

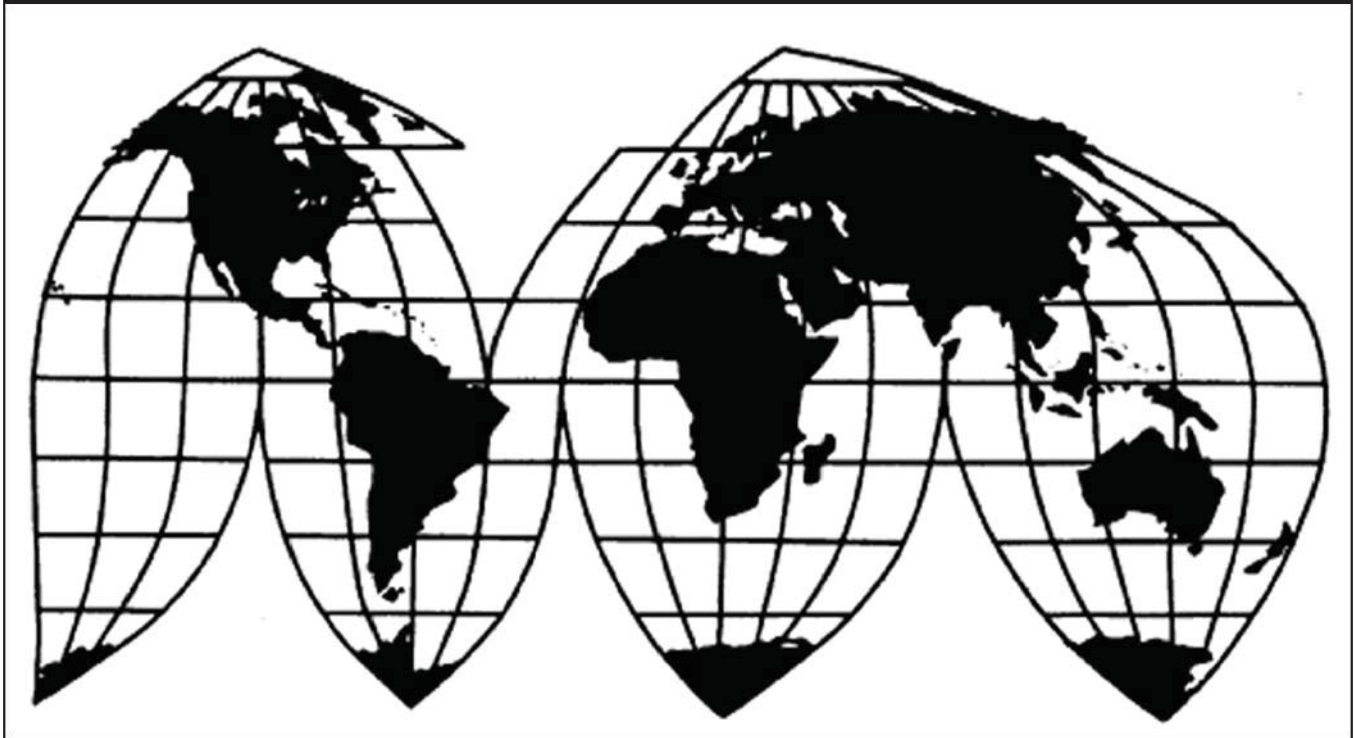
# Heavy Forged Hand Tools from China

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

Publication 4654

December 2016

**U.S. International Trade Commission**



Washington, DC 20436

# U.S. International Trade Commission

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**UNITED STATES INTERNATIONAL TRADE COMMISSION**

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

Heavy Forged Hand Tools from China

**DETERMINATIONS**

On the basis of the record<sup>1</sup> developed in the subject five-year reviews, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930 (“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 an industry in the United States within a reasonably foreseeable time.

**BACKGROUND**

The Commission, pursuant to section 751(c) of the Act (19 U.S.C. 1675(c)), instituted these reviews on July 1, 2016 (81 FR 43235) and determined on October 4, 2016, that it would conduct expedited reviews (81 FR 73417, October 25, 2016).

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<sup>1</sup> 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 Tariff Act”), that revocation of the antidumping duty orders on heavy forged hand tools from China would likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

### I. Background

In the original investigations, the 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 (“hand tools”) from China in January 1991,<sup>1</sup> and Commerce issued antidumping duty orders on the subject merchandise on February 19, 1991.<sup>2</sup> Commerce issued a separate antidumping duty order for each of the four domestic like products defined by the Commission: (1) axes, adzes, and hewing tools, other than machetes, with or without handles (“axes and adzes”); (2) bar tools, track tools, and wedges (“bars and wedges”); (3) hammers and sledges, with heads weighing two pounds or more, with or without handles (“hammers and sledges”); and (4) picks and mattocks, with or without handles (“picks and mattocks”).

On October 1, 1999, the Commission determined to conduct full five-year reviews of the antidumping duty orders on heavy forged hand tools from China. In June 2000, the Commission determined that revocation of each order would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>3</sup> Subsequently, Commerce issued continuations of the antidumping duty orders for all of the orders effective August 10, 2000.<sup>4</sup>

The Commission instituted the second five-year reviews of these orders on July 1, 2005, and determined to conduct expedited reviews.<sup>5</sup> At the conclusion of its expedited reviews, the Commission determined 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.<sup>6</sup> Commerce issued continuations of the antidumping duty orders on February 16, 2006.<sup>7</sup>

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<sup>1</sup> *Heavy Forged Hand Tools from China*, Inv. No. 731-TA-457 (Final), USITC Pub. 2357 (Feb. 1991) at 3 (“Original Determinations”).

<sup>2</sup> 56 Fed. Reg. 6622 (Feb. 19, 1991).

<sup>3</sup> *Heavy Forged Hand Tools from China*, Inv. No. 731-TA-457 (A-D) (First Review), USITC Pub. 3322 (July 2000) at 3 (“First Five-Year Reviews”).

<sup>4</sup> 65 Fed. Reg. 48962 (Aug. 10, 2000).

<sup>5</sup> The Commission found the domestic interested party group responses to the notice of institution to be adequate with respect to all four domestic like products and the respondent interested party group responses to be inadequate. *Heavy Forged Hand Tools from China*, Inv. No. 731-TA-457 (A-D) (Second Review), USITC Pub. 3836 (Jan. 2006), at 3 (“Second Five-Year Reviews”).

<sup>6</sup> Second Five-Year Reviews, USITC Pub. 3836, at 3.

<sup>7</sup> 72 Fed. Reg. 8276 (Feb. 16, 2006).

The Commission instituted the third five-year reviews of these orders on January 3, 2011,<sup>8</sup> and determined to conduct expedited reviews.<sup>9</sup> At the conclusion of its expedited reviews, the Commission determined 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.<sup>10</sup> Commerce issued continuations of the antidumping duty orders on August 22, 2011.<sup>11</sup>

The Commission instituted these fourth five-year reviews of the orders July 1, 2016.<sup>12</sup> Ames Companies, Inc. (“Ames”) and Council Tool Company, Inc. (“CTC”), which each produce all four product groups of hand tools covered by the orders, responded to the Commission’s notice of institution. On October 4, 2016, the Commission determined that the domestic interested party group responses to its notice of institution were adequate and that the respondent interested party group responses were inadequate. In the absence of adequate respondent interested party group responses, or other factors warranting full reviews, the Commission determined to conduct expedited reviews.<sup>13</sup>

## II. Domestic Like Product and Industry

### A. Domestic Like Product

In making its determination under section 751(c) of the Tariff Act, the Commission defines the “domestic like product” and the “industry.”<sup>14</sup> The Tariff Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle.”<sup>15</sup> The Commission’s practice in five-year reviews is to examine the domestic like product definition from the original

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<sup>8</sup> 76 Fed. Reg. 168 (Jan. 3, 2011).

<sup>9</sup> The Commission found the domestic interested party group responses to the notice of institution to be adequate with respect to all four domestic like products and the respondent interested party group responses to be inadequate. *Heavy Forged Hand Tools from China*, Inv. No. 731-TA-457 (A-D) (Third Review), USITC Pub. 4250 (Aug. 2011) at 3 (“Third Five-Year Reviews”).

<sup>10</sup> Third Five-Year Reviews, USITC Pub. 4250 at 3.

<sup>11</sup> 76 Fed. Reg. 52313 (Aug. 22, 2011).

<sup>12</sup> 81 Fed. Reg. 43235 (July 1, 2016).

<sup>13</sup> Commission Explanation on Adequacy, EDIS Doc. 592796. Vice Chairman Johanson voted for full reviews. No respondent interested party provided any information or argument in these reviews.

<sup>14</sup> 19 U.S.C. § 1677(4)(A).

<sup>15</sup> 19 U.S.C. § 1677(10); *see, e.g., Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int’l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *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, 96<sup>th</sup> Cong., 1<sup>st</sup> Sess. 90-91 (1979).

investigation and consider whether the record indicates any reason to revisit the prior findings.<sup>16</sup>

Commerce has defined the imported merchandise within the scope of the orders under review as follows:

The merchandise covered by these orders are hand tools comprising the following classes or kinds of merchandise: (1) Hammers and sledges with head over 1.5kg (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. Subject hand tools are manufactured through a hot forge operation in which steel is sheered 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 wooden handles for handled products. . . . 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.<sup>17</sup>

The scope description has remained unchanged since the original investigations.<sup>18</sup>

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 and 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.<sup>19</sup> Special purpose axes are designed to function as two tools – the mattock axe is a single-bit axe with an adze-shaped grubbing blade on the back designed for digging, prying, or

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<sup>16</sup> See, e.g., *Internal Combustion Industrial Forklift Trucks from Japan*, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (Dec. 2005); *Crawfish Tail Meat from China*, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); *Steel Concrete Reinforcing Bar from Turkey*, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

<sup>17</sup> *Heavy Forged Hand Tools, Finished or Unfinished, With or Without Handles, from the People's Republic of China; Final Results of the Expedited Fourth Sunset Review of the Antidumping Duty Orders*, 81 Fed. Reg. 78777, 78778 (November 9, 2016) (Commerce final results of expedited sunset review) and accompanying *Notice and Decision Memorandum* at 2. Commerce has issued various scope determinations with respect to the orders. Confidential Report (“CR”) at I-12, Public Report (“PR”) at I-9. See 73 Fed. Reg. 9293 (Feb. 20, 2008); 73 Fed. Reg. 72771 (Dec. 1, 2008); 76 Fed. Reg. 10558 (Feb. 25, 2011); and Memorandum regarding *Antidumping Duty Order on Heavy Forged Hand Tools From the People's Republic of China: Final Scope Ruling for the Scope Request from W.E. Lott Company*, dated May 9, 2016, at 5.

<sup>18</sup> See Original Determination, USITC Pub. 4180 at 5-6.

<sup>19</sup> CR at I-6, PR at I-5.

chopping.<sup>20</sup> Adzes may have either a flat or curved blade at a right angle to the handle and are used for shaping wood.<sup>21</sup>

The principal product covered by the antidumping duty order on bars and wedges is the crowbar. This tool typically has a gooseneck shape to the bar at the claw end for pulling nails and spikes and a chisel blade at the other end for prying. Various curve configurations allow for degrees of leverage in prying operations. Other bars, such as wrecking bars, may be flattened. Also included in the bars and wedges group are digging bars and tampers. Bars are used for demolition, scraping, lifting, or prying apart floor tile, wood paneling, nailed wood items, wood molding, 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 for splitting wood.<sup>22</sup>

Hammers and sledges with heads over 1.5 kg (3.33 pounds) are heavier than claw hammers or ball peen hammers. Heavy hammer and sledge heads included in the scope 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 for one axe-like edge. Mauls are intended primarily for use in splitting wood without the use of wedges, but the blunt end may be used for striking stakes, wedges, or other objects. Hammers and sledges, including mauls, typically have a handle made of wood or fiberglass.<sup>23</sup>

Picks and mattocks are produced in a number of styles and sizes, but principally differ 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 hard soil. Mattocks have a broad blade on one side of the head and are used for digging in soft soil. Picks and mattocks are produced with either a wood or fiberglass handle.<sup>24</sup>

## **1. Original Investigations and Prior Reviews**

In its original investigations and subsequent five-year reviews, the Commission determined that there were four domestic like products: (1) axes, adzes, and hewing tools, other than machetes, with or without handles (hewing tools); (2) all bar tools, track tools, and wedges (bar tools); (3) hammers and sledges, with heads weighing two pounds or more, with or without handles (striking tools); and (4) picks and mattocks, with or without handles (digging tools).<sup>25</sup>

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<sup>20</sup> CR at I-6 to I-7, PR at I-6.

<sup>21</sup> CR at I-7, PR at I-6.

<sup>22</sup> CR at I-7, PR at I-6.

<sup>23</sup> CR at I-7, PR at I-6.

<sup>24</sup> CR at I-8, PR at I-6.

<sup>25</sup> Original Determinations, USITC Pub. 2357 at 15; First Five-Year Reviews, USITC Pub. 3322\_at 6; Second Five-Year Reviews, USITC Pub. 3836\_at 7; and Third Five Year Reviews, USITC Pub. 4250 at 4-5.

## 2. The Current Reviews

In these reviews, no new information was obtained that would suggest any reason to revisit the Commission's domestic like product definitions.<sup>26</sup> The Domestic Producers have indicated that they agree with the Commission's definitions of the domestic like products in the original investigations and prior reviews.<sup>27</sup> Accordingly, we define four domestic like products, consisting of (1) axes and adzes; (2) bars and wedges; (3) hammers and sledges; and (4) picks and mattocks, coextensive with Commerce's scope definition.

### B. Domestic Industry

Section 771(4)(A) of the Tariff Act defines the relevant industry as the domestic "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."<sup>28</sup> 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.

In the prior proceedings, the Commission found four domestic industries consisting of domestic producers of (1) axes and adzes; (2) bars and wedges; (3) hammers and sledges; and (4) picks and mattocks.<sup>29</sup>

The record in these reviews contains no information that would warrant a reconsideration of the prior definitions of the domestic industries. The domestic industries agree with the definitions from the prior proceedings, and there are no related party issues.<sup>30</sup> We therefore define the domestic industries consistent with our determinations in the prior proceedings.

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<sup>26</sup> See generally CR at I-6 to I-10, PR at I-4 to I-8.

<sup>27</sup> Ames Response at 25; CTC Response at 11.

<sup>28</sup> 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. See 19 U.S.C. § 1677.

<sup>29</sup> Original Determinations, USITC Pub. at 2357, at 19; First Five-Year Reviews, USITC Doc. 3322, at 7; Second Five-Year Reviews, USITC Pub. 3836, at 8-9; Third Five Year Reviews, USITC Pub. at 4250. In the original investigations, the Commission did not include in the domestic industries companies that did no more than assemble imported heads with handles purchased from a domestic manufacturer. See Original Determinations, USITC Pub. at 2357, 19. The Commission also excluded one domestic producer, Madison Mill, from the domestic industries under the related party provision. In the first five-year reviews, one of the domestic producers imported axes from China during the period of review and was therefore a related party. The Commission determined that appropriate circumstances did not exist to exclude this producer from the domestic industry manufacturing axes and adzes. First Five-Year Reviews, USITC Pub. at 3322, at 7-8. In the subsequent five-year reviews, the Commission did not exclude any company as a related party. See Second Five-Year Reviews, USITC Pub. 3836, at 8-9 and Third Five-Year Reviews, USITC Pub. 4250, at 9.

<sup>30</sup> CR at I-16, PR at I-12.

### III. Revocation of the Antidumping Duty Orders Would Likely Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time

#### A. Legal Standards

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing 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 or countervailing duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”<sup>31</sup> The Uruguay Round Agreements Act Statement of Administrative Action (“SAA”) states that “under the likelihood standard, the Commission will engage in a counterfactual 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.”<sup>32</sup> Thus, the likelihood standard is prospective in nature.<sup>33</sup> The U.S. Court of International Trade has found that “likely,” as used in the five-year review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.<sup>34</sup>

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.”<sup>35</sup> According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but

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<sup>31</sup> 19 U.S.C. § 1675a(a).

<sup>32</sup> SAA, H.R. 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.” *Id.* at 883.

<sup>33</sup> 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.

<sup>34</sup> 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 mem.*, 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (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*, 26 CIT 1059, 1070 (2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); *Usinor v. United States*, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

<sup>35</sup> 19 U.S.C. § 1675a(a)(5).

normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original investigations.”<sup>36</sup>

Although the standard in a five-year review is not the same as the standard applied in an original 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.”<sup>37</sup> 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 an order is revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).<sup>38</sup> 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.<sup>39</sup>

In evaluating the likely volume of imports of subject merchandise if an order under review is revoked or a suspended investigation is terminated, 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.<sup>40</sup> 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.<sup>41</sup>

In evaluating the likely price effects of subject imports if an order under review is revoked or a suspended investigation is terminated, 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

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<sup>36</sup> 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 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.*

<sup>37</sup> 19 U.S.C. § 1675a(a)(1).

<sup>38</sup> 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings with respect to the orders under review. *See generally* Third Five-Year Review, USITC Pub. 4250, at 8 n.35.

<sup>39</sup> 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

<sup>40</sup> 19 U.S.C. § 1675a(a)(2).

<sup>41</sup> 19 U.S.C. § 1675a(a)(2)(A-D).

prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.<sup>42</sup>

In evaluating the likely impact of imports of subject merchandise if an order under review is revoked or a suspended investigation is terminated, 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 the following: (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.<sup>43</sup> 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. 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 under review and whether the industry is vulnerable to material injury upon revocation.<sup>44</sup>

## **B. Conditions of Competition and the Business Cycle**

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, 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.”<sup>45</sup> The following conditions of competition inform our determinations.<sup>46</sup>

*Demand Conditions.* In the first five-year reviews, the Commission found that demand had been relatively flat since the time of the original investigations and that there had been a shift in demand from the industrial sector to large retail accounts as well as to the do-it-yourself

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<sup>42</sup> See 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.

<sup>43</sup> 19 U.S.C. § 1675a(a)(4).

<sup>44</sup> 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.

<sup>45</sup> 19 U.S.C. § 1675a(a)(4).

<sup>46</sup> In the original investigations, the Commission did not make explicit findings regarding conditions of competition for each of the domestic industries. See Original Determinations, USITC Pub. 2357.



market.<sup>47</sup> In the second five-year reviews, the Commission found no significant changes in demand conditions since the first five-year reviews.<sup>48</sup> In the third five-year reviews, the Commission found that demand for hand tools was heavily dependent on construction activity and that this activity was adversely affected by the recession, resulting in declining demand that reduced capacity utilization and placing downward pressure on U.S. prices.<sup>49</sup>

In the current five-year reviews, Ames claims that demand for hand tools continues to be heavily dependent on residential and non-residential construction activity. It asserts that construction activity has not fully recovered from the recession, resulting in depressed demand.<sup>50</sup> Apparent U.S. consumption for each of the four hand tools products at issue was higher in 2015 than in 2010.<sup>51</sup>

*Supply conditions.* In the first five-year reviews, the Commission found that, since the time of the original investigations, there had been a large increase in nonsubject imports, which accounted for a large percentage of total imports.<sup>52</sup> In the second five-year reviews, the Commission observed that the domestic industries appeared to have consolidated since the first five-year reviews, declining from five major domestic producers to three major domestic producers of each of the domestic like products.<sup>53</sup>

In the third five-year reviews, the Commission found the domestic industries' share of apparent U.S. consumption in 2010 was \*\*\* percent for axes and adzes, \*\*\* percent for bars and wedges, \*\*\* percent for hammers and sledges, and \*\*\* percent for picks and mattocks.<sup>54</sup> Subject import market shares were \*\*\* percent for axes and adzes, \*\*\* percent for bars and wedges, \*\*\* percent for hammers and sledges, and \*\*\* percent for picks and mattocks.<sup>55</sup> The record indicated that there were 87 Chinese producers of subject merchandise, 11 importers of subject merchandise from China, and eight Chinese firms that were major exporters of subject

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<sup>47</sup> First Five-Year Reviews, USITC Pub. 3322, at 11. Based on the record data, the Commission found that the important conditions of competition were similar for each of the industries, as were the likely effects of revocation of the orders. *Id.*

<sup>48</sup> Second Five-Year Reviews, USITC Pub. 3836, at 12

<sup>49</sup> Third Five-Year Reviews, USITC Doc. 4250, at 10.

<sup>50</sup> Ames Response at 24.

<sup>51</sup> CR/PR at Table I-5. Because the import data used to compute apparent U.S. consumption may include some out-of-scope products, apparent U.S. consumption may be overstated.

<sup>52</sup> First Five-Year Reviews, USITC Pub. 3322, at 11.

<sup>53</sup> Second Five-Year Reviews, USITC Pub. 3836, at 14-15.

<sup>54</sup> Third Five-Year Reviews, USITC Pub. 4250, at 11; see Confidential Views (Third Review) Opinion, EDIS Doc. 456645, at 11. In the third five-year reviews, Ames estimated that in 2010 it accounted for \*\*\* percent of U.S. production of axes and adzes, \*\*\* percent of U.S. production of bars and wedges, \*\*\* percent of U.S. production of hammers and sledges, and \*\*\* percent of U.S. production of picks and mattocks. CTC estimated that it accounted for approximately \*\*\* percent of U.S. production of all four domestic like products. Third Five-Year Reviews, USITC Pub. 4250, at 11 n.54

<sup>55</sup> Confidential Views (Third Review), EDIS Doc. 456645, at 11. The Commission noted that the only data available for 2010 were based on official Commerce import statistics from HTS categories that were broader than the scope for three of the four orders. USITC Doc. 4250, at 10-11.

merchandise to the United States.<sup>56</sup> The market shares held by nonsubject imports were \*\*\* percent for axes and adzes, \*\*\* percent for bars and wedges, \*\*\* percent for hammers and sledges, and \*\*\* percent for picks and mattocks.<sup>57</sup>

In the current reviews, the U.S. hand tools market continues to be supplied by domestic producers,<sup>58</sup> subject imports,<sup>59</sup> and nonsubject imports.<sup>60</sup> The domestic industries' share of apparent U.S. consumption in 2015 was \*\*\* percent for axes and adzes, \*\*\* percent for bars and wedges, \*\*\* percent for hammers and sledges, and \*\*\* percent for picks and mattocks.<sup>61</sup> Subject import market shares were \*\*\* percent for axes and adzes, \*\*\* percent for bars and wedges, \*\*\* percent for hammers and sledges, and \*\*\* percent for picks and mattocks.<sup>62</sup> The market shares held by nonsubject imports during the period were \*\*\* percent for axes and adzes, \*\*\* percent for bars and wedges, \*\*\* percent for hammers and sledges, and \*\*\* percent for picks and mattocks.<sup>63</sup>

*Substitutability and Other Conditions.* In the first five-year reviews, the Commission found a moderate-to-high degree of substitution between the domestic products and subject imports. Price was determined to be an important factor in purchasing decisions, particularly for the large retail accounts. The Commission additionally found that the production of hand tools was labor intensive, rather than capital intensive, and there were no significant differences reported in the manufacturing processes of the imported and domestically produced products.<sup>64</sup>

In the second five-year reviews, the Commission stated that nothing in the record indicated that its prior findings concerning the labor-intensive nature of the production processes and the degree of substitution between the domestic products and subject imports were no longer applicable. The Commission further stated that subject producers reportedly

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<sup>56</sup> Third Five-Year Reviews, USITC Doc. 4250, at 10-11.

<sup>57</sup> Confidential Views (Third Review), EDIS Doc. 456645, at 11.

<sup>58</sup> Ames estimated that it accounted for \*\*\* percent of U.S. production of axes and adzes, \*\*\* percent of bars and wedges, \*\*\* percent of hammers and sledges, and \*\*\* percent of picks and mattocks; it estimated it accounted for approximately \*\*\* to \*\*\* percent of all four domestic like products overall. CR at I-14, PR at I-1- to I-11; Ames Response at 23 and Exhibit 4. CTC estimated that it accounted for \*\*\* percent of U.S. production of axes and adzes, \*\*\* percent of bars and wedges, \*\*\* percent of hammers and sledges, and \*\*\* percent of picks and mattocks. CR at I-14 to I-15, PR at I-11; CTC Response at Exhibit 3.

<sup>59</sup> Ames listed eight major Chinese producers of subject merchandise and 28 firms that it believes imported subject merchandise from China. CTC listed eight Chinese firms that it believes produced the subject merchandise and nine firms that were importers of subject merchandise during the period of review. CR at I-29, PR at I-18; Ames Response at 23; CTC Response at 10, Exhibit 2 and Final Comments at 4.

<sup>60</sup> CR at I-21, PR at I-14; and CR/PR at Table I-4.

<sup>61</sup> CR/PR at Table I-6.

<sup>62</sup> CR/PR at Table I-6.

<sup>63</sup> CR/PR at Table I-6.

<sup>64</sup> First Five-Year Reviews, USITC Pub. 3322, at 11.

continued to compete on price. The record also indicated that there had been an increase in sales at internet retail sites.<sup>65</sup>

In the third five-year reviews, the Commission found, based on the limited record of the expedited reviews, that its prior findings concerning the high degree of substitutability between subject imports and the domestic like products, the importance of price in the U.S. hand tools market, and overlapping channels of distribution continued to be applicable.<sup>66</sup>

In these expedited fourth five-year reviews, we find that the Commission's prior findings concerning substitutability and other conditions remain applicable. The record indicates a continued high degree of substitutability between subject imports and the domestic like products and that price remains an important consideration in purchasing decisions in the U.S. hand tools market.<sup>67</sup>

### **C. Likely Volume of Subject Imports**

#### **1. The Original Investigations and Prior Five-Year Reviews**

In the original investigations, the Commission found that the market share of subject imports corresponding to each of the four domestic like products had increased significantly.<sup>68</sup> Between 1987 and 1989, subject imports' share of total domestic consumption of hammers and sledges rose from \*\*\* percent to \*\*\* percent, as the actual volume of subject imports rose by \*\*\* percent, from \*\*\* units in 1987 to \*\*\* units in 1989. Subject imports' share of total domestic consumption of bars and wedges rose from \*\*\* percent in 1987 to \*\*\* percent in 1989, with subject import volume rising by \*\*\* percent, from \*\*\* units in 1987 to \*\*\* units in 1989. Subject imports' share of total domestic consumption of picks and mattocks rose from \*\*\* percent in 1987 to \*\*\* percent in 1989, as the volume of subject imports rose by \*\*\* percent, rising from \*\*\* units in 1987 to \*\*\* units in 1989. For axes and adzes, subject imports' share of total domestic consumption rose from \*\*\* percent in 1987 to \*\*\* percent in 1989; the volume of subject imports rose from \*\*\* units in 1987 to \*\*\* units in 1989, or by \*\*\* percent.<sup>69</sup>

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<sup>65</sup> Second Five-Year Reviews, USITC Pub. 3836, at 12

<sup>66</sup> Third Five-Year Reviews, USITC Doc. 4250, at 10.

<sup>67</sup> CTC Final Comments at 4.

<sup>68</sup> The volume data in the original investigations and full first reviews were based on import shipment data reported in Commission questionnaires, whereas volume data in the subsequent expedited reviews, including these fourth reviews, are based on import data from official Commerce import statistics. Three of the four categories of HTS subheadings corresponding to the hand tool product groups subject to the antidumping duty orders are "basket" categories which may include merchandise outside of the scope. CR at I-21 to I-22, PR at I-14; and CR/PR at Appendix C. The HTS subheading corresponding to "hammers and sledges" is not a basket category. *Id.*

<sup>69</sup> Confidential Report, INV-O-018 (Jan. 18, 1991) and Original Determinations, USITC Pub. 2357, at 25-30; *see also* CR/PR at Appendix C.

In the first five-year reviews, the Commission found that the volume of subject imports would likely be significant if the orders were revoked. The limited information available indicated that the Chinese industries remained very large and had excess capacity. In addition, the United States was the most important export market for the subject producers.<sup>70</sup>

In the second five-year reviews, the Commission found that the volume of subject imports would likely be significant in the reasonably foreseeable future if the orders were revoked “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.”<sup>71</sup>

In the third five-year reviews, the Commission found that the volume of subject imports would likely be significant if the orders were revoked. It emphasized that, even with the orders in place, subject producers continued to supply the United States with large volumes of subject merchandise and that subject import volumes and market share increased for all four products since the first five-year reviews.<sup>72</sup> The Commission found that there was no information indicating that the total number of producers or capacity in China had decreased since the prior reviews. The industries in China remained export oriented, and the United States was the most important export market for each product category, except for axes and adzes. In light of the size of the subject industries and the importance of the U.S. market for the subject producers, even with the orders in place, the Commission found that it was likely that, upon revocation of the orders, subject producers and exporters would ship even greater volumes to the United States.<sup>73</sup>

## **2. The Current Reviews**

In these reviews, we find that the volume of subject imports would likely be significant if the antidumping duty orders were revoked. Even with the orders in place, the subject producers continue to supply the U.S. market with appreciable quantities of subject

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<sup>70</sup> First Five-Year Reviews, USITC Doc. 3322, at 13-14.

<sup>71</sup> Second Five-Year Reviews, USITC Doc. 3836, at 11-13.

<sup>72</sup> Third Five-Year Reviews, USITC Doc. 4250, at 11-12.

<sup>73</sup> Third Five-Year Reviews, USITC Doc. 4250, at 13-14.

merchandise.<sup>74</sup> For three of the four product categories, subject imports from China accounted for at least \*\*\* percent of the quantity of apparent U.S. consumption in 2015.<sup>75</sup>

Despite an initial decline in subject import volumes for all four product groups following the imposition of the antidumping duty orders,<sup>76</sup> subject import volumes have increased for three of the four product groups since the first five-year reviews, notwithstanding the antidumping duty orders.<sup>77</sup> Subject imports also substantially increased their market share since the first five-year reviews in each of the product groups except for picks and mattocks.<sup>78</sup>

Because of the lack of participation by subject producers and U.S. importers of the subject merchandise, the Commission has limited information in these reviews on the subject industries producing heavy forged hand tools. There is no information indicating that the total number of producers in China or the capacity of those producers to produce hand tools has decreased since the third five-year reviews. Domestic producer Ames identified eight subject producers and 95 firms that it believes exported heavy forged hand tools to the United States from China since 2010; domestic producer CTC reported eight firms that it believes have been major exporters of hand tools from China since 2010.<sup>79</sup>

The record of these reviews also indicates that the subject industries producing hand tools remain export oriented. In the second five-year reviews, the Commission noted that the

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<sup>74</sup> CR/PR at Table I-5. During the period of review, subject imports of axes and adzes ranged from a low of 440,000 units in 2011 to a high of 1.3 million units in 2013. Subject imports of bars and wedges ranged from a low of 2.6 million units in 2011 to a high of 5.1 million units in 2015. Subject imports of hammers and sledges ranged from a low of 466,000 units in 2013 to a high of 596,000 units in 2011. Subject imports of picks and mattocks ranged from a low of 45,000 units in 2015 to a high of 182,000 units in 2011. *Id.*

<sup>75</sup> The pertinent shares of 2015 apparent U.S. consumption represented by subject imports are \*\*\* percent for axes and adzes, \*\*\* percent for bars and wedges, \*\*\* percent for hammers and sledges, and \*\*\* percent for picks and mattocks. CR/PR at Table I-6.

<sup>76</sup> See CR/PR Appendix C at Tables I-16 to I-19.

<sup>77</sup> U.S. shipments of subject imports of axes and adzes were \*\*\* units in 1999, and subject imports were 1.2 million units in 2015. CR/PR at I-4 and Appendix C at Table I-19. U.S. shipments of subject imports of bars and wedges were \*\*\* units in 1999, and subject imports were 5.1 million units in 2015. CR/PR at I-4 and Appendix C at Table I-17. U.S. shipments of subject imports of hammers and sledges were \*\*\* units in 1999, and subject imports were 547,000 units in 2015. CR/PR at I-4 and Appendix C at Table I-16. U.S. shipments of subject imports of picks and mattocks were \*\*\* units in 1999, and subject imports were 45,000 units in 2015. CR/PR at I-4 and Appendix C at Table I-16. We recognize that the 1999 and 2015 data are not fully comparable, as the former were based on questionnaire responses and the latter on Commerce import statistics.

<sup>78</sup> Subject imports' share of apparent U.S. consumption by quantity for axes and adzes was \*\*\* percent in 1999 and \*\*\* percent in 2015; for bars and wedges, it was \*\*\* percent in 1999 and \*\*\* percent in 2015; for hammers and sledges, it was \*\*\* percent in 1999 and \*\*\* percent in 2015; and for picks and mattocks, it was \*\*\* percent in 1999 and \*\*\* percent in 2015. CR/PR at Table I-6.

<sup>79</sup> CR I-20 and I-28 to I-29, PR at I-13 and I-18; Ames Response at 16-19, 22 and Exhibits 4 and 6; CTC Response at Exhibit 2.

United States was the most important export market for subject producers.<sup>80</sup> In the third five-year reviews, the Commission stated that the United States had remained the most important import market for subject producers, with the exception of axes and adzes.<sup>81</sup> The Global Trade Atlas (“GTA”) data available in these reviews indicate that the United States was again the most important export market for subject producers in all four product groupings in 2015.<sup>82</sup> Since 2010, Chinese producers have increased their exports of hand tools to the United States as a percentage of all their hand tools exports for three of the four product groupings (excepting picks and mattocks).<sup>83</sup> In light of the size of the subject industries and the importance of the U.S. market to the subject producers even with the orders in place, it is likely that subject producers and exporters would use their substantial capacity to ship even greater volumes of hand tools to the United States in the event of revocation of the orders.<sup>84</sup>

Based on the record of the original investigations, the import volumes and market shares of subject imports, the generally increasing presence of subject imports in the U.S. market despite the orders, the reported size of the subject industries and the capacity available in China, and the continuing importance of the U.S. market to subject producers, we find that producers in China would likely significantly increase their imports to the United States if the antidumping duty orders were revoked. Thus, we find that the likely volume of subject imports, both in absolute terms and as a share of the U.S. market, would be significant if the antidumping duty orders were revoked.

#### **D. Likely Price Effects of Subject Imports**

##### **1. The Original Investigation and Prior Five-Year Reviews**

In the original determinations, the Commission found persistent or sustained underselling of the domestic like products by subject imports of (1) axes and adzes and (2) picks and mattocks. The Commission also found that subject imports of (1) bars and wedges and (2) hammers and sledges undersold the domestic like product, although the patterns of underselling were less consistent than those exhibited by the two other products. From 1987 through 1989, average unit values (“AUVs”) for subject imports from China were below the

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<sup>80</sup> Second Five-Year Reviews, USITC Doc. 3836, at 19.

<sup>81</sup> Third Five-Year Reviews, USITC Doc. 4250, at 13.

<sup>82</sup> CR/PR at Table I-7. We recognize that the available GTA data include out-of-scope merchandise. CR at I-32 and n.64, PR at I-21 and n.64. Nevertheless, they constitute the information available in these expedited reviews concerning the export patterns of the subject industries.

<sup>83</sup> *Compare* Third Five-Year Reviews, USITC Pub. 4250, at 13 *with* CR/PR at Table I-7.

<sup>84</sup> Based on the available record, we observe that heavy forged hand tools from China have been subject to an antidumping duty order on digging bars and picks in Colombia since 2009. This order was continued in July 2014. CR at I-32 and n.62, PR at I-21 and n.62. Because of the expedited nature of these reviews, the record does not contain information about inventories of the subject merchandise or the subject producers’ potential for product shifting.

AUVs both for the domestic like product and for nonsubject imports for each of the four product groupings.<sup>85</sup>

In the first five-year reviews, the Commission obtained only limited pricing data, which 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 other products. The Commission noted that, despite the imposition of the antidumping duties, the AUVs for two of the four imported product groups, (1) bars and wedges and (2) 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, the Commission found that revocation of the antidumping duty orders would be likely to lead to significant price suppression or depression of the domestic like product by subject imports in the reasonably foreseeable future.<sup>86</sup>

In the second five-year reviews, the Commission noted that the record contained no public sources of price data. It found that price remained a key element in sales, as the record indicated that subject producers continued to compete in the U.S. market on the basis of price.<sup>87</sup> Nonsubject imports also continued to play a large role in the market.<sup>88</sup> The Commission found that “the record indicates that even in the face of increased material input costs, the majority of subject producers and exporters do not intend to raise prices, making it likely that subject import prices will undercut domestic product prices.” Accordingly, the Commission determined that likely significantly increased volumes of lower-priced subject imports would likely adversely and significantly affect prices for the domestic like products upon revocation of the antidumping duty orders.<sup>89</sup>

In the third five-year reviews, there was again no available pricing data. The Commission found that the record indicated hand tools were highly substitutable and price remained a key element in sales, as subject producers continued to compete in the U.S. market on the basis of price. The Commission found that the presence of increased quantities of nonsubject imports would provide the Chinese producers and exporters a strong incentive to price even more aggressively in order to expand their market share in the United States. Consequently, the Commission found that, upon revocation of the orders, subject imports from China would likely enter the United States at prices that would likely undersell the domestic like products and that would likely have significant suppressing or depressing effects on U.S. producers’ prices and would likely lead to significant lost market share for U.S. producers.<sup>90</sup>

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<sup>85</sup> Original Determinations, USITC Pub. 2357, at 40-44.

<sup>86</sup> Confidential Views (Review), EDIS Doc. 132235, at 22; First Five-Year Reviews, USITC Pub. 3322, at 13-16.

<sup>87</sup> Second Five-Year Reviews, USITC Pub. 3836, at 14-15.

<sup>88</sup> Second Five-Year Reviews, USITC Pub. 3836, at 14.

<sup>89</sup> Second Five-Year Reviews, USITC Pub. 3836, at 15.

<sup>90</sup> Third Five-Year Reviews, USITC Pub. 4250, at 19.

## **2. The Current Reviews**

Due to the nature of these expedited reviews, there are no new pricing data nor, are there any public sources for pricing comparisons. As stated above, the record continues to indicate that hand tools are highly substitutable and that price remains an important consideration in purchasing decisions.<sup>91</sup>

In view of our findings that the likely volume of subject imports would be significant and that the subject imports and the domestic like products are highly substitutable and compete on the basis of price, we find that upon revocation of the orders, subject producers would likely significantly undersell the domestic like product in order to gain market share, as occurred in the original investigations. The likely underselling would likely result in significant price effects, as domestic producers would either have to reduce their prices or relinquish market share.

For the reasons stated above, we find that upon revocation of the orders, subject imports from China would be likely to enter the United States at prices that would likely undersell the domestic like products and that would likely have significant suppressing and/or depressing effects on U.S. producers' prices and/or would lead to significant lost market share for U.S. producers.

### **E. Likely Impact of Subject Imports**

#### **1. The Original Investigations and Prior Five-Year Reviews**

In the original determinations, 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 petitioner, 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.<sup>92</sup>

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. markets. Given the likely significant increase in the volume of subject imports and the resultant intense price competition in markets with sluggish demand growth, the Commission concluded that, if the antidumping duty orders were revoked, the domestic industries would likely experience significant declines in output, sales, and income, with eventual losses in employment and declines in capital and research and development expenditures similar to those experienced in the years of the original investigations.<sup>93</sup>

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<sup>91</sup> Ames Final Comments at 8; CTC Final Comments at 8.

<sup>92</sup> Original Determinations, USITC Pub. 2357, at 26-30.

<sup>93</sup> First Five-Year Reviews, USITC Pub. 3322, at 17-18.



In the second five-year reviews, the Commission found that subject import volumes would likely be significant if the orders were revoked, resulting in significant price effects, which would likely lead to a significant adverse impact on the domestic industries.<sup>94</sup> The Commission found that revocation of the orders would likely lead to significant declines in output, sales, and income, with eventual losses in employment and declines in capital and research and development expenditures. Accordingly, the Commission concluded 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.<sup>95</sup>

In the third five-year reviews, the Commission concluded that the limited record information on the condition of the domestic industries was insufficient for it to determine whether the domestic industries were vulnerable to the continuation or recurrence of material injury in the event of revocation of the orders.<sup>96</sup> It found that, based on the available information, revocation of the antidumping duty orders would be likely to lead to a significant increase in the volume of subject imports and that subject imports would likely significantly undersell the domestic products, resulting in likely significant depression and suppression of prices for the domestic like products. It found that the intensified price competition with subject imports that would likely occur after revocation of the orders would likely have a significant adverse impact on the domestic industries. Specifically, the domestic industries would likely lose market share to low-priced subject imports and would likely obtain lower prices because of competition from subject imports, which would adversely impact their production, shipments, sales, and revenues.<sup>97</sup> The Commission also considered the role of factors other than the subject imports so as not to attribute injury from such factors to subject imports. It observed that while the share of the U.S. market held by nonsubject imports of each of the four products remained large in 2010, a significant portion of the expected increase in subject imports would likely be at the expense of the domestic industry given the likelihood of subject import underselling and adverse price effects.<sup>98</sup>

## 2. The Current Reviews

In these expedited five-year reviews, the record includes limited information on the condition of the domestic industries. We collected data for several performance indicators for 2015. The domestic axes and adzes industry reported capacity in 2015 of \*\*\* units, production of \*\*\* units, and capacity utilization of \*\*\* percent. There were \*\*\* units of U.S. shipments

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<sup>94</sup> Second Five-Year Reviews, USITC Pub. 3836, at 25. The Commission noted that while the evidence in the record was insufficient to enable it to determine whether the domestic industries producing heavy forged hand tools were vulnerable, Ames maintained that they were, based upon the plant closures and declines in production regarding three of the four products (excepting picks and mattocks). *Id.* at 24.

<sup>95</sup> Second Five-Year Reviews, USITC Pub. at 3836, at 25.

<sup>96</sup> Third Five-Year Reviews, USITC Pub. 4250, at 24-25.

<sup>97</sup> Third Five-Year Reviews, USITC Pub. 4250, at 25.

<sup>98</sup> Third Five-Year Reviews, USITC Pub. 4250, at 25-26.

with an AUV of \$\*\*\*. Operating income as a ratio to net sales was \*\*\* percent. While capacity utilization and AUVs were higher in 2015 than in 2010, capacity and production were lower and the industry's operating performance was worse.<sup>99</sup>

The domestic bars and wedges industry reported capacity in 2015 of \*\*\* units, production of \*\*\* units, and capacity utilization of \*\*\* percent. There were \*\*\* units of U.S. shipments with an AUV of \$\*\*\*. Operating income as a ratio to net sales was \*\*\* percent. Although capacity, production, and capacity utilization were higher in 2015 than in 2010, AUVs were lower and the industry's operating performance was worse.<sup>100</sup>

The domestic hammers and sledges industry reported capacity in 2015 of \*\*\* units, production of \*\*\* units, and capacity utilization of \*\*\* percent. There were \*\*\* units of U.S. shipments with an AUV of \$\*\*\*. Operating income as a ratio to net sales was \*\*\* percent. Although capacity and production were higher in 2015 than in 2010, capacity utilization and AUVs were lower and the industry's operating performance was worse.<sup>101</sup>

The domestic picks and mattocks industry reported capacity in 2015 of \*\*\* units, production of \*\*\* units, and capacity utilization of \*\*\* percent. There were \*\*\* units of U.S. shipments with an AUV of \$\*\*\*. Operating income as a ratio to sales was \*\*\* percent. Capacity, production, capacity utilization, and AUVs were all lower in 2015 than in 2010, and the industry's operating performance was worse.<sup>102</sup>

The limited evidence regarding the domestic industries' performance throughout the period of review is insufficient for us to determine whether the domestic industries are vulnerable to the continuation or recurrence of material injury in the event of revocation of the orders.<sup>103</sup>

Based on the information available, including information in the records of the original investigations and prior five-year reviews, we find that revocation of the antidumping duty orders on hand tools from China would likely lead to a significant increase in the volume of subject imports. In addition, subject imports would likely significantly undersell the domestic like products, resulting in either significant adverse price effects or U.S. producers' ceding market share to lower priced subject imports. This, in turn, would adversely affect the domestic industries' production, shipments, sales, and revenues. These reductions would likely have a direct adverse impact on the domestic industries' profitability and employment levels, as well as their ability to raise capital and make and maintain necessary capital investments.

We have also considered the role of factors other than the subject imports so as not to attribute injury from such factors to subject imports. In 2015, the share of the U.S. market held

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<sup>99</sup> CR/PR at Table I-3.

<sup>100</sup> CR/PR at Table I-3.

<sup>101</sup> CR/PR at Table I-3.

<sup>102</sup> CR/PR at Table I-3.

<sup>103</sup> Vice Chairman Johanson and Commissioner Pinkert find that the domestic hand tools industries are vulnerable to the continuation or recurrence of material injury in the event of revocation of the orders. As noted above, in 2015 the four domestic industries experienced \*\*\* operating income margins ranging from \*\*\* percent to \*\*\* percent. CR/PR at Table I-3.

by nonsubject imports in each of the four product categories remained large: \*\*\* percent for axes and adzes; \*\*\* percent for bars and wedges; \*\*\* percent for hammers and sledges; and \*\*\* percent for picks and mattocks.<sup>104</sup> We nevertheless find that a significant portion of the expected increase in subject imports would continue to be at the expense of the domestic industries given the likelihood of underselling and adverse price effects by the subject imports.

### **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 a continuation of material injury to the respective domestic industries within a reasonably foreseeable time.

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<sup>104</sup> CR/PR at Table I-6.



# INFORMATION OBTAINED IN THESE REVIEWS

## BACKGROUND

On July 1, 2016, the U.S. International Trade Commission (“Commission”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),<sup>1</sup> that it had instituted reviews to determine whether revocation of antidumping duty orders on heavy forged hand tools (“HFHTs”) from China would likely lead to the continuation or recurrence of material injury to a domestic industry.<sup>2</sup> All interested parties were requested to respond to this notice by submitting certain information requested by the Commission.<sup>3 4</sup> The following tabulation presents information relating to the background and schedule of this proceeding:

Effective or statutory date	Action
July 1, 2016	Notice of initiation and institution by Commerce and Commission
October 4, 2016	Commission vote on adequacy
October 31, 2016	Commerce results of its expedited review
December 15, 2016	Commission statutory deadline to complete expedited reviews

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<sup>1</sup> 19 U.S.C. 1675(c).

<sup>2</sup> *Heavy Forged Hand Tools From China; Institution of Five-Year Reviews*, 81 FR 43235, July 1, 2016. In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of a five-year review of the subject antidumping duty orders concurrently with the Commission’s notice of institution. *Initiation of Five-Year (“Sunset”) Review*, 81 FR 43185, July 1, 2016. Pertinent *Federal Register* notices are referenced in app. A, and may be found at the Commission’s website ([www.usitc.gov](http://www.usitc.gov)).

<sup>3</sup> As part of their response to the notice of institution, interested parties were requested to provide company-specific information. That information is presented in app. B. Summary data compiled in prior proceedings is presented in app. C. Appendix C (a) presents selected data for axes and adzes. Appendix C (b) presents selected data for bars and wedges. Appendix C (c) presents selected data for hammers and sledges. Appendix C (d) presents selected data for picks and mattocks.

<sup>4</sup> Interested parties were also requested to provide a list of three to five leading purchasers in the U.S. market for the subject merchandise. The following firms were named as the largest purchasers of HFHTs: \*\*\*. Presented in app. D are the responses received from purchaser surveys transmitted to the purchasers identified in the adequacy phase of these reviews.

## RESPONSES TO THE COMMISSION'S NOTICE OF INSTITUTION

### Individual responses

The Commission received two submissions in response to its notice of institution in the subject reviews. They were filed on behalf of the following entities:

1. Ames Companies, Inc. ("Ames"), a domestic producer of HFHTs (referred to herein as "Ames").<sup>5</sup>
2. Council Tool Company, Inc. ("Council"), a domestic producer of HFHTs (referred to herein as "Council").<sup>6</sup>

A complete response to the Commission's notice of institution requires that the responding interested party submit to the Commission all the information listed in the notice. Responding firms are given an opportunity to remedy and explain any deficiencies in their responses. A summary of the number of responses and estimates of coverage for each is shown in table I-1.

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<sup>5</sup> Ames is represented by the law firm of Wiley Rein LLP.

<sup>6</sup> Council is represented by the law firm of Kelley Drye & Warren LLP.

**Table I-1**  
**HFHTs: Summary of responses to the Commission’s notice of institution**

Type of interested party	Completed responses	
	Number	Coverage <sup>1</sup>
<b>Axes and Adzes</b>		
Domestic:		
U.S. producer	2	***%
Respondent:		
U.S. importer	0	0%
Foreign producer/exporter	0	0%
<b>Bars and Wedges</b>		
Domestic:		
U.S. producer	2	***%
Respondent:		
U.S. importer	0	0%
Foreign producer/exporter	0	0%
<b>Hammers and Sledges</b>		
Domestic:		
U.S. producer	2	***%
Respondent:		
U.S. importer	0	0%
Foreign producer/exporter	0	0%
<b>Picks and Mattocks</b>		
Domestic:		
U.S. producer	2	***%
Respondent:		
U.S. importer	0	0%
Foreign producer/exporter	0	0%

<sup>1</sup> The coverage figure is the estimated share of total U.S. production of HFHTs as reported by Ames. The greater than “>” indicator was added to account for Council’s estimate that it accounted for approximately \*\*\* percent of total U.S. production for Axes and Adzes; \*\*\* percent of total U.S. production for Bars and Wedges; \*\*\* percent of total U.S. production of Hammers and Sledges; and \*\*\* percent of U.S. production of Picks and Mattocks. Council stated that it believes that in addition to Council and Ames, there is only one other U.S. producer of HFHTs, Warwood Tool Co. of Wheeling, WV. *Council’s Response to the Notice of Institution*, p. 8. Ames stated that Ames and Council are the only U.S. producers of HFHT. *Ames’ Response to the Notice of Institution*, exh. 5.

### **Party comments on adequacy**

The Commission received two submissions from parties commenting on the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. These submissions were filed on behalf of the following entities: (1) Ames and (2) Council.

In their comments, Ames and Council stated that the domestic interested parties’ response, including Ames’ and Council’s substantive responses, should be deemed adequate. Ames and Council also stated that the Commission should expedite its review of the antidumping duty orders on HFHTs from China, as no foreign producer or exporter of subject

merchandise has submitted a substantive response to the Commission, as required by the notice of institution.<sup>7</sup>

## RECENT DEVELOPMENTS IN THE INDUSTRY

Since the Commission's last five-year reviews, the following developments have occurred in the HFHT industries:

- In September 2010, Ames True Temper was purchased by Griffon Corporation for \$542.0 million. In January 2013, Ames True Temper announced its intention to close certain U.S. manufacturing facilities and consolidate affected operations primarily into its Camp Hill and Carlisle, Pennsylvania locations. These actions were completed at the end of the first quarter of 2015.<sup>8</sup>
- Ames True Temper announced that its striking tool factory in Falls City, Nebraska was to be closed and consolidated with operations at its Camp Hill, Pennsylvania facility by December 2013. In April 2014, the company announced that it would not be closing the facility.<sup>9</sup>

## THE PRODUCT

### Commerce's scope

Commerce has defined the subject merchandise as:

*Hand Tools comprising 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. 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 wood splitting wedges. Hand Tools are manufactured through a hot forge*

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<sup>7</sup> Ames' Comments on Adequacy, p. 2. Council's Comments on Adequacy, p. 2.

<sup>8</sup> Griffon Corp., "Form 10-K," for the year ended September 30, 2015, Securities and Exchange Commission, November 12, 2015, p. 2.  
<https://www.sec.gov/Archives/edgar/data/50725/000005072515000080/gff-20150930x10k.htm> (accessed August 3, 2016). In May 2014, Griffon Corporation renamed Ames True Temper to The AMES Companies, Inc. "Ames True Temper Becomes The AMES Companies, Inc.," press release, May 6, 2014. <http://us.ames.com/news-and-media/news/ames-true-temper-becomes-the-ames-companies-inc/#sthash.MzJLiuWZ.dpbs>, (accessed August 3, 2016).

<sup>9</sup> Ames to Remain Open, Falls City Journal, <http://www.fcjournal.net/index.php/local/2613-ames-to-remain-open>, (accessed August 29, 2016).



*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. Hand Tools are currently provided for under the following Harmonized Tariff Schedule of the United States subheadings: 8201.30.00, 8201.40.60, 8205.20.60, and 8205.59.30.*

*Specifically excluded from these orders 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 tariff classifications are provided for convenience and customs purposes; however, the written description of the scope of the orders is dispositive.<sup>10</sup>*

### **Description and uses<sup>11</sup>**

The characteristics of HFHTs remain the same as in the previous reviews. However, some enhancements of ergonomic and other features have occurred. For example, in February 2015, AMES Companies announced innovations in its fiberglass striking tools, including sledgehammers, picks and mattocks, and wood splitting mauls.<sup>12</sup> These innovations were a patented steel-reinforced connection between the handle and the tool head for greater safety and durability, improved handle design for greater tool control, increased overstrike (tool strikes that miss the intended target) protection, and a fiberglass reinforced lanyard (a cord for holding the tool) hole.<sup>13</sup>

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<sup>10</sup> *Heavy Forged Hand Tools (i.e., Axes & Adzes, Bars & Wedges, Hammers & Sledges, and Picks & Mattocks) From the People's Republic of China: Continuation of Antidumping Duty Orders*, 76 FR 52313, August 22, 2011.

<sup>11</sup> Unless otherwise noted, this information is based on *Heavy Forged Hand Tools from China: Inv. Nos. 731-TA-457 (A-D) (Third Review)*, USITC Publication 4250, August 2011, pp. I-8 through I-9.

<sup>12</sup> The AMES Companies, Inc., "The AMES Companies Launches Revolutionary Tools at the National Hardware Show," Southernpatio.com, February 16, 2016. <http://www.southernpatio.com/southern-patio-news/the-ames-companies-launches-revolutionary-tools/> (accessed September 2, 2016).

<sup>13</sup> The AMES Companies, Inc., "The AMES Companies Launches Revolutionary Tools at the National Hardware Show," Southernpatio.com, February 16, 2016. <http://www.southernpatio.com/southern-patio-news/the-ames-companies-launches-revolutionary-tools/> (accessed September 2, 2016).

## **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.

## **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.

## **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 axelike 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.

## **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, 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.

## **Manufacturing process<sup>14</sup>**

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. Some operations may be automated. For example, Council reportedly uses a robot in some finishing operations on certain forged tool heads, thus reducing labor costs and increasing precision in these repetitive tasks.<sup>15</sup> The extent of automation used in the U.S. HFHT industry is unknown. Handles are made of wood or molded fiberglass. The manufacturing of wood handles involves cutting, drying, sanding, and finishing.

## **U.S. tariff treatment**

Merchandise classified under the following HTS subheadings has 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, is dutiable at a general tariff rate of 6.2 percent ad valorem.

## **The definition of the domestic like product**

The domestic like product is defined as 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, the first full five-year reviews, and the second and third expedited five-year reviews, 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.<sup>16</sup>

In its notice of institution for these reviews, the Commission solicited comments from interested parties regarding the appropriate domestic like product. According to their

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<sup>14</sup> Unless otherwise noted, this information is based on *Heavy Forged Hand Tools from China: Inv. Nos. 731-TA-457 (A-D) (Third Review)*, USITC Publication 4250, August 2011, pp. I-8 through I-9.

<sup>15</sup> Weaver, Jefferson, "Council Tool on the Cutting Edge for 130 Years," 954 Magazine, May 20, 2016. <http://www.954mag.com/single-post/2016/05/20/Council-Tool-on-the-cutting-edge-for-130-years-1> (accessed August 29, 2016).

<sup>16</sup> *Heavy Forged Hand Tools from China: Inv. Nos. 731-TA-457 (A-D) (Third Review)*, USITC Publication 4250, August 2011, p. 6.

responses to the notice of institution, Council and Ames agree with the Commission's definition of the domestic like product.<sup>17</sup>

## THE ORIGINAL INVESTIGATION AND SUBSEQUENT REVIEWS

### The original investigations

The original investigations resulted from a petition filed on April 4, 1990, with Commerce and the Commission by Woodings-Verona Toolworks ("Woodings Verona"), Verona, Pennsylvania.<sup>18</sup> The Commission completed its original investigation in February 1991 and determined that industries in the United States were threatened with material injury by reason of imports of HFHTs from China.<sup>19</sup> On February 19, 1991, the Department of Commerce issued antidumping duty orders 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.<sup>20</sup>

### The first five-year reviews

In June 2000, the Commission completed full first 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.<sup>21</sup> Effective August 10, 2000, Commerce issued a continuation of the antidumping duty orders on imports of heavy forged hand tools from China.<sup>22</sup>

### The second five-year reviews

In January 2006, the Commission completed its expedited second five-year reviews of the antidumping duty orders on HFHTs from China and determined that revocation of the orders would be likely to lead to continuation or recurrence of material injury to industries in

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<sup>17</sup> *Ames' Response to the Notice of Institution*, p. 25. Council agrees with the definition of the domestic industry, but reserves the right to comment on the appropriate definitions during the course of the proceeding *Council's Response to the Notice of Institution*, p. 11.

<sup>18</sup> Ames is the successor company to Woodings-Verona.

<sup>19</sup> *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").

<sup>20</sup> *Heavy Forged Hand Tools from the People's Republic of China*, 56 FR 6622, February 19, 1991.

<sup>21</sup> *Heavy Forged Hand Tools from China: Inv. Nos. 731-TA-457 (A-D) (Review)*, USITC Publication 3322, July 2000, p. 1.

<sup>22</sup> *Continuation of Antidumping Duty Order: Bars, Wedges, Axes, Adzes, Picks, and Mattocks (Heavy Forged Handtools) From the People's Republic of China*, 65 FR 48962, August 10, 2000.

the United States within a reasonably foreseeable time.<sup>23</sup> Effective February 16, 2006, Commerce issued a continuation of the antidumping duty orders on imports of heavy forged hand tools from China.<sup>24</sup>

### **The third five-year reviews**

In August 2011, the Commission completed its expedited third five-year reviews of the antidumping duty orders on HFHTs from China and 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.<sup>25</sup> Effective August 22, 2011, Commerce issued a continuation of the antidumping duty orders on imports of heavy forged hand tools from China.<sup>26</sup>

### **ACTIONS AT COMMERCE**

On January 3, 1991, Commerce made final affirmative dumping determinations, with margins 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. These dumping margins have remained unchanged in Commerce's first, second, and third five-year reviews.<sup>27</sup>

### **Scope rulings**

Since the original investigations, Commerce has issued ten conclusive scope rulings regarding the merchandise covered by these orders. In four of these instances, Commerce has found that the products under review were within the scope of the antidumping duty orders on heavy forged hand tools from China.<sup>28</sup>

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<sup>23</sup> *Heavy Forged Hand Tools from China: Invs. Nos. 731-TA-457 (A-D) (Second Review)*, USITC Publication 3836, January 2006, p. 1

<sup>24</sup> *Heavy Forged Hand Tools (i.e., Axes & Adzes, Bars & Wedges, Hammers & Sledges, and Picks & Mattocks) from the People's Republic of China: Continuation of Antidumping Duty Order*, 71 FR 8276, February 16, 2006.

<sup>25</sup> *Heavy Forged Hand Tools from China: Inv. Nos. 731-TA-457 (A-D) (Third Review)*, USITC Publication 4250, August 2011, p. 1

<sup>26</sup> *Heavy Forged Hand Tools (i.e., Axes & Adzes, Bars & Wedges, Hammers & Sledges, and Picks & Mattocks) From the People's Republic of China: Continuation of Antidumping Duty Orders*, 76 FR 52313, August 22, 2011.

<sup>27</sup> *Investigation No. 731-TA-457-A-D (Third Review): Heavy Forged Hand Tools from the People's Republic of China*—Staff Report, INV-JJ-069, July 7, 2011, table I-2.

<sup>28</sup> Notice of Scope Rulings, 73 FR 9293, February 20, 2008; Notice of Scope Rulings, 73 FR 72771, December 1, 2008; Notice of Scope Rulings, 76 FR 10558, February 25, 2011.

## Current review results

Commerce is conducting expedited reviews with respect to HFHTs and intends to issue the final results of these reviews based on the facts available not later than October 31, 2016.<sup>29</sup>

### THE INDUSTRY IN THE UNITED STATES

#### U.S. producers

At the time of the original investigations, there were essentially four firms that produced HFHTs in the United States: the petitioner, Woodings-Verona; Mann Edge Tool Co. ("Mann Edge"); Council; and Warwood Tool Co. ("Warwood").<sup>30</sup> Subsequent to the original investigations, Woodings-Verona filed for protection under Chapter 11 of the Bankruptcy Code. Woodings-Verona emerged from bankruptcy and was purchased by O. Ames ("Ames") in 1997. J&H Manufacturing ("J&H") entered the industry in 1997, founded by former employees of Woodings-Verona after the 1997 acquisition by Ames. It produced only bars and wedges. At the time of the first five-year reviews in 1999, there were five major U.S. producers of HFHTs: Ames, Council, Mann Edge, J&H, and Warwood.<sup>31</sup>

In March 1999, Ames merged with True Temper Companies, a hardware firm. In January 2002, Ames was purchased by Wind Point Partners, a private equity investment firm in conjunction with current officers of Ames, from Ames' parent, U.S. Industries, Inc. In June 2004, Ames was purchased by Castle Harlan, a private equity firm and certain current employees. At the time of the second reviews, Ames listed itself, Council, and Warwood as the only producers of HFHTs in the United States.<sup>32</sup>

At the time of the third five-year reviews, Ames and Council stated that they and Warwood were the only remaining U.S. producers of HFHTs.<sup>33</sup>

In response to the Commission's notice of institution in the current reviews, Ames listed Council as the only other U.S. producer of HFHTs.<sup>34</sup> Ames estimated that in 2015, it accounted for \*\*\*percent of U.S. production of axes and adzes, \*\*\*percent of U.S. production of bars and wedges, \*\*\*percent of U.S. production of hammers and sledges, and \*\*\*percent of U.S.

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<sup>29</sup> Edward Yang, Director, Office VII, AD/CVD Operations, Enforcement and Compliance, Department of Commerce, International Trade Administration, letter to Catherine DeFilippo, August 22, 2016.

<sup>30</sup> *Heavy Forged Hand Tools from the People's Republic of China: Inv. No. 731-TA-457 (Final)*, USITC Publication 2357, February 1991. 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.

<sup>31</sup> *Heavy Forged Hand Tools from China: Inv. Nos. 731-TA-457 (A-D) (Review)*, USITC Publication 3322, July 2000, pp. I-9-10.

<sup>32</sup> *Heavy Forged Hand Tools from China Inv. Nos. 731-TA-457 A-D (Second Review)*, USITC Publication 3836, January 2006, pp. I-15.

<sup>33</sup> *Heavy Forged Hand Tools from China: Inv. Nos. 731-TA-457 (A-D) (Third Review)*, USITC Publication 4250, August 2011, p. I-11.

<sup>34</sup> *Ames' Response to the Notice of Institution*, exh. 5.

production of picks and mattocks.<sup>35</sup> Ames estimated that it accounted for approximately \*\*\* percent of U.S. production of all four domestic like products.<sup>36</sup> In its response to the notice of institution, Council stated that current U.S. producers of HFHTs include: Council, Ames, and Warwood.<sup>37</sup> Council estimated that in 2015, it accounted for \*\*\* percent of U.S. production of axes and adzes, \*\*\*percent of U.S. production of bars and wedges, \*\*\*percent of U.S. production of hammers and sledges, and \*\*\*percent of U.S. production of picks and mattocks.<sup>38</sup>

### Definition of the domestic industry

The domestic industry is defined as 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, the full first review, and second and third expedited review, the Commission found four domestic industries corresponding with the four separate domestic like product definitions.<sup>39</sup>

In the original investigations, the Commission excluded from the domestic industries, companies that did no more than assemble imported heads with handles purchased from a domestic manufacturer.<sup>40</sup> The Commission also excluded one domestic producer, Madison Mill, from the domestic industries under the related parties provision.<sup>41</sup>

In the first review determinations, the Commission found that Madison Mill did not engage in sufficient production-related activity to be considered a domestic producer.<sup>42</sup> In the

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<sup>35</sup> *Council's Response to the Notice of Institution*, exh. 4.

<sup>36</sup> *Ames' Response to the Notice of Institution*, p. 23.

<sup>37</sup> *Council's Response to the Notice of Institution*, p. 8. Warwood produces HFHTs at its factory in Wheeling, West Virginia. In January 2015, the long-time owner of Warwood sold the company to two young entrepreneurs with the goal of revitalizing the company, which employs approximately 16 workers. "'Young Blood' At Helm of Historic Wheeling Tool Business," Weelunk.com and West Virginia Public Broadcasting, May 24, 2015. <http://weelunk.com/youngbloodathelmofhistoricwheelingtoolbusiness/> (accessed August 3, 2016). "New Owners Buy Warwood Tool, 161-Year-Old Business," WTRF-TV, January 22, 2015. <http://www.yourohiovalley.com/story/27918027/newownersbuywarwoodtool161yearoldbusiness> (accessed August 3, 2016).

<sup>38</sup> *Council's Response to the Notice of Institution*, exh. 4.

<sup>39</sup> *Heavy Forged Hand Tools from China: Inv. Nos. 731-TA-457 (A-D) (Third Review)*, USITC Publication 4250, August 2011, p. 7, fn. 23.

<sup>40</sup> *Heavy Forged Hand Tools from China: Inv. Nos. 731-TA-457 (Final)*, USITC Publication 2357, February 1991, p. 15.

<sup>41</sup> *Heavy Forged Hand Tools from China: Inv. Nos. 731-TA-457 (Final)*, USITC Publication 2357, February 1991, p. 19.

<sup>42</sup> *Heavy Forged Hand Tools from China Invs. Nos. 731-TA-457 (Review)*, USITC Publication 3322, July 2000, p. 7, fn. 24.

second and third expedited reviews, the Commission did not exclude any company as a related party.<sup>43</sup>

In its notice of institution for these reviews, the Commission solicited comments from interested parties regarding the appropriate domestic industry. According to their responses to the notice of institution, Council and Ames agree with the Commission's definition of the domestic industry.<sup>44</sup> There were no related parties identified by either Ames or Council in their responses to the Commission's notice of institution in the current reviews.<sup>45</sup>

### U.S. producers' trade and financial data

The Commission asked domestic interested parties to provide trade and financial data in their response to the notice of institution of the current five-year review.<sup>46</sup> Table I-2 presents a compilation of the data on each of the four domestic industries submitted by Ames and Council in response to the Commission's notice of institution in the current reviews.

**Table I-2**  
**HFHTs: U.S. producers' trade and financial data, 2015**

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Table I-3 presents a compilation of the data on each of the four domestic like products (where available) submitted by U.S. producers in response to the Commission's notice of institution, as well as trade and financial data from the previous three five-year reviews and original investigations.<sup>47</sup>

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<sup>43</sup> *Heavy Forged Hand Tools from China: Inv. Nos. 731-TA-457 (A-D) (Third Review)*, USITC Publication 4250, August 2011, p. 7, fn. 23.

<sup>44</sup> *Ames' Response to the Notice of Institution*, p. 25. Council agrees with the definition of the domestic industry, but reserves the right to comment on the appropriate definitions during the course of the proceeding. *Council's Response to the Notice of Institution*, p. 11.

<sup>45</sup> Ames is not related to a foreign producer or foreign exporter of subject merchandise and does not import subject merchandise from China. Ames is related to Garant, a Canadian importer of Chinese HFHTs; however, Ames stated that Garant does not import subject merchandise into the United States. *Ames' Response to the Notice of Institution*, p. 22. Council stated that it is not an importer of the subject merchandise nor is it is not related to any subject producer of HFHT in China. *Council's Response to the Notice of Institution*, p. 9.

<sup>46</sup> Individual company trade and financial data are presented in app. B.

<sup>47</sup> In the original investigations and first full five-year reviews, \*\*\*; therefore, the Commission relied on the aggregate financial data for the four industries as a whole. *Investigations Nos. 731-TA-457 (Review): Heavy Forged Hand Tools from the People's Republic of China—Staff Report*, INV-X-134, June 16, 2000, p III-9.



**Table I-3**

**HFHTs: Trade and financial data submitted by U.S. producers, 1989, 1999, 2004, 2010, and 2015**

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## **U.S. IMPORTS AND APPARENT CONSUMPTION**

### **U.S. importers**

During the original investigation, the Commission identified approximately 16 firms that imported HFHTs from China.<sup>48</sup> During the full first sunset reviews, the Commission identified five firms that imported HFHTs from China.<sup>49</sup>

In its response to the Commission's notice of institution in these reviews, Ames listed 28 U.S. firms that it believes imported HFHTs from China.<sup>50</sup> In its response to the Commission's notice of institution for these reviews, Council listed nine firms it believes imported HFHTs from China.<sup>51</sup>

### **U.S. IMPORTS**

In the original investigation, the Commission found that the market share of subject imports corresponding to each of the four like products had increased significantly.<sup>52</sup> In the full first five-year reviews, the Commission found that the volume of subject imports would likely be significant if the orders were revoked. The limited information available indicated that the Chinese industries remained very large. In addition, the United States was the most important export market for the Chinese products.<sup>53</sup>

In the expedited second five-year reviews, the Commission found that the volume of subject imports from China likely would be significant in the reasonably foreseeable future if the orders were revoked "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."<sup>54</sup>

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<sup>48</sup> *Heavy Forged Hand Tools from The People's Republic of China: Investigation No. 731-TA-457 (Final)*, USITC Publication 2357, February 1991, p. A-8.

<sup>49</sup> *Heavy Forged Hand Tools from China: Invs. Nos. 731-TA-457 (A-D) (Second Review)*, USITC Publication 3836, January 2000, p. I-20.

<sup>50</sup> *Ames' Response to the Notice of Institution*, exh. 6.

<sup>51</sup> *Council's Response to the Notice of Institution*, exh. 2.

<sup>52</sup> *Heavy Forged Hand Tools from the People's Republic of China. Inv. No. 731-TA-457 (Final)*, USITC Publication 2357, February 1991, pp. 25-30.

<sup>53</sup> *Heavy Forged Hand Tools From China, Inv. Nos. 731-TA-457 (A-D) (Review)*, USITC Publication 3322, July 2000, pp. 13-14.

<sup>54</sup> *Heavy Forged Hand Tools from China: Invs. Nos. 731-TA-457 (A-D) (Second Review)*, USITC Publication 3836, January 2000, p. 13.

In the expedited third five-year reviews, the Commission stated that based on subject imports' volume and market share, the subject imports' increasing presence in the U.S. market even with the orders in place, the reported size of the industries and available capacity in China, and the demonstrated continued importance of the U.S. market to Chinese producers, Chinese producers would likely significantly increase their exports to the United States if the antidumping duty orders were revoked.<sup>55</sup>

The quantity, value, and unit value of U.S. imports of HFHTs from 2011 to 2015 are shown in table I-4. U.S. imports from China and nonsubject countries are based on official Commerce statistics: Axes and adzes (HTS 8201.40.6010); Bars and wedges (HTS 8205.59.30); Hammers and sledges (HTS 8205.20.60); Picks and mattocks (HTS 8201.30.0010). All of these HTS subheadings, with the exception of 8205.20.60, which refers to hammers and sledges, are broader product categories that include not only subject merchandise, but also may include nonsubject merchandise, such as rakes, bill hooks, hoes, machetes, and track tools among other nonsubject items.

**Table I-4**  
**HFHTs: U.S. imports, 2011-15**

Item	2011	2012	2013	2014	2015
	<b>Quantity (1,000 units)</b>				
<b>Axes and adzes:</b>					
China	440	1,010	1,309	968	1,199
All other	2,315	2,311	2,627	2,981	3,212
Total imports	2,755	3,321	3,936	3,949	4,411
<b>Bars and wedges:</b>					
China	2,587	3,631	2,933	3,744	5,076
All other	5,414	5,833	5,567	6,086	6,774
Total imports	8,001	9,464	8,500	9,831	11,850
<b>Hammers and sledges:</b>					
China	596	570	466	524	547
All other	2,120	2,045	2,148	2,602	3,059
Total imports	2,716	2,615	2,615	3,125	3,606
<b>Picks and mattocks:</b>					
China	182	160	115	125	45
All other	1,312	1,308	1,258	1,467	1,579
Total imports	1,494	1,468	1,373	1,592	1,624

Table continued on following page.

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<sup>55</sup> *Heavy Forged Hand Tools from China: Inv. Nos. 731-TA-457 (A-D) (Third Review)*, USITC Publication 4250, August 2011, p. 18.

**Table I-4--Continued**  
**HFHTs: U.S. imports, 2011-15**

Item	2011	2012	2013	2014	2015
	<b>Value (\$1,000)</b>				
<b>Axes and adzes:</b>					
China	3,013	4,972	10,851	7,311	7,148
All other	18,616	20,279	23,205	27,096	29,430
Total imports	21,629	25,251	34,055	34,407	36,578
<b>Bars and wedges:</b>					
China	4,322	7,219	7,854	5,515	7,661
All other	24,487	27,933	27,405	30,959	35,849
Total imports	28,808	35,152	35,260	36,474	43,509
<b>Hammers and sledges:</b>					
China	3,102	2,940	2,667	3,901	3,806
All other	19,468	20,604	21,369	25,542	27,402
Total imports	22,570	23,544	24,036	29,443	31,208
<b>Picks and mattocks:</b>					
China	335	355	204	494	200
All other	8,500	8,401	8,323	10,099	10,523
Total imports	8,834	8,756	8,527	10,593	10,723
	<b>Unit value (dollars per unit)</b>				
<b>Axes and adzes:</b>					
China	6.85	4.92	8.29	7.55	5.96
All other	8.04	8.77	8.83	9.09	9.16
Total imports	7.85	7.60	8.65	8.71	8.29
<b>Bars and wedges:</b>					
China	1.67	1.99	2.68	1.47	1.51
All other	4.52	4.79	4.92	5.09	5.29
Total imports	3.60	3.71	4.15	3.71	3.67
<b>Hammers and sledges:</b>					
China	5.20	5.16	5.72	7.44	6.96
All other	9.18	10.08	9.95	9.82	8.96
Total imports	8.31	9.00	9.19	9.42	8.65
<b>Picks and mattocks:</b>					
China	1.84	2.22	1.77	3.95	4.44
All other	6.48	6.42	6.62	6.88	6.66
Total imports	5.91	5.96	6.21	6.65	6.60

Note.--Because of rounding, figure may not add to total shown.

Source: Official statistics of Commerce. Axes and adzes (HTS 8201.40.6010); bars and wedges (HTS 8205.59.30); hammers and sledges (HTS 8205.20.60); and picks and mattocks (HTS 8201.30.0010).

## Apparent U.S. consumption and market shares

Table I-5 presents data on U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, while table I-6 presents data on U.S. market shares of U.S. apparent consumption.

**Table I-5**

**HFHTs: U.S. producers' U.S. shipments, U.S. shipments of imports, and apparent U.S. consumption, 1989, 1999, 2004, 2010, 2015**

Item	1989	1999	2004	2010	2015
	<b>Quantity (1,000 units)</b>				
<b>Axes and adzes:</b>					
U.S. producers' U.S. shipments:	***	***	***	***	***
U.S. shipments of imports from:					
China	***	***	(1)	184	1,199
All other	***	***	(1)	2,152	3,212
Total imports	***	***	(1)	2,336	4,411
Apparent U.S. consumption	***	***	(1)	***	***
<b>Bars and wedges:</b>					
U.S. producers' U.S. shipments'	***	***	***	***	***
U.S. shipments of imports from:					
China	***	***	(1)	2,001	5,076
All other	***	***	(1)	6,144	6,774
Total imports	***	***	(1)	8,145	11,850
Apparent U.S. consumption	***	***	(1)	***	***
<b>Hammers and sledges:</b>					
U.S. producers' U.S. shipments'	***	***	***	***	***
U.S. shipments of imports from:					
China	***	***	(1)	695	547
All other	***	***	(1)	2,067	3,059
Total imports	***	***	(1)	2,762	3,606
Apparent U.S. consumption	***	***	(1)	***	***
<b>Picks and mattocks:</b>					
U.S. producers' U.S. shipments'	***	***	***	***	***
U.S. shipments of imports from:					
China	***	***	(1)	204	45
All other	***	***	(1)	1,466	1,579
Total imports	***	***	(1)	1,670	1,624
Apparent U.S. consumption	***	***	(1)	***	***

Table continued on following page.

Table I-5--Continued

HFHTs: U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, 1989, 1999, 2004, 2010, 2015

Item	1989	1999	2004	2010	2015
	Value (\$1,000)				
<b>Axes and adzes:</b>					
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. shipments of imports from:					
China	***	***	4,612	1,068	7,148
All other	***	***	7,914	15,612	29,430
Total imports	***	***	12,526	16,680	36,578
Apparent U.S. consumption	***	***	***	***	***
<b>Bars and wedges:</b>					
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. shipments of imports from:					
China	***	***	4,500	3,787	7,661
All other	***	***	12,503	24,422	35,849
Total imports	***	***	17,004	28,209	43,509
Apparent U.S. consumption	***	***	***	***	***
<b>Hammers and sledges:</b>					
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. shipments of imports from:					
China	***	***	4,285	3,145	3,806
All other	***	***	8,085	17,607	27,402
Total imports	***	***	12,371	20,752	31,208
Apparent U.S. consumption	***	***	***	***	***
<b>Picks and mattocks:</b>					
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. shipments of imports from:					
China	***	***	24,616	316	200
All other	***	***	21,004	8,131	10,523
Total imports	***	***	45,620	8,447	10,723
Apparent U.S. consumption	***	***	***	***	***

Note.--1989 and 1999 data use shipments of imports from questionnaire responses; 2004, 2010, and 2015 data use U.S. imports from official Commerce statistics, which may include products outside the scope of these reviews.

<sup>1</sup> Not available.

Source: *Investigation No. 731-TA-457-A-D (Third Review): Heavy Forged Hand Tools from the People's Republic of China*—Staff Report, INV-JJ-069, July 7, 2011; *Ames' Response to the Notice of Institution*, exh. 1; *Council's Response to the Notice of Institution*, exh 4; and official statistics of Commerce. Axes and adzes (HTS 8201.40.6010); bars and wedges (HTS 8205.59.30); hammers and sledges (HTS 8205.20.60); and picks and mattocks (HTS 8201.30.0010).

**Table I-6**  
**HFHTs: Apparent U.S. consumption and U.S. market shares, 1989, 1999, 2004, 2010, and 2015**

\* \* \* \* \*

### **PRICES AND RELATED INFORMATION**

In their responses to the notice of institutions, both Ames and Council stated that there are no known publicly available sources of information on national or regional prices for the domestic like products or the subject merchandise in the United States or other markets.<sup>56</sup>

### **THE INDUSTRY IN CHINA**

At the time of the original investigations, there were an estimated 500 producers of HFHTs in China. During the first sunset reviews there were estimated to be 12 major producers in China. In February 2004, Ames requested that Commerce conduct administrative reviews on 302 companies in China, covering all four antidumping duty orders. In March 2004, Commerce initiated reviews of 194 companies. Of the 194 firms, 187 did not respond to Commerce's shortened Section A questionnaire.<sup>57</sup>

In its response to the Commission's notice of institution for these reviews, Ames listed 95 Chinese firms that it believes currently export, or have exported HFHTs since 2011.<sup>58</sup> Ames also provided production and capacity information for several Chinese firms and stated that Chinese producers are highly export-oriented and have a demonstrated interest in the U.S. market.<sup>59</sup> In its response to the notice of institution, Council listed eight firms, which it believes are major Chinese producers of HFHTs.<sup>60</sup>

Table I-7 presents Chinese export data for the four corresponding domestic like products from 2011 to 2015. The data are compiled using the Global Trade Atlas, which provides data only to a 6-digit classification level and therefore, may also include products that are not within the scope of these reviews.<sup>61</sup>

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<sup>56</sup> Ames' Response to the Notice of Institution, p. 23. Council's Response to the Notice of Institution, p. 10.

<sup>57</sup> Heavy Forged Hand Tools from China: Inv. Nos. 731-TA-457 (A-D) (Third Review), USITC Publication 4250, August 2011, p. I-16.

<sup>58</sup> Ames' Response to the Notice of Institution, p. 22.

<sup>59</sup> Ames also notes that Commerce has determined that certain subject producers have engaged in agent sales schemes to sell HFHTs to the United States while evading the payment of antidumping duties. Ames' Response to the Notice of Institution, pp. 18-19.

<sup>60</sup> Council's Response to the Notice of Institution, exh. 3.

<sup>61</sup> Data for axes and adzes use HS 8201.40; data for bars and wedges use HS 8205.59; data for hammers and sledges use HS 8205.20; data for picks and mattocks use HS 8201.30.

**Table I-7**  
**HFHTs: China's exports, 2011-15**

Export market	Calendar year				
	2011	2012	2013	2014	2015
<b>Axes and Adzes:</b>					
	<b>Value (\$1,000)</b>				
United States	3,932	3,659	6,120	5,381	5,895
Kenya	4,228	4,808	5,054	5,087	5,368
Germany	3,954	3,379	3,208	3,859	4,705
Nigeria	4,062	3,612	5,231	5,362	3,587
Russia	5,582	6,104	6,400	5,024	3,408
All others	44,884	38,926	41,477	40,826	37,875
Total	66,643	60,488	67,490	65,540	60,836
	<b>Ratios and shares (percent)</b>				
United States	5.9	6.0	9.1	8.2	9.7
Germany	6.3	7.9	7.5	7.8	8.8
United Kingdom	5.9	5.6	4.8	5.9	7.7
Netherlands	6.1	6.0	7.8	8.2	5.9
Russia	8.4	10.1	9.5	7.7	5.6
All others	67.4	64.4	61.5	62.3	62.3
Total	100.0	100.0	100.0	100.0	100.0
<b>Bars and wedges:</b>					
	<b>Value (\$1,000)</b>				
United States	156,147	172,159	173,662	211,071	246,039
Germany	26,814	28,935	31,497	34,808	34,062
United Kingdom	20,716	23,829	26,412	32,423	33,682
Netherlands	18,634	20,007	18,087	21,638	24,311
Russia	20,712	23,699	30,837	31,248	21,292
All others	298,190	315,699	346,616	457,336	417,115
Total	541,214	584,328	627,111	788,523	776,503
	<b>Ratios and shares (percent)</b>				
United States	28.9	29.5	27.7	26.8	31.7
Germany	5.0	5.0	5.0	4.4	4.4
United Kingdom	3.8	4.1	4.2	4.1	4.3
Netherlands	3.4	3.4	2.9	2.7	3.1
Russia	3.8	4.1	4.9	4.0	2.7
All others	55.1	54.0	55.3	58.0	53.7
Total	100.0	100.0	100.0	100.0	100.0

Continued on the following page.

**Table I-7--Continued**  
**HFHTs: China's exports, 2011-15**

Export market	Calendar year				
	2011	2012	2013	2014	2015
<b>Hammers and sledges:</b>					
	<b>Value (\$1,000)</b>				
United States	32,188	31,087	35,953	37,219	43,121
Indonesia	10,086	12,034	11,153	11,990	13,389
United Kingdom	7,576	7,506	7,425	9,210	8,621
Netherlands	5,701	5,573	6,079	6,114	8,307
Russia	8,675	11,308	11,250	12,158	6,782
All others	146,439	147,635	145,511	162,029	154,314
Total	210,665	215,143	217,372	238,719	234,535
	<b>Ratios and shares (percent)</b>				
United States	15.3	14.4	16.5	15.6	18.4
Indonesia	4.8	5.6	5.1	5.0	5.7
United Kingdom	3.6	3.5	3.4	3.9	3.7
Netherlands	2.7	2.6	2.8	2.6	3.5
Russia	4.1	5.3	5.2	5.1	2.9
All others	69.5	68.6	66.9	67.9	65.8
Total	100.0	100.0	100.0	100.0	100.0
<b>Picks and mattocks:</b>					
	<b>Value (\$1,000)</b>				
United States	20,970	17,435	15,111	18,653	20,907
Kenya	13,279	9,974	12,577	13,683	12,599
Tanzania	8,554	10,891	10,927	11,665	8,597
Japan	6,944	7,826	7,442	7,764	6,886
Vietnam	1,617	2,005	1,876	3,479	4,728
All others	74,934	77,992	89,534	106,089	102,867
Total	126,298	126,123	137,468	161,332	156,585
	<b>Ratios and shares (percent)</b>				
United States	16.6	13.8	11.0	11.6	13.4
Kenya	10.5	7.9	9.1	8.5	8.0
Tanzania	6.8	8.6	7.9	7.2	5.5
Japan	5.5	6.2	5.4	4.8	4.4
Vietnam	1.3	1.6	1.4	2.2	3.0
All others	59.3	61.8	65.1	65.8	65.7
Total	100.0	100.0	100.0	100.0	100.0

Note.--Data for axes and adzes use HS 8201.40; data for bars and wedges use HS 8205.59; data for hammers and sledges use HS 8205.20; data for picks and mattocks use HS 8201.30.

Source: Global Trade Atlas, accessed August 22, 2016.



## ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

Columbia has maintained an antidumping duty order on digging bars and picks imported from China since July 2009, with the order reaffirmed in July 2014.<sup>62</sup> The antidumping duty is the amount between a base price of US \$2.04/kg and the f.o.b. price declared by the importer, provided that the declared price is lower than the base price.<sup>63</sup>

### THE GLOBAL MARKET

Table I-8 presents global export data for the four corresponding domestic like products from 2011 to 2015. The data are compiled using the Global Trade Atlas, which provides data only to a 6-digit classification level and therefore, may also include products that are not within the scope of these reviews.<sup>64</sup>

**Table I-8**  
**HFHTs: Global exports, 2011-15**

Country	Calendar year				
	2011	2012	2013	2014	2015
<b>Axes and Adzes:</b>					
	<b>Value (\$1,000)</b>				
China	66,643	60,488	67,490	65,540	60,836
Finland	17,558	19,514	25,585	25,140	16,991
Columbia	24,944	25,037	23,070	24,430	23,195
Germany	12,189	8,909	12,488	11,171	10,788
El Salvador	9,192	9,465	9,481	9,955	10,849
All others	58,598	64,169	77,690	74,935	69,890
Total	189,124	187,582	215,804	211,171	192,549
	<b>Ratios and shares (percent)</b>				
China	35.2	32.2	31.3	31.0	31.6
Finland	9.3	10.4	11.9	11.9	8.8
Columbia	13.2	13.3	10.7	11.6	12.0
Germany	6.4	4.7	5.8	5.3	5.6
El Salvador	4.9	5.0	4.4	4.7	5.6
All others	31.0	34.2	36.0	35.5	36.3
Total	100.0	100.0	100.0	100.0	100.0

Continued on the following page.

<sup>62</sup> World Trade Organization, *Semi-Annual Report under Article 16.4 of the Agreement: Colombia*, G/ADP/N280/COL, March 21, 2016, pp. 9, 15.

<sup>63</sup> World Trade Organization, *Semi-Annual Report under Article 16.4 of the Agreement: Colombia*, G/ADP/N280/COL, March 21, 2016, p. 9.

<sup>64</sup> Data for axes and adzes use HS 8201.40; data for bars and wedges use HS 8205.59; data for hammers and sledges use HS 8205.20; data for picks and mattocks use HS 8201.30.

**Table I-8--Continued**  
**HFHTs: Global exports, 2011-15**

Country	Calendar year				
	2011	2012	2013	2014	2015
<b>Bars and wedges:</b>					
	<b>Value (\$1,000)</b>				
China	541,214	584,328	627,111	788,523	776,503
Taiwan	792,343	773,415	760,007	812,369	725,062
United States	298,771	327,755	349,167	374,630	331,099
Germany	340,544	303,611	322,916	352,084	319,574
France	177,140	169,387	171,490	177,951	144,251
All others	1,116,298	1,107,600	1,196,157	1,193,530	1,088,867
Total	3,266,311	3,266,096	3,426,847	3,699,087	3,385,355
	<b>Ratios and shares (percent)</b>				
China	16.6	17.9	18.3	21.3	22.9
Taiwan	24.3	23.7	22.2	22.0	21.4
United States	9.1	10.0	10.2	10.1	9.8
Germany	10.4	9.3	9.4	9.5	9.4
France	5.4	5.2	5.0	4.8	4.3
All others	34.2	33.9	34.9	32.3	32.2
Total	100.0	100.0	100.0	100.0	100.0
<b>Hammers and sledges:</b>					
	<b>Value (\$1,000)</b>				
China	210,665	215,143	217,372	238,719	234,535
Mexico	31,529	25,812	26,919	34,646	32,382
United States	27,833	27,479	26,020	27,102	26,542
Taiwan	25,501	21,447	23,699	24,570	24,689
Germany	19,452	18,883	21,253	22,314	19,345
All others	83,836	89,829	95,751	102,427	91,637
Total	398,815	398,593	411,014	449,779	429,130
	<b>Ratios and shares (percent)</b>				
China	52.8	54.0	52.9	53.1	54.7
Mexico	7.9	6.5	6.5	7.7	7.5
United States	7.0	6.9	6.3	6.0	6.2
Taiwan	6.4	5.4	5.8	5.5	5.8
Germany	4.9	4.7	5.2	5.0	4.5
All others	21.0	22.5	23.3	22.8	21.4
Total	100.0	100.0	100.0	100.0	100.0

Continued on the following page.

**Table I-8--Continued**  
**HFHTs: Global exports, 2011-15**

Country	Calendar year				
	2011	2012	2013	2014	2015
<b>Picks and mattocks:</b>					
	<b>Value (\$1,000)</b>				
China	126,298	126,123	137,468	161,332	156,585
Mexico	16,172	19,838	20,678	25,139	26,648
India	14,879	15,520	15,220	16,104	15,122
Germany	13,159	11,395	11,820	14,399	11,275
United Kingdom	2,569	11,385	10,434	7,738	3,041
All others	65,484	56,438	54,941	59,583	56,726
Total	238,560	240,698	250,561	284,295	269,398
	<b>Ratios and shares (percent)</b>				
China	52.9	52.4	54.9	56.7	58.1
Mexico	6.8	8.2	8.3	8.8	9.9
India	6.2	6.4	6.1	5.7	5.6
Germany	5.5	4.7	4.7	5.1	4.2
United Kingdom	1.1	4.7	4.2	2.7	1.1
All others	27.4	23.4	21.9	21.0	21.1
Total	100.0	100.0	100.0	100.0	100.0

Note.--Data for axes and adzes use HS 8201.40; data for bars and wedges use HS 8205.59; data for hammers and sledges use HS 8205.20; data for picks and mattocks use HS 8201.30.

Source: Global Trade Atlas, accessed August 22, 2016.



**APPENDIX A**

***FEDERAL REGISTER NOTICES***



The Commission makes available notices relevant to its investigations and reviews on its website, [www.usitc.gov](http://www.usitc.gov). In addition, the following tabulation presents, in chronological order, *Federal Register* notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
81 FR 43235, July 1, 2016	<i>Heavy Forged Hand Tools From China; Institution of Five-Year Reviews</i>	<a href="http://www.gpo.gov/fdsys/pkg/FR-2016-07-01/pdf/2016-15610.pdf">http://www.gpo.gov/fdsys/pkg/FR-2016-07-01/pdf/2016-15610.pdf</a>
81 FR 43185, July 1, 2016	<i>Initiation of Five-Year ("Sunset") Review</i>	<a href="http://www.gpo.gov/fdsys/pkg/FR-2016-07-01/pdf/2016-15722.pdf">http://www.gpo.gov/fdsys/pkg/FR-2016-07-01/pdf/2016-15722.pdf</a>





**APPENDIX B**  
**COMPANY-SPECIFIC DATA**



**RESPONSE CHECKLIST FOR U.S. PRODUCERS**

**\*\*\*\*\***



**APPENDIX C**

**SUMMARY DATA COMPILED IN THE PRIOR INVESTIGATIONS**



## **A. AXES & ADZES**





\* \* \* \* \*



## **B. BARS & WEDGES**



\* \* \* \* \*



## **C. HAMMERS & SLEDGES**





\* \* \* \* \*



## **D. PICKS & MATTOCKS**



\* \* \* \* \*



**APPENDIX D**  
**PURCHASER QUESTIONNAIRE RESPONSES**





As part of their response to the notice of institution, interested parties were asked to provide a list of three to five leading purchasers in the U.S. market for the domestic like product. One response was received from domestic interested parties and they named the following eight firms as the top purchasers of heavy forged hand tools: \*\*\*. Purchaser questionnaires were sent to these eight firms and four firms (\*\*\*) provided responses which are presented below.

1. a.) Have any changes occurred in technology; production methods; or development efforts to produce heavy forged hand tools that affected the availability of heavy forged hand tools in the U.S. market or in the market for heavy forged hand tools in China since 2011?
  
- b.) Do you anticipate any changes in technology; production methods; or development efforts to produce heavy forged hand tools that will affect the availability of heavy forged hand tools in the U.S. market or in the market for heavy forged hand tools in China within a reasonably foreseeable time?

Purchaser	Changes that have occurred	Anticipated changes
***	No.	No.
***	No.	No.
***	No.	No.
***	No.	No.

2. a.) Have any changes occurred in the ability to increase production of heavy forged hand tools (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production) that affected the availability of heavy forged hand tools in the U.S. market or in the market for heavy forged hand tools in China since 2011?
  
- b.) Do you anticipate any changes in the 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) that will affect the availability of heavy forged hand tools in the U.S. market or in the market for heavy forged hand tools in China within a reasonably foreseeable time?

Purchaser	Changes that have occurred	Anticipated changes
***	No.	No.
***	No.	No.
***	No.	No.
***	No.	No.

3. a.) Have any changes occurred in factors related to the ability to shift supply of heavy forged hand tools among different national markets (including barriers to importation in foreign markets or changes in market demand abroad) that affected the availability of heavy forged hand tools in the U.S. market or in the market for heavy forged hand tools in China since 2011?
  
- b.) Do you anticipate any changes in 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) that will affect the availability of heavy forged hand tools in the U.S. market or in the market for heavy forged hand tools in China within a reasonably foreseeable time?

<b>Purchaser</b>	<b>Changes that have occurred</b>	<b>Anticipated changes</b>
***	No.	No.
***	No.	No.
***	No.	No.
***	No.	No.

4. a.) Have there been any changes in the end uses and applications of heavy forged hand tools in the U.S. market or in the market for heavy forged hand tools in China since 2011?
- b.) Do you anticipate any changes in the end uses and applications of heavy forged hand tools in the U.S. market or in the market for heavy forged hand tools in China within a reasonably foreseeable time?

<b>Purchaser</b>	<b>Changes that have occurred</b>	<b>Anticipated changes</b>
***	No.	No.
***	No.	No.
***	No.	No.
***	No.	No.

5. a.) Have there been any changes in the existence and availability of substitute products for heavy forged hand tools in the U.S. market or in the market for heavy forged hand tools in China since 2011?
- b.) Do you anticipate any changes in the existence and availability of substitute products for heavy forged hand tools in the U.S. market or in the market for heavy forged hand tools in China within a reasonably foreseeable time?

<b>Purchaser</b>	<b>Changes that have occurred</b>	<b>Anticipated changes</b>
***	No.	No.
***	No.	No.
***	No.	No.
***	No.	No.

6. a.) Have there been any changes in the level of competition between heavy forged hand tools produced in the United States, heavy forged hand tools produced in China, and such merchandise from other countries in the U.S. market or in the market for heavy forged hand tools in China since 2011?
- b.) Do you anticipate any changes in the level of competition between heavy forged hand tools produced in the United States, heavy forged hand tools produced in China, and such merchandise from other countries in the U.S. market or in the market for heavy forged hand tools in China within a reasonably foreseeable time?

<b>Purchaser</b>	<b>Changes that have occurred</b>	<b>Anticipated changes</b>
***	No.	No.
***	We've seen a general shift of demand over the last few years from Chinese products to those manufactured in other Southeast Asian countries and Mexico due to higher labor costs in China.	No.
***	No.	No.
***	We have noticed an increase in what we view qualified suppliers over the last 2-3 years in China to about (10-15) versus a steady number (2-3) in the U.S.	No.

7. a.) Have there been any changes in the business cycle for heavy forged hand tools in the U.S. market or in the market for heavy forged hand tools in China since 2011?

b.) Do you anticipate any changes in the business cycle for heavy forged hand tools in the U.S. market or in the market for heavy forged hand tools in China within a reasonably foreseeable time?

<b>Purchaser</b>	<b>Changes that have occurred</b>	<b>Anticipated changes</b>
***	No.	No.
***	No.	No.
***	No.	No.
***	No.	No.