

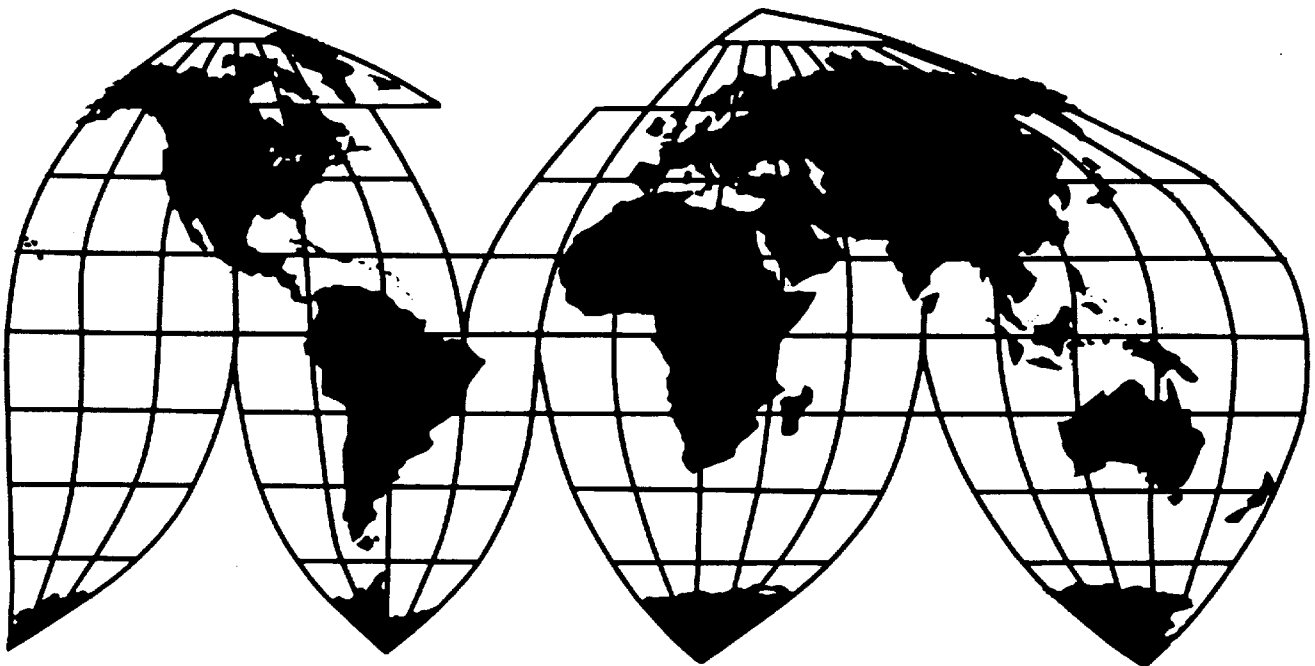
Heavy Forged Hand Tools From China

Investigation Nos. 731-TA-457-A-D (Second Review)

Publication 3836

January 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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been identified by the use of asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 731-TA-457-A-D (Second Review)

HEAVY FORGED HAND TOOLS FROM CHINA

DETERMINATIONS

On the basis of the record¹ developed in the subject five-year reviews, the United States International Trade Commission (Commission) determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)) (the Act), that revocation of the antidumping duty orders on heavy forged hand tools from China would be likely to lead to continuation or recurrence of material injury to industries in the United States within a reasonably foreseeable time.

BACKGROUND

The Commission instituted these reviews on July 1, 2005 (70 F.R. 38197) and determined on October 4, 2005 that it would conduct expedited reviews (70 F.R. 61156, October 20, 2005).

The Commission transmitted its determinations in these reviews to the Secretary of Commerce on January 31, 2006. The views of the Commission are contained in USITC Publication 3836 (January 2006), entitled *Heavy Forged Hand Tools from China: Investigation Nos. 731-TA-457 (Second Review)*.

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

VIEWS OF THE COMMISSION

Based on the record in these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended (the Act), that revocation of the antidumping duty orders on heavy forged hand tools from China is likely to lead to continuation or recurrence of material injury to industries in the United States within a reasonably foreseeable time.

I. BACKGROUND

The U.S. International Trade Commission (“Commission”) determined that industries in the United States were threatened with material injury by reason of less than fair value (“LTFV”) imports of heavy forged hand tools from China in January 1991, and Commerce issued antidumping duty orders on the subject merchandise on February 19, 1991.¹ The Commission found four separate like products: (1) hammers and sledges, with heads weighing two pounds or more, with or without handles; (2) bar tools, track tools and wedges; (3) picks and mattocks, with or without handles; and (4) axes, adzes and hewing tools, other than machetes, with or without handles.

On October 1, 1999, the Commission determined to conduct full reviews of the antidumping duty orders on heavy forged hand tools from China.² In June 2000, the Commission determined that revocation of the orders would be likely to lead to continuation or recurrence of material injury to industries in the United States within a reasonably foreseeable time. Subsequently, the Department of Commerce (“Commerce”) issued a continuation of the antidumping duty orders, effective August 10, 2000.³ No appeal of the Commission’s first five-year review determinations was taken.

The Commission instituted the second reviews of the orders at issue on July 1, 2005. The Commission found the domestic interested party group response to the notice of institution to be adequate with respect to all four domestic like products and the respondent interested party group response to be inadequate, and found no other circumstances that would warrant conducting full reviews. It therefore voted to conduct expedited reviews.⁴ No respondent interested party has made an appearance in these reviews, or otherwise provided any information or argument to the Commission. Because these are expedited reviews, no questionnaires were issued by the Commission. The record in these reviews thus consists of information provided to the Commission by domestic producer Ames True Temper (“Ames”) in its response to the notice of institution and adequacy comments, data from the original investigation and first reviews, public data compiled by Commission staff, and Ames’ final comments.⁵

¹ 56 Fed. Reg. 6622 (Feb. 19, 1991).

² While respondent interested parties responded to the notice of institution and expressed their intent to participate in a full review, they did not participate. One firm, however, did submit a *** response to the Commission’s foreign producer questionnaire. Heavy Forged Hand Tools from China, Inv. Nos. 731-TA-457 A-D (Review), USITC Pub. 3322 (July 2000), at 4.

³ 65 Fed. Reg. 48962 (Aug. 10, 2000).

⁴ 70 Fed. Reg. 61156 (Oct. 20, 2005); see also Confidential Staff Report (“CR”)/Public Staff Report (“PR”) at Appendix B, Explanation of Commission Determination on Adequacy in Heavy Forged Handtools from China, Inv. Nos. 731-TA-457 A-D (Second Review).

⁵ We note that another domestic producer, Warwood Tool Company, filed a letter with the Commission indicating its continued support of the antidumping duty orders. Letter from Warwood Tool Company to Ms. Marilyn R. Abbott (Oct. 20, 2005).

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. Domestic Like Product

In making its determination under section 751(c), the Commission defines the “domestic like product” and the “industry.”⁶ The Act defines the “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle.”⁷ The Commission’s practice in five-year reviews is to look to the like product definition from the original determination and any previous reviews and consider whether the record indicates any reason to revisit that definition.⁸

In the original investigation, the Commission determined that there were four like products: (1) hammers and sledges, with heads weighing two pounds or more, with or without handles (striking tools); (2) all bar tools, track tools and wedges (bar tools); (3) picks and mattocks, with or without handles (digging tools); and (4) axes, adzes and hewing tools, other than machetes, with or without handles (hewing tools). The Commission found the same four like products in its first five-year reviews.⁹

In these five-year reviews, Commerce has defined heavy forged hand tools, the subject merchandise, as

(1) hammers and sledges with heads over 1.5 kg (3.33 pounds) (hammers/sledges); (2) bars over 18 inches in length, track tools and wedges (bars/wedges); (3) picks and mattocks (picks/mattocks); and (4) axes, adzes and similar hewing tools (axes/adzes). [Heavy forged hand tools] include heads for drilling hammers, sledges, axes, mauls, picks and mattocks, which may or may not be painted, which may or may not be finished, or which may or may not be imported with handles; assorted bar products and track tools including wrecking bars, digging bars, and tampers; and steel woodsplitting wedges.¹⁰

They currently are classifiable under Harmonized Tariff Schedule of the United States (“HTS”) item numbers 8205.20.60, 8205.59.30, 8201.30.00, and 8201.40.60. Specifically excluded from the scope are hammers and sledges with heads 1.5 kg (3.33 pounds) in weight and under, hoes and rakes, and bars 18 inches in length and under.¹¹

Heavy hammers and sledges with heads over 1.5 kg (3.33 pounds) have heads that are heavier than claw-type (carpenters’) hammers or ball peen type (machinists’) hammers. Sledge hammers are heavy hammers used for driving stakes, wedges or other objects. Woodsplitting mauls resemble sledge hammers except that they have one axe-like edge. Primarily, they are intended to split wood without the use of wedges, but the blunt end may be used for striking stakes, wedges or other objects as one would

⁶ 19 U.S.C. § 1677(4)(A).

⁷ 19 U.S.C. § 1677(10). See Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996); Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (Ct. Int’l Trade 1990), aff’d, 938 F.2d 1278 (Fed. Cir. 1991). See also S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

⁸ See Stainless Steel Sheet and Strip from France, Germany, Italy, Japan, Korea, Mexico, Taiwan and the United Kingdom, Inv. No. 701-TA-380-382 and 731-TA-797-804 (Review), USITC Pub. 3788 (July 2005) at 6; Crawfish Tail Meat from China, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 (July 2003) at 4; Steel Concrete Reinforcing Bar from Turkey, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 (Feb. 2003) at 4.

⁹ USITC Pub. 3322 at 6.

¹⁰ 70 Fed. Reg. 67451, 67452 (Nov. 7, 2005).

¹¹ 70 Fed. Reg. at 67452.

with a sledge hammer. Hammers and sledges, including mauls, within the scope of the antidumping duty order typically have handles made of wood or fiberglass.¹²

The principal product of bars and wedges is the crowbar. This tool typically has a gooseneck-like shape to the bar at the claw end for pulling nails and spikes, and a chisel blade at the other end of the bar for prying. Other bars, such as wrecking bars, may be flattened. Various configurations of curves allow for differing degrees of leverage in prying operations. Included in bars and wedges are digging bars and tampers. Bars are used for demolition, scraping, lifting, or prying apart floor tile, wood paneling, nailed wood items, wood molding, and/or removing nails and spikes from wood. Digging bars are used to break up hardened soil and tampers are used to compact loose soil or asphalt. Wedges are used in splitting wood.¹³

Picks and mattocks are produced in a number of styles and sizes, and differ principally in the weight of the head, the angle and size of the prongs, and the shape of the pick points. Picks generally are used for digging in relatively hard soil and striking the soil with the point of the pick head, whereas the mattock has one side of the head being a broad blade and is used in relatively soft soil. Both mattocks and picks are produced with either wood or fiberglass handles.¹⁴

Axes and adzes are hewing tools. Axes generally are grouped into two categories: large axes and special-purpose axes. Large axes are intended primarily for chopping wood. They are manufactured with either two cutting edges (double-bit) or a single cutting edge (single-bit). The single-bit axe has on the opposite side of the axe head a hammer face that can be used for pounding. Special-purpose axes are designed to function as two tools. For example, the mattock axe is a single-bit axe with an adze-shaped grubbing blade on the back and is designed for digging, prying or chopping. Adzes are used in shaping wood, and may have either a flat or curved blade at a right angle to the handle.¹⁵

The domestic interested party does not argue for a definition of the domestic like products that differs from the Commission's definition in the original investigation and first five-year reviews.¹⁶

The record here contains no information that would warrant a reconsideration of the domestic like product definitions. We therefore define the domestic like products in these reviews consistent with the like product definitions in the first five-year reviews and the original determinations, as well as with Commerce's scope. Thus, we define the domestic like products as: (1) hammers and sledges, with heads weighing two pounds or more, with or without handles; (2) bar tools, track tools and wedges; (3) picks and mattocks, with or without handles; and (4) axes, adzes and hewing tools, other than machetes, with or without handles.

B. Domestic Industry

Section 771(4)(A) of the Act defines the relevant domestic industry as the "producers as a whole 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."¹⁷

¹² CR at I-14, PR at I-13.

¹³ CR at I-14 - I-15, PR at I-13.

¹⁴ CR at I-15, PR at I-13.

¹⁵ CR at I-15, PR at I-13 - I-14.

¹⁶ Ames' Response to Notice of Institution at 15.

¹⁷ 19 U.S.C. § 1677(4)(A). In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market, provided that adequate production-related activity is conducted in the United States. See United States Steel Group v. United States, 873 F. Supp. 673, 682-83 (Ct. Int'l Trade

(continued...)

In the original investigation, the Commission found four domestic industries, consistent with the four domestic like products. In the first five-year reviews, the Commission made the same finding. These industries consisted of: (1) domestic producers of hammers and sledges, with heads weighing two pounds or more, with or without handles (striking tools); (2) domestic producers of all bar tools, track tools and wedges (bar tools); (3) domestic producers of picks and mattocks, with or without handles (digging tools); and (4) domestic producers of axes, adzes and hewing tools, other than machetes, with or without handles (hewing tools).¹⁸

In its response to the notice of institution, Ames lists itself, Council Tool Co. Inc. and Warwood Tool Co.¹⁹ as the domestic producers of the four types of heavy forged hand tools. Ames did not advocate the exclusion of any producer as a related party.²⁰ In 2004, Ames, which provided much of the current information available to the Commission in these reviews, was responsible for *** percent of domestic production of hammers and sledges, *** percent of the production of bars and wedges, *** percent of the production of picks and mattocks, and *** percent of the production of axes and adzes.²¹ While there may be several other minor producers of heavy forged hand tools, it is unknown whether any of them imported subject merchandise.²² The record here contains no information that would warrant a reconsideration of any of the domestic industry definitions, nor exclusion of any producer as a related party. We therefore define the domestic industries in these reviews as consistent with the definitions in the first five-year reviews and the original determinations: (1) domestic producers of hammers and sledges, with heads weighing two pounds or more, with or without handles (striking tools); (2) domestic producers of all bar tools, track tools and wedges (bar tools); (3) domestic producers of picks and mattocks, with or without handles (digging tools); and (4) domestic producers of axes, adzes and hewing tools, other than machetes, with or without handles (hewing tools).

III. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE ANTIDUMPING DUTY ORDERS ARE REVOKED

A. Legal Standard in a Five-Year Review

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur, and (2) the Commission makes a determination that revocation of the antidumping duty

¹⁷ (...continued)
1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996).

¹⁸ USITC Pub. 3322 at 6.

¹⁹ Warwood filed a letter with the Commission stating it supported continuing the antidumping duty orders. Letter from Robert J. Burke, President, Warwood Tool Company to Ms. Marilyn R. Abbott, Secretary to the Commission (Oct. 20, 2005).

²⁰ Ames' Response to Notice of Institution at 12-13. According to a notice of intent to participate in reviews that was filed with Commerce on behalf of Council Tool Co., that producer has "on occasion acted as an importer of subject merchandise from China, but the vast majority of the products it sells are manufactured by Council Tool Company in the United States." CR at I-27, PR at I-20. Because these are expedited reviews and Council Tool Co. did not provide the Commission with any data, there is no information available to determine whether appropriate circumstances exist to exclude it from any of the domestic industries.

²¹ Ames' Supplemental Substantive Response to Notice of Institution, Exh. 1.

²² BARCO Industries, Inc. and Cooper Hand Tools also appear to produce axes, hammers and sledges; Estwing Manufacturing appears to produce axes and bars; Mayhew Steel Products appears to produce pry bars; Snow and Neally appears to produce axes; and Vaughan & Bushnell Mfg. Co. appears to produce mattocks and picks, axes, and bars. CR at I-19, PR at I-16.

order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”²³ The SAA states that “under the likelihood standard, the Commission will engage in a counter-factual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”²⁴ Thus, the likelihood standard is prospective in nature.²⁵ The U.S. Court of International Trade has found that “likely,” as used in the sunset review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.²⁶

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”²⁹ According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original investigations.”^{30 31}

²³ 19 U.S.C. § 1675a(a).

²⁴ SAA, H.R. Rep. No. 103-316, vol. I, at 883-84 (1994). The SAA states that “[t]he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” SAA at 883.

²⁵ While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued [sic] prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

²⁶ See NMB Singapore Ltd. v. United States, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), aff’d without opinion, 05-1019 (Fed. Cir. August 3, 2005); Nippon Steel Corp. v. United States, Slip Op. 02-153 at 7-8 (Ct. Int’l Trade Dec. 24, 2002) (same); Usinor Industeel, S.A. v. United States, Slip Op. 02-152 at 4 n.3 & 5-6 n.6 (Ct. Int’l Trade Dec. 20, 2002) (“more likely than not” standard is “consistent with the court’s opinion”; “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); Indorama Chemicals (Thailand) Ltd. v. United States, Slip Op. 02-105 at 20 (Ct. Int’l Trade Sept. 4, 2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); Usinor v. United States, Slip Op. 02-70 at 43-44 (Ct. Int’l Trade July 19, 2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

²⁷ Vice Chairman Okun notes that, consistent with her dissenting views in Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (June 2004) at 15-17, she does not concur with the U.S. Court of International Trade’s interpretation of “likely” to mean “probable.” See Usinor Industeel, S.A. et al v. United States, No. 01-00006, Slip Op. 02-39 at 13 (Ct. Int’l Trade April 29, 2002). However, she will apply the Court’s standard in this review and all subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit addresses the issue. Additional Views of Vice Chairman Deanna Tanner Okun Concerning the “Likely” Standard in Certain Seamless Carbon and Alloy Steel Standard, Line and Pressure Pipe from Argentina, Brazil, Germany, and Italy, Inv. Nos. 731-TA-707-709 (Review)(Remand), USITC Pub. 3754 (Feb. 2005).

²⁸ Commissioner Lane notes that, consistent with her views in Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (June 2004) at 15-17, she does not concur with the U.S. Court of International Trade’s interpretation of “likely” but she will apply the Court’s standard in this review and all subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit addresses the issue.

²⁹ 19 U.S.C. § 1675a(a)(5).

³⁰ SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic

(continued...)

Although the standard in a five-year review is not the same as the standard applied in an original antidumping duty investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”³² It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the orders are revoked or the suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).³³

B. Conditions of Competition

In evaluating the likely impact of the subject imports on the domestic industry, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”³⁴ The following conditions of competition are relevant to our determination.

In the first five-year reviews, the Commission found several conditions of competition for each of the domestic industries, as follows. The production of heavy forged hand tools was described as labor intensive, rather than capital intensive, and there were no significant differences reported in the manufacturing process between imported and domestically produced products. There was a moderate-to-high degree of substitution between the domestic products and subject imports. Demand had been relatively flat since the time of the original investigation and there had been a shift in demand from the industrial sector to large retail accounts as well as to the do-it-yourself market. Price was an important factor in purchasing decisions, particularly with the large retail accounts. Since the time of the original investigation, there had been a large increase in nonsubject imports, which accounted for a large percentage of total imports at the time of the first reviews.³⁵

³⁰ (...continued)

products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” *Id.*

³¹ In analyzing what constitutes a reasonably foreseeable time, Chairman Koplán examines all the current and likely conditions of competition in the relevant industry. He defines “reasonably foreseeable time” as the length of time it is likely to take for the market to adjust to a revocation or termination. In making this assessment, he considers all factors that may accelerate or delay the market adjustment process including any lags in response by foreign producers, importers, consumers, domestic producers, or others due to: lead times; methods of contracting; the need to establish channels of distribution; product differentiation; and any other factors that may only manifest themselves in the longer term. In other words, this analysis seeks to define “reasonably foreseeable time” by reference to current and likely conditions of competition, but also seeks to avoid unwarranted speculation that may occur in predicting events into the more distant future.

³² 19 U.S.C. § 1675a(a)(1).

³³ 19 U.S.C. § 1675a(a)(1). There have been no duty absorption findings by Commerce with respect to the orders under review. CR at I-10, PR at I-10. The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

³⁴ 19 U.S.C. § 1675a(a)(4).

³⁵ USITC Pub. 3322 at 11.

The limited record of these expedited reviews does not indicate that there have been any significant changes in the conditions of competition since the time of the first five-year reviews. Ames reports that there have been no significant changes in supply and demand conditions or in the business cycle for heavy forged hand tools since 1991.³⁶ There is no indication from the record that the production of any of the heavy forged hand tools is no longer labor intensive.³⁷ Nor is there any indication that the degree of substitution between the domestic products and subject imports is no longer moderate to high.³⁸ Chinese producers reportedly continue to compete on price.³⁹ The record also indicates that there has been an increase in sales at internet retail sites.⁴⁰

During the original investigation and the first reviews, import data were collected from Commission questionnaires. Such data are unavailable for these expedited second reviews; the only data available for 2004 are based on official Commerce statistics. However, three of the four categories of HTS numbers, corresponding to three out of the four hand tool products subject to the orders, are “basket” categories with nonsubject items included in the category (only “hammers and sledges” is not a basket category). As a result, any comparison of these data with the data from the previous investigations is problematic.⁴¹ In addition, data on domestic producers, including shipments, are available in these reviews only for Ames, which accounts for *** percent of domestic production of hammers and sledges, *** percent of the production of bars and wedges, *** percent of the production of picks and mattocks, and *** percent of the production of axes and adzes.⁴² In the first reviews, data were available for 100 percent of domestic production of hammers and sledges,⁴³ *** percent of the production of bars and wedges,⁴⁴ 100 percent of the production of picks and mattocks,⁴⁵ and 100 percent of the production of axes and adzes.^{46 47} In the original investigation, data were available for 99.9 percent of domestic production of hammers and sledges,⁴⁸ 99.9 percent of the production of bars and wedges,⁴⁹ *** percent of the production of picks and mattocks,⁵⁰ and 99.9 percent of the production of axes and adzes.⁵¹

³⁶ Ames’ Response to Notice of Institution at 14.

³⁷ See CR at I-16, PR at I-14; Ames’ Response to Notice of Institution at 14.

³⁸ See Ames’ Final Comments at 9 (subject imports are highly substitutable with domestic hand tools and compete directly with domestic products).

³⁹ Ames’ Response to Notice of Institution at 9; Ames’ Final Comments at 9.

⁴⁰ Adequacy Phase Staff Document at 2.

⁴¹ CR at I-27, PR at I-20.

⁴² Ames’ Supplemental Substantive Response to Notice of Institution, Exh. 1.

⁴³ CR/PR at Table I-7 note.

⁴⁴ CR/PR at Table I-8 note.

⁴⁵ CR/PR at Table I-9 note.

⁴⁶ CR/PR at Table I-10 note.

⁴⁷ We note that, at the time of the first reviews, Ames was responsible for *** percent of domestic production of hammers and sledges, *** percent of the production of bars and wedges, *** percent of the production of picks and mattocks, and *** percent of the production of axes and adzes. Confidential First Reviews Staff Report at I-16, Public First Reviews Staff Report at I-9.

⁴⁸ CR/PR at Table I-7 note.

⁴⁹ CR/PR at Table I-8 note.

⁵⁰ CR/PR at Table I-9 note.

⁵¹ CR/PR at Table I-10 note.

Based on the available data with respect to hammers and sledges, the value of consumption decreased between 1999 and 2004, and the share of U.S. producers' shipments ***, while the share of importers' shipments from China and from nonsubject sources increased ***.⁵² For bars and wedges, the value of consumption increased and the share of U.S. producers' shipments *** from 1999 to 2004, while the shares of importers' shipments from China and (especially) from nonsubject sources increased ***.⁵³ In 2004, the value of consumption for picks and mattocks increased, compared to 1999, and the share of U.S. producers' shipments fell ***, while the shares of importers' shipments from China and nonsubject sources increased ***.⁵⁴ For axes and adzes, the value of consumption increased in 2004, compared to 1999, and the share of U.S. producers' shipments fell ***, while the shares of importers' shipments from China and nonsubject sources increased ***.⁵⁵

There have been changes in the structure of the U.S. industry since the time of the first reviews. In 2000, there were five known firms producing the domestic like products in the United States. In these current reviews, Ames listed only three firms as current producers, although, as noted above, it appears there may be other minor producers.⁵⁶ Mann Edge closed its operation manufacturing heavy forged hand tools in the United States a few years ago.^{57 58}

Ames listed 87 Chinese producers of subject merchandise⁵⁹ and two known importers of subject merchandise from China.⁶⁰ In recent administrative reviews, Commerce identified 194 potential Chinese producers and/or exporters of heavy forged hand tools.⁶¹ There have been at least three new Chinese producers and/or exporters that entered the heavy forged hand tools market since the time of the first reviews.⁶²

Based on the data available, the value of hand tool exports to the United States from China has grown greatly since 1999 for all categories of hand tools.⁶³ U.S. import data also show increases in subject imports, as well as in nonsubject imports.⁶⁴ We discuss these data in more detail below. Data for shipments of subject and nonsubject imports in 2004 are unavailable.

We find that these conditions of competition in the heavy forged hand tools market provide us with a reasonable basis on which to assess the likely effects of revocation of the orders.

⁵² CR at I-35, PR at I-23.

⁵³ CR at I-40, PR at I-24.

⁵⁴ CR at I-40, PR at I-24.

⁵⁵ CR at I-41, PR at I-24.

⁵⁶ During the time of the original investigation and/or the first reviews, Ames and Warwood manufactured ***, while Council Tool manufactured ***. See CR/PR at Table I-6.

⁵⁷ CR at I-19, PR at I-16.

⁵⁸ Since the first reviews, Ames, Warwood, and Council Tool have received disbursements under the Continued Dumping and Subsidy Offset Act of 2000, 19 U.S.C. § 1675c ("Byrd Amendment"). CR/PR at Table I-5.

⁵⁹ Ames' Response to Notice of Institution, Exh. 14. Ames was unable to list which producers produced which categories of hand tools. Ames' Response to Notice of Institution at 14.

⁶⁰ Ames' Response to Notice of Institution at 13.

⁶¹ CR at I-41, PR at I-25.

⁶² CR at I-42, PR at I-25.

⁶³ CR/PR at Tables I-21 - I-24. The export data are somewhat over-inclusive, as they include products that are not within Commerce's scope. *Id.* nn.1.

⁶⁴ CR/PR at Tables I-11 - I-14. These import data, with the exception of those for hammers and sledges, are somewhat over-inclusive, as they contain products that are not within Commerce's scope. *Id.* at Source notes.

C. Likely Volume of Subject Imports

In evaluating the likely volume of imports of subject merchandise if the antidumping duty orders were revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.⁶⁵ In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) 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.⁶⁶

In the original investigation, the Commission found that the market share of U.S. shipments of subject imports corresponding to each of the four like products had increased significantly. Between 1987 and 1989, the share of total domestic consumption of hammers and sledges accounted for by U.S. shipments of subject imports rose from *** percent to *** percent, as the actual volume of U.S. shipments of subject imports rose by *** percent, growing from *** units in 1987 to *** in 1989. The share of total domestic consumption of bars and wedges by volume accounted for by U.S. shipments of subject imports rose from *** percent in 1987 to *** percent in 1989, with actual U.S. shipments of subject imports rising by *** percent, from *** units in 1987 to *** units in 1989. The share of total domestic consumption of picks and mattocks by volume accounted for by U.S. shipments of subject imports rose from *** percent in 1987 to *** percent in 1989, as the actual volume of U.S. shipments of subject imports rose by *** percent, rising from *** units in 1987 to *** units in 1989. For axes and adzes, the share of total domestic consumption by volume accounted for by U.S. shipments of subject imports rose from *** percent in 1987 to *** percent in 1989; the volume of U.S. shipments of subject axe and adze imports rose from *** units in 1987 to *** units in 1989, or by *** percent.⁶⁷

In the first five-year reviews, the Commission found that the volume of subject imports would likely be significant if the order were revoked. Among the bases for this finding was the fact that, during the original investigation, the Chinese producers and exporters demonstrated the ability to rapidly increase exports to the U.S. market. Moreover, the limited information available indicated that the Chinese industry remained very large. In addition, the United States was the most important export market for the Chinese products.⁶⁸

In these second reviews, we find that the volume of subject imports would likely be significant if the orders were revoked. Even with the orders in place, Chinese producers continue to supply the United States with increasingly large volumes of subject merchandise. As indicated above, we view the available import data with caution because three of the subject product categories are covered by basket categories. The Chinese export data, which we also view with caution because they are over-inclusive, similarly show that substantial and increasing volumes of all categories of heavy forged hand tools are being shipped to the United States. Shipments of subject imports of hammers and sledges were valued at \$*** in 1999, and subject imports were \$4.3 million in 2004.⁶⁹ Subject Chinese exports to the United States of

⁶⁵ 19 U.S.C. § 1675a(a)(2).

⁶⁶ 19 U.S.C. § 1675a(a)(2)(A-D).

⁶⁷ USITC Pub. 3322 at 12.

⁶⁸ USITC Pub. 3322 at 13-14.

⁶⁹ CR/PR at Table I-16. Given the limitations of the data in these expedited reviews, we use available shipment data for 1999 and import data for 2004, recognizing that the import data are over-inclusive for all categories except

(continued...)

the same products were valued at \$16.4 million in 1999 and at \$24.6 million in 2004.⁷⁰ Shipments of subject imports of bars and wedges were valued at \$*** in 1999, and subject imports were \$4.5 million in 2004.⁷¹ Subject exports to the United States of these products were valued at \$36.7 million in 1999 and at \$114.5 million in 2004.⁷² Shipments of subject imports of picks and mattocks were valued at \$*** in 1999, and subject imports were \$24.6 million in 2004.⁷³ Subject exports to the United States of these same products were valued at \$2.5 million in 1999 and at \$13.2 million in 2004.⁷⁴ Shipments of subject imports of axes and adzes were valued at \$*** in 1999, and subject imports were \$4.6 million in 2004.⁷⁵ Subject exports to the United States of these products were valued at \$1.9 million in 1999 and at \$4.1 million in 2004.⁷⁶ Because hammers and sledges do not comprise a basket category and shipments of imports from all other product categories rose to a similar degree (except picks and mattocks), this increases our confidence that subject imports have in fact increased despite the pendency of the orders.⁷⁷

We also note that, for two of the product categories, the landed duty-paid value of imports of hand tools from China ***. U.S. shipments of bars and wedges were valued at \$***,⁷⁸ while the landed duty-paid value of Chinese imports of those products was \$4.5 million;⁷⁹ U.S. shipments of picks and mattocks were valued at \$***⁸⁰ and the landed duty-paid value of Chinese imports of picks and mattocks was \$24.6 million.⁸¹ For the other two product categories, the value of imports from China was *** the domestic industry's U.S. shipments. U.S. shipments of hammers and sledges were valued at \$***,⁸² while the landed duty-paid value of imports of hammers and sledges from China was valued at \$4.3 million,⁸³ and U.S. shipments of axes and adzes were valued at \$*** in 2004,⁸⁴ and the landed duty-paid value of Chinese imports of these products was \$4.6 million in that year.⁸⁵

There is no indication that Chinese capacity has declined since the time of the first reviews. In fact, although it is unclear whether it pertains to all categories of products, evidence in the record indicates that nearly 80 percent of Chinese producers and exporters are increasing capacity in anticipation

⁶⁹ (...continued)
hammers and sledges.

⁷⁰ CR/PR at Table I-21.

⁷¹ CR/PR at Table I-17.

⁷² CR/PR at Table I-22.

⁷³ CR/PR at Table I-18.

⁷⁴ CR/PR at Table I-23.

⁷⁵ CR/PR at Table I-19.

⁷⁶ CR/PR at Table I-24.

⁷⁷ See CR/PR Tables I-11 - I-14 for the trends in increasing imports from 1987-89, 1998-99 and 2004 for the subject products.

⁷⁸ CR/PR at Table I-8.

⁷⁹ CR/PR at Table I-12.

⁸⁰ CR/PR at Table I-9.

⁸¹ CR/PR at Table I-13.

⁸² CR/PR at Table I-7.

⁸³ CR/PR at Table I-11.

⁸⁴ CR/PR at Table I-10.

⁸⁵ CR/PR at Table I-14.

of another year of double-digit sales growth, with 10 suppliers stating that they intend to increase their capacity by at least 50 percent in 2005.⁸⁶

As at the time of the first reviews, the Chinese industry is export-oriented. The United States was the most important export market for China at that time,⁸⁷ and remains the most important export market for each product category in these current reviews. For hammers and sledges, 23.9 percent of China's exports went to the United States in 2004; for bars and wedges, 40.1 percent; for picks and mattocks, 27.3 percent; and for axes and adzes, 16.0 percent.⁸⁸ In light of the importance of the U.S. market for Chinese producers even with the orders in place, it is likely that, upon revocation of the orders, Chinese producers and exporters would ship even greater volumes to the United States.⁸⁹

The record also indicates that even in the face of increased material input costs, the majority of Chinese producers and exporters do not intend to raise prices.⁹⁰ As a result, their prices will likely undercut the prices of the domestic producers, and subject import volumes are likely to increase.

In addition, Mexico has maintained an antidumping duty order on tools from China since November 1, 1998, providing another incentive for China to ship subject merchandise to the United States. There is no information available in the record to indicate the extent of the margins or the type of tools involved.⁹¹

In the absence of evidence to the contrary in these current reviews, we also rely on evidence in the record of the first reviews that showed that Chinese producers and exporters would significantly increase exports to the U.S. market if the orders are revoked, given previous rapid and significant increases in subject imports from China and demonstrated continued interest in the U.S. market.⁹²

Accordingly, we find that the likely volume of subject imports, if the orders were revoked, would be significant, in light of the large and growing capacity of Chinese producers and the continued and rising presence of subject imports in the market despite the orders, the importance of the U.S. market and the aggressive pursuit of market share by Chinese producers and exporters seeking to evade duties.

⁸⁶ CR at I-42, PR at I-25.

⁸⁷ USITC Pub. 3322 at 14.

⁸⁸ CR/PR at Tables I-21 - I-24.

⁸⁹ We note, as additional evidence of the importance of the U.S. market to producers and exporters in China, that two Chinese producers/exporters were recently issued relatively high margins based upon adverse facts available during a Commerce preliminary administrative review determination because both companies, Huarong and TMC, participated individually in schemes that resulted in the circumvention of the antidumping duty order by evading the applicable cash deposit and assessment rates. CR at I-43, PR at I-26. It appears that Huarong manufactures bars and wedges and axes and adzes. See 70 Fed. Reg. 11934, 11937 (Mar. 10, 2005) (Huarong does not manufacture hammers and sledges or picks and mattocks). It also appears that TMC manufactures bars and wedges, hammers and sledges, and axes and adzes. See 70 Fed. Reg. at 11939.

⁹⁰ CR at I-42 - I-43, PR at I-25.

⁹¹ CR at I-45, PR at I-26.

⁹² USITC Pub. 3322 at 14.

D. Likely Price Effects of Subject Imports

In evaluating the likely price effects of subject imports if the antidumping duty orders were revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.⁹³

In the original determinations, the Commission found that persistent or sustained underselling occurred with subject imports of picks and mattocks and axes and adzes. The Commission found evidence of underselling of subject imports of hammers and sledges and bars and wedges, although the patterns of underselling were less consistent than those exhibited by the two other products. During the years 1987-1989, average unit values (“AUVs”) for subject imports from China were below both the AUVs for the domestic like product and for nonsubject imports for each of the four products.⁹⁴

In the first five-year reviews, the Commission was unable to gather substantial pricing data. However, the pricing data available showed significant underselling by subject imports ***. Pricing data on hammers and sledges showed mixed patterns of overselling and underselling, with *** on some products and mixed *** for others. The Commission noted that, despite the imposition of the antidumping duties, AUVs for two of the four products, bars and wedges and picks and mattocks, remained *** AUVs for the domestic like products. The AUV for subject imports of axes and adzes in 1999 was *** to the AUV of domestic shipments of axes and adzes. In light of this evidence, as well as the fact that the largest gains made by nonsubject imports appeared to have come mainly at the expense of subject imports rather than domestic products, the Commission found that the likely significantly increased volumes of lower-priced subject imports would adversely and significantly affect prices for the domestic like products upon revocation, and that revocation of the antidumping duty orders would be likely to lead to significant price suppression or depression by the subject imports of the domestic like product in the reasonably foreseeable future.⁹⁵

We note that we have no public sources of price data in these reviews. Price remains a key element in sales, as the record indicates that Chinese producers continue to compete in the U.S. market on the basis of price.⁹⁶

At the time of the first reviews, producers aggressively pursued sales in a very competitive market.⁹⁷ There is no indication in the record that the current market is any less competitive. Nonsubject imports played an important role in the market at that time, making gains in volume and market share, but mainly at the expense of subject imports.⁹⁸ The Commission found that nonsubject import gains in volume and market share gave the Chinese producers and exporters a strong incentive to price even more aggressively in order to expand their market share in the United States.⁹⁹ The record in these current

⁹³ 19 U.S.C. § 1675a(a)(3). The SAA states that “[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

⁹⁴ USITC Pub. 3322 at 15.

⁹⁵ USITC Pub. 3322 at 15-16.

⁹⁶ Ames’ Response to Notice of Institution at 9; Ames’ Final Comments at 9.

⁹⁷ USITC Pub. 3322 at 15-16.

⁹⁸ See USITC Pub. 3322 at 16.

⁹⁹ USITC Pub. 3322 at 16.

reviews indicates that nonsubject imports continue to play a large role in the market.¹⁰⁰ In addition, the record indicates that even in the face of increased material input costs, the majority of Chinese producers and exporters do not intend to raise prices,¹⁰¹ making it likely that subject import prices will undercut domestic product prices. Accordingly, we find that likely significant increased volumes of lower-priced subject imports would adversely and significantly affect prices for the domestic like products upon revocation.

As the Commission found in the first reviews, we conclude that revocation of the antidumping duty orders would be likely to lead to significant adverse price effects on U.S. producers in the reasonably foreseeable future.

E. Likely Impact of Subject Imports

In evaluating the likely impact of imports of subject merchandise if the antidumping duty orders were revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.¹⁰² All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.¹⁰³ As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders at issue and whether the industry is vulnerable to material injury if the orders are revoked.¹⁰⁴

In the original determination the Commission found that subject imports had a detrimental impact on each of the domestic industries producing heavy forged hand tools. One producer, the original complainant, was forced into bankruptcy in 1991, and the domestic producers believed that imposition of the orders was crucial to the industries' survival after the injury suffered in the 1980s.¹⁰⁵

In the first five-year reviews, the Commission found that, if the antidumping duty orders were revoked, subject imports would be likely to have a significant adverse impact on the domestic industries within a reasonably foreseeable time. Even with the orders in place, subject imports had successfully competed for contracts with some of the largest and most important mass market retailers in the U.S.

¹⁰⁰ See CR/PR at Tables I-16 - I-19.

¹⁰¹ CR at I-42- I-43, PR at I-25.

¹⁰² 19 U.S.C. § 1675a(a)(4).

¹⁰³ 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that “the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy” in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the “magnitude of the margin of dumping” to be used by the Commission in five-year reviews as “the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title.” 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887. In the final results of its expedited sunset reviews of the antidumping orders, Commerce published likely dumping margins of 50.81 percent for picks and mattocks; 15.02 percent for axes and adzes; 45.42 percent for hammers and sledges; and 31.76 percent for bars and wedges. CR at I-10, PR at I-10.

¹⁰⁴ The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, 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 may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at 885.

¹⁰⁵ USITC Pub. 3322 at 17.

market. Given the likely significant increase in volume of subject imports and the resultant intense price competition in a market with sluggish demand growth, the domestic industries would likely experience significant declines in output, sales and income, with eventual losses in employment and capital and research and development expenditures similar to those experienced in the years of the original investigation.¹⁰⁶

As noted above, Mann Edge no longer produces heavy forged hand tools in the United States. In addition, Warwood stated in 2005 that it is “on life support.”¹⁰⁷ While the evidence in the record is insufficient to enable us to determine that the domestic industries producing heavy forged hand tools are vulnerable, we note that Ames maintains that they are, based upon the plant closures and decline in production regarding three of the four products (all excepting picks and mattocks).¹⁰⁸

At the time of the first reviews, as stated above, even with the orders in place subject imports successfully competed for contracts with large mass market retailers.¹⁰⁹ There is no indication they will not do so upon revocation of the orders. Indeed, evidence in the record states that subject Chinese imports are currently competing with sales of domestic products at all major accounts, including Lowe’s, Home Depot, Menards, and True Value.¹¹⁰

Moreover, although at the time of the first reviews nonsubject imports increased significantly in three of the four product categories, the Commission did not find that the impact of increased volumes of subject imports would fall on nonsubject imports. Rather, it found that all suppliers compete and were likely to compete intensely in the retail market.¹¹¹ There is no indication in the record that this has changed.

Ames contends in these reviews that material injury is likely to recur were the antidumping duty orders to be revoked, given the likely resumption of large volumes of subject imports of heavy forged hand tools from China. This injury would include significant declines in output, sales, income, and employment.¹¹²

We find that subject import volumes are likely to be significant if the orders were revoked, resulting in significant price effects, which would lead to a significant adverse impact on the domestic industry. As the Commission found in the first reviews, we find that revocation of the orders would likely lead to significant declines in output, sales and income, with eventual losses in employment and capital and research and development expenditures. Accordingly, we conclude that, if the antidumping duty orders were revoked, subject imports would be likely to have a significant adverse impact on the domestic industries within a reasonably foreseeable time.

CONCLUSION

For the foregoing reasons, we determine that revocation of the antidumping duty orders on heavy forged hand tools from China would be likely to lead to continuation or recurrence of material injury to the respective domestic industries within a reasonably foreseeable time.

¹⁰⁶ USITC Pub. 3322 at 17-18.

¹⁰⁷ Ames’ Response to Notice of Institution at 11.

¹⁰⁸ See Ames’ Final Comments at 10; CR/PR at Tables I-7 - I-10.

¹⁰⁹ USITC Pub. 3322 at 17.

¹¹⁰ Ames’ Final Comments at 7.

¹¹¹ USITC Pub. 3322 at 18.

¹¹² Ames’ Response to Notice of Institution at 13.

INFORMATION OBTAINED IN THE SECOND REVIEWS

INTRODUCTION

Background

On July 1, 2005, in accordance with section 751(c) of the Tariff Act of 1930, as amended,¹ the U.S. International Trade Commission (“Commission”) gave notice that it had instituted reviews to determine whether revocation of the antidumping duty orders on heavy forged hand tools (“HFHTs”) from China would be likely to lead to a continuation or recurrence of material injury within a reasonably foreseeable time.² On October 4, 2005, the Commission determined that the domestic interested party group response to its notice of institution was adequate;³ the Commission also determined that the respondent interested party group response was inadequate.⁴ The Commission found no other circumstances that would warrant conducting full reviews.⁵ Accordingly, the Commission determined that it would conduct expedited reviews pursuant to section 751(c)(3) of the Tariff Act of 1930.⁶ The Commission voted on these reviews on January 18, 2006, and notified the U.S. Department of Commerce (“Commerce”) of its determinations on January 31, 2006. Information relating to the background of the reviews is presented on the following page:⁷

¹ 19 U.S.C. 1675(c).

² 70 FR 38197, July 1, 2005. All interested parties were requested to respond to this notice by submitting the information requested by the Commission. The Commission’s notice of institution is presented in app. A.

³ The Commission received one submission in response to its notice of institution for the subject reviews (hereinafter “*Response*”). It was filed on behalf of Ames True Temper (“Ames”). Ames (“the domestic interested party”) is represented by the law firm of Wiley Rein & Fielding LLP. Ames is believed to account for approximately *** percent of total U.S. production of HFHTs in 2004, with the exception of bars and wedges, for which it accounted for approximately *** percent of total U.S. production. The estimate was based on Ames’ assessment of its own market standing. *Response* of Ames, August 22, 2005, exh. 15, and *Supplemental Response* (dated September 1, 2005) of Ames, exh. 1. *See also* the Commission’s memorandum of September 22, 2005, INV-CC-153–*Recommendation on Adequacy of Responses to Notice of Institution*.

⁴ The Commission did not receive a response from any respondent interested party.

⁵ The Commission’s statement on adequacy is presented in app. B.

⁶ 19 U.S.C. § 1675(c)(3).

⁷ Cited *Federal Register* notices beginning with the Commission’s institution of second five-year reviews are presented in app. A.

Effective date	Action	Federal Register citation
February 19, 1991	Commerce's antidumping duty orders issued	56 FR 6622
August 10, 2000	Commerce's continuation of antidumping duty orders after first five-year reviews	65 FR 48962
July 1, 2005	Commission's institution of second five-year reviews	70 FR 38197
October 4, 2005	Commission's determinations to conduct expedited second five-year reviews and scheduling of such reviews	70 FR 61156, October 20, 2005
November 7, 2005	Commerce's final results of expedited second five-year reviews	70 FR 67451
January 18, 2006	Commission's vote	Not applicable
January 31, 2006	Commission's determinations transmitted to Commerce	Not applicable

The Original Investigation and the First Five-Year Reviews

The Commission completed the original investigation⁸ in February 1991, determining that industries in the United States were threatened with material injury by reason of imports from the People's Republic of China of HFHTs.⁹ After receipt of the Commission's determinations, Commerce issued antidumping duty orders on imports of HFHTs from China.¹⁰ In June 2000, the Commission completed full five-year reviews of the antidumping duty orders, and determined that revocation of the orders on HFHTs from China would be likely to lead to continuation or recurrence of material injury to industries in the United States within a reasonably foreseeable time.¹¹

Commerce's First Five-Year and Administrative Reviews

On February 4, 2000, Commerce found that revocation of the antidumping duty orders on picks and mattocks and axes and adzes from China would likely lead to continuation or recurrence of dumping

⁸ The investigation resulted from a petition filed on April 4, 1990 by Woodings-Verona Toolworks ("Woodings-Verona"), Verona, PA. Petitioner alleged injury to a U.S. industry from imports from China of HFHTs. *Staff Report of January 28, 1991* (INV-O-018), p. A-2.

⁹ *Heavy Forged Hand Tools from the People's Republic of China: Inv. No. 731-TA-457 (Final)*, USITC Publication 2357, February 1991, p. 1. The Commission stated that its affirmative determinations included the industries producing striking tools (or "hammers and sledges" with heads over 1.5 kg. or 3.3 lbs.), bar tools (bars over 18 inches in length, track tools, and wedges, or "bars and wedges"), digging tools (or "picks and mattocks"), and hewing tools (or "axes and adzes").

¹⁰ 56 FR 6622, February 19, 1991. The orders required the posting of a cash deposit equal to the estimated weighted-average *ad valorem* dumping margins, which were as follows: hammers and sledges, 45.42 percent; bars and wedges, 31.76 percent; picks and mattocks, 50.81 percent; and axes and adzes, 15.02 percent.

¹¹ *Heavy Forged Hand Tools from China: Invs. Nos. 731-TA-457 (A-D) (Review)*, USITC Publication 3322, July 2000, p. 1.

as follows: picks and mattocks, 50.81 percent; and axes and adzes, 15.02 percent.¹² On June 2, 2000, Commerce found that revocation of the antidumping duty orders on hammers and sledges and bars and wedges from China would likely lead to continuation or recurrence of dumping as follows: hammers and sledges, 45.42 percent; and bars and wedges, 31.76 percent.¹³ Commerce did not issue duty absorption determinations with respect to these orders. Between 1991, when the antidumping duty orders were imposed, and 2004, Commerce conducted numerous administrative reviews with respect to imports of HFHTs from China (tables I-1 through I-4).

¹² 65 FR 5497, February 4, 2000.

¹³ 65 FR 35321, June 2, 2000.

**Table I-1
Hammers and sledges: Commerce's administrative reviews**

Action	Date of action	Federal Register citation	Period of review	Antidumping duty margins	
				Firm-specific	China-wide
				<i>Percent ad valorem</i>	
Administrative review	3/23/00	65 FR 15615	1992-93	Fujian - 27.71 SMC - 22.44	--
Administrative review	5/8/00	65 FR 26573	1993-94	Fujian - 8.90 SMC - 10.02	--
Administrative review	5/8/00	65 FR 26574	1994-95	Fujian - 1.23 SMC - 4.77	44.41
Administrative review	3/13/97	62 FR 11813	1995-96	Fujian - 15.95 SMC - 3.20 Tianjin - 44.41	--
Administrative review	4/6/98 10/16/98	63 FR 16758 63 FR 55577	1996-97	Fujian - 5.71 SMC - 6.02 Tianjin - 27.60	--
Administrative review	8/11/99 12/17/03	64 FR 43659 68 FR 70226	1997-98	Tianjin - 0.14 Fujian - 27.71 SMC - 27.71	27.71
Administrative review	7/13/00 8/18/00 6/23/03	65 FR 43290 65 FR 50499 68 FR 37121	1998-99	Tianjin - 0.41 SMC - 27.71	27.71
Administrative review	9/17/01	66 FR 48026	1999-2000	Shandong - 0.00 Tianjin - 0.54	27.71
New shipper review	10/29/01	66 FR 54503	2000	Shandong Jinma Industrial Group - 0.00	--
Administrative review	9/12/02 2/13/03 3/27/03	67 FR 57789 68 FR 7347 68 FR 14943	2000-01	Shandong - 0.05 Liaoning - 45.42 Tianjin - 36.55 SMC - 3.71	--
Administrative review	9/15/04 12/04/04	69 FR 55581 69 FR 69892	2002-03	Tianjin - 6.46 SMC - 0.02	45.42
Administrative review	9/19/05	70 FR 54897	2003-04	--	45.42 ¹

¹ Includes Tianjin ("TMC").

Source: Federal Register notices.

Table I-2
Bars and wedges: Commerce's administrative reviews

Action	Date of action	Federal Register citation	Period of review	Antidumping duty margins	
				Firm-specific	China-wide
				<i>Percent ad valorem</i>	
Administrative review	3/23/00	65 FR 15615	1992-93	Fujian - 47.88 SMC - 33.87	--
Administrative review	5/8/00	65 FR 26573	1993-94	Fujian - 16.14 SMC - 29.84	--
Administrative review	5/8/00	65 FR 26574	1994-95	Fujian - 1.05 SMC - 25.93	66.32
Administrative review	3/13/97	62 FR 11813	1995-96	Fujian - 18.72 SMC - 36.66	--
Administrative review	4/6/98	63 FR 16758	1996-97	Shandong - 34.00 Liaoning - 2.94 SMC - 38.30	--
Administrative review	8/11/99 12/17/03	64 FR 43659 68 FR 70226	1997-98	Fujian - 47.88 Shandong - 1.27 Liaoning - 0.00 SMC - 47.88 Tianjin - 47.88	47.88
Administrative review	7/13/00 8/18/00 6/23/03	65 FR 43290 65 FR 50499 68 FR 37121	1998-99	Shandong - 27.28 Liaoning - 27.18 Tianjin - 139.31 SMC - 139.31	139.31
Administrative review	9/17/01	66 FR 48026	1999-2000	Shandong - 0.56 Tianjin - 47.88	47.88
Administrative review	9/12/02 2/13/03	67 FR 57789 68 FR 7347	2000-01	Shandong - 16.22 Liaoning - 0.00 Tianjin - 0.48	--
Administrative review	9/10/03	68 FR 53347	2001-02	Shandong - 30.02	--
Administrative review	9/15/04 12/04/04	69 FR 55581 69 FR 69892	2002-03	Shandong - 139.31 Liaoning - 139.31 Tianjin - 139.31 SMC - 5.40	139.31
Administrative review	9/19/05	70 FR 54897	2003-04	--	139.31 ¹
¹ Includes Tianjin (TMC) and Huarong.					
Source: <i>Federal Register</i> notices.					

Table I-3
Picks and mattocks: Commerce's administrative reviews

Action	Date of action	Federal Register citation	Period of review	Antidumping duty margins	
				Firm-specific	China-wide
				<i>Percent ad valorem</i>	
Administrative review	3/23/00	65 FR 15615	1992-93	Fujian - 89.70 SMC - 36.62	--
Administrative review	5/8/00	65 FR 26573	1993-94	SMC - 52.60	--
Administrative review	5/8/00	65 FR 26574	1994-95	Fujian - 65.11 SMC - 52.82	108.20
Administrative review	3/13/97	62 FR 11813	1995-96	Fujian - 98.77 SMC - 63.87	--
Administrative review	4/6/98	63 FR 16758	1996-97	SMC - 32.38	--
Administrative review	8/11/99 12/17/03	64 FR 43659 68 FR 70226	1997-98	Fujian - 98.77 SMC - 98.77 Tianjin - 0.00	98.77
Administrative review	7/13/00 8/18/00 6/23/03	65 FR 43290 65 FR 50499 68 FR 37121	1998-99	Tianjin - 0.10 SMC - 98.77	98.77
Administrative review	9/17/01	66 FR 48026	1999-2000	Shandong - 0.02 Tianjin - 98.77	98.77
Administrative review	9/12/02 2/13/03	67 FR 57789 68 FR 7347	2000-01	Tianjin - 3.12	--
Administrative review	9/15/04 12/04/04	69 FR 55581 69 FR 69892	2002-03	Tianjin - 6.46 SMC - 98.77	98.77
Administrative review	9/19/05	70 FR 54897	2003-04	--	98.77 ¹
¹ Includes Tianjin (TMC). Source: <i>Federal Register</i> notices.					

Table I-4
Axes and adzes: Commerce's administrative reviews

Action	Date of action	Federal Register citation	Period of review	Antidumping duty margins	
				Firm-specific	China-wide
				<i>Percent ad valorem</i>	
Administrative review	3/23/00	65 FR 15615	1992-93	Fujian - 14.23 SMC - 14.23	--
Administrative review	5/8/00	65 FR 26573	1993-94	Fujian - 5.68	--
Administrative review	5/8/00	65 FR 26574	1994-95	Fujian - 1.84	21.92
Administrative review	3/13/97	62 FR 11813	1995-96	Fujian - 18.72 Tianjin - 2.42	--
Administrative review	4/6/98	63 FR 16758	1996-97	Fujian - 5.11 Tianjin - 1.96	--
Administrative review	8/11/99 12/17/03	64 FR 43659 68 FR 70226	1997-98	Shandong - 18.72 Tianjin - 18.72	18.72
Administrative review	7/13/00 8/18/00 6/23/03	65 FR 43290 65 FR 50499 68 FR 37121	1998-99	Shandong - 55.74 Tianjin - 55.74 SMC - 70.15	70.15
Administrative review	9/17/01	66 FR 48026	1999-2000	Shandong - 2.66 Tianjin - 18.72	18.72
Administrative review	9/12/02 2/13/03	67 FR 57789 68 FR 7347	2000-01	Tianjin - 5.08	--
Administrative review	9/15/04 12/04/04	69 FR 55581 69 FR 69892	2002-03	Shandong - 55.74 Liaoning - 55.74 Tianjin - 10.49 SMC - 55.74	55.74
Administrative review	9/19/05	70 FR 54897	2003-04	Huarong - 174.58	174.58 ¹
¹ Includes Tianjin (TMC). Source: <i>Federal Register</i> notices.					

Commerce's Final Results of Expedited Second Sunset Reviews

On November 7, 2005, Commerce found that revocation of the antidumping duty orders on HFHTs from China would likely lead to continuation or recurrence of dumping as follows: picks and mattocks, 50.81 percent; axes and adzes, 15.02 percent; hammers and sledges, 45.42 percent; and bars and wedges, 31.76 percent.¹⁴ Commerce did not issue duty absorption determinations with respect to these orders.

Distribution of Continued Dumping and Subsidy Offset Act Funds to Affected Domestic Producers

Since September 21, 2001, qualified U.S. producers of HFHTs have been eligible to receive disbursements from U.S. Customs and Border Protection ("Customs") under the Continued Dumping and Subsidy Offset Act of 2000 ("CDSOA"), also known as the Byrd Amendment.¹⁵ Table I-5 presents CDSOA claims and disbursements for federal fiscal years 2001-05.

THE PRODUCT

Scope

The imported products covered by these reviews are heavy forged hand tools (HFHTs), which were defined by Commerce in its notice of its final results of the expedited reviews (second review) of the antidumping duty orders as the following classes or kinds of merchandise: (1) hammers and sledges with heads over 1.5 kg (3.33 pounds); (2) bars over 18 inches in length, track tools, and wedges; (3) picks and mattocks; and (4) axes, adzes, and similar hewing tools. HFHTs include heads for drilling, hammers, sledges, axes, mauls, picks, and mattocks, which may or may not be painted, which may or may not be finished, or which may or may not be imported with handles; assorted bar products and track tools including wrecking bars, digging bars, and tampers; and steel woodsplitting wedges.¹⁶ HFHTs are manufactured through a hot forge operation in which steel is sheared to required length, heated to forging temperature, and formed to final shape on forging equipment using dies specific to the desired product shape and size. Depending on the product, finishing operations may include shot blasting, grinding, polishing and painting, and the insertion of handles for handled product. The merchandise under review was listed as classifiable under Harmonized Tariff Schedule of the United States ("HTS") subheadings

¹⁴ 70 FR 67451, November 7, 2005.

¹⁵ 19 CFR 159.64(g).

¹⁶ 70 FR 67451, November 7, 2005. Subsequent to the continuation of the antidumping duty orders, Commerce made several scope determinations. Commerce found (1) on March 8, 2001, "18-inch" and "24-inch" pry bars, produced without dies, imported by Olympia Industrial, Inc. and SMC Pacific Tools, Inc., to be within the scope of the order on bars and wedges; (2) on March 8, 2001, the "Pulaski" tool, produced without dies by Tianjin Machinery Import/Export Corp. (TMC), to be within the scope of the order on axes and adzes; (3) on March 8, 2001, a "skinning axe," imported by Import Traders, Inc., to be within the scope of the order on axes and adzes; (4) on December 9, 2004, that the "Scrapek MUTT," imported by Olympia Industrial, Inc. under HTS statistical reporting number 8205.59.5510, is within the scope of the order on axes and adzes; (5) on May 23, 2005, 8-inch-by-8-inch and 10-inch-by-10-inch cast tampers, imported by Olympia Industrial, Inc., to be outside the scope of the orders; and (6) on October 14, 2005, the "Mean Green Splitting Machine," imported by Avalanche Industries, LLC, to be within the scope of the order on bars and wedges. In addition, on September 22, 2005, the Court of International Trade sustained Commerce's finding that cast picks are outside the scope of the order on picks and mattocks. 70 FR 67452, November 7, 2005.

Table I-5
HFHTs from China: CDSOA claims and disbursements, Federal fiscal years 2001-05

Claimant	Share of allocation	Amount of claim filed ¹	Amount disbursed
	<i>Percent</i>	<i>Dollars</i>	
FY 2001: Warwood Tool	7.9	2,888,560	202,269
Woodings-Verona	92.1	33,885,571	2,372,808
Total	100.0	36,774,131	2,575,077
FY 2002: Ames True Temper	91.9	37,357,750	73,506
Warwood Tool	8.1	3,282,016	6,458
Total	100.0	40,639,766	79,964
FY 2003: ² Ames True Temper	92.2	2,150,721	1,982,585
Warwood Tool	7.8	3,721,441	168,136
Total	100.0	3,721,441	2,150,721
FY 2004: ³ Ames True Temper	47.0	49,020,205	782,043
Council Tool	49.1	51,151,941	816,052
Warwood Tool	3.9	4,047,186	64,567
Total	100.0	104,219,332	1,662,661
FY 2005: Ames True Temper	49.0	56,863,500	691,166
Council Tool	46.8	54,323,550	660,293
Warwood Tool	4.1	4,785,125	58,293
Total	100.0	115,972,175	1,409,621

¹ Qualifying expenditures incurred by domestic producers since the issuance of the order.

² Data on claims filed do not add to totals. These data appear as presented from Customs' web site indicated in the source below.

³ Expenses and disbursements relating to axes and adzes from China.

Source: Customs' CDSOA Annual Reports at http://www.cbp.gov/xp/cgov/import/add_cvd/cont_dump/, retrieved December 2, 2005.

8201.30.00, 8201.40.60 and 8205.20.60, 8205.59.30.¹⁷ Specifically excluded from these reviews are hammers and sledges with heads 1.5 kilograms (3.33 pounds) in weight and under, hoes and rakes, and bars 18 inches in length and under.

U.S. Tariff Treatment

Merchandise classified under the following HTS subheadings have a tariff rate of free: (1) HTS subheading 8205.20.60–(hammers/sledges) hammers and sledge hammers, and parts thereof, with heads over 1.5 kg each; (2) HTS subheading 8205.59.30–(bars/wedges) crowbars, track tools, and wedges, and parts thereof; and (3) HTS subheading 8201.30.00–(mattocks/picks) mattocks, picks, hoes and rakes, and parts thereof. Merchandise under HTS subheading 8201.40.60–(axes/adzes) axes, bill hooks, and similar hewing tools, and parts thereof, other than machetes and parts thereof, are dutiable at a general tariff rate of 6.2 percent *ad valorem*.¹⁸ The HTS classifications are provided for convenience and for Customs purposes; the written description remains dispositive as to the scope of the product coverage.

Domestic Like Product and Domestic Industry

In its original and first review determination, the Commission found the appropriate like products to be “four separate like products, defined as follows: (1) hammers and sledges, with heads weighing two pounds or more, with or without handles; (2) all bar tools, track tools, and wedges; (3) picks and mattocks, with or without handles; and (4) axes, adzes, and hewing tools, other than machetes, with or without handles.”¹⁹ The original and first review like products were defined differently than the scope of the investigations with respect to (1) subject imports of hammers and sledges, which are limited to those with heads weighing over 1.5 kg (3.33 pounds); and (2) subject imports of bars and wedges, for which bars are limited to those measuring over 18 inches in length. In 1999, counsel for Ames and other respondents agreed with the Commission’s definition of the domestic like products.²⁰ Also, in the original investigation and in its first five-year review determinations, the Commission defined the domestic industries as all domestic producers of each of the four groups of HFHTs. For purposes of these second five-year reviews, the domestic interested party, Ames True Temper, did not indicate any objection to the Commission’s original like product definitions.²¹

¹⁷ Effective July 1, 2005, in Supplement I of the Harmonized Tariff Schedule of the United States (2005), statistical annotations were provided for: (1) mattocks and picks, and parts thereof, HTS statistical reporting number 8201.30.00.10; (2) axes and adzes, and parts thereof, statistical reporting number HTS 8201.40.6010; and (3) crowbars, HTS statistical reporting number 8205.59.3010.

¹⁸ Imports of these products are eligible for duty-free entry from beneficiary countries under provisions of the Generalized System of Preferences, the North American Free Trade Agreement, the United States-Chile Free Trade Agreement, the Caribbean Basin Economic Recovery Act, the United States-Israel Free Trade Area, the Andean Trade Preference Act, and the United States-Jordan Free Trade Area Implementation Act. These products also have a reduced duty rate of 4.6 percent *ad valorem* under the provisions of the United States-Australian Free Trade Agreement and of 3.1 percent *ad valorem* under the provisions of the United States-Singapore Free Trade Agreement. The 2005 column 2 rate of duty, applicable to countries listed in HTS general note 3(b), is 45 percent *ad valorem* for 8201.40.60 and 8201.30.00; 20 percent for 8205.20.60; and 3 cents per kilogram for 8205.59.30.

¹⁹ *Heavy Forged Hand Tools from China: Inv. Nos. 731-TA-457 (A-D) (Review)*, USITC Publication 3322, July 2000, pp. I-8 and I-9.

²⁰ *Ibid.*, p. I-9.

²¹ *Supplemental Response of Ames*, September 1, 2005, p. 3.

Description and Uses²²

Hammers and Sledges

Heavy hammers and sledges with heads over 1.5 kg (3.33 pounds) have heads that are heavier than claw-type (carpenters') hammers or ball peen type (machinists') hammers. Heavy hammer and sledge heads included in the scope of the investigation are over 1.5 kg (3.33 pounds) in weight, and may weigh as much as 9.1 kg (20 pounds). Sledge hammers are heavy hammers used for driving stakes, wedges, or other objects. Woodsplitting mauls resemble sledge hammers except that they have one axe-like edge. Primarily, they are intended to split wood without the use of wedges, but the blunt end may be used for striking stakes, wedges, or other objects as one would with a sledge hammer. Hammers and sledges, including mauls, within the scope of the antidumping duty order typically have handles made of wood or fiberglass.²³

Bars and Wedges

The principal product of bars and wedges is the crowbar. This tool typically has a gooseneck-like shape to the bar at the claw end for pulling nails and spikes, and a chisel blade at the other end of the bar for prying. Other bars, such as wrecking bars, may be flattened. Various configurations of curves allow for differing degrees of leverage in prying operations. Included in bars and wedges are digging bars and tampers. Bars are used for demolition, scraping, lifting, or prying apart floor tile, wood paneling, nailed wood items, wood molding, and/or removing nails and spikes from wood. Digging bars are used to break up hardened soil and tampers are used to compact loose soil or asphalt. Wedges are used in splitting wood.

Picks and Mattocks

Picks and mattocks are produced in a number of styles and sizes, and differ principally in the weight of the head, the angle and size of the prongs, and the shape of the pick points. Picks are generally used for digging in relatively hard soil and for striking the soil with the point of the pick head, whereas the mattock has one side of the head being a broad blade and is used in relatively soft soil. Both mattocks and picks are produced with either wood or fiberglass handles.²⁴

Axes and Adzes

Axes and adzes are hewing tools. Axes are generally grouped into two categories: large axes and special-purpose axes. Large axes are intended primarily for chopping wood. They are manufactured with either two cutting edges (double-bit) or a single cutting edge (single-bit). The single-bit axe has on the opposite side of the axe head a hammer face that can be used for pounding. Special-purpose axes are designed to function as two tools. For example, the mattock axe is a single-bit axe with an adze-shaped grubbing blade on the back and is designed for digging, prying, or chopping. Adzes are used in shaping wood, and may have either a flat or curved blade at a right angle to the handle.

²² All of the discussion in this section is from the original investigation, unless otherwise noted. *Heavy Forged Handtools From the People's Republic of China: Inv. No. 731-TA-457 (Final)*, USITC Publication 2357, February 1991, pp. A-3 and A-4.

²³ Staff observations of various retailers' online catalogs. Ames True Temper, "Choosing the Right Tool: Striking Tools," found at http://www.ames.com/Choosing_striking.html, retrieved November 14, 2005.

²⁴ Ibid.

Manufacturing Process²⁵

Heavy forged hand tools are manufactured through a hot forge operation in which steel is sheared to the required length, heated to forging temperature, and formed to final shape on forging equipment using dies specific to the desired product shape and size. Depending upon the product, finishing operations may include shot blasting, grinding, polishing and painting, and insertion of the handles for handled products. Handles are made of wood or molded fiberglass. The manufacturing of wood handles involves cutting, drying, sanding, and finishing.

Marketing²⁶

Little information is available about the HFHT market in 2004;²⁷ the most recent data available are from the first full reviews completed in 2000 (with data from 1998 and 1999). Four channels of distribution exist: sales to distributors; sales to retailers; sales to large end users; and sales to OEMs.²⁸ Both producers and importers predominantly sell in the spot market and both reported selling nationwide. One producer, ***, reported selling a large share of its products under a “Buy American” program. It reported that its sales under the program in 1999 were ***. With regard to current retail sales in 2005, there appears to be an increase in sales at Internet retail sites. In some instances, the companies using this method do not have physical retail locations.²⁹ Other retailers using the Internet will sometimes list for sale products that can be purchased only through the Internet or their catalog, and will not stock those products at their retail locations.³⁰

Hammers and Sledges

In 1999, over *** percent of U.S. shipments of hammers and sledges included handles. Over *** percent of such shipments went to the hardware segment of the market, with slightly more going to hardware wholesalers (**% percent) than hardware retailers (**% percent). About *** percent were sold to the industrial segment, about *** percent were shipped to OEMs, and less than *** percent were sold to the government sector in 1999.

²⁵ See *Heavy Forged Handtools From the People’s Republic of China: Inv. No. 731-TA-457 (Final)*, USITC Publication 2357, February 1991, pp. A-3 and A-4 and Commerce’s notice of final results of expedited review, 70 FR 67451, November 7, 2005.

²⁶ All of the discussion in this section is from the first full five-year reviews, unless otherwise noted. *Staff Report of June 16, 2000*, pp. II-1-2, and III-1-7.

²⁷ There was no information supplied in the *Response* of Ames, August 22, 2005.

²⁸ Most OEMs manufacture handles, purchase heads, and assemble the finished tool which they sell under their own name.

²⁹ For example, see Internet retailer Doityourself.com, found at <http://www.doityourself.com>.

³⁰ For example, see Home Depot, Inc. Internet site, <http://www.homedepot.com>, for product category wrecking, nail pullers, and pry bars.

Bars and Wedges

Approximately *** percent of 1999 shipments of bars and wedges went to the hardware segment of the market, with a small percentage going to hardware wholesalers (*** percent) and the majority going to hardware retailers (*** percent). About *** percent were sold to the industrial segment, about *** percent were shipped to OEMs, and approximately *** percent were sold to the government sector in 1999.

Picks and Mattocks

Approximately *** percent of 1999 shipments of picks and mattocks went to the hardware segment of the market, with *** hardware wholesalers and hardware retailers. About *** percent were sold to the industrial segment, about *** percent were shipped to OEMs, and approximately *** percent was sold to the government sector in 1999.

Axes and Adzes

In 1999, over *** percent of U.S. shipments of axes and adzes included handles. Approximately *** percent of such shipments went to the hardware segment of the market, with the majority going to hardware wholesalers (*** percent) and the remainder going to the hardware retailers (*** percent). About *** percent was sold to the industrial segment, *** percent was shipped to OEMs, and approximately *** percent was sold to the government sector in 1999.

Changes in the market reported in 1999 (compared with 1990, the time of the original investigation) were the growth of large retailers such as Wal-Mart, Home Depot, and Lowe's, which lengthened the time frame of sales agreements and increased the importance of price competition. Also reported by U.S. producers was an increase in production for private-label use and specialty customers. The responding Chinese producer in the first reviews reported that there was increased ***.

THE INDUSTRY IN THE UNITED STATES

U.S. Producers

In 1990, there were essentially four firms that produced HFHTs in the United States: the petitioner, Woodings-Verona; Mann Edge Tool Co. ("Mann Edge"); Council Tool Co., Inc. ("Council"); and Warwood Tool Co. ("Warwood"). There were an insignificant number of other firms producing the subject product, but their production capability was believed to be "minuscule" compared to the capability of the main producers.³¹ By the time of the first full reviews in 2000, there were five known firms producing HFHTs in the United States. O. Ames ("Ames") had acquired the assets of Woodings-Verona in 1997 after it filed bankruptcy ***. All firms *** Mann Edge, which ***. J&H Manufacturing ("J&H") was the *** of bars in the United States in 1999. It was founded in 1997 by former employees of Woodings-Verona after the 1997 acquisition by Ames. It produced ***. ***. Council and Warwood were *** producers in 1999 of most of the products under review.³² In these current second reviews, most of the information available is from Ames, the domestic interested party. It lists itself, Council, and Warwood as the only producers of HFHTs in the United States, and states that each produces hand tools

³¹ *Staff Report of January 28, 1991*, pp. A-9-10.

³² *Staff Report of June 16, 2000*, pp. I-16-I-17.

in all four product categories.³³ In addition, information in the Lewistown Sentinel of September 14, 2005 indicates that Mann Edge closed its operation manufacturing HFHTs in the United States a few years ago.³⁴ Warwood submitted a letter supporting the continuation of the orders in the current reviews.³⁵ Council and Warwood have been recipients of funds under the CDSOA, as mentioned earlier, indicating that they produced HFHTs as recently as 2004.

Although not listed in the Commission's report for the 5-year reviews in 2000,³⁶ the following appear to possibly be minor producers of HFHTs:³⁷

- BARCO Industries, Inc., located in Reading, PA, a producer of axes and hammers and sledges;
- Cooper Hand Tools, headquartered in Raleigh, NC, a producer of axes and hammers and sledges;
- Estwing Manufacturing, located in Rockford, IL, a producer of axes and bars;
- Mayhew Steel Products, located in Turner Falls, MA, a producer of pry bars;
- Snow and Neally, Inc., located in Bangor, ME, a producer of axes;
- Vaughan & Bushnell Mfg. Co., headquartered in Bushnell, IL, a producer of mattocks and picks, axes, and bars.

The current and former HFHTs U.S. manufacturers are listed in table I-6.

U.S. Capacity, Production, and Shipments

Data reported by U.S. producers of HFHTs in the Commission's original investigation, the first five-year reviews, and in response to its institution notice in the second reviews are presented in tables I-7 through I-10. Data for picks and mattocks for the original investigation do not include about *** percent of production accounted for by other firms that did not provide questionnaire responses. Data for bars and wedges for the first reviews do not include about *** percent of U.S. production because *** did not provide a questionnaire response. In addition, data for bars and wedges for 2004 do not include about *** percent of U.S. production accounted for by other firms that did not provide data.

³³ *Response of Ames*, August 22, 2005, pp. 12-13.

³⁴ *The Sentinel*, Lewistown, PA, September 14, 2005, "MCIDC discusses Mann Edge Tool site," downloaded on October 20, 2005 from <http://www.lewistownsentinel.com/articles?articleID=4514>. See also www.chx105.com/view_archived_news.php?id=1547, retrieved January 26, 2006.

³⁵ Letter from Warwood Tool Co. to Marilyn Abbott, October 20, 2005.

³⁶ USITC, *Heavy Forged Hand Tools from China, Investigation Nos. 731-TA-457 (A-D) (Review)*, USITC Publication 3322, July 2000, p. I-9.

³⁷ Based on USITC staff Internet searches.

Table I-6

HFHTs: U.S. manufacturers in 1999, their locations, shares of reported U.S. HFHTs domestic shipments during the original investigation (1989), shares of reported U.S. production in the first reviews (1999), and estimated shares of U.S. production in 2004

Firm name	Location	Share of reported U.S. HFHTs shipments/production		
		Original investigation, 1989 ¹	First reviews, 1999	Second reviews, 2004 ²
		<i>Percent</i>		
Ames	Falls City, NE			
	Hammers/sledges	***	***	***
	Bars/wedges	***	***	***
	Picks/mattocks	***	***	***
	Axes/adzes	***	***	***
Council	Lake Waccamaw, NC			
	Hammers/sledges	***	***	(³)
	Bars/wedges	***	***	(³)
	Picks/mattocks	***	***	(³)
	Axes/adzes	***	***	(³)
J&H	Columbiana, OH			
	Hammers/sledges	(⁴)	***	(³)
	Bars/wedges	(⁴)	***	(³)
	Picks/mattocks	(⁴)	***	(³)
	Axes/adzes	(⁴)	***	(³)
Mann Edge	Lewistown, PA			
	Hammers/sledges	***	***	(⁵)
	Bars/wedges	***	***	(⁵)
	Picks/mattocks	***	***	(⁵)
	Axes/adzes	***	***	(⁵)
Warwood	Wheeling, WV			
	Hammers/sledges	(⁶)	***	***
	Bars/wedges	(⁶)	***	***
	Picks/mattocks	(⁶)	***	***
	Axes/adzes	(⁶)	***	***
Notes continued on next page.				

¹ Shares listed for the original investigation are for 1989 domestic shipments and are thus not directly comparable to 1999 shares of production or 2004 shares of production. The remainder of shares not accounted for by firms listed in the table includes the following: hammers and sledges, *** percent; bars and wedges, *** percent; picks and mattocks, *** percent; and axes and adzes, *** percent.

² 2004 data are based on estimates by Ames in its response to the notice on institution in the current reviews. The remainder of shares not accounted for by Ames includes the following: hammers and sledges, *** percent; bars and wedges, *** percent; picks and mattocks, *** percent; and axes and adzes, *** percent.

³ Unknown. Did not respond to notice of institution. There are no public data available on levels of production of this product.

⁴ Was not established at the time of the original investigation.

⁵ Closed operations between the first and second sunset reviews.

⁶ Not available.

Source: *Staff Report of January 28, 1991*, pp. A-27-28, *Staff Report of June 16, 2000*, p. I-16, and *Response of Ames*, pp. 12-13. See also *Supplemental Response of Ames*, September 1, 2005, exh. 1.

Table I-7

Hammers and sledges: U.S. producers' reported capacity, production, and U.S. shipments, 1987-89, 1998-99, and 2004

* * * * *

Table I-8

Bars and wedges: U.S. producers' reported capacity, production, and U.S. shipments, 1987-89, 1998-99, and 2004

* * * * *

Table I-9

Picks and mattocks: U.S. producers' reported capacity, production, and U.S. shipments, 1987-89, 1998-99, and 2004

* * * * *

Table I-10

Axes and adzes: U.S. producers' reported capacity, production, and U.S. shipments, 1987-89, 1998-99, and 2004

* * * * *

Hammers and Sledges

For hammers and sledges, during the original investigation, production increased while capacity remained flat, resulting in a general increase in capacity utilization. The quantity and value of U.S. shipments increased; however, the average unit value decreased in the last year of the period of investigation. During the first five-year reviews, capacity had *** and was increasing along with production, resulting in an increase in capacity utilization during the period but a lower rate of capacity utilization than was seen during the original investigation. U.S. shipments increased in quantity and value, and were at levels well above those of the original investigation. The average unit value of U.S. shipments decreased from 1998 to 1999. During 2004 production was less than *** of the level of the first sunset reviews. Capacity information was unavailable. The value of U.S. shipments was also less than *** of the level of 1999, and the average unit value of U.S. shipments had increased by almost ***.

Bars and Wedges

Data for bars and wedges for the first reviews do not include about *** percent of production because *** did not provide a questionnaire response. In addition, data for bars and wedges for 2004 do not include about *** percent of production accounted for by other firms which did not provide data. During the original investigation, production increased while capacity remained flat, resulting in a general increase in capacity utilization. The quantity and value of U.S. shipments increased; however, the average unit value decreased during the period of investigation. During the first five-year reviews, capacity had increased from the level of the original investigation and remained constant while production decreased, resulting in a decrease in capacity utilization during the period but a lower rate of capacity utilization than was seen during the original investigation. U.S. shipments decreased in quantity and value, and were at levels below those of the original investigation. The average unit value of U.S. shipments decreased from 1998 to 1999. During 2004 production was less than *** of the level of the first sunset reviews. Capacity information was unavailable. The value of U.S. shipments was less than *** percent of the level of 1999, and the average unit value of U.S. shipments had decreased by more than ***.

Picks and Mattocks

Data for picks and mattocks for the original investigation do not include about *** percent of U.S. production accounted for by other firms that did not provide questionnaire responses. During the original investigation, production decreased while capacity remained flat, resulting in a general decrease in capacity utilization. The quantity and value of U.S. shipments decreased; however, the average unit value increased irregularly during the period of investigation. During the first five-year reviews, capacity had decreased from the level of the original investigation and remained constant while production increased, resulting in an increase in capacity utilization during the period and a higher rate of capacity utilization than was seen during the original investigation. U.S. shipments increased in quantity and value, and were at levels generally above those of the original investigation. The average unit value of U.S. shipments increased from 1998 to 1999. During 2004 production was more than *** the level of the first reviews. Capacity information was unavailable. The value of U.S. shipments was more than *** the level of 1999, and the average unit value of U.S. shipments had increased.

Axes and Adzes

For axes and adzes, during the original investigation, production fluctuated downward while capacity decreased, resulting in an irregular decrease in capacity utilization. The quantity and value of U.S. shipments increased, and the average unit value increased during the period of investigation. During the first five-year reviews, capacity had *** from the level of the original investigation and increased while production increased, resulting in an increase in capacity utilization during the period but a lower rate of capacity utilization than was seen during the original investigation. U.S. shipments increased in quantity and value, and were at levels below those of the original investigation in quantity. The average unit value of U.S. shipments decreased from 1998 to 1999. During 2004 production was less than *** of the level of the first reviews. Capacity information was unavailable. The value of U.S. shipments was less than *** of the level of 1999, and the average unit value of U.S. shipments had decreased.

There are no current financial or pricing data available for the subject product. Financial information is not presented because firms were unable to break out information by product line during the original investigation or the first reviews.

U.S. IMPORTS AND APPARENT U.S. CONSUMPTION
U.S. Importers

During the original investigation, the Commission identified approximately 16 firms that imported HFHTs from China, including the ***.³⁸ During the first sunset reviews, there were five firms that imported HFHTs from China, including ***.³⁹ During 2004, Ames reported only two known U.S. importers of the subject product from China: Olympia Industrial, Inc., and Royal United Corp. Although U.S. producers had imported HFHTs both from China and from other sources during 1987-89 and in 1998-99, no U.S. HFHTs producers are shown on the importer list submitted by Ames as currently importing subject merchandise.⁴⁰ Council Tool Co. has “on occasion acted as an importer of subject merchandise from China, but the vast majority of the products its sells are manufactured by Council Tool Company in the United States.”⁴¹

U.S. Imports

U.S. imports are shown in tables I-11 through I-14 in quantity and value. These tables are mainly based on questionnaire data, with the exception of data for 2004. Three out of the four categories of HTS numbers, corresponding to three out of the four hand tool products, are “basket” categories with nonsubject items included in the category. Only the category for hammers and sledges is not a basket category. Table I-15 contains import value data from official statistics. During the original investigation and the first reviews, import data were collected from Commission questionnaires. Such data are unavailable for 2004, the period for these second reviews. This makes any comparison of 2004 data with the data before it from previous investigations problematic.

Table I-11
Hammers and sledges: U.S. imports from all sources, 1987-89, 1998-99, and 2004

* * * * * * *

Table I-12
Bars and wedges: U.S. imports from all sources, 1987-89, 1998-99, and 2004

* * * * * * *

Table I-13
Picks and mattocks: U.S. imports from all sources, 1987-89, 1998-99, and 2004

* * * * * * *

³⁸ *Staff Report of January 28, 1991*, pp. A-13-14.
³⁹ *Staff Report of June 16, 2000*, p. I-18.
⁴⁰ *Response of Ames*, August 22, 2005, p. 13.
⁴¹ Collier Shannon Scott on behalf of Council Tool Co., notice of intent to participate in reviews of HFHTs filed with the U.S. Department of Commerce, July 18, 2005.

Table I-14**Axes and adzes: U.S. imports from all sources, 1987-89, 1998-99, and 2004**

* * * * *

Table I-15**HFHTs: U.S. imports from all sources, 1987-89, 1998-2004**

Item	1987	1988	1989	1998	1999	2000	2001	2002	2003	2004
Landed duty-paid value (1,000 dollars)										
Hammers and sledges: China	1,149	2,150	2,498	1,317	1,285	2,117	2,254	2,900	4,043	4,285
All other	2,167	1,029	1,805	1,541	1,668	2,219	3,327	3,480	5,486	8,085
Total	3,316	3,179	4,303	2,858	2,953	4,335	5,582	6,380	9,529	12,371
Bars and wedges: China	673	1,694	1,686	2,722	3,583	4,288	5,356	6,682	7,377	4,500
All other	3,428	2,581	2,394	7,281	7,732	7,389	7,694	7,929	6,983	12,503
Total	4,101	4,275	4,080	10,003	11,315	11,678	13,050	14,611	14,361	17,004
Picks and mattocks: China	736	1,820	1,473	4,776	5,340	6,559	9,603	12,625	20,553	24,616
All other	1,292	982	9,326	12,844	15,739	17,540	17,076	18,273	21,108	21,004
Total	2,028	2,802	10,799	17,621	21,079	24,099	26,680	30,899	41,661	45,620
Axes and adzes: China	1,793	1,929	2,326	1,347	1,868	1,785	1,653	2,400	3,750	4,612
All other	2,939	1,724	1,460	1,733	2,282	1,761	2,305	4,605	6,923	7,914
Total	4,732	3,653	3,787	3,080	4,150	3,547	3,959	7,005	10,673	12,526
HFHTs: Total China	4,351	7,593	7,984	10,163	12,076	14,749	18,867	24,607	35,723	38,013
All other	9,826	6,316	14,985	23,398	27,422	28,909	30,403	34,287	40,501	49,506
Total	14,177	13,909	22,969	33,562	39,498	43,659	49,270	58,894	76,223	87,520

Source: Official statistics of the Department of Commerce. For the period 1987-89, data are from the *Staff Report of January 28, 1991*, p. A-71.

Hammers and Sledges

As seen in table I-11 (from questionnaire data except for 2004), the quantity and value of imports of hammers and sledges from China increased from 1987 to 1989. The unit value fluctuated downward. Imports from nonsubject sources were a small share of total imports and decreased during the period. During 1998-99, the quantity of subject imports declined from a much lower amount than in 1989, while

the value increased. The unit value more than ***. Imports from nonsubject sources were a large share of total imports and increased in quantity and value. In 2004, the value of subject imports (from official Commerce statistics) appears to have increased almost *** from the questionnaire-data level of 1999. The value of nonsubject imports also increased. Table I-15 (from official statistics) shows a steady increase in the value of subject imports of hammers and sledges in 1987-89, and a steady increase from a lower starting point during 1998-2004. It shows a majority share of total imports from China during 1988-89, and the inverse, a majority of nonsubject imports, during 1987 and 1998-2004.

Bars and Wedges

As seen in table I-12 (from questionnaire data except for 2004), the quantity and value of imports of bars and wedges from China increased from 1987 to 1989. The unit value fluctuated upward. Imports from nonsubject sources were *** of total imports and increased during 1987-88, disappearing entirely in 1989. During 1998-99, the quantity and value of subject imports increased, while the unit value decreased. Imports from nonsubject sources were about *** of total imports and increased in quantity and value. In 2004, the value of subject imports (from official Commerce statistics) appears to have more than *** from the questionnaire-data level of 1999. The value of nonsubject imports increased by a multiple of ***. It is likely that the 2004 data include items which are not in the scope of the reviews, and it is therefore difficult to compare the data series. Table I-15 (from official statistics) shows an increase in the value of subject imports of bars and wedges from 1987 to 1989 and a steady increase from 1998 to 2003, then a decrease in 2004. The data show a steady decrease in nonsubject imports during 1987-89, after which nonsubject imports increased irregularly from 1998 to 2004.

Picks and Mattocks

As seen in table I-13 (from questionnaire data except for 2004), the quantity and value of imports of picks and mattocks from China increased from 1987 to 1989. The unit value also increased. Imports from nonsubject sources were a small share of total imports and decreased during the period. During 1998-99, the quantity and value of subject imports declined from a lower amount than in 1989. The unit value increased, but was below that of 1989. Imports from nonsubject sources were a large share of total imports in 1998 and 1999 and decreased in quantity and increased in value in 1999. In 2004, the value of subject imports (from official Commerce statistics) appears to have increased by a factor of *** from the questionnaire-data level of 1999. The value of nonsubject imports increased by a factor of ***. It is likely that 2004 data (from official statistics) contain a large amount of items which are not part of the scope of the reviews. Table I-15 (from official statistics) shows an irregular increase in the value of subject imports of picks and mattocks in 1987-89, and a steady increase during 1998-2004. It shows mixed shares of total imports from China and from nonsubject sources during 1987-89 and 1998-2004, with the value of imports from nonsubject sources being higher than those from China in all but two years (1988 and 2004).

Axes and Adzes

As seen in table I-14 (from questionnaire data except for 2004), the quantity and value of imports of axes and adzes from China increased irregularly from 1987 to 1989. The unit value increased during that period. Imports from nonsubject sources were a small share of total imports and fluctuated during the period. During 1998-99, the quantity and value of subject imports declined from a lower amount than in 1989. The unit value decreased to below the level of 1989. Imports from nonsubject sources were a majority of total imports and increased in quantity and value. In 2004, the value of subject imports (from official Commerce statistics) appears to have increased by a factor of *** from the questionnaire-data level of 1999. The value of nonsubject imports increased by a factor of ***. This is an indication that the

official statistics likely contain large amounts of items that are not part of the scope of these reviews. Table I-15 (from official statistics) shows a steady increase in the value of subject imports of axes and adzes in 1987-89, and a steady increase (except in 2000 and 2001) during 1998-2004. It shows a generally larger share of total imports from nonsubject sources than from China in 1998-2004 than during 1987-89.

Apparent U.S. Consumption and Market Shares

Apparent U.S. consumption of HFHTs is shown in tables I-16 through I-19.

Hammers and Sledges

As shown in table I-16, consumption for hammers and sledges increased in quantity and value during 1987-89, and the U.S. producers' share of the quantity of consumption fluctuated downward; the share of subject imports increased. During 1998-99, consumption increased in quantity and value, U.S. producers' shares further decreased, and subject imports' shares decreased, while the shares of imports from nonsubject sources increased. In 2004, the value of consumption decreased from 1999, and the share of U.S. producers' shipments ***, while the shares of importers' shipments from China and from nonsubject sources increased ***. Comparisons of consumption and market share data between 2004 and previous years should be made with caution because of the differing data bases for imports in 2004 (which are from official Commerce statistics) and for imports in previous years (which are from questionnaire responses).

Table I-16

Hammers and sledges: U.S. producers' U.S. shipments, U.S. shipments of imports, and apparent U.S. consumption, 1987-89, 1998-99, and 2004

* * * * *

Bars and Wedges

As shown in table I-17, consumption for bars and wedges increased in quantity and value during 1987-89, and the U.S. producers' share of consumption increased. The shares of subject imports increased irregularly. During 1998-99, consumption increased in quantity and value, U.S. producers' shares decreased, and subject imports' shares increased, along with the shares of imports from nonsubject sources. In 2004, the value of consumption increased and the share of U.S. producers' shipments ***, while the shares of importers' shipments from China and (especially) from nonsubject sources increased ***.⁴² However, it is likely that imports in 2004 (which are from official Commerce statistics) include items that are not part of the scope of these reviews, so comparisons in these data are problematic.

⁴² Data for bars and wedges for the first reviews do not include about *** percent of U.S. production because *** did not provide a questionnaire response. In addition, data for bars and wedges for 2004 do not include about *** percent of U.S. production accounted for by other firms which did not provide data.

Table I-17

Bars and wedges: U.S. producers' U.S. shipments, U.S. shipments of imports, and apparent U.S. consumption, 1987-89, 1998-99, and 2004

* * * * *

Picks and Mattocks

As shown in table I-18, consumption for picks and mattocks increased in quantity and value during 1987-89, and the U.S. producers' share of consumption decreased.⁴³ The share of subject imports increased, and the share from nonsubject sources decreased. During 1998-99, consumption decreased in quantity and increased slightly in value, U.S. producers' shares increased, and subject imports' shares decreased, along with the shares of imports from nonsubject sources. In 2004, the value of consumption increased, and the share of U.S. producers' shipments ***, while the shares of importers' shipments from China and nonsubject sources increased ***. However, it is likely that imports in 2004 (which are from official Commerce statistics) include items that are not part of the scope of these reviews, so comparisons in these data series are problematic.

Table I-18

Picks and mattocks: U.S. producers' U.S. shipments, U.S. shipments of imports, and apparent U.S. consumption, 1987-89, 1998-99, and 2004

* * * * *

Axes and Adzes

As shown in table I-19, consumption for axes and adzes increased in quantity and value during 1987-89, and the U.S. producers' share of consumption decreased (irregularly for value). The share of subject imports increased (irregularly for value). During 1998-99, consumption decreased in quantity and value, U.S. producers' shares increased, and subject imports' shares decreased, while the shares of imports from nonsubject sources increased. In 2004, the value of consumption increased, and the share of U.S. producers' shipments ***, while the shares of importers' shipments from China and nonsubject sources increased ***. However, it is likely that imports in 2004 (which are from official Commerce statistics) include items that are not part of the scope of these reviews, so comparisons in these data series are problematic.

Table I-19

Axes and adzes: U.S. producers' U.S. shipments, U.S. shipments of imports, and apparent U.S. consumption, 1987-89, 1998-99, and 2004

* * * * *

⁴³ Data for picks and mattocks for the original investigation do not include about *** percent of U.S. production accounted for by other firms that did not provide questionnaire responses.

THE INDUSTRY IN CHINA

No public sources, either domestic or foreign, were found for production of HFHTs in China. In its response to the notice of institution, Ames listed 87 firms as currently manufacturing HFHTs in China.⁴⁴ Ames requested administrative reviews on 302 Chinese firms from Commerce in February 2004, and Commerce instituted reviews of 194 companies in March 2004.⁴⁵ The major Chinese producers/exporters that have exported subject merchandise to the United States are:⁴⁶

- Fujian Machinery and Equipment Import & Export Corp.
- Liaoning Machinery Import and Export Corp.
- Shandong Huarong Machinery Co., Ltd. (“Huarong”)
- Shandong Jinma Industrial Group Co. (“Jinma”)
- Shandong Machinery Import and Export Corp.
- Tianjin Machinery Import and Export Corp. (“TMC”)

New entrants to the U.S. market include Jinma and Iron Bull Industrial Co., Ltd. Jinma was reviewed as a new shipper with regard to hammers and sledges in the Commerce administrative review for February 1, 2000 to July 31, 2000.⁴⁷ Iron Bull Industrial Co., Ltd., requested to participate as an interested party in the Commerce administrative review for February 1, 2004 through January 31, 2005 for all products covered by the orders.⁴⁸ Iron Bull is a Chinese producer, as opposed to being solely an exporter.⁴⁹ In addition, Shanghai Xinike Trading Co., Ltd., known in Commerce *Federal Register* notices as Olympia Shanghai, was reviewed as a new shipper; however, Commerce preliminarily determined that Olympia Shanghai did not have entries during February 1, 2003 through January 31, 2004.⁵⁰

In response to the Commission’s institution notice for these reviews, Ames quoted a press release of a 2004 report published by Trade Media Holdings, Ltd. that stated that Chinese producers of hand tools (both subject and nonsubject merchandise) increased hand tool exports from 2003 to 2004. Also, the report states that nearly 80 percent of Chinese producers and exporters “are now boosting capacity in anticipation of another year of double-digit sales growth,” with 10 suppliers stating that they intend to increase their capacity by at least 50 percent in 2005. According to Ames based on information in the report, while the vast majority of producers and exporters have plans to increase their shipments in the current year, the majority of them have stated that they do not intend on raising prices for finished goods, even in the face of increased material input costs. In fact, nearly 70 percent of those companies surveyed by Trade Media stated that price competition is a “major challenge in the year ahead.”⁵¹

Two Chinese producers/exporters were recently issued relatively high margins based upon adverse facts available during a Commerce preliminary administrative review determination because both companies, Huarong and TMC, participated individually in schemes that resulted in the circumvention of

⁴⁴ *Response* of Ames, August 22, 2005, exh. 14.

⁴⁵ 70 FR 11935, March 10, 2005. Of the 194 companies, 187 did not respond to Commerce’s shortened Section A questionnaire. See U.S. Department of Commerce, International Trade Administration, Memorandum to the File from Paul Walker, case analyst, Public Document IA/NME/IX: PW, February 28, 2005.

⁴⁶ Based upon Chinese producers/exporters that have sought Commerce Administrative Reviews since the renewal of the antidumping duty order on HFHTs.

⁴⁷ 66 FR 54504, October 29, 2001.

⁴⁸ Hume & Associates, PC, letter to Joseph A. Spetrini, Acting Assistant Secretary for Import Administration, International Trade Administration, U.S. Department of Commerce, February 25, 2005.

⁴⁹ Hume & Associates, PC, letter to Carlos Gutierrez, Secretary of Commerce, attaching Iron Bull Industrial Co., Ltd.’s response to section A of Commerce’s questionnaire of April 6, 2005, dated May 16, 2005, pp. A-15–A-16.

⁵⁰ 70 FR 11937, March 10, 2005.

⁵¹ *Response*, August 22, 2005, pp. 5-6.

the antidumping duty order by evading the applicable cash deposit and assessment rates.⁵² Huarong had an arrangement with a sales agent in which Huarong filled in blank invoices on the agent's letterhead, and used them when exporting subject bars and wedges to the United States, thus the agent was essentially selling its identity to Huarong. TMC entered into agreements with other Chinese companies under which TMC would act as a sales "agent" for these companies' U.S. sales of subject HFHTs, and provided these companies with blank invoices on TMC letterhead, while TMC did not have any commercial involvement in the sales. TMC was financially compensated by these companies, not for commercial services normally associated with being a sales agent, but instead for providing these other companies with blank invoices, which the other firms used to make sales to the United States. This impeded Commerce's ability to identify the true producer/exporter identity.⁵³

During the original investigation, two firms, Shandong Machinery Import & Export Corp. and Tianjin Machinery Import & Export Corp., accounting for approximately *** percent of reported subject imports in 1989, provided foreign industry data as presented in table I-20. Capacity for the two firms was less than *** the capacity for HFHTs in the United States at the time. Taking into account that the firms may have accounted for *** of the industry in China, it appears as if the Chinese industry may have been *** of the domestic industry at the time of the original investigation, and had excess capacity.⁵⁴

During the first reviews, only one respondent, ***, responded to the Commission's foreign producers' questionnaires, and it did not provide any data on ***.⁵⁵

Table I-20
HFHTs: Capacity, production, and exports of Shandong Machinery Import & Export Corp. and Tianjin Machinery Import & Export Corp., 1987-89, with projections for 1990-91

* * * * *

The following data in tables I-21 to I-24 show information on China's exports of HFHTs compiled from Chinese customs data by Global Trade Information Services. These data contain additional items outside the scope of these reviews, such as hoes, rakes, machetes, bill hooks, hammers with heads weighing 1.5 kg or less, powder-actuated tools, caulking guns, and single-edge razor blades.

Mexico has maintained an antidumping duty order on tools from China since November 1, 1998.⁵⁶ There is no information available on the record of these reviews about the extent of the margins or the type of tools involved.

⁵² 70 FR 11939, March 10, 2005.

⁵³ Ibid.

⁵⁴ *Staff Report of January 28, 1991*, pp. A-61-62.

⁵⁵ *Staff Report of June 16, 2000*, p. IV-11.

⁵⁶ *Response*, August 22, 2005, p. 7.

Table I-21
Hammers and sledges:¹ China's exports, 1999-2004

Export market	Calendar year					
	1999	2000	2001	2002	2003	2004
Value (1,000 dollars)						
United States	16,392	18,742	19,174	21,428	22,937	24,639
United Kingdom	1,818	2,269	2,514	3,487	4,855	5,435
United Arab Emirates	1,970	2,105	2,393	3,589	3,968	5,044
Taiwan	1,985	2,224	2,712	2,119	3,003	4,910
Netherlands	3,502	3,919	2,822	3,428	3,433	4,626
All other	25,094	33,301	33,504	39,740	48,028	58,367
Total	50,761	62,560	63,119	73,790	86,224	103,022
Ratios and shares (percent)						
United States	32.3	30.0	30.4	29.0	26.6	23.9
United Kingdom	3.6	3.6	4.0	4.7	5.6	5.3
United Arab Emirates	3.9	3.4	3.8	4.9	4.6	4.9
Taiwan	3.9	3.6	4.3	2.9	3.5	4.8
Netherlands	6.9	6.3	4.5	4.6	4.0	4.5
All other	49.4	53.2	53.1	53.9	55.7	56.7
Total	100.0	100.0	100.0	100.0	100.0	100.0
Ratios and shares (percent)						
EU-15	22.6	21.2	21.9	21.7	22.9	25.3
Hong Kong	2.3	2.0	2.0	2.1	1.8	0.8
¹ Chinese tariff number 8205.20.00, includes other hammers and sledge hammers with a head of 1.5 kg or less, and parts thereof, which are not covered by Commerce's product scope.						
Note: Hong Kong is included in the above table because Chinese products frequently are shipped to Hong Kong and then re-exported. For a discussion of this matter, see John W. Schindler and Dustin H. Beckett, <i>Adjusting Chinese Bilateral Trade Data: How Big is China's Trade Surplus?</i> , Board of Governors of the Federal Reserve System, International Finance Discussion Papers, No. 831, April 2005.						
Source: Chinese Customs data compiled by Global Trade Information Services.						

Table I-22
Bars and wedges:¹ China's exports, 1999-2004

Export market	Calendar year					
	1999	2000	2001	2002	2003	2004
Value (1,000 dollars)						
United States	36,682	42,231	51,914	67,575	85,837	114,541
United Kingdom	6,402	7,207	6,393	7,417	9,724	14,322
Germany	8,656	8,911	7,639	8,404	9,057	12,552
Canada	2,576	3,509	5,859	6,693	9,159	12,464
Netherlands	8,404	11,125	7,805	7,752	9,023	12,345
All other	56,986	67,178	66,629	76,034	85,732	119,668
Total	119,706	140,161	164,239	173,875	208,532	285,892
Ratios and shares (percent)						
United States	30.6	30.1	35.5	38.9	41.2	40.1
United Kingdom	5.3	5.1	4.4	4.3	4.7	5.0
Germany	7.2	6.4	5.2	4.8	4.3	4.4
Canada	2.2	2.5	4.0	3.8	4.4	4.4
Netherlands	7.0	7.9	5.3	4.5	4.3	4.3
All other	47.6	47.9	45.6	43.7	41.1	41.9
Total	100.0	100.0	100.0	100.0	100.0	100.0
Ratios and shares (percent)						
EU-15	33.0	33.2	28.6	24.7	23.6	24.9
Hong Kong	3.3	3.4	3.4	3.9	3.2	1.8
<p>¹ Data are for Chinese tariff number 8205.59.00, which includes data on a wide variety of miscellaneous hand tools such as crowbars, track tools, and wedges; powder-actuated tools; pipe tools; caulking guns; single-edge razor blades other than for shaving; agricultural, horticultural, or forestry tools; other hand tools; and parts thereof. Many of these tools are not covered by Commerce's product scope.</p> <p>Note: Hong Kong is included in the above table because Chinese products frequently are shipped to Hong Kong and then re-exported. For a discussion of this matter, see John W. Schindler and Dustin H. Beckett, <i>Adjusting Chinese Bilateral Trade Data: How Big is China's Trade Surplus?</i>, Board of Governors of the Federal Reserve System, International Finance Discussion Papers, No. 831, April 2005.</p> <p>Source: Chinese Customs data compiled by Global Trade Information Services.</p>						

Table I-23
Picks and mattocks:¹ China's exports, 1999-2004

Export market	Calendar year					
	1999	2000	2001	2002	2003	2004
Value (1,000 dollars)						
United States	2,527	3,838	4,124	5,562	9,713	13,226
Japan	1,367	1,759	2,022	2,493	2,804	3,902
Tanzania	1,853	3,305	3,745	3,748	3,984	3,847
Kenya	2,195	1,515	3,196	1,819	2,887	3,342
Uganda	1,029	1,648	600	783	794	2,185
All other	11,328	12,255	11,350	14,756	18,066	21,879
Total	20,300	24,322	25,037	29,161	38,248	48,381
Ratios and shares (percent)						
United States	12.4	15.8	16.5	19.1	25.4	27.3
Japan	6.7	7.2	8.1	8.6	7.3	8.1
Tanzania	9.1	13.6	15.0	12.9	10.4	8.0
Kenya	10.8	6.2	12.8	6.2	7.5	6.9
Uganda	5.1	6.8	2.4	2.7	2.1	4.5
All other	55.8	50.4	45.3	50.6	47.2	45.2
Total	100.0	100.0	100.0	100.0	100.0	100.0
Ratios and shares (percent)						
EU-15	15.2	15.3	11.7	13.5	14.5	13.3
Hong Kong	1.4	1.4	1.0	0.9	0.8	0.9
¹ Chinese tariff number 8201.30.00, includes hoes and rakes, and parts thereof. Note: Hong Kong is included in the above table because Chinese products frequently are shipped to Hong Kong and then re-exported. For a discussion of this matter, see John W. Schindler and Dustin H. Beckett, <i>Adjusting Chinese Bilateral Trade Data: How Big is China's Trade Surplus?</i> , Board of Governors of the Federal Reserve System, International Finance Discussion Papers, No. 831, April 2005. Source: Chinese Customs data compiled by Global Trade Information Services.						

Table I-24
Axes and adzes:¹ China's exports, 1999-2004

Export market	Calendar year					
	1999	2000	2001	2002	2003	2004
Value (1,000 dollars)						
United States	1,875	2,162	2,180	2,612	3,620	4,132
Netherlands	1,531	2,228	1,933	1,988	1,908	2,811
Canada	402	367	481	842	907	1,487
Kenya	810	692	942	944	1,324	1,159
Australia	232	360	260	564	687	960
All other	6,755	8,919	9,567	10,042	14,008	15,313
Total	11,606	14,727	15,363	16,993	22,454	25,861
Ratios and shares (percent)						
United States	16.2	14.7	14.2	15.4	16.1	16.0
Netherlands	13.2	15.1	12.6	11.7	8.5	10.9
Canada	3.5	2.5	3.1	5.0	4.0	5.7
Kenya	7.0	4.7	6.1	5.6	5.9	4.5
Australia	2.0	2.4	1.7	3.3	3.1	3.7
All other	58.2	60.6	62.3	59.1	62.4	59.2
Total	100.0	100.0	100.0	100.0	100.0	100.0
Ratios and shares (percent)						
EU-15	25.1	29.8	27.0	24.9	21.2	24.4
Hong Kong	1.8	1.0	1.0	1.7	1.0	0.5
¹ Chinese tariff number 8201.40.00, includes other hewing tools, such as machetes, bill hooks, and parts thereof.						
Note: Hong Kong is included in the above table because Chinese products frequently are shipped to Hong Kong and then re-exported. For a discussion of this matter, see John W. Schindler and Dustin H. Beckett, <i>Adjusting Chinese Bilateral Trade Data: How Big is China's Trade Surplus?</i> , Board of Governors of the Federal Reserve System, International Finance Discussion Papers, No. 831, April 2005.						
Source: Chinese Customs data compiled by Global Trade Information Services.						

APPENDIX A
***FEDERAL REGISTER* NOTICES**

dollars). If you are a trade/business

Comments on the adequacy of responses may be filed with the Commission by September 13, 2005. For further information concerning the conduct of these reviews 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, D, E, and F (19 CFR part 207).

EFFECTIVE DATE: July 1, 2005

FOR FURTHER INFORMATION CONTACT:

Mary Messer (202-205-3193), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for these reviews may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Background.—On February 19, 1991, the Department of Commerce issued an antidumping duty order on imports of the following classes or kinds of heavy forged hand tools from China: (1) Axes and adzes, (2) bars and wedges, (3) hammers and sledges, and (4) picks and mattocks (56 FR 6622). Following five-year reviews by Commerce and the Commission, effective August 10, 2000, Commerce issued a continuation of the antidumping duty order on imports of heavy forged hand tools from China (65 FR 48962). The Commission is now conducting second reviews to determine whether revocation of the order would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. It will assess the adequacy of interested party responses to this notice of institution to determine whether to conduct full reviews or expedited reviews. The Commission's determinations in any expedited reviews will be based on the facts available, which may include information provided in response to this notice.

Definitions.—The following definitions apply to these reviews:

(1) *Subject Merchandise* is the class or kind of merchandise that is within the scope of the five-year reviews, as defined by the Department of Commerce.

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 731-TA-457-A-D (Second Review)]

Heavy Forged Hand Tools From China

AGENCY: United States International Trade Commission.

ACTION: Institution of five-year reviews concerning the antidumping duty order on heavy forged hand tools from China.

SUMMARY: The Commission hereby gives notice that it has instituted reviews pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the antidumping duty order on heavy forged hand tools from China would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission;¹ to be assured of consideration, the deadline for responses is August 22, 2005.

¹ No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117-0016/USITC No. 05-5-130, expiration date June 30, 2005. Public reporting burden for the request is estimated to average 10 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436.

(2) The *Subject Country* in these reviews is China.

(3) The *Domestic Like Product* is the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the *Subject Merchandise*. In its original determinations and its full five-year review determinations, the Commission found four *Domestic Like Products*: (1) Axes, adzes, and hewing tools, other than machetes, with or without handles; (2) bar tools, track tools, and wedges; (3) hammers and sledges, with heads weighing two pounds or more, with or without handles; and (4) picks and mattocks, with or without handles.

(4) The *Domestic Industry* is the U.S. producers as a whole of the *Domestic Like Product*, or those producers whose collective output of the *Domestic Like Product* constitutes a major proportion of the total domestic production of the product. In its original determinations and its full five-year review determinations, the Commission found four *Domestic Industries*: (1) Domestic producers of axes, adzes and hewing tools, other than machetes, with or without handles; (2) domestic producers of bar tools, track tools, and wedges; (3) domestic producers of hammers and sledges, with heads weighing two pounds or more, with or without handles; and (4) domestic producers of picks and mattocks, with or without handles. The Commission excluded from the *Domestic Industries* companies that do no more than assemble imported heads with handles purchased from a domestic manufacturer. In the original determinations, the Commission also excluded one domestic producer, Madison Mill, from the *Domestic Industries* under the related parties provision. In the review determination, the Commission did not find that Madison Mill engaged in sufficient production-related activity to be considered a domestic producer.

(5) An *Importer* is any person or firm engaged, either directly or through a parent company or subsidiary, in importing the *Subject Merchandise* into the United States from a foreign manufacturer or through its selling agent.

Participation in the reviews 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 reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11(b)(4) of the Commission's rules, no later than 21

days after publication of this notice in the **Federal Register**. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

Former Commission employees who are seeking to appear in Commission five-year reviews are reminded that they are required, pursuant to 19 CFR 201.15, to seek Commission approval if the matter in which they are seeking to appear was pending in any manner or form during their Commission employment. The Commission is seeking guidance as to whether a second transition five-year review is the "same particular matter" as the underlying original investigation for purposes of 19 CFR 201.15 and 18 U.S.C. 207, the post employment statute for Federal employees. Former employees may seek informal advice from Commission ethics officials with respect to this and the related issue of whether the employee's participation was "personal and substantial." However, any informal consultation will not relieve former employees of the obligation to seek approval to appear from the Commission under its rule 201.15. For ethics advice, contact Carol McCue Verratti, Deputy Agency Ethics Official, at 202-205-3088.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and APO service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI submitted in these reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made no later than 21 days after publication of this notice in the **Federal Register**. Authorized applicants must represent interested parties, as defined in 19 U.S.C. 1677(9), who are parties to the reviews. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Certification.—Pursuant to section 207.3 of the Commission's rules, any person submitting information to the Commission in connection with these reviews must certify that the information is accurate and complete to the best of the submitter's knowledge. In making the certification, the submitter will be deemed to consent, unless otherwise specified, for the Commission, its employees, and contract personnel to use the information provided in any other reviews or investigations of the same or comparable products which the Commission conducts under Title VII of

the Act, or in internal audits and investigations relating to the programs and operations of the Commission pursuant to 5 U.S.C. Appendix 3.

Written submissions.—Pursuant to section 207.61 of the Commission's rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is August 22, 2005. Pursuant to section 207.62(b) of the Commission's rules, eligible parties (as specified in Commission rule 207.62(b)(1)) may also file comments concerning the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. The deadline for filing such comments is September 13, 2005. All written submissions must conform with the provisions of sections 201.8 and 207.3 of the Commission's rules and any submissions that contain BPI must also conform with the requirements of sections 201.6 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). Also, in accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (as identified by either the public or APO service list as appropriate), and a certificate of service must accompany the document (if you are not a party to the reviews you do not need to serve your response).

Inability to provide requested information.—Pursuant to section 207.61(c) of the Commission's rules, any interested party that cannot furnish the information requested by this notice in the requested form and manner shall notify the Commission at the earliest possible time, provide a full explanation of why it cannot provide the requested information, and indicate alternative forms in which it can provide equivalent information. If an interested party does not provide this notification (or the Commission finds the explanation provided in the notification inadequate) and fails to provide a complete response to this notice, the Commission may take an adverse inference against the party pursuant to section 776(b) of the Act in making its determinations in the reviews.

Information to be Provided in Response to This Notice of Institution: Please provide the requested information separately for each *Domestic Like Product*, as defined by the Commission in its original and full

five-year review determinations, and for each of the products identified by Commerce as *Subject Merchandise*. As used below, the term "firm" includes any related firms.

(1) The name and address of your firm or entity (including World Wide Web address if available) and name, telephone number, fax number, and E-mail address of the certifying official.

(2) A statement indicating whether your firm/entity is a U.S. producer of the *Domestic Like Products*, a U.S. union or worker group, a U.S. importer of the *Subject Merchandise*, a foreign producer or exporter of the *Subject Merchandise*, a U.S. or foreign trade or business association, or another interested party (including an explanation). If you are a union/worker group or trade/business association, identify the firms in which your workers are employed or which are members of your association.

(3) A statement indicating whether your firm/entity is willing to participate in these reviews by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the antidumping duty order on the *Domestic Industries* in general and/or your firm/entity specifically. In your response, please discuss the various factors specified in section 752(a) of the Act (19 U.S.C. 1675a(a)) including the likely volume of subject imports, likely price effects of subject imports, and likely impact of imports of *Subject Merchandise* on the *Domestic Industries*.

(5) A list of all known and currently operating U.S. producers of the *Domestic Like Products*. Identify any known related parties and the nature of the relationship as defined in section 771(4)(B) of the Act (19 U.S.C. 1677(4)(B)).

(6) A list of all known and currently operating U.S. importers of the *Subject Merchandise* and producers of the *Subject Merchandise* in the *Subject Country* that currently export or have exported *Subject Merchandise* to the United States or other countries after 1999.

(7) If you are a U.S. producer of the *Domestic Like Products*, provide the following information on your firm's operations on that product during calendar year 2004 (report quantity data in units and value data in U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total U.S. production of the *Domestic Like Products* accounted for by your firm's(s') production;

(b) the quantity and value of U.S. commercial shipments of the *Domestic Like Products* produced in your U.S. plant(s); and

(c) the quantity and value of U.S. internal consumption/company transfers of the *Domestic Like Products* produced in your U.S. plant(s).

(8) If you are a U.S. importer or a trade/business association of U.S. importers of the *Subject Merchandise* from the *Subject Country*, provide the following information on your firm's(s') operations on that product during calendar year 2004 (report quantity data in units and value data in U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) The quantity and value (landed, duty-paid but not including antidumping duties) of U.S. imports and, if known, an estimate of the percentage of total U.S. imports of *Subject Merchandise* from the *Subject Country* accounted for by your firm's(s') imports;

(b) the quantity and value (f.o.b. U.S. port, including antidumping duties) of U.S. commercial shipments of *Subject Merchandise* imported from the *Subject Country*; and

(c) the quantity and value (f.o.b. U.S. port, including antidumping duties) of U.S. internal consumption/company transfers of *Subject Merchandise* imported from the *Subject Country*.

(9) If you are a producer, an exporter, or a trade/business association of producers or exporters of the *Subject Merchandise* in the *Subject Country*, provide the following information on your firm's(s') operations on that product during calendar year 2004 (report quantity data in units and value data in U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping duties). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total production of *Subject Merchandise* in the *Subject Country* accounted for by your firm's(s') production; and

(b) the quantity and value of your firm's(s') exports to the United States of *Subject Merchandise* and, if known, an estimate of the percentage of total exports to the United States of *Subject*

Merchandise from the *Subject Country* accounted for by your firm's(s') exports.

(10) Identify significant changes, if any, in the supply and demand conditions or business cycle for the *Domestic Like Products* that have occurred in the United States or in the market for the *Subject Merchandise* in the *Subject Country* after 1999, and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include technology; production methods; development efforts; ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production); and factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad). Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the *Domestic Like Products* produced in the United States, *Subject Merchandise* produced in the *Subject Country*, and such merchandise from other countries.

(11) (OPTIONAL) A statement of whether you agree with the above definitions of the *Domestic Like Products* and *Domestic Industries*; if you disagree with either or both of these definitions, please explain why and provide alternative definitions.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.61 of the Commission's rules.

Issued: June 22, 2005.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 05-13163 Filed 6-30-05; 8:45 am]

BILLING CODE 7020-02-P

The Steens Mountain Advisory

duty orders on heavy forged hand tools from China would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. For further information concerning the conduct of these reviews 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, D, E, and F (19 CFR part 207).

EFFECTIVE DATE: October 4, 2005.

FOR FURTHER INFORMATION CONTACT:

Olympia DeRosa Hand (202-205-3182), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>). The public record for these reviews may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Background. On October 4, 2005, the Commission determined that the domestic interested party group response to its notice of institution (70 FR 38101, July 1, 2005) of the subject five-year reviews was adequate and that the respondent interested party group response was inadequate. The Commission did not find any other circumstances that would warrant conducting full reviews.¹ Accordingly, the Commission determined that it would conduct expedited reviews pursuant to section 751(c)(3) of the Act.

Staff report. A staff report containing information concerning the subject matter of the reviews will be placed in the nonpublic record on December 5, 2005, and made available to persons on the Administrative Protective Order service list for these reviews. A public version will be issued thereafter, pursuant to § 207.62(d)(4) of the Commission's rules.

Written submissions. As provided in § 207.62(d) of the Commission's rules, interested parties that are parties to the reviews and that have provided individually adequate responses to the

notice of institution,² and any party other than an interested party to the reviews may file written comments with the Secretary on what determinations the Commission should reach in the reviews. Comments are due on or before December 8, 2005 and may not contain new factual information. Any person that is neither a party to the five-year reviews nor an interested party may submit a brief written statement (which shall not contain any new factual information) pertinent to the reviews by December 8, 2005. However, should the Department of Commerce extend the time limit for its completion of the final results of its reviews, the deadline for comments (which may not contain new factual information) on Commerce's final results is three business days after the issuance of Commerce's results. If comments contain business proprietary information (BPI), they must conform with the requirements of §§ 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II (C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

In accordance with §§ 201.16(c) and 207.3 of the rules, each document filed by a party to the reviews must be served on all other parties to the reviews (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.

Determination. The Commission has determined to exercise its authority to extend the reviews period by up to 90 days pursuant to 19 U.S.C. 1675(c)(5)(B).

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to § 207.62 of the Commission's rules.

Issued: October 17, 2005.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 05-20975 Filed 10-19-05; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 731-TA-457-A-D (Second Review)]

Heavy Forged Hand Tools From China

AGENCY: United States International Trade Commission.

ACTION: Scheduling of expedited five-year reviews concerning the antidumping duty orders on heavy forged hand tools from China.

SUMMARY: The Commission hereby gives notice of the scheduling of expedited reviews pursuant to section 751(c)(3) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(3)) (the Act) to determine whether revocation of the antidumping

¹ A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's Web site.

² The Commission has found the response submitted by domestic producer Ames True Temper to be adequate. Comments from other interested parties will not be accepted (see 19 CFR 207.62(d)(2)).

DEPARTMENT OF COMMERCE**International Trade Administration****(A-570-803)****Heavy Forged Hand Tools (i.e., Axes & Adzes, Bars & Wedges, Hammers & Sledges, and Picks & Mattocks) from the People's Republic of China: Final Results of the Expedited Sunset Review of the Antidumping Duty Orders**

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

SUMMARY: On July 1, 2005, the Department of Commerce ("the Department") initiated a sunset review of the antidumping duty ("AD") orders on Heavy Forged Hand Tools (*i.e.*, Axes & Adzes, Bars & Wedges, Hammers & Sledges, and Picks & Mattocks) ("HFHTs") from the People's Republic of China pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). On the basis of notices of intent to participate and adequate substantive responses filed on behalf of the domestic interested parties and lack of response from respondent interested parties, the Department conducted an expedited sunset review of the AD orders pursuant to section 751(c)(3)(B) of the Act and section 351.218(e)(1)(ii)(C)(2) of the Department's regulations. As a result of this sunset review, the Department finds that revocation of the AD orders would likely lead to continuation or recurrence of dumping at the levels indicated in the "Final Results of Review" section of this notice.

EFFECTIVE DATE: November 7, 2005.

FOR FURTHER INFORMATION CONTACT: Maureen Flannery, AD/CVD Operations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-3020.

SUPPLEMENTARY INFORMATION:**Background**

On July 1, 2005, the Department initiated a sunset review of the AD

orders on HFHTs pursuant to section 751(c) of the Act. *See Initiation of Five-year (Sunset) Reviews*, 70 FR 38101 (July 1, 2005). The Department received notices of intent to participate from the following domestic parties within the deadline specified in 19 CFR 351.218(d)(1)(i): Ames True Temper ("Ames") and Council Tool Company ("Council Tool").¹ These two parties claimed interested party status under section 771(9)(C) of the Act and 19 CFR 351.102(b), as domestic manufacturers and producers of the domestic like product. The Department received a substantive response from Ames and Council Tool (collectively "the domestic interested parties") within the 30-day deadline specified in 19 CFR 351.218(d)(3)(i). The Department did not receive a substantive response from any of the respondent interested parties to these proceedings. As a result, pursuant to section 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(C)(2), the Department conducted an expedited sunset review of these AD orders.

Scope of the Orders

The products covered by these orders are HFHTs comprising the following classes or kinds of merchandise: (1) hammers and sledges with heads over 1.5 kg (3.33 pounds) (hammers/sledges); (2) bars over 18 inches in length, track tools and wedges (bars/wedges); (3) picks and mattocks (picks/mattocks); and (4) axes, adzes and similar hewing tools (axes/adzes).

HFHTs include heads for drilling hammers, sledges, axes, mauls, picks and mattocks, which may or may not be finished, which may or may not be imported with handles; assorted bar products and track tools including wrecking bars, digging bars, and tampers; and steel woodsplitting wedges. HFHTs are manufactured through a hot forge operation in which steel is sheared to required length, heated to forging temperature, and formed to final shape on forging equipment using dies specific to the

desired product shape and size. Depending on the product, finishing operations may include shot blasting, grinding, polishing and painting, and the insertion of handles for handled products. HFHTs are currently provided for under the following Harmonized Tariff Schedule of the United States ("HTSUS") subheadings: 8205.20.60, 8205.59.30, 8201.30.00, and 8201.40.60. Specifically excluded from these investigations are hammers and sledges with heads 1.5 kg. (3.33 pounds) in weight and under, hoes and rakes, and bars 18 inches in length and under.

The Department has issued seven conclusive scope rulings regarding the merchandise covered by these orders: (1) On August 16, 1993, the Department found the "Max Multi-Purpose Axe," imported by the Forrest Tool Company, to be within the scope of the axes/adzes order; (2) on March 8, 2001, the Department found "18-inch" and "24-inch" pry bars, produced without dies, imported by Olympia Industrial, Inc. and SMC Pacific Tools, Inc., to be within the scope of the bars/wedges order; (3) on March 8, 2001, the Department found the "Pulaski" tool, produced without dies by TMC, to be within the scope of the axes/adzes order; (4) on March 8, 2001, the Department found the "skinning axe," imported by Import Traders, Inc., to be within the scope of the axes/adzes order; (5) on December 9, 2004, the Department found the "Scrapek MUTT," imported by Olympia Industrial, Inc., under HTSUS 8205.59.5510, to be within the scope of the axes/adzes order; (6) on May 23, 2005, the Department found 8 inch by 8 inch and 10 inch by 10 inch cast tampers, imported by Olympia Industrial, Inc. to be outside the scope of the orders; and (7) on October 14, 2005, the Department found the "Mean Green Splitting Machine" imported by Avalanche Industries to be within the scope of the bars/wedges order.²

In addition, on September 22, 2005, the Court of International Trade sustained the Department's finding that cast picks are outside the scope of the picks/mattocks order. *See Tianjin Machinery Import & Export Corporation v. United States and Ames True Temper*, Slip Op. 05-127, Court No. 03-00732 (September 22, 2005).

These reviews cover imports from all manufacturers and exporters of axes and

adzes, bars and wedges, hammers and sledges, and picks and mattocks from the PRC.

Analysis of Comments Received

All issues raised in these reviews are addressed in the Decision Memorandum, which is hereby adopted by this notice (*see* footnote 1). The issues discussed in the accompanying Decision Memorandum include the likelihood of continuation or recurrence of dumping and the magnitude of the dumping margin likely to prevail if the AD orders were revoked. Parties can find a complete discussion of all issues raised in these reviews and the corresponding recommendations in this public memorandum which is on file in the Central Records Unit, room B-099, of the main Commerce building. In addition, a complete version of the Decision Memorandum can be accessed directly on the Web at <http://ia.ita.doc.gov/frn>. The paper copy and electronic version of the Decision Memorandum are identical in content.

Final Results of Sunset Review

The Department determines that revocation of the AD orders on HFHTs would likely lead to continuation or recurrence of dumping at the rates listed below:

PRC-Wide	Margin (percent)
Axes/Adzes	15.02 percent
Picks/Mattocks	50.81 percent
Bars/Wedges	31.76 percent
Hammers/Sledges	45.42 percent

Notification regarding Administrative Protective Order

This notice also serves as the only reminder to parties subject to administrative protective order ("APO") of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of the return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

We are issuing and publishing these results and notice in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: October 31, 2005.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 05-22146 Filed 11-4-05; 8:45 am]

BILLING CODE 3510-DS-S

¹ Ames is the successor company to Woodings-Verona Tool Works, the petitioner in the original investigation. Council Tool is a U.S. producer of heavy forged hand tools, such as axes and adzes, bars and wedges, hammers and sledges, and picks and mattocks. For letters submitted by Ames and Council Tool, *see* the "Background" section of the accompanying "Issues and Decision Memorandum for the Expedited Sunset Review of the Antidumping Duty Orders on Heavy Forged Hand Tools (*i.e.*, Axes & Adzes, Bars & Wedges, Hammers & Sledges, and Picks & Mattocks) from the People's Republic of China: Final Results," from Stephen J. Clays, Deputy Assistant Secretary for Import Administration, to Joseph A. Spetrini, Acting Assistant Secretary for Import Administration, dated October 31, 2005 ("Decision Memo").

² *See* "Final Scope Ruling: Antidumping Duty Order on Heavy Forged Hand Tools, Finished or Unfinished, With or Without Handles, From the People's Republic of China," from James C. Doyle, Office Director, Office 9, Import Administration, to Gary Taverman, Acting Deputy Assistant Secretary for Import Administration, dated October 14, 2005.

APPENDIX B
STATEMENT ON ADEQUACY

EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY

in

Heavy Forged Handtools from China, Inv. Nos. 731-TA-457 (Second Review)

On October 4, 2005, the Commission unanimously determined that it should proceed to an expedited review in the subject five-year review pursuant to section 751(c)(3)(B) of the Tariff Act of 1930, as amended, 19 U.S.C. § 1675(c)(3)(B).

The Commission received a response from Ames True Temper (“Ames”), a U.S. producer of all four domestic like products (axes and adzes, bars and wedges, hammers and sledges, and picks and mattocks). The Commission determined that Ames’ response was individually adequate. The Commission also determined that Ames’ response was an adequate domestic interested party group response because Ames accounts for a significant share of domestic production of the like products.

The Commission did not receive a response from any respondent interested party. Consequently, the Commission determined that the respondent interested party group response was inadequate.

In the absence of an adequate respondent interested party group response, and any other circumstances that it deemed warranted proceeding to a full review, the Commission determined to conduct an expedited review. A record of the Commissioners’ votes is available from the Office of the Secretary and at the Commission’s website (<http://www.usitc.gov>).

