated: January 25, 2006.

David M. Spooner,

Assistant Secretary for Import Administration.

[FR Doc. E6-1348 Filed 1-31-06; 8:45 am]

BILLING CODE 3510-DS-S

**INTERNATIONAL TRADE
COMMISSION**

[Investigation No. 731-TA-1094 (Final)]

Metal Calendar Slides From Japan

AGENCY: United States International Trade Commission.

ACTION: Scheduling of the final phase of an antidumping investigation.

SUMMARY: The Commission hereby gives notice of the scheduling of the final phase of antidumping investigation No. 731-TA-1094 (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 Japan of metal calendar slides, provided for in subheading 7326.90.10 of the Harmonized Tariff Schedule of the United States.¹

For further information concerning the conduct of this phase of the investigation, 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).

DATES: Effective February 1, 2006.

FOR FURTHER INFORMATION CONTACT:

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

SUPPLEMENTARY INFORMATION:

Background. The final phase of this investigation is being scheduled as a result of an affirmative preliminary determination by the Department of Commerce that imports of metal calendar slides from Japan 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 investigation was requested in a petition filed on June 29, 2005, by Stuebing Automatic Machine Company, Cincinnati, Ohio.

Participation in the investigation 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 this investigation 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 the investigation 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 investigation.

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 this investigation available to authorized applicants under the APO issued in the investigation, 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 investigation. A party granted access to BPI in the preliminary phase of the investigation 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 this investigation will be placed in the nonpublic record on April 4, 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 this investigation beginning at 9:30 a.m. on April 18, 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 April 7, 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 April 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 April 11, 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 April 25, 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 investigation may submit a written statement of information pertinent to the subject of the investigation, including statements of support or opposition to the petition, on or before April 25, 2006. On May 11, 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 May 15, 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

¹ For purposes of this investigation, the Department of Commerce has defined the subject merchandise as "'V' and/or 'U' shaped metal calendar slides manufactured from cold-rolled steel sheets, whether or not left in black form, tin plated or finished as tin free steel ('TFS'), typically with a thickness from 0.19 mm to 0.23 mm, typically in lengths from 152 mm to 915 mm, typically in widths from 12 mm to 29 mm when the slide is lying flat and before the angle is pressed into the slide (although they are not typically shipped in this 'flat' form), that are typically either primed to protect the outside of the slide against oxidation or coated with a colored enamel or lacquer for decorative purposes, whether or not stacked, and excluding paper and plastic slides. Metal calendar slides are typically provided with either a plastic attached hanger or eyelet to hang and bind calendars, posters, maps or charts, or the hanger can be stamped from the metal body of the slide itself." 71 FR 5244, February 1, 2006.

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 investigation must be served on all other parties to the investigation (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: This investigation is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.21 of the Commission's rules.

Issued: February 8, 2006.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E6-2002 Filed 2-10-06; 8:45 am]

BILLING CODE 7020-02-P

DEPARTMENT OF COMMERCE**International Trade Administration****[A-588-867]****Notice of Preliminary Negative Determination of Critical Circumstances: Metal Calendar Slides From Japan.**

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

SUMMARY: The Department of Commerce (Department) has preliminarily determined that critical circumstances do not exist with respect to imports of metal calendar slides (MCS) from Japan.

EFFECTIVE DATE: February 27, 2006.

FOR FURTHER INFORMATION CONTACT:

Scott Lindsay, Dara Iserson, or Kimberley Hunt, AD/CVD Operations, Office 6, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-0780, (202) 482-4052, or (202) 482-1272, respectively.

SUPPLEMENTARY INFORMATION:**Period of Investigation**

The POI is April 1, 2004 through March 31, 2005. This period corresponds to the four most recent fiscal quarters prior to the month of filing of the *Petition for Imposition of Antidumping Duties on Metal Calendar Slides from Japan*, (June 29, 2005) (*Petition*) involving imports from a market economy, and is in accordance with the Department's regulations. See 19 CFR 351.204(b)(1).

Scope of Investigation

For the purpose of this investigation, the products covered are MCS. The products covered in this investigation are "V" and/or "U" shaped MCS manufactured from cold-rolled steel sheets, whether or not left in black form, tin plated or finished as tin free steel (TFS), typically with a thickness from 0.19 mm to 0.23 mm, typically in

lengths from 152 mm to 915 mm, typically in widths from 12 mm to 29 mm when the slide is lying flat and before the angle is pressed into the slide (although they are not typically shipped in this "flat" form), that are typically either primed to protect the outside of the slide against oxidization or coated with a colored enamel or lacquer for decorative purposes, whether or not stacked, and excluding paper and plastic slides. MCS are typically provided with either a plastic attached hanger or eyelet to hang and bind calendars, posters, maps or charts, or the hanger can be stamped from the metal body of the slide itself. These MCS are believed to be classified under Harmonized Tariff Schedule of the United States (HTSUS) subheading 7326.90.1000 (Other articles of iron and steel: Forged or stamped; but not further worked: Other: Of tinplate). This HTSUS number is provided for convenience and U.S. Customs and Border Protection purposes. The written description of the scope of this investigation is dispositive.

Case History

This investigation was initiated on July 19, 2005. See *Notice of Initiation of Antidumping Duty Investigation: Metal Calendar Slides from Japan*, 70 FR 43122 (July 26, 2005) (Initiation Notice). The preliminary determination was published on February 1, 2006. See *Notice of Preliminary Determination of Sales at Less Than Fair Value: Metal Calendar Slides from Japan*, 71 FR 5244 (February 1, 2006).

Although critical circumstances were not alleged in *Petition*, Stuebing Automatic Machine Co. (Petitioner) has maintained since the inception of this investigation that there is a reasonable basis to believe or suspect that critical circumstances exist with regard to imports of MCS from Japan. See *Petition* at 35. In *Petition*, Petitioner requested that the Department monitor imports of MCS pursuant to section 351.206(g) of the Department's regulations. *Id.* In the initiation, the Department stated that it would monitor imports of MCS from Japan and would request that the U.S. Customs and Border Protection (CBP) compile information on an expedited basis regarding entries of the subject merchandise. See *Initiation Notice*.

Respondent, Nishiyama Kinzoku Co., Ltd. (Nishiyama), in its response to the Department's December 7, 2005, supplemental questionnaire, submitted the volume and value of its monthly shipments to the United States for calendar years 2003 through 2005. See Nishiyama's Supplemental Questionnaire Response (December 27,

2005) at Exhibit 25. On January 10, 2006, the Department placed CBP IM 115 data covering the period of January 1, 2003 through October 31, 2005 on the record of this investigation. See *Memorandum from Dara Iserson, Case Analyst, through Thomas Gulgunn, Program Manager, to the File: Antidumping Duty Investigation of Metal Calendar Slides from Japan: The Placing of U.S. Bureau of Customs and Border Protection IM-115 Data on the Record*, (January 10, 2006) (*IM 115 Memo*). On January 19, 2006, petitioner alleged that critical circumstances exist with respect to imports of MCS from Japan. See Petitioners' Comments on Calculation Issues (January 19, 2006) at 17.

Comments of the Parties

Petitioner states that the record clearly demonstrates that shipments and imports surged during the post-Petition period (*i.e.*, June–December 2005) when compared to the pre-Petition period (*i.e.*, January–June 2005). See Petitioner's Comments on Calculation Issues (January 19, 2006) at 17. Petitioner claims that the *IM 115 Memo* demonstrates that imports were more than 25 percent greater in the post-Petition period in comparison to the pre-Petition period based on CBP's IM115 data. *Id.* Additionally, petitioner states that Nishiyama's shipment data shows an increase of more than 25 percent based on pieces and value. *Id.* (citing Nishiyama's Supplemental Questionnaire Response (December 27, 2005) at Exhibit 25). Petitioner states that these increases clearly meet the Department's standards for determining that imports were massive within a relatively short period.

Analysis

Section 733(e)(1) of the Tariff Act of 1930, as amended ("the Act"), provides that the Department will preliminarily determine that critical circumstances exist if there is a reasonable basis to believe or suspect 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." Section 351.206(i) of the Department's regulations defines "relatively short period" as normally being the period beginning on the date the proceeding begins (*i.e.*, the date the petition is filed) and ending at least three months later. The Department's regulations also provide, however, that if the Department finds that importers, exporters, or producers had reason to believe, at some time prior to the beginning of the proceeding, that a proceeding was likely, the Department may consider a period of not less than three months from that earlier time.

In determining whether the relevant statutory criteria have been satisfied, we considered: (i) Exporter-specific shipment data submitted in Nishiyama's December 27, 2005, response; (ii) the CBP IM 115 data the Department placed on the record on January 10, 2006, and (iii) the ITC preliminary injury determination.

To determine whether there is a history of injurious dumping of the merchandise under investigation, in accordance with section 733(e)(1)(A)(i) of the Act, the Department normally considers evidence of an existing antidumping duty order on the subject merchandise in the United States or elsewhere to be sufficient. See *Preliminary Determination of Critical Circumstances: Steel Concrete Reinforcing Bars From Ukraine and Moldova*, 65 FR 70696 (November 27, 2000). With regard to imports of MCS from Japan, the petitioners make no specific mention of a history of dumping for Japan. We are not aware of any antidumping duty order in the United States or in any other country on MCS from Japan. For this reason, the Department does not find a history of injurious dumping of the subject merchandise from Japan pursuant to section 733(e)(1)(A)(i) of the Act.

To determine whether 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 in accordance with Section 733(e)(1)(A)(ii) of the Act, the

Department normally considers margins of 25 percent or more for EP sales, or 15 percent or more for CEP transactions, sufficient to impute knowledge of dumping. See *e.g.*, *Preliminary Determination of Sales at Less Than Fair Value: Certain Cut-to-Length Carbon Steel Plate from the People's Republic of China*, 62 FR 31972, 31978 (October 19, 2001).

For Nishiyama, we determine that there is not a sufficient basis to find that the importer 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 pursuant to section 733(e)(1)(A)(ii) of the Act because the calculated preliminary margin for Nishiyama's EP sales, 7.68 percent, was less than 25 percent. See *Notice of Preliminary Determination of Sales at Less Than Fair Value: Metal Calendar Slides from Japan*, 71 FR 5244 (February 1, 2006). Nishiyama did not have any CEP sales during this period. Because the knowledge criterion has not been met, we will not address the second criterion of whether imports were massive in the comparison period when compared to the base period.

Regarding the companies subject to the "all others" rate, it is the Department's normal practice to conduct its critical circumstances analysis for these companies based on the experience of investigated companies. See *Notice of Final Determination of Sales at Less Than Fair Value: Certain Steel Concrete Reinforcing Bars From Turkey*, 62 FR 9737, 9741 (March 4, 1997). However, the Department does not automatically extend an affirmative critical circumstances determination to companies covered by the "all others" rate. See *Notice of Final Determination of Sales at Less Than Fair Value: Stainless Steel Sheet and Strip in Coils from Japan*, 64 FR 30574 and accompanying Issues and Decision Memorandum, at Comment 14 (June 8, 1999) (*Stainless Steel from Japan*). Instead, the Department considers the traditional critical circumstances criteria with respect to the companies covered by the "all others" rate. Consistent with *Stainless Steel from Japan*, the Department has, in this case, applied the traditional critical circumstances criteria to the "all others" category for the antidumping investigation of MCS from Japan.

The dumping margin for the "all others" category in the instant case, 7.68 percent, does not exceed the 25 percent threshold necessary to impute knowledge of dumping. Therefore, we find that there is no reasonable basis to

determine that importer 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.

Conclusion

Given the analysis discussed above, we preliminarily determine critical circumstances do not exist for imports of MCS from Japan. We will make a final determination concerning critical circumstances for MCS from Japan when we make our final dumping determination in this investigation, on April 10, 2006 (unless extended).

International Trade Commission Notification

In accordance with section 733(f) of the Act, we will notify the International Trade Commission of our determination.

This determination is issued and published pursuant to sections 733(f) and 777(i)(1) of the Act.

Dated: February 21, 2006.

David M. Spooner,

Assistant Secretary for Import Administration.

[FR Doc. E6-2732 Filed 2-24-06; 8:45 am]

BILLING CODE 3510-DS-S

ACTION: Revised schedule for the subject investigation.

DATES: Effective Date: March 22, 2006.

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

SUPPLEMENTARY INFORMATION: On February 1, 2006, the Commission established a schedule for the conduct of the final phase of the subject investigation (71 FR 7574, February 13, 2006). Subsequently, the Department of Commerce extended the date for its final determination in the investigation from April 17, 2006 to June 16, 2006 (71 FR 13091, March 14, 2006). The Commission, therefore, is revising its schedule to conform with Commerce's new schedule.

The Commission's new schedule for the investigation is as follows: requests to appear at the hearing must be filed with the Secretary to the Commission not later than June 12, 2006; the prehearing conference will be held at the U.S. International Trade Commission Building at 9:30 a.m. on June 14, 2006; the prehearing staff report will be placed in the nonpublic record on June 5, 2006; the deadline for filing prehearing briefs is June 13, 2006; the hearing will be held at the U.S. International Trade Commission Building at 9:30 a.m. on June 22, 2006; the deadline for filing posthearing briefs is June 29, 2006; the Commission will make its final release of information on July 13, 2006; and final party comments are due on July 17, 2006.

For further information concerning this investigation see the Commission's notice cited above and 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).

Authority: This investigation is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.21 of the Commission's rules.

**INTERNATIONAL TRADE
COMMISSION**

[Investigation No. 731-TA-1094 (Final)]

Metal Calendar Slides From Japan

AGENCY: United States International Trade Commission.

Issued: March 23, 2006.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E6-4474 Filed 3-27-06; 8:45 am]

BILLING CODE 7020-02-P

DEPARTMENT OF COMMERCE**International Trade Administration**

[A-588-867]

Metal Calendar Slides from Japan: Notice of Final Determination of Sales at Less Than Fair Value and Final Negative Determination of Critical Circumstances

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

SUMMARY: We determine that metal calendar slides (MCS) from Japan are being, or are likely to be, sold in the United States at less than fair value (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" section of this notice." Moreover, we determine that critical circumstances do not exist with regard to certain exports of subject merchandise from Japan. See the "Critical Circumstances" section below.

EFFECTIVE DATE: June 23, 2006.

FOR FURTHER INFORMATION CONTACT: Dara Iserson or Scott Lindsay, AD/CVD Operations, Office 6, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington DC 20230; telephone: (202) 482-4052 and (202) 482-0780, respectively.

SUPPLEMENTARY INFORMATION:**Background**

On January 25, 2006, the Department of Commerce (the Department) issued its preliminary determination of sales at LTFV of MCS from Japan. See *Preliminary Determination of Sales at Less Than Fair Value: Metal Calendar Slides from Japan*, 71 FR 5244 (February 1, 2006) (*Preliminary Determination*). In the *Preliminary Determination*, the Department stated that it would issue its preliminary finding with respect to Stuebing Automatic Machine Company's (Petitioner) critical circumstances allegation within 30 days. On February 21, 2006, the Department issued its negative preliminary determination regarding critical circumstances in this investigation. See *Preliminary Negative Determination of Critical Circumstances: Metal Calendar Slides from Japan*, 71 FR 9779 (February 27, 2006). In response to our January 13, 2006 supplemental questionnaire, Nishiyama Kinzoku Co., Ltd. (Respondent) submitted, on January 27, 2006, revised versions of its cost of

production and constructed value databases that included production information regarding its MCS sales during the period of investigation (POI).

On February 1, 2006, Respondent filed, pursuant to section 351.224(c)(2) of the Department's regulations, a timely allegation that the Department made ministerial errors in the *Preliminary Determination*. Petitioner neither alleged any ministerial errors nor filed response comments. On February 24, 2006, the Department issued a memorandum stating that, because the errors were not significant pursuant to sections 351.224(c) and (g) of the Department's regulations, it would not correct the ministerial errors until the final determination. See *Memorandum from the Team, to Barbara E. Tillman, Director for Office of AD/CVD Enforcement 6, "Allegations of Ministerial Errors in the Preliminary Determination," (Ministerial Error Memorandum)*.

On February 13, 2006, Respondent requested that the Department postpone the final determination and extend provisional measures in this investigation. We postponed the final determination to June 16, 2006, under section 735(a)(2)(A) of the Act and section 351.210(b)(2)(ii) of Department's regulations. See *Notice of Postponement of Final Determination and Extension of Provisional Measures in the Antidumping Duty Investigation of Metal Calendar Slides from Japan*, 71 FR 13091 (March 14, 2006).

The Department conducted sales and cost verifications from February 13, 2006 through February 17, 2006, and from February 20, 2006 through February 24, 2006, respectively. See *Verification of the Sales Response of Nishiyama Kinzoku Co., Ltd. in the Antidumping Duty Investigation of Metal Calendar Slides from Japan*, (March 24, 2006) (*Sales Verification Report*); and *Verification of the Cost of Production and Constructed Value Data Submitted by Nishiyama Kinzoku Co., Ltd. in the Antidumping Duty Investigation of Metal Calendar Slides from Japan*, (April 14, 2006) (*Cost Verification Report*).

On April 6, 2006, the Department met with Petitioner on model matching issues. See *Memorandum from Dara Iserson to the File Antidumping Duty Investigation of Calendar Metal Slides from Japan*, dated April 6, 2006. On April 18, 2006, Petitioner submitted comments regarding modification of the model matching criteria. On April 26, 2006, we received rebuttal comments from Respondent regarding this issue. On May 1, 2006, Petitioner and Respondent filed their case briefs. On

May 8, 2006, the Department received a rebuttal brief from Respondent. Petitioner did not submit a rebuttal brief. On May 25, 2006, Respondent submitted a database containing the reallocated home market bank charges, as they had been reported in its February 10, 2006, response.

Period of Investigation

The POI is April 1, 2004, through March 31, 2005.

Scope of Investigation

For the purpose of this investigation, the products covered are metal calendar slides (MCS). The products covered in this investigation are "V" and/or "U" shaped MCS manufactured from cold-rolled steel sheets, whether or not left in black form, tin plated or finished as tin free steel (TFS), typically with a thickness from 0.19 mm to 0.23 mm, typically in lengths from 152 mm to 915 mm, typically in widths from 12 mm to 29 mm when the slide is lying flat and before the angle is pressed into the slide (although they are not typically shipped in this "flat" form), that are typically either primed to protect the outside of the slide against oxidation or coated with a colored enamel or lacquer for decorative purposes, whether or not stacked, and excluding paper and plastic slides. MCS are typically provided with either a plastic attached hanger or eyelet to hang and bind calendars, posters, maps or charts, or the hanger can be stamped from the metal body of the slide itself. These MCS are believed to be classified under Harmonized Tariff Schedule of the United States (HTSUS) subheading 7326.90.1000 (Other articles of iron and steel: Forged or stamped; but not further worked: Other: Of tinplate). This HTSUS number is provided for convenience and U.S. Customs and Border Protection (CBP) purposes. The written description of the scope of this investigation is dispositive.

Verification

As provided in section 782(i) of the Act, we verified the information submitted by Respondent for use in this final determination. We used standard verification procedures including examination of relevant accounting and production records, and original source documents provided by Respondent. See *Sales Verification Report* and *Cost Verification Report*.

Critical Circumstances

On February 21, 2006, we issued our preliminary finding that critical circumstances did not exist for Respondent. See *Notice of Preliminary*

Negative Determination of Critical Circumstances: Metal Calendar Slides From Japan (February 27, 2006). We received comments on our critical circumstances determination from Petitioner and Respondent. See *Memorandum from Stephen J. Claeys, Deputy Assistant Secretary for Import Administration, to David M. Spooner, Assistant Secretary for Import Administration, "Metal Calendar Slides from Japan: Final Determination of Sales at Less-than-Fair Value" (Issues and Decisions Memorandum)*, dated concurrently with this notice.

Section 735(a)(3) of the Act provides that the Department will determine that critical circumstances exist if: (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 would be material injury by reason of such sales; and (B) there have been massive imports of the subject merchandise over a relatively short period.

We determine that critical circumstances do not exist for imports of subject merchandise because, there is no history of dumping of this product in the United States or elsewhere (See memorandum to the file dated June 16, 2006); and the calculated final margin for Nishiyama's EP sales and for "all other" exporters is less than the 25 percent knowledge threshold. Therefore, we determine that critical circumstances do not exist for imports of subject merchandise because, as required section 735(a)(3)(A) of the Act, there is no evidence that importers knew, or should have known, that the exporter was selling subject merchandise at LTFV.

Analysis of Comments Received

All issues raised in the comments submitted by interested parties are listed in the Appendix to this notice and are addressed in the *Issues and Decisions Memorandum*, which is hereby adopted by this notice. Parties can find a complete discussion of the issues raised in this investigation in this public memorandum, which is on file in the Central Records Unit, B-099 of the main Commerce Building. In addition, a complete version of the *Issues and Decisions Memorandum* can be accessed directly on the Internet at: <http://ia.ita.doc.gov/frn/>. The paper copy and the electronic version of the *Issues and*

Decisions Memorandum are identical in content.

Changes Since the Preliminary Determination

Based on our findings at verification and on our analysis of the comments received, we have made certain adjustments to the margin calculations used in the *Preliminary Determination*. These adjustments are discussed in detail in several memoranda. See *Memorandum From Scott Lindsay, Senior Analyst, AD/CVD Operations, Office 6 and Dara Iserson, Analyst, AD/CVD Operations, Office 6 through: Thomas Gilgunn, Program Manager, AD/CVD Operations, Office 6 to the File, "Final Analysis Memorandum for Metal Calendar Slides from Japan: Nishiyama Kinzoku Co., Ltd."* (June 16, 2006) (*Final Calculation Memorandum*); *Memorandum from Ernest Z. Gziryan, Senior Accountant, through Taija A. Slaughter, Program Manager, to Neal M. Halper, Director, Office of Accounting, "Cost of Production and Constructed Value Calculation Adjustments for the Final Determination - Nishiyama Kinzoku Co., Ltd."* (June 16, 2006) (*Cost Calculation Memorandum*); and *Issues and Decisions Memorandum*.

Final Determination

We determine that the following weighted-average dumping margins exist for the period April 1, 2004, through March 31, 2005:

Manufacturer/Exporter	Weighted-Average Margin (Percent)
Nishiyama Kinzoku Co., Ltd.	3.02%
All Others	3.02%

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 continue to suspend liquidation of all entries of MCS from Japan that are entered, or withdrawn from warehouse, for consumption on or after February 1, 2006, the date of publication of the *Preliminary Determination* in the **Federal Register**. We will instruct CBP to continue to require, for each entry, a cash deposit or the posting of a bond equal to the weighted-average dumping margins indicated above. These instructions suspending liquidation will remain in effect until further notice.

International Trade Commission Notification

In accordance with section 735(d) of the Act, we have notified the U.S.

International Trade Commission (ITC) of our determination. As our final determination is affirmative, the ITC will determine, within 45 days, whether these imports materially injure, or threaten material injury to, an industry in the United States, pursuant to section 735(b)(2)(B) of the Act. 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.

Notification Regarding Administrative Protective Order

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 section 351.305(a)(3) of the Department's regulations. Timely written notification of the 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.

This determination is issued and published in accordance with sections 735(d) and 777(i)(1) of the Act.

Dated: June 16, 2006.

David M. Spooner,
Assistant Secretary for Import Administration.

Appendix

List of Issues Covered in the Issues and Decisions Memorandum

- Comment 1:* Changing Model Matching Criteria and Opportunity to Comment
- Comment 2:* Analysis of Model Matching Criteria
- Comment 3:* Average Sales Periods
- Comment 4:* Date of Sale
- Comment 5:* Post-Sale Price Adjustments
- Comment 6:* Critical Circumstances
- Comment 7:* Inventory Carry Costs
- Comment 8:* Adjustment to Cost of Sales Denominator for Overvaluation of Material Cost
- Comment 9:* Adjustment to Total Costs for Unreconciled Difference
- Comment 10:* Adjustment to Cost of Sales Denominator for Purchased Goods
- Comment 11:* Miscellaneous Losses

Comment 12: Adjustment to Steel Costs

[FR Doc. E6-9965 Filed 6-22-06; 8:45 am]

BILLING CODE 3510-DS-S

APPENDIX B
HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

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

Subject: Metal Calendar Slides from Japan
Inv. No.: 731-TA-1094 (Final)
Date and Time: June 22, 2006 - 9:30 a.m.

Sessions were held in connection with this investigation in the Main Hearing Room (room 101), 500 E Street, SW, Washington, D.C.

OPENING REMARKS:

Petitioners (**Roy Goldberg**, Sheppard Mullin Richter & Hampton LLP)
Respondents (**Ritchie T. Thomas**, Squire, Sanders & Dempsey L.L.P.)

In Support of the Imposition of Antidumping Duties:

Sheppard Mullin Richter & Hampton LLP
Washington, D.C.
on behalf of

Stuebing Automatic Machine Co.

Murray Blumberg, Director, Stuebing Automatic
Machine Co.

Allan Gavronsky, President, Stuebing Automatic
Machine Co.

Pamela Ramp, Accounts/Sales Manager, Stuebing
Automatic Machine Co.

Andrew Szamosszegi, Managing Consultant,
Capital Trade Incorporated

Roy Goldberg) – OF COUNSEL

**In Opposition to the Imposition of
Antidumping Duties:**

Squire, Sanders & Dempsey L.L.P.
Washington, D.C.
on behalf of

Norwood Promotional Products, Inc. (“Norwood”)

Warren K. Harris, General Manager, Norwood
Publishing, Norwood

Kevin J. Haala, Process Manager, Norwood

Shelley K. Shoen, Buyer, Norwood

Ritchie T. Thomas)
Karen R. Harbaugh) – OF COUNSEL
Iain R. McPhie)

White & Case LLP
Washington, D.C.
on behalf of

Nishiyama Kinzoku Co., Ltd.

Kazuhiro Nishiyama, President, Nishiyama
Kinzoku Co., Ltd.

William J. Moran)
) – OF COUNSEL
Frank H. Morgan)

REBUTTAL/CLOSING REMARKS:

Petitioners (**Roy Goldberg**, Sheppard Mullin Richter & Hampton LLP)
Respondents (**Ritchie T. Thomas**, Squire, Sanders & Dempsey L.L.P.)

APPENDIX C
SUMMARY DATA

Table C-1
Metal calendar slides: Summary data concerning the U.S. market, 2002-05, January-March 2005,
and January-March 2006

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APPENDIX D

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

Factors that Limit or Preclude Interchangeable Use

* * * * *

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

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Table D-2
Metal calendar slides: Norwood's quarterly purchases of domestic and imported product and auto tinning production/efficiency rates, January-March 2002-October-December 2005

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

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Figure D-2
Metal calendar slides: Norwood's average auto tinning efficiency rates, 2002-04, January-June 2004, and January-June 2005

* * * * *

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

* * * * *

Table D-3
Metal calendar slides: Norwood, *'s tinning productivity of domestic and imported product, January-March 2002-October-December 2005**

* * * * *

APPENDIX E

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

Date	Actions						
	Stuebing			Norwood			
	*	*	*	*	*	*	*

