



## U.S. Customs and Border Protection

### **EAPA Investigation Number 7184: Diamond Saw Tools Technology, LL (Notice of Scope Referral, November 21, 2017)**

This is concerning the investigation of evasion of the antidumping duty order on diamond sawblades from the People's Republic of China (A-570-900).

On June 27, 2017, CBP issued a notice to the parties to the investigation that it had a reasonable suspicion that Diamond Tools Technology LLC ("DTT USA") had entered merchandise through evasion and started implementing interim measures as to DTT USA. *See* "Notice of Interim Measures Taken as to Diamond Tools Technology LLC concerning a reasonable suspicion as to evasion of the antidumping duty order on Diamond Sawblades from the People's Republic of China" (June 27, 2017) (available at <https://www.cbp.gov/document/report/eapa-investigation-number-7184-diamond-tools-technology-llc-notices-initiation-inv>). CBP subsequently issued requests for information ("RFIs" or "questionnaires") to DTT USA and Diamond Tools Technology (Thailand), Ltd. ("DTT Thailand").

In its response to the questionnaire, DTT Thailand stated that the company "manufactures onsite at its plant in Rayong Industry Zone, Thailand, by means of laser welding and other finishing operations, all diamond saw blades that {it} sells." *See* DTT Narrative Response to CBP Questionnaire, at 3. Specifically, DTT Thailand reported that it "manufactures diamond saw blades onsite by...laser welding diamond sawblade segments to diamond sawblade cores." *Id.* However, some of the cores and segments that it uses in this process are sourced from China. Specifically, the following scenarios apply:

Scenario 1: Core sourced from Thailand; segment from China; joined in Thailand.

Scenario 2: Core and segments both sourced from China; joined in Thailand.

Scenario 3: Core sourced from China; segment from Thailand; joined in Thailand.<sup>1</sup>

DTT Thailand explained that it "began this practice of sourcing sawblade segments from {China} to maximize the use of the company's significant investment in welding technology, machinery, and related personnel training in Thailand." *Id.* After "DTT Thailand joins segments to cores with laser welding," it "polishes, sharpens, tests, marks and packs the sawblades for shipment" to the United States. *Id.* at 3-4.

DTT USA argued that the sawblades that are manufactured in Thailand from cores and/or segments that are sourced from China are outside the scope of the AD order. The products covered by these orders are:

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<sup>1</sup> *See* DTT Narrative Response to CBP Questionnaire, at 3 (explaining in detail these scenarios). Some of the sawblades DTT Thailand exports are manufactured from core and segments that are both manufactured in Thailand. We are not seeking clarification as to these since all parts of the manufacturing occurs in Thailand.

...all finished circular sawblades, whether slotted or not, with a working part that is comprised of a diamond segment or segments, and parts thereof, regardless of specification or size, except as specifically excluded below. Within the scope of these orders are semifinished diamond sawblades, including diamond sawblade cores and diamond sawblade segments.

However, the Department of Commerce (“Commerce”) has previously explained in a response to a comment by an interested party that, “the country of origin should be determined by the location of where the segments are joined to the core.” See “*Final Determination of Sales at Less Than Fair Value and Final Partial Affirmative Determination of Critical Circumstances: Diamond Sawblades and Parts Thereof from the People’s Republic of China*,” 71 Fed. Reg. 29,303 (Dept. Commerce May 22, 2006) and accompanying Issues and Decision Memorandum, at Cmt. 4. Of note, is that this issue arose in the context of determining which of two orders should apply in that case and Commerce did not specifically address whether this guidance is applicable if the joining is done in a third country. *Id.*

CBP is unable to determine whether the merchandise at issue is covered merchandise. Accordingly, pursuant to the EAPA, we are referring this matter to the Department of Commerce for a determination as to whether the diamond sawblades laser welded in Thailand by DTT Thailand from: (1) cores from Thailand and segments from China, (2) segments and cores that are both produced in China; and/or (3) cores from China and segments from Thailand are within the scope of the AD order on diamond sawblades from China.

As a result of this referral, the deadlines in EAPA investigation 7184 have been stayed pending Commerce’s issuance of a determination.

If you have any questions specific to the EAPA Investigation 7184, please contact CBP at [epallegations@cbp.dhs.gov](mailto:epallegations@cbp.dhs.gov), and please include the EAPA investigation number 7184 in the subject line of the message. For any questions specific to the scope referral and its procedures, please contact Commerce at the Customs and Border Protection Liaison Unit, Enforcement and Compliance, International Trade Administration, at (202) 482-0984