CERTAIN STEEL WIRE NAILS FROM JAPAN, THE REPUBLIC OF KOREA, AND YUGOSLAVIA

Determination of the Commission in Investigations Nos. 731-TA-45, 46, and 47 (Preliminary) Under the Tariff Act Act of 1930, Together With the Information Obtained in the Investigations

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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C O N T E N T S

Figures

Contents

Figures--Continued

Tables

Contents

Note.--Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report. These deletions are marked by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigations Nos. 731-TA-46 and 47 (Preliminary)

CERTAIN STEEL WIRE NAILS FROM THE REPUBLIC OF KOREA AND YUGOSLAVIA

Determination

On the basis of the record 1/ developed in investigation No. 731-TA-46 (Preliminary), the Commission determines that there is a reasonable indication that an industry in United States is materially injured, or is threatened with material injury, 2/ by reason of imports from Korea of steel wire nails, provided for in items 646.25 and 646.26 of the Tariff Schedules of the United States (TSUS) which are possibly being sold in the United States at less than fair value (LTFV) 3/.

On the basis of the record 1/ developed in investigation No. 731-TA-47 (Preliminary), the Commission unanimously determines that there is no reasonable indication that an industry in the United States is materially injured, or is threatened with material injury by reason of imports from Yugoslavia of steel wire nails, provided for in items 646.25 and 646.26 of the TSUS, which are possibly being sold in the United States at LTFV. 3/

Background

On July 2, 1981, the U.S. International Trade Commission received advice from the U.S. Department of Commerce that is was initiating antidumping

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

2/ Chairman Alberger and Commissioner Bedell determine that an industry in the United States is materially injured by reason of imports from Korea of steel wire nails, provided for in items 646.25 and 646.26 of the Tariff Schedules of the United States, which are possibly being sold in the United States at less than fair value.

3/ Reasonable indication that the establishment of an industry in the United States is materially retarded is not an issue in this investigation.

investigations on its own accord concerning imports of certain steel wire nails from Korea and Yugoslavia which it found to be sold in the United States below trigger prices and, therefore, possibly at less than fair value. Accordingly, the Commission instituted preliminary antidumping investigations under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded by reason of the imports of such merchandise into the United States. The statute directs that the Commission make its determination within 45 days of its receipt of such advice, or in this case by August 17, 1981.

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was duly given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register on July 8, 1981 (46 F.R. 35394). The public conference was held in Washington, D.C., on July 23, 1981, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

The deteriorating condition of the domestic industry, the large and apparently growing market share of Korean nails, and the possibility of price suppression caused by such sales form the principal bases for our finding that there is a reasonable indication that they have caused 1/ or threaten to cause material injury. 2/ We have found, however, that imports from Yugoslavia are too insignificant in volume and too different in quality to have materially injured the U.S. industry.

Shortly before our scheduled vote of August 11, 1981, Commerce informed us by letter and in a draft Federal Register notice 3/ that it was terminating the investigation of Japan pursuant to section 734(a) of the Tariff Act of 1930 based on assurances provided by the Japanese nail manufacturers. We therefore ended Commission investigation No. 731-TA-45 (Preliminary) without making a determination as to imports from Japan.

Our determinations are based on the considerations set forth below.

Domestic industry

Our first task in reaching a determination is to define the domestic industry. Section 771(3)(A) of the Tariff Act of 1930 provides that the domestic industry consists of the domestic producers as a whole of a like product or those producers whose collective output of the like product

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1/ Chairman Alberger and Commissioner Bedell determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Korea and do not find it necessary to address the question of threat of material injury.

2/ Vice-Chairman Calhoun's conclusion here is reached after also taking into account the generally depressed condition of the domestic industry owing to the circumstances of the building industry.

3/ Staff report in investigations Nos. 731-TA-45, 46, and 47 (Preliminary), Certain Steel Wire Nails from Japan, the Republic of Korea, and Yugoslavia, p. A-1, (hereinafter "Staff report").

constitutes a major proportion of the total domestic production of that product. 4/ A like product is a product which is like or in the absence of like, most similar in characteristics and uses with, the article under investigation. 5/

The subject of these investigations is certain steel wire nails imported from Korea and Yugoslavia. For purposes of these preliminary determinations, we adopt the like product analysis of our earlier investigation, Certain Steel Wire Nails from the Republic of Korea, 6/ and find that there are seven like products, each consisting of a separate nail coating. 7/ The industry therefore consists of the producers of one or more of the like products. 8/

A breakdown in terms of types of coatings is particularly useful here because it highlights the complexity of the nail market and the differences in the product mix of nails sold in the United States by Korean, Yugoslav, and

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4/ 19 U.S.C. § 1677(4) (Supp. III 1980).

5/ 19 U.S.C. § 1677(10) (Supp. III, 1980).

6/ Inv. No. 731-TA-26 (Final), USITC Pub. No. 1088 (1980). Suggestions, however, that our determination here is controlled by our earlier negative determination are misplaced. This investigation differs from Certain Steel Wire Nails from the Republic of Korea, Inv. No. 731-TA-26 (Final), USITC Pub. No. 1088 (1980) in several important respects. In our 1980 investigation, the Department of Commerce excluded 17 Korean firms, either because their prices were above trigger or because their sales, while below trigger, were at fair value. The investigation therefore focused on the remaining 12 companies and in particular on 5 companies operating in the Masan free trade zone. These companies accounted for approximately 25 percent of overall U.S. imports from Korea to the U.S. Imports from these companies were declining sharply in volume and market share, and were heavily concentrated in certain nail types produced to a limited degree in the United States. The present investigation concerns all Korean producers, a broader product mix and a different showing--that of a "reasonable indication" of material injury.

7/ Id. at 7.

8/ When data along product lines are unavailable, the effect of the dumped imports will be assessed in terms of the narrowest group of products for which information is available, i.e. all nail producers. 19 U.S.C. §1677(4)(D) (Supp. III 1980).

domestic manufacturers. The bulk of imported Korean and Yugoslav nails consist of particular types of coated nails. Electrogalvanized (31.3 percent), bright (21.8 percent), vinyl-coated (17.4 percent), and cement-coated (10.5 percent) account for a large portion of imports from Korea. 9/ Hot-galvanized (5.4 percent), phosphate-coated (4.9 percent), and blued nails (1.0 percent) are imported to a much lesser extent. Nearly all imports from Yugoslavia consist of bright nails. 10/

Approximately 50 U.S. firms manufacture steel wire nails. U.S. production is heavily concentrated in the manufacture of bright (45.3 percent), cement-coated (24.4 percent) and hot-galvanized (21.2 percent) nails. 11/ Vinyl-coated and electro-galvanized nails account for a lesser portion of U.S. production. 12/ These types of domestically-produced nails are for all intents and purposes the same as Korean and Yugoslav nails of a particular variety.

Some importers and producers have suggested that for purposes of defining the domestic industry, other classifications of nails may be appropriate, such as dividing nails into regular, semi-regular, and specialty nail categories. While we will not adopt such an analysis here, we do not preclude use of such an analysis in our final determination, if its usefulness can be demonstrated.

In addition, having found a reasonable indication of injury on a national scale, we need not resort to a regional industry analysis at this preliminary

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9/ Staff report at A-15.
10/ Id. at A-16.
11/ Id. at A-17.
12/ Id.

stage in our investigation. This does not, of course, preclude use of a regional industry approach in our final determination, if it is shown to be appropriate.

Reasonable indication of material injury or threat of material injury

Section 733(a) of the Tariff Act of 1930 provides that the Commission shall make a determination, based on the best information available to it at the time of the determination, of whether there is a reasonable indication that the imports under investigation have caused or threaten to cause material injury to a U.S. industry. The act further specifies in section 771(7) that the Commission shall consider, among other factors, (1) the volume of imports of the merchandise under investigation, (2) the effect of imports of that merchandise on prices in the United States for like products, and (3) the impact of imports of such merchandise on domestic producers of like products.

Volume of imports.--The Department of Commerce has found that 99 percent of imports from Korea were sold in the United States below trigger prices during October 21, 1980 through March 31, 1981, and therefore are possibly being sold at less than fair value. The volume of imports of steel wire nails from Korea has shown dramatic fluctuations during the past. Imports increased sharply from 1973-78, rising from less than 0.5 percent of apparent U.S. consumption to 109,000 tons or 12 percent of consumption in 1978. 13/ In 1979 imports from Korea entered a period of steep decline, falling to 92,000 tons in 1979 and 76,000 tons in 1980. 14/ This decrease can be attributed in part

13/ Staff report at A-30, table 18, A-31, table 19.
14/ Id. at A-30.

to a decline in overall U.S. consumption resulting from a sharp decrease in housing construction. 15/ Although the volume of imports from Korea decreased in 1979-80, the market share of Korean producers remained stable at 11 percent of apparent U.S consumption. 16/ Many Korean nails are of types produced only to a limited degree in the United States. Nevertheless, the overall volume and market share of imports from Korea are plainly significant and deserve further inquiry.17/

During January-May 1981, imports from Korea rose 32 percent when compared with import volume during the same period of 1980. 18/ Domestic shipments, as reported by questionnaire respondents, rose by 9 percent over the same period. Thus, while figures for apparent domestic consumption during January-May 1981 are lacking, it is likely that the ratio of imports from Korea to consumption rose during this period. In addition, the Korean nail producers conceded at the conference that their production capacity exceeds Korean demand, and thus that a large quantity of their production is necessarily directed at export markets. 19/

The Department of Commerce found that 100 percent of imports from Yugoslavia during October 21, 1980-March 31, 1981 were sold below the relevant trigger price. Nevertheless, imports from Yugoslavia accounted for a minimal share of apparent U.S. consumption of nails during 1973-1980, remaining consistently at 1 or 2 percent of apparent U.S consumption. In addition, they are generally considered to be of lower quality than American nails. 20/ In

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15/ Id. at A-40.
16/ Id. at A-31, table 19.
17/ Vice-Chairman Calhoun notes that the volume and market share of imports from Korea are significant because of the heightened vulnerability of the industry to LTFV imports due to the housing slump.
18/ Id. at A-30, table 18.
19/ Transcript at 82.
20/ Transcript at 102-08 (Remarks of Mr. Silverman).

1980, such imports accounted for 1 percent of consumption. The small volume and reputed low quality of these nails are such that they could not have had any appreciable impact upon the U.S. nail industry. It is reported that the Yugoslav producer, Zelazarna, which accounts for a large share of the exports of nails from Yugoslavia to the United States, has been operating at full capacity for the past few years and has no plans to expand its capacity. Thus, we conclude that there is no reasonable indication of injury or threat of injury by reason of continued imports from Yugoslavia. 21/

Effect of imports on prices.--At the public conference held in connection with this investigation, U.S. producers repeatedly alleged that Korea is the price leader and has encouraged a destructive round of price-cutting. 22/

21/ The domestic producers have argued that the Commission should cumulate imports from Korea and Yugoslavia. We determine, however, that cumulation is inappropriate on the facts presented here.

In determining whether to cumulate imports from various sources, we have looked to a number of factors, including whether:

(1) The imports of the same class or kind of merchandise are generally comparable and compete in the same markets.

(2) The factors and conditions of trade show the relevance of such cumulative consideration to the determination of injury.

These criteria are, however subject to one important qualification. The imports from a particular country must be contributing to the material injury caused by LTFV sales. See e.g., Carbon Steel Products from Belgium, the Federal Republic of Germany, France, Italy, Luxembourg, the Netherlands and the United Kingdom, Invs. Nos. 731-TA-18-24 (Preliminary), USITC Pub. No. 1064, p. 14, 16, 20 (Views of Vice-Chairman Alberger) pp. 64-66 (Views of Commissioner Stern) (1980); Menthol from Japan and the People's Republic of China, Invs. Nos. 731-TA-27 and 28 (Preliminary), 45 F.R. 52273, 52274 (Views of Chairman Alberger, Vice-Chairman Calhoun, Commissioner Bedell and Commissioner Moore)(August 6, 1980).

Imports fromm Yugoslavia are apparently of a lower quality, sold on different payment terms, and limited to the East Coast market. See Transcript at 102-08 (Remarks of Mr. Silverman). Their market share has remained steady at the insignificant level of 1 or 2 percent of apparent U.S. consumption over the past 8 years. Staff report at A-31. We can find no indication that Yugoslav imports have contributed to material injury to the U.S. industry, and conclude that cumulation is inappropriate.

22/ Transcript at 16, 28-30, and 51-54.

This allegation is supported by a preliminary analysis of data collected by the Commission which shows that the average net selling price for nails imported from Korea generally declined during January 1979-June 1981 23/ The information available indicates that the average net selling prices of nails from Korea may have been lower than those of comparable U.S.-produced nails. Domestic prices have apparently not increased commensurate with inflation and rising costs. These preliminary indications of price suppression merit further inquiry, particularly with a view to assessing the extent to which imports from Korea have been a factor.

Impact of imports on the domestic industry.--There are strong indications that the condition of the domestic industry is deteriorating. 24/ From 1978 to 1980, U.S. producers' shipments of steel wire nails decreased by 18 percent. 25/ During the same period, U.S. producers' utilization of productive capacity decreased irregularly from 75 percent to 70 percent. 26/ As a result of the declining production and shipments, the number of workers engaged in the production of steel wire nails declined by 21 percent during this period.

Profit-and-loss data submitted to the Commission reveal a steady decline in the profitability of the domestic industry. Of the 14 firms reporting profit-and-loss data, 2 reported losses at the gross profit level in 1978 and

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23/ Staff report at A-36, table 23.

24/ Vice Chairman Calhoun is of the view, consistent with the legislative history, that such a circumstance makes the domestic industry more vulnerable to the adverse effects of LTFV imports than would be the case if construction levels were nearer to normal.

25/ Id. at A-19.

26/ Staff report at A-18.

8 reported such losses in 1980. 27/ Since 1979, seven U.S. nail producing plants have closed or have filed for reorganization under chapter 11 of the Federal Bankruptcy Act.

The distressed condition of the U.S. nail producers described above can, in part, be attributed to declining housing starts. In addition, the entry of new and efficient U.S. producers has created problems for the industry, and especially for the older production facilities, since a larger number of firms are competing in a shrinking market. Nevertheless, we conclude that there is a reasonable indication that the large and increasing volume of low-priced imports from Korea materially exacerbates this condition.

Reasonable indication of threat of material injury. 28/

Noting the large volume and market penetration of imports from Korea, the recent spurt in their volume, and the export orientation of the Korean industry, Commissioner Stern also finds that the domestic industry is threatened with material injury. 29/

27/ Staff report at A-26, table 16.

28/ Vice Chairman Calhoun, in voting material injury or threat, does not mean to suggest having difficulty deciding between the two. In his view, except in unusual circumstances, data collected in preliminary investigations are not normally suitable for use in reaching especially precise conclusions such as whether injury is threatened or is extant. Nor, in his view, is such precision required. Consequently, in most preliminary investigations his vote is in the alternative pending more definitive data from the final investigation.

29/ Chairman Alberger and Commissioner Bedell determine that an industry in the United States is materially injured by reason of imports from Korea of steel wire nails which are possibly being sold in the United States at less than fair value.

Conclusion

On the basis of the best information available at this time, we find that there is a reasonable indication of material injury, or threat thereof 30/ to the domestic industry by reason of imports of possibly dumped steel wire nails from Korea, and therefore, that this proceeding should continue. In addition, we find that there is no reasonable indication of material injury, or threat thereof to the domestic industry by reason of imports of possibly dumped steel wire nails from Yugoslavia.

30/ Material retardation of the establishment of an industry is not an issue. Chairman Alberger and Commissioner Bedell determine only that there is a reasonable indication of material injury.

ADDITIONAL VIEWS OF CHAIRMAN ALBERGER

While the differentiation of like products according to nail coating is still valid on the facts of this preliminary investigation and the Commission's prior investigation (Inv. 731-TA-26), I believe a word of caution regarding our industry analysis is appropriate. There are indications from the present record that the seemingly endless number of combinations of nail coatings, heads, points, and shanks may make this case an appropriate one for application of the "continuum" principle at the final stage. This principle, articulated in my views in Certain Portable Electric Nibblers, Inv. 731-TA-35, simply holds that for the purpose of establishing the relevant class of domestic producers under Section 771(4)(A) of the Tariff Act, the "like product" may be defined to include a continuum of slightly distinguishable products among which no clear dividing lines can be drawn. In other words, it may be appropriate to define the like product as all steel wire nails, and therefore to consider profits, production, employment, and sales data for the U.S. nails industry as a whole. Such a definition of like product would not alter this determination or our prior ruling on Korean wire nails for two reasons. First, the Commission was compelled in both of these cases to examine data for U.S. nails manufacturers as a whole, rather than for each category of like products, because of the lack of separable data and the requirements of Section 771(7). Second, the fact that we define a particular class (i.e. all nails manufacturers) as the relevant industry under Section 771(4)(A), and therefore base our injury finding on aggregate data for that industry, does not preclude us from considering the implications of competitive relationships among various subcategories within that class. In the prior determination on Korean wire nails, for example, the Commission noted that:

"The largest price differences were on the electro-galvanized and green vinyl nails, which were not produced in any meaningful volume in the United States until 1979. . . . Thus we do not find a causal relationship between the LTFV imports and any restraint on the upward movement of prices for nails."

In other words, the Commission took cognizance of competitive relationships between different categories of nails even though the industry we were examining included the entire U.S. nails sector. There may be different demand factors at play within a particular like product category, because each customer requires a slightly different nail to meet its particular needs and specifications. Since the possible combinations of lengths, points, shanks, and coatings may be almost infinite, this could lead to a perplexing dilemma for the Commission. On the one hand, it may prove impossible to divide the entire nails manufacturing sector into rational industry groupings because of the continuum problem. On the other hand, anyone in the industry will tell you that different nails have different uses and constitute different competitive submarkets. Under these circumstances, the only logical approach would be to accept for the purposes of Section 771(4)(A) that the domestic industry consists of all nails production in the United States, but then to consider any reliable information which suggests that our examination of injury and causation should be affected by variations in the type and size of nail. If information presented in our final investigation compels this conclusion, I would thus be forced to change my analysis regarding the like product. In the interim, I believe the present subdivision according to the seven different nail coatings is adequate.

INFORMATION DEVELOPED IN THE INVESTIGATIONS

Introduction

On July 2, 1981, the U.S. International Trade Commission received advice from the U.S. Department of Commerce that it was initiating antidumping investigations concerning imports of certain steel wire nails from Japan, the Republic of Korea, and Yugoslavia. 1/ Accordingly, on July 2, 1981, the Commission instituted preliminary antidumping investigations to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Japan, the Republic of Korea, and Yugoslavia of steel wire nails, provided for in items 646.25 and 646.26 of the Tariff Schedules of the United States (TSUS), which are possibly sold in the United States at less than fair value (LTFV). By statute the Commission must render its determinations within 45 days of its receipt of advice from Commerce--in this case by August 17, 1981.

In connection with these investigations, a public conference was held in Washington, D.C. on July 23, 1981. 2/ Notice of the institution of the investigations and of the public conference was given by posting copies of the notice at the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register on July 8, 1981 (46 F.R. 35394). 3/

Commerce initiated these investigations on its own accord pursuant to information developed under the Trigger Price Mechanism (TPM). This information indicated that significant sales of steel wire nails were being made at less than the relevant trigger price. Commerce's notices of investigations were published in the Federal Register of July 2, 1981 (46 F.R. 34613). 4/

On August 11, 1981, Commerce advised the Commission that it was terminating its investigation concerning imports from Japan because sales below trigger prices ceased substantially prior to the initiation of the investigation and because Commerce received assurances from the Japanese manufacturers that all sales of the product for a two year period will be at prices at or above the relevant trigger price. Accordingly, the Commission terminated its investigation concerning these products on August 14, 1981. 5/

1/ A copy of Commerce's letter of notification to the Commission is presented in app. A.

2/ A list of witnesses appearing at the conference is presented in app. B.

3/ A copy of Commission's notice is presented in app. C.

4/ Copies of Commerce's Federal Register notices are presented in app. D.

5/ Copies of Commerce's letter of notification to the Commission, its Federal Register notice, and the Commission's notice of termination are published in app. E.

Previous Investigations Concerning Nails 1/

In an antidumping investigation completed in August 1980, the Commission determined (Commissioners Moore and Bedell dissenting) that an industry in the United States was not materially injured and was not threatened with material injury, and the establishment of an industry in the United States was not materially retarded, by reason of imports of certain steel wire nails from Korea, provided for in items 646.25 and 646.26 of the TSUS, which were covered by the Commerce determination of sales at LTFV. Counsel for Armco Inc. and CF & I Steel Corp. has appealed this determination to the U.S. Court of International Trade (Armco Inc. and CF & I Steel Corp. v. U.S., No. 80-9-01435).

In February 1979 the Commission unanimously determined (Commissioner Parker not participating) that an industry in the United States was not being injured and was not likely to be injured, and was not prevented from being established, by reason of the importation of certain steel wire nails from Canada that were being, or were likely to be, sold at LTFV within the meaning of the Antidumping Act, 1921, as amended.

The Product

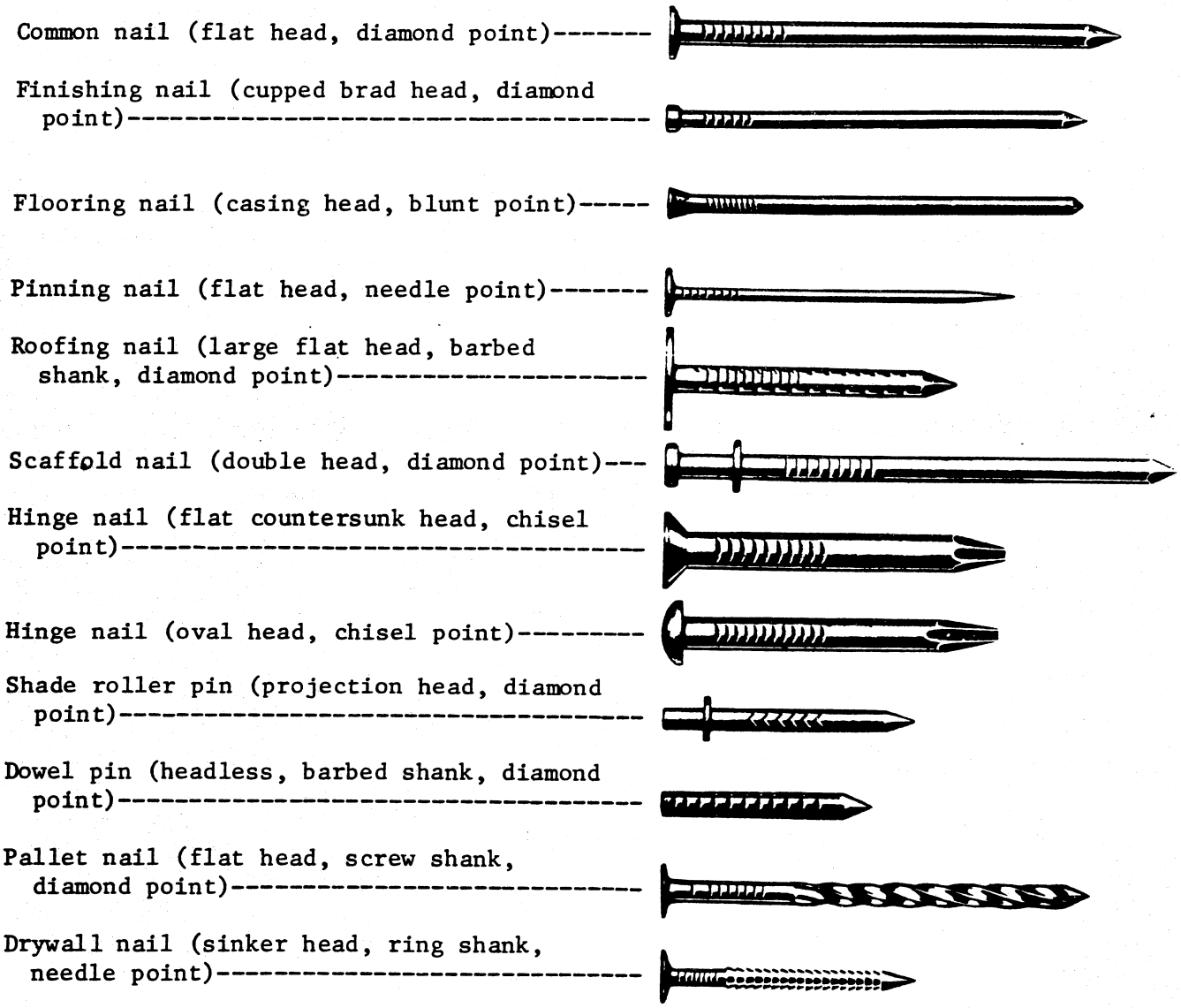
The imported products included within the scope of these investigations are nails of one-piece construction, which are made of round steel wire and which are (1) less than 1 inch in length and less than 0.065 inch in diameter or (2) 1 inch or more in length and 0.065 inch or more in diameter, as provided for in items 646.25 and 646.26, respectively, of the TSUS. A description of nails, including figures showing a variety of heads, shanks, points, and finishes, is presented in appendix F. An indication of the variety of nails can be seen in figure 1. U.S. producers manufacture nails which are identical to the imported nails.

Manufacturing process

Metal nails were originally hand formed on anvils from special iron bars called nail rods. In colonial America, nearly every village contained a forge and related nail-making equipment, and nails were often used instead of currency in transactions with the Indians. These hot-forged wrought iron nails gradually gave way to cold-cut iron nails with the development of nail cutting machinery in the late 1700's. The development in France during 1830-40 of wire nail machines, however, led to the near extinction of the cut-nail industry. In 1875 the first steel wire nails were produced in Covington, Ky. Wire nails proved so successful that the manufacture of cut nails practically ceased by 1890.

1/ These past investigations concerned certain brads, tacks, staples, and spikes, as well as certain nails.

Figure 1.--Types of steel wire nails.



Source: Sales brochures of Atlantic Steel Co. and Republic Steel Corp.

Note.--The above nails are normally available in bright, galvanized, or cement-coated finishes, and most can be supplied with different heads, shanks (e.g., ring, screw, or of nonstandard gage), or points according to customer order.

Technological developments in the steel wire nail industry since that time include improving the quality of the wire, treating the finished nails for improved performance in special applications, and increasing the speed and precision of the basic machinery. Improvements in the basic machinery include the installation of individual machine motors (early models were belt driven from one large power source), replacement of inefficient bearings, and development of improved central lubrication systems.

In some cases, production rates of rebuilt machines, which incorporated these technological developments, have nearly doubled. Rebuilt machines can reach production rates as high as 700 revolutions (nails) per minute. New machines, such as those made by Wafios Machinery Corp., a subsidiary of a German manufacturing company and the dominant supplier of nail machines to U.S. producers, reach operating speeds of 900 revolutions per minute when small nails are being produced. A spokesman for Wafios indicated that the cost of a complete rebuild is approximately two-thirds that of purchasing a new machine.

U.S. Steel Co. provides a concise description of steel wire nail production in its book, The Making, Shaping, and Treating of Steel:

> Nail machines--All steel wire nails are made in automatic machines. These machines differ greatly in size and in design, but the principle of operation is much the same in all of them. Nails are made on a machine by five distinct operations; namely, (1) forming the head, (2) feeding the wire, (3) pinching the wire, (4) cutting off the wire and forming the point, (5) expelling the nail.
>
> The Head of the nail is formed by compressing and flattening against a die the portion of the wire which projects beyond this die and remains after the previously formed nail has been cut from the wire. This compressing and flattening is done by a hammer which is attached to a reciprocating member, called a hammer stock, which in turn is actuated usually by a crank and pitman. The amount of wire which projects beyond the die governs the size and thickness of the head and is regulated by adjusting the cutting knives to the proper distance from this die. The various shapes of heads are obtained by cutting the desired depression in the die. This die is split, that is, made in two parts, one fixed or stationary and the other movable.
>
> Feeding--After the head is formed, the hammer moves away from the die, and the die opens up and allows the feed mechanism to push the wire, with a nail head on the end the correct distance through the die to give a nail of the length required. The feeding mechanism is driven by

an adjustable crank on the flywheel of the machine, and, by adjusting this crank, various lengths of nails can be obtained. This feed mechanism also pulls the wire through a series of staggered rolls, as it leaves the reel, to straighten it.

Pinching--When the hammer has reached the end of the stroke, the wire has been fed the correct amount for the nail required and the die closes to pinch the wire. This pinching action is motivated by a cam on the crankshaft.

Cutting--Immediately after the wire is pinched, two knives, each attached to a lever, move together and cut the wire. These cutting knives are ground to form the point on the nail at the same time that the cut is made. This point is formed by pressing the wire into the shape required, and, in doing so, some of the metal is squeezed out or protrudes between the knives and is cut off by them. These cutoff particles are called whiskers. The cutting levers to which the knives are attached are actuated by various forms of mechanisms deriving their motion from the crankshaft.

Expelling--Sometimes, because of dull knives or insufficiently close adjustment, the nail will still adhere to the wire when the cutting knives open up. The cutting knives open up on the return stroke of the hammer, and, in order to remove this adhering nail, an expeller comes into action, knocking the nail downward out of the path of the hammer and breaking it off. The hammer on the return stroke forms another head on the wire from the next nail, the wire being pinched during this stroke. The finished nails drop into a pan placed on the floor beneath this mechanism.

Finishing Common Nails--The nails in these pans are collected and placed in a tumbler, care being taken to have nails of only one kind in the tumbler at a time in order to avoid mixing. Into this tumbler some sawdust is also placed. The tumbler has projections on the inside, causing the nails to be churned when it is rotated. This churning polishes the nails and removes any whiskers which may have adhered to the nail by a thin fin of metal. The sawdust absorbs the grease and oil which the nails collected during their manufacture. The cover of the tumbler has perforations or a screen which allows the whiskers and sawdust to pass through but holds back the nails. After the nails are tumbled sufficiently they are packed in kegs ready for shipment.

Nail finishes

Various coatings are applied to nails to improve their holding ability or to prevent rust and corrosion, or both. Common coating materials include zinc (galvanized nails), cement, and vinyl. Nails are galvanized with a zinc coating to prevent rust and corrosion. There are two methods commonly used to galvanize nails--electrogalvanizing and hot-galvanizing. Electrogalvanizing is a process in which a pure coating of zinc of controlled thickness is applied to nails. In the hot-galvanized process nails are coated by dipping them in zinc, resulting in a thicker coating of zinc and a product which has greater resistance to rust and corrosion. Cement coating is a process whereby nails are dipped in a resin mixture. The heat generated when this nail is driven into wood causes the cement coating to fuse slightly, forming a bond with the wood. Vinyl-coated nails are coated by immersing or tumbling chemically cleaned and dried nails in a thermo-plastic material, PVC lacquer. This coating makes the nails easier to drive and, according to some soures, promotes greater adherence to the wood.

The hot-galvanized and cement-coated nails are produced extensively in the United States. The vinyl-coated and electrogalvanized nails were not produced in commercial quantities in this country until 1979. According to information received from counsel for the Korean producers, approximately 31 percent of the nail imports from Korea during January-June 1981 were electrogalvanized. In 1980, 1.6 percent of the nails produced in the United States were electrogalvanized.

Although the hot-galvanized and electrogalvanized nails are often used interchangeably, there are instances in which one nail is preferred over the other. In the course of this investigation and previous investigations concerning nails, the staff discussed the differences between hot-galvanized and electrogalvanized nails with several nail customers. It was generally agreed that the hot-galvanizing process produced a nail offering greater resistance to corrosion when the nail is directly exposed to the elements. One source also indicated that the hot-galvanized nail drives better in the dry wood in his area of Nevada. There were indications, however, that there are situations in which the greater corrosion resistance of the hot-galvanized nail is not required and that the less expensive electrogalvanized nail would be just as satisfactory. One customer noted, for example, that since roofing nails are often covered by overlapping shingles, less corrosion protection is necessary. Thus, in this instance, the electrogalvanized nail performs as well as the hot-galvanized. In addition, there are indications that since the electrogalvanized nails are smoother, they are not as rough on the hands. Several firms indicated that they carry both nails to satisfy the individual preferences of their customers.

Vinyl-coated nails have been in production since about 1975, when the nail was developed by Air Nail Corp. in Los Angeles. 1/ It quickly became popular on the west coast, taking a significant share of the market away from other coated nails. These nails are used extensively in home construction and and are now reported to be the predominant nail used for this purpose in the

1/ Based on information provided in the prehearing statement submitted on behalf of the Korean Metal Industry Cooperative, May 1980.

west. These nails are imported in large quantities from Korea, partly because until late 1978 there was little domestic production of this product. Use of vinyl-coated nails is presently concentrated on the west coast; however, it is anticipated that demand for these nails will increase significantly. Two new producers have recently begun production of vinyl-coated nails on the west coast. These producers reportedly have the capacity to meet demand. 1/

Production of cement-coated nails by western producers rose from 1977 to 1978 and dropped sharply in 1979 and 1980, when one producer discontinued manufacturing them. This decline in cement-coated production coincides with the increased supply of domestically produced vinyl-coated nails in the area.

U.S. Tariff Treatment

Imports of steel wire nails are classifiable under three TSUS items depending primarily on size. The nails under consideration in these investigations enter under items 646.25 and 646.26. These two items account for the bulk of the steel wire nails imported into the United States.

Those round wire nails that are less than 1 inch in length and less than 0.065 inch in diameter are dutiable under item 646.25. Round wire nails of 1 inch or more in length and 0.065 inch or more in diameter are dutiable under item 646.26. The most-favored-nation rate of duty (column 1) for these two TSUS items is 0.5 percent ad valorem, and the column 2 rates of duty are 2 percent ad valorem and 3.5 percent ad valorem, respectively.

Steel wire nails that do not meet the size restrictions mentioned above for items 646.25 and 646.26 (e.g., nails less than 1 inch in length and 0.065 inch or more in diameter) enter under item 646.30. These nails are not included within the scope of these investigations.

Steel wire nails classified in items 646.25 and 646.26 are not eligible articles for purposes of duty-free treatment under the Generalized System of Preferences. The present rates of duty for these two items were established during the Tokyo round of trade negotiations and became effective January 1, 1980. These rates are not scheduled to be staged any lower at the present time. The rate of duty for item 646.25 was 0.5 cent a pound from January 1, 1948 to December 31, 1979. The rate of duty for item 646.26 was 0.1 cent per pound from January 1, 1971 to December 31, 1979.

Commerce's Trigger Price Investigation

On December 6, 1977, the President approved implementation by Treasury of a TPM to monitor import prices of steel mill products. Responsibility for administering the TPM was transferred to Commerce on January 2, 1980. The TPM was suspended in March 1980 in response to the filing of antidumping petitions by U.S. Steel Corp. relating to certain carbon steel products from European countries. On October 8, 1980, following the withdrawal of the antidumping

1/ Based on testimony by Mr. Abe Sacks at a hearing before the Commission on July 9, 1980.

complaints, Commerce reinstated the TPM. Production costs of steel mill products in Japan, deemed to be the most efficient producer in the world, form the basis of the trigger prices. Imports priced below trigger prices are considered potential sales at LTFV. If substantial quantities of steel mill products enter the United States below the applicable trigger price, an antidumping investigation could be "triggered" by Commerce on its own motion.

Commerce recognizes that certain foreign manufacturers and exporters can produce and export steel to the United States at prices below trigger prices but which are nonetheless at fair value. On November 24, 1980, Commerce established a procedure by which these firms can avoid the risk of a TPM initiated antidumping investigation by requesting preclearance and cooperating with Commerce's preclearance review of production costs and pricing practices. 1/ A list of firms requesting preclearance to import nails below trigger prices is presented in table 1.

Table 1.--Firms requesting preclearance to import steel wire nails below trigger prices, as of July 28, 1980

Item	Country
Requests pending:	
Titan Steel & Wire Co., Ltd	Canada
Universal, FTE	Poland
Productos de Acero	Mexico
Requests granted:	
Ivaco Rolling Mills	Canada
The Steel Co. of Canada, Ltd	Canada

Source: Compiled from data submitted by the U.S. Department of Commerce.

Counsel for the Korean producers requested preclearance treatment for nails in April 1981. Commerce, however, rejected this request because it determined that significant sales of Korean-produced nails at prices below trigger prices warranted the initiation of an antidumping investigation. Counsel stated that he did not file for preclearance until April 1981 because he was awaiting the outcome of his request to Commerce to remove nails from the TPM.

On October 21, 1980, Commerce gave notice in the Federal Register (45 F.R. 69527) that it had received a request to delete steel wire nails from trigger-price coverage. Parties requesting the deletion argued that the Commission's August 1980 decision on steel wire nails constituted a binding determination that the domestic industry is not vulnerable to potential unfair trade practices. In its notice of April 8, 1981, denying this request (46 F.R. 21047), Commerce stated that the Commission's determination focused

1/ Notice of this procedure was published in the Federal Register of Nov. 24, 1980 (45 F.R. 77500).

narrowly on imports of certain Korean producers found to be selling at LTFV. Consequently, Commerce concluded that "had there been a greater number of LTFV sales during the relevant period, the ITC decision might well have been different." In addition, Commerce noted that the Commissioners unanimously found that "the domestic industry was in a depressed condition." Thus, Commerce concluded that to terminate the coverage of nails would be inconsistent with the stated purpose of TPM to constantly monitor a sensitive industry.

In the same notice, Commerce denied a request to delete from the TPM certain varieties of nails not currently being produced in significant quantities by domestic producers. Commerce stated that since domestic producers shift production among individual nail products on a continuing basis, to temporarily delete certain nails from trigger prices on a case-by-case basis for potentially short periods of time would be administratively infeasible.

After having determined that steel nails were properly included in the TPM, Commerce required that importers continue to supply detailed information on each customs entry of these nails. This information, collected on Special Summary of Steel Invoices (SSSI), includes the date and terms of contract between the buyer and the seller. Commerce's analysis of the information contained in the SSSI documents indicates that during October 21, 1980, through March 31, 1981, imports of certain steel wire nails from Japan, Korea, and Yugoslavia were below the applicable trigger price. Commerce's findings are summarized in the table 2.

Table 2.--Certain steel wire nails: U.S. imports from Japan, the Republic of Korea, and Yugoslavia entered below applicable trigger prices, Oct. 21, 1980-Mar. 31, 1981

(In percent)

Source	Sales below trigger price	Weighted average margin	Adjusted weighted average margin 1/
Japan	44	35	24
Korea	99	35	21
Yugoslavia	100	59	45

1/ Data in this column represent Commerce's adjusted calculations which reflect refinements in its method of estimating the cost of production in Japan.

Source: Compiled from data submitted by the U.S. Department of Commerce.

The U.S. Market

Steel wire nails produced in the United States are generally sold first to distributors and then to wholesalers and retailers, which, in turn, sell them to the ultimate consumer. Nails imported from most foreign sources are initially sold to sales agents and distributors before following the same

distribution channels as domestic nails. The distribution channels are not clear cut, however. Some importers, for example, also purchase nails from domestic producers and some domestic producers sell directly to retailers. Several producers also import nails. Because nails are heavy and costly to transport long distances, most shipments are made to customers located within 500 miles of the plant or port of entry (table 3).

Table 3.--Steel wire nails: Estimated shares of U.S. producers' total shipments, by distances shipped, 1977

(In percent)

Distance shipped	Share	Cumulative share
Less than 100 miles	20	20
100-299 miles	31	51
300-499 miles	28	79
500-999	18	97
1,000 miles or more	3	100
Total	100	-

Source: Compiled from data submitted in response to questionnaries of the U.S. International Trade Commission.

Most nails are consumed in the building construction market for purposes such as joining structural members, assembling millwork, and securing various materials (e.g., flooring, dry wall, exterior siding, trim, roofing, and paneling). This market also includes nails consumed by the nonprofessional user. The remaining nails are consumed in the industrial market (where they are used in the construction of pallets, boxes, and other containers) and in the furniture-manufacturing market. Imported and domestically produced nails of a specific type are generally fungible; few end users are aware of the producing country.

Within the building construction and industrial segments of the nail industry a new and more efficient method of applying nails has been developed in which nails are shot from pneumatic nailing guns at rates of up to 150 nails per minute. These guns use "collated" nails (i.e., those which have been attached to strips of tape or other adhesive material), and are capable of increasing carpenter output so dramatically that the additional cost of collating is insignificant compared to the gain in efficiency. Because the use of nail guns is believed to be growing rapidly, increasing amounts of nails are likely to be purchased or produced by firms specializing in collating. No allegations of injury have been made by U.S. nail collators.

Domestic and imported steel wire nails are usually shipped by truck or rail in lots of about 40,000 pounds. Truck transportation can be provided by either the manufacturer or the customer, whereas shipments by rail or sea are usually arranged by the manufacturer. Freight costs are generally the respon-

sibility of the purchaser, although a producer will sometimes absorb a part of the transportation costs when competing with another nail producer which is closer to the customer. Most domestic and foreign nail producers offer the same financial terms to their customers, i.e., a 2-percent discount within 10 days or net 60 days.

The U.S. Industry

The U.S. steel wire nail industry consists of two general groups of producers: (1) large integrated steel-producing firms that manufacture steel wire rod, draw it into wire, 1/ and then make nails from the wire, and (2) smaller converting firms that make nails from purchased steel wire rod or drawn wire. The larger companies typically make the high-volume smooth-shank nails; smaller firms concentrate production in higher priced nails (e.g, those having special-purpose heads, shanks, points, or finishes).

In 1980, steel wire nails were manufactured in the United States by as many as 50 firms, 8 of which are known to be integrated producers. In 1977, the integrated firms accounted for an estimated two-thirds of total production; by 1980 their share had decreased to 59 percent of total production. In 1980, the major producers and their share of production as reported in questionnaires were * * *. Until recently, production facilities were located primarly in the Northeastern and North Central States; since 1977, new plants have opened in the South and West.

In general, integrated steel manufacturers produce other products which are more profitable than nails. Nonintegrated producers consider nail production a more essential aspect of their overall operations and have accordingly made substantial investments to enhance production capability.

Nine new steel wire nail production facilities have been established since 1976 (table 4), three of which are located in the Western States. Plant closings since 1976 include American Nail Co., located in Earth City, Mo., which shut down in the spring of 1980, and U.S. Steel, which closed its Pittsburg, Calif., Joliet, Ill., and Birmingham, Ala. plants in 1979-1980. In addition, in 1980, Queen Wire & Nail, Inc. and Penn-Dixie Steel Corp. filed for reorganization under chapter 11 of the Federal Bankruptcy Act. On April 2, 1981, the Board of Directors of Tree Island, Inc. decided to shut down the company's nail mill in Carson, Calif. and offer the equipment for sale.

1/ Wire drawing is the process whereby steel rod is converted into wire. The rod is pulled through successive dies which reduce the diameter of the rod until the desired gage is reached.

Table 4.--Steel wire nails: Production facilities established since 1976

Firm	Location	Year of production
Virginia Wire & Fabric Co	Warrenton, Va.	1976
New York Wire Mills, Inc	Tonawanda, N.Y.	1977
Queen Wire & Nail, Inc	Buffalo, N.Y. 1/	1977
Tree Island Steel Co	Carson, Calif. 2/	1979
American Nail Co	Schenectady, N.Y.	1980
Florida Wire & Nail Co	Quincy, Fla.	1979
Davis Walker Corp	Kent, Wash.	1979
Air Nail Corp	Los Angeles, Calif.	1979
Davis Walker Corp	New Orleans, La.	1980

1/ Moved to Columbia, S.C. in 1979. Filed for bankruptcy in March 1980.
2/ Ordered closed on Apr. 2, 1981.

Source: Compiled from data provided by U.S. producers.

The Japanese Industry

Production of steel wire nails in Japan increased from 321,000 tons in 1975 to 377,000 tons in 1976. Production subsequently decreased steadily to 284,000 tons by 1979, representing a total decrease of 25 percent in 3 years. Total exports of steel wire nails from Japan decreased even more sharply than production, decreasing from 179,000 tons in 1976 to 64,000 tons in 1980, or by 64 percent. Exports account for a significant but decreasing share of Japan's steel wire nail production, decreasing irregularly from 47 percent in 1976 to 30 percent in 1979. More than 81 percent of Japan's exports of nails went to the United States during January 1975-March 1981 (table 5).

According to counsel for the Japanese producers, data collected from producers accounting for 80 percent of exports of nails from Japan to the United States indicate that 99 percent of such exports in 1980 were of specialty nails, as shown in the following tabulation:

Type of nail	Share of total (Percent)
Regular	0.3
Semi-regular	.8
Specialty:	
Electrogalvanized roofing	23.6
Ring shank	18.2
Screw shank	23.8
Pin	4.2
Other	29.0
Total, speciality	98.8
Total all nails	100.0

Table 5.--Steel wire nails: Japanese production and exports, 1975-80 and January-March 1981

Period	Production	Total exports	Exports as a share of production	Exports to the United States	Exports to the United States as a share of total exports
	--1,000 short tons--		Percent	1,000 short tons	Percent
1975	321	116	36	98	84
1976	377	179	47	155	87
1977	363	176	48	154	88
1978	311	116	37	103	89
1979	284	84	30	71	85
1980	1/	64	1/	52	81
1981 (January-March)	1/	11	1/	9	82

1/ Not available.

Source: Production data from Japan's Iron & Steel Industry by Kawata Publicity Inc.; export data compiled from official statistics of Japan's Ministry of Finance.

Regular nails are bright common nails, bright box nails, and bright finishing nails. Semi-regular nails are common, box, and finishing nails, with a cement or a zinc coating.

The Korean Industry

The Korean steel wire nail industry consists of more than 25 small Korean-owned nonintegrated companies and 5 large, modern Japanese-founded companies. The United States is a significant market for exports of steel nails from Korea, accounting for more than 80 percent of total exports during 1977-80 (table 6). Most the Korean facilities, except the Japanese-founded companies, operate what U.S. importers consider to be third-rate nail machines and produce nails which these importers characterize as no more than "adequate." Problems one U.S. importer encountered in 1979 with nails produced by these companies resulted in $180,000 in claims against nine of these Korean producers for rusty nails, faulty specifications, short shipments, and goods not shipped.

The five Japanese-founded steel wire nail production facilities were established in the Masan Free Trade Zone in Korea in February-April 1973. These mills initially used Japanese rod, Japanese machinery, and Korean labor under Japanese supervision. Virtually all of the production in the Free Trade Zone is produced for export.

Table 6.--Steel wire nails: Korean exports, 1977-80

Year	Total exports	Exports to the United States	Exports to the United States as a share of total exports
	----1,000 short tons----		Percent
1977	105	94	90
1978	148	118	80
1979	105	90	86
1980	105	88	84

Source: Compiled from official statistics of the Korean Government.

The Japanese could produce nails in Korea more efficiently than in Japan because (1) wages in Korea were lower; (2) the Japanese in Korea were not bound by the Japanese practice of hiring a worker for life. Instead, they could hire and fire workers as the market requires; and (3) until recently the Korean Government offered the Japanese investors attractive tax incentives to establish production facilities in the Masan Free Trade Zone.

The five Masan companies represent a total investment in buildings, equipment, inventories, etc. of more than $7 million and have the capacity to produce about 70,000 short tons of nails a year (table 7).

Table 7.--Steel wire nails: Capacity, investment, and employment of manufacturers located in Korea's Masan Free Trade Zone, 1978

Manufacturer	Capacity	Total investment	Capital material and equipment	Employment
	Tons per year	--------1,000 dollars--------		
Kankoku Nitto	13,200	920	632	55
Korea Nippon Seisen	3,960	440	281	40
Korea Murata	19,800	1,900	1,304	109
Murakami Kogyo	13,200	1,400	652	150
Kankoku Nittei	19,800	2,610	1,304	100
Total	69,960	7,270	4,173	454

Source: Conditions of Competition in the Western U.S. Steel Market Between Certain Domestic and Foreign Steel Products, USITC Pub. 986, September 1979, p. C-47.

Counsel for the Korean producers reported that since early 1980, all of the Masan companies were sold, four plants to Korean concerns and one plant to a private Japanese citizen. According to counsel, these firms were sold because tax incentives in the Masan Free Trade Zone are no longer available to the Japanese firms. The new owners are free to buy rod from the cheapest

source regardless of producer or country of origin. Under Japanese multinational ownership, these Masan producers were obliged to purchase rod from a related Japanese parent company at allegedly premium prices. Nails produced by the Japanese-founded companies in Korea are reputed to be among the best in the world.

During January-June 1981, according to counsel for the Korean producers, 31 percent of the nails imported from Korea were electrogalvanized, 22 percent were bright, and 17 percent were vinyl-coated, as shown in the following tabulation:

Type	Percent of distibution
Electrogalvanized	31.3
Bright	21.8
Vinyl-coated	17.4
Cement-coated	10.5
Hot-galvanized	5.4
Phosphate-coated	4.9
Blued	1.0
Other	7.6
Total	100.0

The Devaluation of the Korean Won

Since January 1980 the Korean Government has devalued the won by almost 30 percent. This should result in an improved competitive position for Korean nails in the U.S. market, although the amount of improvement or its timing cannot be determined immediately. Theoretically, exports of nails from Korea worth 1,000 won which could be purchased for $2.07 in December 1979, could be purchased for $1.46 in May 1981. However, given the conditions that prevail in the Korean market concerning the terms of contracts, including their length and currency of denomination, there may be considerable delay in the devaluation's effect on export prices. In addition, the devaluation's effect on Korean export prices will be significantly influenced by the increased costs of imported inputs, such as energy, raw materials, and intermediate goods. To the extent that a Korean producer uses imported inputs, such as wire rod from Japan, his costs may increase significantly relative to those of a Korean producer who uses Korean inputs.

The Yugoslav Industry

Three Yugoslav steel wire nail producers export nails to the United States. 1/ One producer, Zelezarna Jesenice, accounts for approximately 90 percent of the exports to the United States. This firm has been operating its nail plant * * *. Half of its nail machines were * * *, and half were * * *. In 1980, the United States accounted for about * * * percent of this firm's production of nails; the rest of the nails were shipped to * * * (* * * percent) and * * * (* * * percent). Approximately 95 percent of the nails the

1/ Information on the Yugoslav industry was provided by counsel for the Yugoslav producers.

firm ships to the United States are bright common and bright finishing-nails which, according to importer sources, are of poor quality. Problems with these nails include: heads not centered, bent shanks, blunt points, rusty nails, and poor packaging. 1/ One large importer reported that it has never received a shipment from Yugoslavia on time.

Consideration of Material Injury or Threat Thereof

To obtain statistical data for this section of the report, the Commission sent questionnaires to all known U.S. nail producers and to all significant importers of nails from Japan, Korea, and Yugoslavia. In 1979, the U.S. producers responding to the questionnaires accounted for about 80 percent of total U.S. shipments of steel wire nails, as reported by the U.S. Department of Commerce. 2/ When possible, data are presented separately for operations in a 10-State Western region. 3/

U.S. production

Questionnaire respondents reported production of steel wire nails as follows:

Period	Quantity (1,000 short tons)
1978	314
1979	337
1980	271
January-May--	
1980	113
1981	124

These data show that production increased by 7 percent from 1978 to 1979 and decreased sharply by 20 percent in 1980. U.S. nail production increased during January-May 1981 when compared to production in the corresponding period in 1980.

Production of steel wire nails as reported by 7 U.S. producers located in the Western States increased from 65,000 tons in 1978 to 73,000 tons in 1979. Production subsequently decreased by 22 percent to 58,000 tons in 1980, the year U.S. Steel closed its plant in Pittsburg, Calif. Production continued to decrease during January-May 1981 when compared with production in the corresponding period of 1980, as shown in the following tabulation.

1/ Also, see transcript of the conference, pp. 102 and 103.

2/ Commerce data do not include shipments by firms that do not draw their own wire.

3/ Arizona, California, Colorado, Idaho, Montana, Nevada, Oregon, Utah, Washington, and Wyoming.

Period	Quantity (1,000 short tons)
1978	65
1979	73
1980	58
January-May--	
1980	25
1981	23

Of the nails produced in the United States in 1980, 1/ 45 percent were bright nails, 24 percent were cement-coated, and 21 percent were hot-galvanized, as shown in the following tabulation:

Type	Total Percent	Western States percent
Bright	45.3	41.7
Cement-coated	24.4	***
Hot-galvanized	21.2	***
Vinyl-coated	4.8	22.6
Electrogalvanized	1.6	***
Other	2.7	4.8
Total	100.0	100.0

Utilization of productive facilities

It is difficult to determine U.S. productive capacity because output depends upon the type of nail produced. Glader Nail King machine number 71-2-1/2, for example, is advertised to produce sevenpenny nails at the rate of 190 pounds per hour or eightpenny nails at the rate of 279 pounds per hour. Because of this, companies were asked to report capacity based on their "normal" product mix.

Nail machines are ideally operated 3 shifts a day with downtime for maintenance and repair only. Producers of both nails and nail machines indicated, however, that efficient utilization can be achieved by operating at this rate for 5, 6, or 7 days a week. Accordingly, the capacity data are presented on 5-day and 7-day bases for comparison. In 1980, the 5-day operating rate was closer to normal in the industry (table 8). Data for the 5-day operating basis show a slight increase in capacity utilization between 1978 and 1979. The ratio of production to capacity declined from 1979 to 1980, from 79 percent to 70 percent.

1/ As reported by questionnaire data.

Table 8.--Steel wire nails: U.S. producers' 1/ productive capacity, by 5-day and 7-day bases of operation, 1978-80

Year	5-day operating basis		7-day operating basis	
	Capacity	Ratio of production to capacity	Capacity	Ratio of production to capacity
	1,000 short tons	Percent	1,000 short tons	Percent
1978	419	75	586	54
1979	429	79	600	56
1980	385	70	539	50

1/ Questionnaire respondents.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

In 1978, the U.S. Steel plant located in Pittsburg, Calif. accounted for approximately * * * percent of the production capacity in the Western States. This plant closed in May 1980. Production capacity in the Western States, however, remained the same in 1979 as in 1980 with the opening of the Tree Island and Davis Walker production facilities. Utilization of productive capacity
decreased slightly during 1978-80, as shown in table 9.

Table 9.--Steel wire nails: Western U.S. producers' productive capacity, by 5-day and 7-day bases of operation, 1978-80

Year	5-day operating basis		7-day operating basis	
	Capacity	Ratio of production to capacity	Capacity	Ratio of production to capacity
	1,000 short tons	Percent	1,000 short tons	Percent
1978	104	62	146	45
1979	113	65	158	46
1980	104	55	146	39

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

U.S. producers' shipments and exports

Data on U.S. producers' shipments of steel wire nails and staples are maintained by Commerce on a yearly basis (table 10). Although these data are probably the best available, caution should be used in interpreting them. Commerce limits its data collection to steel works and wire-drawing establishments. Data for firms that make nails from purchased steel wire--called "fabricators"--are not included, and as a result, shipment totals are understated. Commerce did collect data from such fabricators in its 1977 Census of Manufactures and in that year, preliminary data show that steel works and wire-drawing establishments accounted for approximately 85 percent of the total quantity of shipments.

Shipments of steel wire nails (including exports) exhibited strong cyclical fluctuations during the 13-year period from 1968 through 1980 as shown in figure 2. Shipments decreased sharply from 473,000 tons in 1974 to 349,000 tons during the 1975 recession, or by of 26 percent.

Table 10.--Steel wire nails: U.S. producers' shipments and exports, 1968-80

(In thousands of short tons)

Year	Shipments (including exports) 1/	Exports
1968	499	7
1969	405	9
1970	359	7
1971	453	7
1972	509	8
1973	524	12
1974	473	15
1975	349	11
1976	410	14
1977	416	13
1978	506	24
1979	2/ 494	10
1980	3/ 414	12

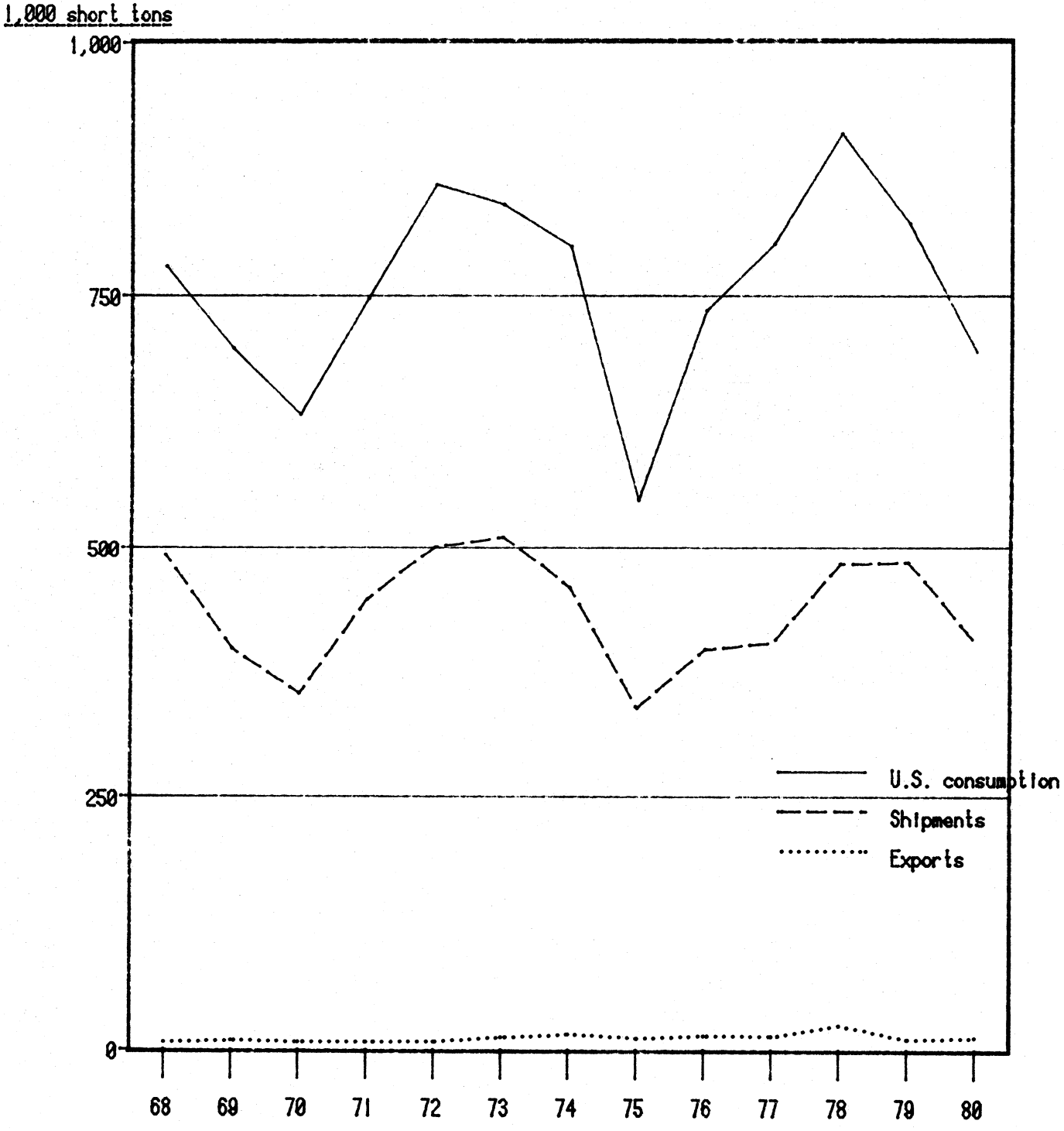
1/ Data collected by the U.S. Department of Commerce do not include nail shipments of fabricators. The U.S. International Trade Commission estimates that shipments of fabricators account for 15 percent of total shipments and has adjusted Commerce data accordingly.

2/ Because Commerce increased its industry coverage in 1978, data for 1978 and 1979 are not necessarily comparable with previous years' data.

3/ Estimated by the U.S. International Trade Commission, taking into consideration fluctuations in U.S. housing starts and extrapolating from questionnaire data. This estimate for 1980 shipments is consistent with that made by the Office of Economics through ordinary least squares analysis of data covering 1968-1975.

Source: Compiled from official statistics of the U.S. Deparmtent of Commerce, except as noted.

Figure 2.--Steel wire nails: Apparent U.S. consumption, U.S. producers' shipments, and exports, 1968-80.



Source: Based on data in tables 10 and 13.

In 1976 and 1977, shipments recovered to 410,000 and 416,000 tons, respectively. Commerce data for 1978 and 1979 are not necessarily comparable with data for previous years because Commerce increased the number of firms responding to its questionnaires beginning in 1978. These data indicate that shipments decreased by 2 percent from 1978 to 1979. Commerce data for 1980 are not available. The Commission estimates that U.S. producers' shipments decreased to an estimated 414,000 short tons, or by 16 percent, from 1979 to 1980. In January-May 1981, U.S. producers' shipments, as reported by questionnaire respondents, increased 8.9 percent when compared with the shipments in the corresponding period of 1980. U.S. producers' exports accounted for no more than 5 percent of shipments during 1968-80 and are made primarily to Canada, with smaller amounts going to Mexico, France, and the United Kingdom.

Approximately 83 percent of the nails produced in the Western States were consumed in those States during January 1978-May 1981. Shipments of steel wire nails by the Western producers to customers in those States, as reported in Commission questionnaires, are shown in the following tabulation:

Period	Quantity (1,000 short tons)
1978	51
1979	54
1980	48
January-May--	
1980	18
1981	21

Inventories

Inventories of steel wire nails are maintained by most producers in order to be assured of a sufficient supply to fill orders. Such inventories remained relatively stable in relation to production during 1978 and 1979, rose as of May 31, 1980, and then fell back to roughly 1978 and 1979 levels by December 31, 1980. The inventory-to-production ratio rose again as of May 31, 1981, as shown in table 11.

Table 11.--Steel wire nails: U.S. producers' 1/ end-of-period inventories, 1978-80, January-May 1980, and January-May 1981

Period	Producers' inventories	Ratio of inventories to production
	1,000 short tons	Percent
1978	39	12.3
1979	42	12.6
1980	33	13.1
January-May--		
1980	46	2/ 14.4
1981	42	2/ 14.1

1/ Questionnaire respondents.
2/ Based on annualized production.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Inventories held by producers in the Western States, as shown in the following table, increased sharply in January-May 1980, and has decreased since then.

Table 12.--Steel wire nails: Western U.S. producers' end-of-period inventories, 1978-80, January-May 1980, and January-May 1981

Period	Producers' inventories	Ratio of inventories to production
	Short tons	Percent
1978	6,546	10.0
1979	9,257	12.8
1980	4,556	7.9
January-May--		
1980	9,033	1/ 15.0
1981	4,124	1/ 7.5

1/ Based on of annualized production.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

U.S. consumption

Apparent U.S. consumption of steel wire nails (U.S. producers' domestic shipments plus imports for consumption) fell dramatically during the 1975

recession. Consumption then increased from 548,000 tons in 1975 to 801,000 by 1977. Data for 1978 and 1979 are not necessarily comparable with previous years' data because Commerce increased the number of firms responding to its questionnaires beginning in 1978. These data indicate that consumption decreased by 10 percent from 1978 and 1979. Although 1980 Commerce data are not available, the Commission, taking into consideration fluctuations in U.S. housing starts and extrapolating from questionnaire data, estimates that U.S. nail consumption in 1980 was approximately 694,000 tons. In this report, the Commission's estimate will be used where applicable. Using the Commission's estimate, consumption in 1980 was 15 percent lower than consumption in 1979 (table 13).

Table 13.--Steel wire nails: Apparent U.S. consumption, 1973-80

(In thousands of short tons)

Year	U.S producers shipments 1/	Exports	Imports	Apparent consumption
1973	524	12	328	840
1974	473	15	340	798
1975	349	11	210	548
1976	410	14	340	736
1977	416	13	398	801
1978	2/ 506	24	428	910
1979	2/ 494	10	337	821
1980	3/ 414	12	292	694

1/ Data collected by the U.S. Department of Commerce do not include nail shipments of fabricators. The U.S. International Trade Commission estimates that shipments of fabricators account for 15 percent of total shipments and has adjusted Commerce data accordingly.

2/ Because Commerce increased its industry coverage in 1978, data for 1978 and 1979 are not necessarily comparable with previous years' data.

3/ Estimated by the U.S. International Trade Commission, taking into consideration fluctuations in U.S. housing starts and extrapolating from questionnaire data. This estimate for 1980 consumption is consistent with that made by the Office of Economics through ordinary least square analysis of data covering 1968-75.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Estimated apparent consumption in the Western States, which accounted for 20 percent of U.S. consumption in 1980, decreased from 189,000 tons in 1978 to 139,000 short tons in 1980, or by 26 percent in 2 years, as shown in the following tabulation:

Year	Quantity (1,000 short tons)
1978	189
1979	177
1980	139

Employment

Employment in the U.S. nail industry, as reported by questionnaire respondents, rose slighly in 1979 and then fell by 23 percent in 1980. Several producers reported that employment continued to fall in January-June 1981. A summary of the employment data reported to the Commission is presented in table 14. Data on employment in the Western States are presented in table 15.

Table 14.--Average number of production and related workers engaged in the manufacture of steel wire nails, hours worked by such workers, and average hourly wages received, 1978-80

Year	Production and related workers	Hours worked by production and related workers	Average hourly wages received
		1,000 hours	
1978	1,859	3,789	$9.98
1979	1,911	3,791	10.60
1980	1,462	2,794	10.30

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 15.-- Average number of production and related workers engaged in the manufacture of steel wire nails in the Western States, hours worked by such workers, and average hourly wages received, 1978-80

Year	Production and related workers	Hours worked by production and related workers	Average hourly wages received
		1,000 hours	
1978	286	604	$10.96
1979	386	821	11.05
1980	301	680	10.67

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Financial experience of U.S. producers

The Commission mailed a total of 25 questionnaires to producers of steel wire nails requesting selected financial information. Usable data were received from 14 domestic producers, accounting for approximately 84 percent of total U.S. production of steel wire nails in 1980, as reported by questionnaire respondents.

Out of the 14 respondents, 3 are located in the Western region. Few producers keep complete accounting records on a product-line basis. In addition, U.S. Steel Corp. provided only standard cost data adjusted for the effects of volume, wage rates, commercial raw-material prices, and price of purchased products and services, not actual product costs. Consequently, the data submitted by the firms on steel wire nails are the best estimates compiled by using various arbitrary allocation methods and, therefore, are limited in their use as a measure of profitability.

Total net sales increased from $166 million in 1978 to $173 million in 1979. This increase was due to an increase in average unit value despite a decrease in the volume of sales. In 1980, net sales decreased to $150 million or by 13.4 percent from the level of sales in 1979. This decrease can be attributed to a 17.9 percent decrease in the volume of reporting U.S. producers shipments.

Gross profit of the U.S. producers on their nail operations were $14 million in 1978 and 1979. These profits decreased to $12 million in 1980. The number of firms reporting losses increased from 2 in 1978 to 8 in 1980. These firms reported losses of $6.5 million in that year. Data on general, selling, and administrative expenses were not collected. Had such data been collected, it is likely that more firms would have shown losses in 1980. Several firms reported that their financial positions continued to decline in 1981. The declining profitability of the nail producers can be attributed to sluggish increases in nail prices which did not keep pace with significant increases in the costs of production during 1978-80.

The Commission received profit-and-loss information from three Western producers. These data show that * * * (table 16).

Research and development, and capital expenditures

Most research and development in the steel wire nail industry is involved with improving machine efficiency. Firms which do not have programs for replacing or upgrading machines tend to have few expenditures for research and development. Research and development expenses associated with the production of steel wire nails were $545,000 during 1978-80, as shown in table 17. More than 80 percent of such expenses were incurred by * * *.

Table 16.--Selected financial data for 14 U.S. producers on their operations on steel wire nails, by regions, 1978-80

Year and item	3 Western producers	All producers
1978:		
Net sales----------1,000 dollars--	***	$166,135
Cost of goods sold----------do----	***	151,908
Gross profit or (loss)--------do----	***	14,227
Ratio of gross profit or (loss) to net sales----------percent--	***	8.6
Number of firms reporting a loss----	***	2
1979:		
Net sales----------1,000 dollars--	***	173,265
Cost of goods sold----------do----	***	159,093
Gross profit or (loss)--------do----	***	14,172
Ratio of gross profit or (loss) to net sales----------percent--	***	8.2
Number of firms reporting a loss----	***	4
1980:		
Net sales----------1,000 dollars--	19,822	149,974
Cost of goods sold----------do----	22,402	138,346
Gross profit or (loss)--------do----	(2,580)	11,628
Ratio of gross profit or (loss) to net sales----------percent--	(13.0)	7.8
Number of firms reporting a loss----	3	7

Source: Compiled from data submitted in response to questionnaires of U.S. International Trade Commission.

Capital expenditures, as reported by 19 firms, totaled $24 million in 1978-80 (table 17). Three firms which accounted for 80 percent of total capital expenditures were * * *. These three firms * * *.

Table 17.--Research and development, and capital expenditures by U.S. producers of steel wire nails, by regions, 1978-80

(In thousands of dollars)

Item	1978	1979	1980	Total
Research and development expenses:				
Western producers----------	***	***	***	394
All producers----------	192	128	225	545
Capital expenditures:				
Western producers----------	4,993	2,998	2,577	10,568
All producers----------	7,943	8,236	7,719	23,898

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

During 1978-80, U.S. producers in the Western States spent $11 million on capital expenditures. * * * and * * * accounted for * * * percent and * * * percent, respectively, of the total expenditures.

An indication of capital expenditures made by the entire domestic steel wire nail industry can be seen in the number of new nail machines purchased. For a new operation, nail machines, which cost about $40,000 apiece, are estimated to account for about 30 percent of the total required investment. The following tabulation presents total U.S. sales of new nail machines by Wafios Machinery Corp., whose nail machines are reputed to be the best in the world. Most of the new machinery was purchased by nonintegrated producers.

Period	Quantity
1975	***
1976	***
1977	***
1978	***
1979	***
1980	***
1981 (January-June)	17

A spokesman for Wafios indicated that sales of spare parts for nail machines have decreased in 1981 from the level in 1980. He attributed this decrease to a slowdown in production.

The nail industry also has been indirectly affected by the large capital expenditures required of all steelmaking companies in complying with Environmental Protection Agency regulations, and some occupational safety and health costs (primarily noise control) have been incurred. According to industry officials, complying with environmental regulations has had a substantial negative impact on the industry's competitive position because the required investments have taken capital that could have been used for modernization and expansion.

Consideration of the Causal Relationship Between Possible LTFV Imports and Alleged Injury

U.S. imports and market penetration

U.S. imports of the steel wire nails under investigation enter under items 646.25 and 646.26 of the TSUS. Although most of the imports entered under these items are nails, some brads, tacks, spikes, and staples which are not under investigation also enter under these items. Thus, data on imports of nails presented in this report may be slightly overstated.

U.S. imports of steel wire nails come primarily from four countries: Canada, Korea, Japan, and Poland. Since the 1975 recession, imports increased from 210,000 tons in 1975 to 428,000 tons in 1978. Imports have since fallen to 337,000 tons in 1979 and 292,000 tons in 1980, or by 32 percent in 2 years.

Imports from Korea increased dramatically during 1973-78, rising from 1,500 tons, or less than 0.5 percent of total imports, in 1973, to 109,000 tons, or 25 percent of imports, in 1978. In 1979 and 1980, imports from Korea decreased to 92,000 tons and 76,000 tons, respectively. Imports from Korea increased 32 percent during January-May 1981, compared with imports in the corresponding period in 1980.

Imports of certain steel wire nails from Japan have decreased irregularly since 1973 and steadily from 150,000 tons in 1976 to 57,000 tons in 1980, representing a decrease of 62 percent. Imports from Japan have further decreased from 28,000 tons in January-May 1980 to 17,000 tons during the corresponding period of 1981, or by 39 percent. As a share of total imports, imports from Japan have decreased from 52 percent in 1973 to 12 percent in January-May 1981.

It is believed that Korea's increasing share and Japan's declining share of imports can be partly explained by a shift in Japanese-owned productive facilities from Japan to the free-trade zone in Korea. The combined share of imports from Korea and Japan has been more stable than that of either country individually. Imports from these two countries increased from 53 percent to 58 percent of total imports between 1973 and 1977, and then decreased to 51 percent in 1978, 47 percent in 1979, and 46 percent in 1980 (fig. 3).

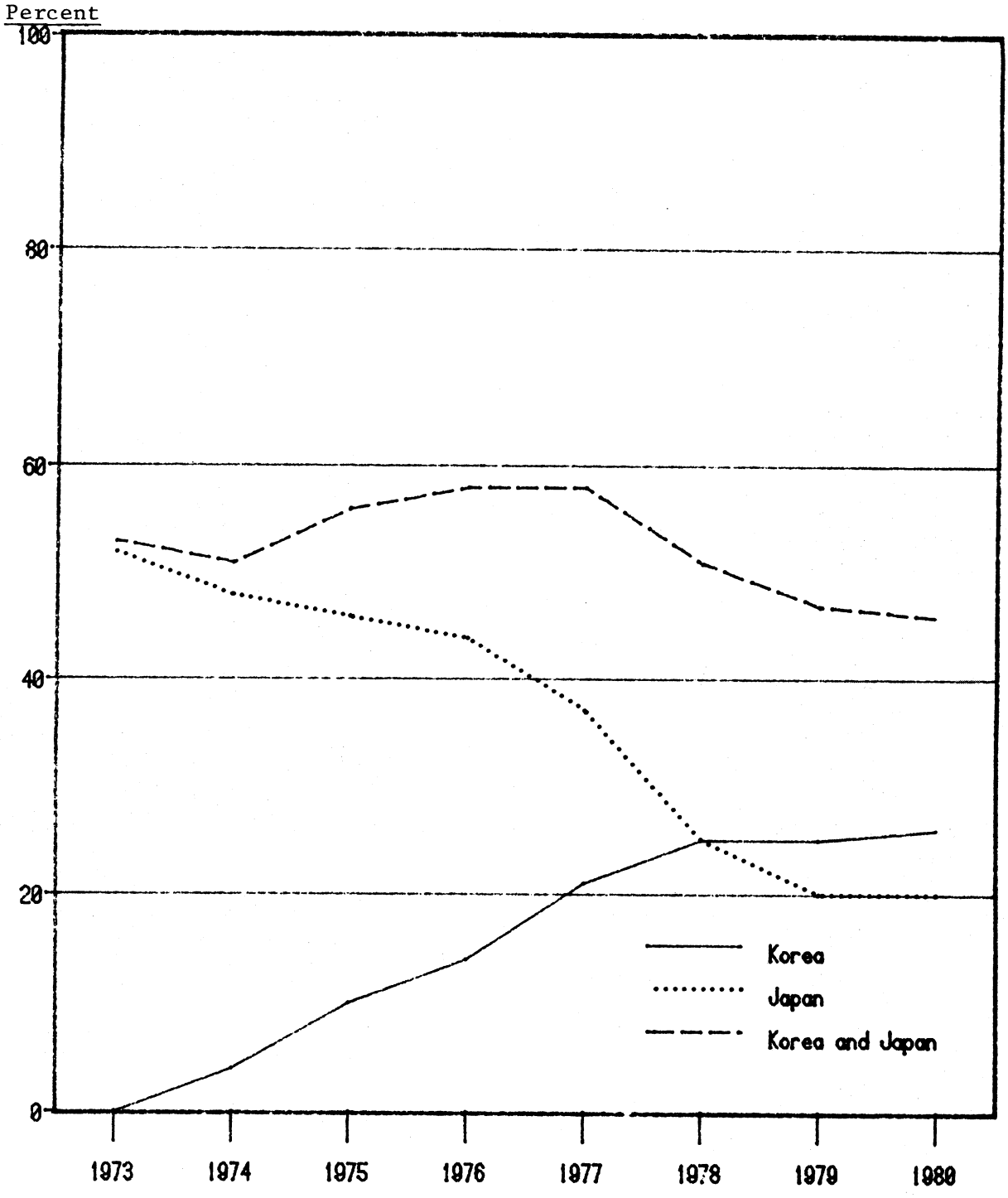
Imports from Yugoslavia accounted for a constant 3 percent of total imports during January 1977-May 1981. These imports increased from 13,000 tons in 1977 to 14,000 tons in 1978, and decreased to 10,000 tons in 1980 (table 18).

Compared with apparent U.S. consumption, imports of steel wire nails under investigation from all sources rose from 39 percent in 1973 to 43 percent in 1974, and fell to 38 percent in 1975. Total imports, recovering strongly after the recession in 1975, rose to 46 percent of consumption in 1976 and to 49 percent in 1977. Imports' share of consumption decreased irregularly from 47 percent in 1978 to 42 percent in 1980.

Imports from Japan decreased from 20 percent of consumption in 1973 to 18 percent in 1977. Such imports decreased further, from 12 percent of consumption in 1978 to 8 percent in 1979 and 1980. Imports from Korea rose steadily during the period, increasing from less than 0.5 percent of consumption in 1973 to 10 percent of consumption in 1977. These imports decreased from 12 percent of consumption in 1978 to 11 percent in 1979 and 1980. The combined share of imports from Japan and Korea increased from 20 percent of consumption in 1973 to 28 percent in 1977. This share decreased from 24 percent in 1978 to 19 percent in 1979 and 1980. Imports from Yugoslavia never exceeded 2 percent of consumption during 1973-80 (table 19).

Imports from Japan entering the Western States, as a share of total imports from Japan, decreased from 43 percent in 1977 to 26 percent in 1980. Imports from Korea decreased irregularly from 56 percent in 1977 to 54 percent in 1980. The combined share of imports from Japan and Korea entering the Western States decreased irregularly from 48 percent of total imports from these two countries in 1977 to 42 percent in 1980 (table 20).

Figure 3.--Certain steel wire nails: U.S. imports from Japan and Korea as a share of total imports, 1973-80.



Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 18.--Steel wire nails: U.S. imports for consumption, by principal sources, 1973-80, January-May 1980, and January-May 1981

Source	1973	1974	1975	1976	1977	1978	1979	1980	January-May 1980	January-May 1981
	Quantity (1,000 short tons)									
Republic of Korea	1	12	21	47	84	109	92	76	37	49
Japan	171	162	96	150	146	108	68	57	28	17
Yugoslavia	17	13	6	15	13	14	11	10	5	4
Canada	60	66	49	60	75	78	80	82	29	36
Poland	32	31	18	32	34	49	18	26	12	12
Other	46	57	20	37	45	71	69	41	19	18
Total	328	340	210	340	398	428	337	292	129	136
	Value (million dollars)									
Republic of Korea	1/	6	9	16	31	45	50	36	17	22
Japan	50	79	45	57	63	55	48	37	18	11
Yugoslavia	3	4	2	4	4	4	4	3	1	1
Canada	18	31	23	28	36	41	45	46	16	21
Poland	7	11	6	9	10	15	7	9	4	4
Other	11	25	8	15	19	29	35	22	11	11
Total	89	156	93	129	162	189	189	153	68	71
	Percent of total quantity									
Republic of Korea	2/	4	10	14	21	25	27	26	28	36
Japan	52	48	46	44	37	25	20	20	22	12
Republic of Korea and Japan	53	51	56	58	58	51	47	46	50	48
Yugoslavia	5	4	3	4	3	3	3	3	4	3
Canada	18	19	23	18	19	18	24	28	22	27
Poland	10	9	9	9	9	11	5	9	9	9
Other	14	17	9	11	11	17	21	14	15	14
Total	100	100	100	100	100	100	100	100	100	100

1/ Less than $500,000.
2/ Less than 0.5 percent.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note: Because of rounding, figures may not add to the totals shown.

Table 19.--Steel wire nails: U.S. imports as a share of apparent U.S. consumption, 1973-80

(In percent)

Year	Japan	Korea	Japan and Korea	Yugoslavia	Other sources	All sources
1973	20	1/	20	2	17	39
1974	20	2	22	2	19	43
1975	18	4	22	1	15	38
1976	20	6	26	2	18	46
1977	18	10	28	2	19	49
1978	12	12	24	2	21	47
1979	8	11	19	1	21	41
1980	8	11	19	1	22	42

1/ Less than 0.5 percent.

Source: Compiled from data presented in tables 13 and 18.

Note.--Data for 1978, 1979, and 1980 are not necessarily comparable with previous years' data.

Table 20.--Steel wire nails: U.S. imports from Japan and the Republic of Korea into the Western States 1/ as a share of each country's imports to the United States, 1973-1980, January-May 1980, and January-May 1981

(In percent)

Period	Japan	Korea	Japan and Korea
1973	34	39	34
1974	35	28	34
1975	38	23	36
1976	37	42	38
1977	43	56	48
1978	36	55	45
1979	27	51	41
1980	26	54	42
January-May--			
1980	32	57	46
1981	21	54	46

1/ Arizona, California, Colorado, Idaho, Montana, Nevada, Oregon, Utah, Washington, and Wyoming.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Imports from Japan into the Western States decreased from 62,000 tons, or 54 percent of total imports into the region, in 1977 to 15,000 tons, or 21 percent of total imports, in 1980. Imports from Korea into the region increased steadily from 389 tons, or 0.5 percent of Western region imports in 1973 to 60,000 tons, or 55 percent of Western region imports, in 1978. Such imports have since decreased to 47,000 tons in 1979 and 41,000 tons in 1980, or by 31 percent in 2 years. Total imports from Japan and Korea combined decreased from 110,000 tons in 1977 to 56,000 tons by 1980, or by 49 percent (table 21).

Import-to-consumption ratios for total imports from all sources into the Western States declined from 57 percent in 1978 to 52 percent in 1980. The share of consumption held by Korean imports decreased from 32 percent in 1978 to 27 percent in 1979, and increased to 30 percent in 1980. Imports from Japan decreased from 20 percent of consumption in 1978 to 11 percent in 1979 and 1980. Corresponding import-to-consumption ratios for the two countries combined decreased from 52 percent in 1978 to 40 percent in 1980. The share of apparent consumption held by U.S. producers in the Western States increased from 32 percent in 1978 to 41 percent in 1980 (table 22).

No imports of steel wire nails from Yugoslavia entered the Western States in 1980. The percentage distribution of imports from Yugoslavia, by districts, is shown in the following tabulation:

District	Percentage distribution of imports
New York	57
Baltimore	14
Houston	13
New Orleans	9
Savannah	5
Tampa	2
Total	100

Prices

Data collected by the Commission suggest that price is the most important factor in competition among suppliers of steel wire nails. The Commission requested that respondents to its questionnaires rank those factors of competition which they feel significantly affect the marketing of their nails. All 14 importers and 12 domestic producers who responded to this question identified price as a significant factor, and 24 of these 26 indicated that it is the most important. Aspects of quality and service were generally cited as less important. In addition, testimony at the conference by domestic producers of steel wire nails supports these questionnaire findings. 1/

1/ Transcript of the conference, p. 113.

Table 21.--Steel wire nails: U.S. imports for consumption in the Western districts, 1/ by principal sources, 1973-80, January-May 1980, and January-May 1981

Item	1973	1974	1975	1976	1977	1978	1979	1980	January-May	
									1980	1981
Republic of Korea:										
Quantity---short tons--	389	3,304	4,842	19,858	47,419	59,844	47,310	41,194	21,094	26,546
Percent of total-------	.5	4.2	9.5	23.9	40.9	55.2	53.4	56.9	57.6	73.0
Japan:										
Quantity---short tons--	58,510	56,554	36,869	55,518	62,128	38,836	18,592	14,984	8,939	3,589
Percent of total-------	82.6	71.2	72.5	66.8	53.6	35.8	21.0	20.7	24.4	9.9
Japan and Korea:										
Quantity---short tons--	58,899	59,858	41,711	75,376	109,547	98,680	65,902	56,178	30,033	30,135
Percent of total-------	83.0	75.4	82.0	90.7	94.5	91.0	74.4	77.6	82.0	82.8
All other:										
Quantity---short tons--	11,974	19,593	9,174	7,707	6,402	9,754	22,638	16,238	6,601	6,249
Percent of total-------	16.9	24.7	18.0	9.3	5.5	9.0	25.6	22.4	18.0	17.2
Total										
Quantity---short tons--	70,874	79,450	50,885	83,083	115,948	108,434	88,539	72,416	36,634	36,384
Percent of total-------	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1/ Arizona, California, Colorado, Idaho, Montana, Nevada, Oregon, Utah, Washington, and Wyoming.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Because of rounding, figures may not add to the totals shown.

A-33

Table 22.--Steel wire nails: U.S. imports for consumption and U.S. producers' shipments as a share of consumption in the Western States, by principal sources, 1978-80

(In percent)

Item	1978	1979	1980
Imports from:			
Korea	31.6	26.7	29.6
Japan	20.5	10.5	10.8
Japan and Korea	52.1	37.2	40.4
Other countries	5.2	12.8	11.7
All countries	57.3	50.0	52.1
Shipments from:			
Western producers	31.8	35.9	40.7
Other U.S. producers	10.9	14.2	7.3
Total	100.0	100.0	100.0

Source: Estimated by the U.S. International Trade Commission from official statistics of the U.S. Department of Commerce and data submitted in response to questionnaires of the U.S. International Trade Commission.

Note.--Because of rounding, figures may not add to the totals shown.

Questionnaire information also suggests that both U.S. producers and importers of steel wire nails engage in vigorous price competition through negotiated prices. Many, but not all, maintain price lists; such lists, from which discounts may be negotiated according to market conditions, are more prevalent among domestic producers than among importers. A common form of discounting has been equalization of freight costs to those of the producer nearest the buyer. It is reported that domestic producers generally quote prices on an f.o.b., mill basis. On the other hand, U.S. importers quote prices on a variety of bases. Some allow customers a choice of price quotations on an ex-dock (duty-paid) basis, an ex-warehouse basis, or a delivered basis.

In order to compare prices of steel wire nails produced in the United States with prices of those imported from Japan, Korea, and Yugoslavia, the Commission requested that domestic producers and importers supply net f.o.b. selling prices 1/ during January 1979-June 1981, by quarters, for four representative types of nails. The four selected categories are: sixteenpenny cement-coated countersunk nails; sixteenpenny green-vinyl sinker nails;

1/ Significant transportation costs suggest that it is the total (delivered) cost of nails from alternative suppliers which is compared in making a decision to purchase. However, because of the large number of purchasers, these delivered prices were not available in this investigation. As a result, the influence of transportation costs on prices may not be completely accounted for in these data, and the reported f.o.b. prices may provide only an indication of price fluctuations in the market.

electrogalvanized roofing nails (11G x 1-1/4 x 7/16); and sixteenpenny bright common nails. Pricing information in some instances was incomplete or thinly reported because only one or two respondents were able to supply data in the form requested by the Commission. In addition, care should be taken in comparing price data because of differences in the nature of sales. For example, some importers reported "ex-warehouse" prices, and others reported "ex-dock" prices (the latter being characterized by typically larger quantities, longer lead time, and lower price). These problems were more prevalent among imports--especially those from Yugoslavia--than among domestic nails. 1/ Hence, price data in this report may be more indicative of trends than differences in absolute price levels of domestic and imported nails. Reported prices of U.S.-produced nails generally increased during January 1979-June 1981, and prices for nails imported from Japan, Korea, and Yugoslavia generally declined.

Price data collected from domestic producers of steel wire nails provided a full series for each of the four specified nail categories (table 23). The average net selling price for sixteenpenny cement-coated countersunk nails increased from 23.6 cents per pound in January-March 1979 to 26.5 cents per pound in April-June 1981, or by 12 percent. During the same period, the average net selling price for sixteenpenny green-vinyl sinker nails increased from 24.9 cents per pound to 26.8 cents per pound, or 8 percent; the average net selling price for the specified electrogalvanized roofing nails increased slightly from * * * cents per pound in January-March 1979 to 35.7 cents per pound in April-June 1981, or by * * * percent; and the price for sixteenpenny bright common nails over the same period increased from 22.9 cents per pound to 25.4 cents per pound, or by 11 percent.

Reported prices of imported nails from Japan (table 23) provided a complete price series for only one nail category--electrogalvanized roofing nails (11G x 1-1/4 x 7/16). Prices for only a single quarter were reported for each of the other three nail categories. The average net selling price for the specified electrogalvanized nails declined from 33.5 cents per pound in January-March 1979 to * * * cents per pound in April-June 1981, or by * * * percent.

Reported prices of imported nails from Korea provided a complete price series for three of the four nail categories. Prices for sixteenpenny cement-coated countersunk nails were reported for only 5 quarters and did not exhibit a definite trend. However, prices reported for the other three categories, although fluctuating, generally declined from January 1979 through June 1981. For instance, the average net selling price for the specified green-vinyl nails decreased irregularly from 25.0 cents per pound to 24.0 cents per pound, or by 4 percent. In addition, average net selling prices for the specified

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1/ In some cases, the scarcity of reported price data may reflect the composition of production and trade. For instance, U.S. production of electrogalvanized and green-vinyl nails is believed to be small. In addition, testimony at the conference indicated and that imports from Yugoslavia consist mainly of the bright common nails, those from Japan are generally of the specialty types (prices of specialty nails were not requested by the Commission).

Table 23.--Steel wire nails: Net selling prices for the largest shipment of U.S.-produced nails and those imported from Japan, the Republic of Korea, and Yugoslavia, by types and by quarters, January 1979-June 1981

(In cents per pound)

Period	U.S.-produced nails		Nails imported from--					
			Japan		The Republic of Korea		Yugoslavia	
	Price range	Average price	Price range	Average price	Price range	Average price	Price range	Average price
	Sixteenpenny cement-coated countersunk nails							
1979:								
January-March	21.0-26.0	23.6	1/	1/	1/	1/	1/	1/
April-June	23.0-27.1	25.1	1/	1/	***	***	1/	1/
July-September	23.0-28.1	25.1	1/	1/	1/	1/	1/	1/
October-December	22.1-29.6	25.5	1/	1/	1/	1/	1/	1/
1980:								
January-March	22.8-29.3	25.5	***	***	***	***	1/	1/
April-June	23.0-31.7	25.5	1/	1/	***	***	1/	1/
July-September	22.3-31.7	24.9	1/	1/	1/	1/	1/	1/
October-December	22.0-31.7	24.9	1/	1/	1/	1/	1/	1/
1981:								
January-March	22.8-30.0	25.9	1/	1/	***	***	1/	1/
April-June	22.8-31.1	26.5	1/	1/	***	***	1/	1/
	Sixteenpenny green-vinyl sinker nails							
1979:								
January-March	23.8-26.0	24.9	***	***	***	25.0	1/	1/
April-June	23.8-27.7	25.2	1/	1/	***	24.8	1/	1/
July-September	23.8-27.7	25.1	1/	1/	***	***	1/	1/
October-December	23.5-29.6	25.4	1/	1/	***	***	1/	1/
1980:								
January-March	21.9-29.9	25.0	1/	1/	***	***	1/	1/
April-June	22.3-32.3	25.9	1/	1/	***	***	1/	1/
July-September	22.3-32.3	25.8	1/	1/	23.9-28.0	24.7	1/	1/
October-December	22.3-32.3	26.2	1/	1/	23.9-28.0	25.3	1/	1/
1981:								
January-March	23.1-29.9	26.4	1/	1/	23.0-28.0	24.9	1/	1/
April-June	23.1-31.7	26.8	1/	1/	23.0-25.0	24.0	1/	1/
	Electrogalvanized roofing nails (11G x 1-1/4 x 7/16)							
1979:								
January-March	***	***	32.9-34.5	33.5	32.8-35.4	34.2	1/	1/
April-June	***	35.7	32.8-37.0	33.9	23.8-36.2	34.3	1/	1/
July-September	***	35.4	32.9-37.2	34.6	32.8-38.5	34.9	1/	1/
October-December	***	35.3	32.9-34.5	34.0	31.0-38.5	33.8	1/	1/
1980:								
January-March	***	***	32.2-35.0	33.5	30.0-38.5	32.3	1/	1/
April-June	***	33.2	29.0-32.9	31.0	30.0-30.2	30.1	1/	1/
July-September	***	32.2	29.0-34.4	31.9	29.0-35.7	31.9	1/	1/
October-December	***	36.3	28.0-32.9	30.2	27.0-32.8	29.5	1/	1/
1981:								
January-March	***	35.2	27.0-32.9	30.5	28.0-32.8	30.0	1/	1/
April-June	***	35.7	***	***	28.0-32.8	30.2	1/	1/
	Sixteenpenny bright common nails							
1979:								
January-March	21.0-24.9	22.9	1/	1/	***	27.8	***	***
April-June	22.4-26.9	24.3	1/	1/	23.0-27.0	25.1	***	***
July-September	22.9-28.7	24.7	1/	1/	***	***	***	***
October-December	22.0-29.4	24.8	1/	1/	***	***	1/	1/
1980:								
January-March	21.4-29.3	24.9	1/	1/	22.0-24.0	23.3	***	***
April-June	21.4-30.5	24.0	1/	1/	22.0-30.0	25.8	***	***
July-September	21.2-31.7	24.2	1/	1/	***	25.2	***	***
October-December	21.4-30.7	25.2	***	***	21.0-30.0	24.0	***	***
1981:								
January-March	21.9-28.4	24.8	1/	1/	21.0-30.0	24.2	***	***
April-June	21.9-30.8	25.4	1/	1/	21.0-30.0	23.4	1/	1/

1/ Not available.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Note.--In several instances data were reported by only 1 firm. U.S. producers generally reported ex-mill prices, and importers reported both ex-dock and ex-warehouse prices. U.S. producer and importer prices, therefore, are not necessarily comparable.

electrogalvanized nails and bright common nails displayed similar trends over the same period, declining from 34.2 cents per pound and 27.8 cents per pound to 30.2 cents per pound and 23.4 cents per pound, respectively, or by of 12 percent and 16 percent, respectively.

Only one importer of nails imported from Yugoslavia provided data for one category--sixteenpenny bright common nails--but did not report prices for all quarters. Reported prices * * * from January 1979 to March 1981.

In general, the average net selling prices for nails imported from Japan and Korea were less than those of comparable U.S.-produced nails. The notable exception was higher prices of sixteenpenny bright common nails from Korea for 5 of the 10 quarters for which prices were reported. Margins of underselling as reported by one firm were greatest for the * * *. In addition, margins of underselling for the specified electrogalvanized nails imported from Korea and Japan were noticeably greater in the October-December 1980 and January-June 1981 (ranging from 13 percent to almost 19 percent of U.S. producer prices) than for any previous quarter for which these data were requested.

Prices in the Western region 1/ of the United States.-- Domestic and imported prices for January 1979-June 1981 were requested for sales of steel wire nails in the Western region of the United States. Responses exhibit the same inconsistencies and anomalies as data provided for all U.S. sales, discussed above. There were no imports of nails from Yugoslavia into the Western region.

Western producers' average net selling prices (table 24) for each of the four categories of nails generally followed the rising trends noted in the price data reported for the entire United States. * * *.

Data on nails imported from Japan and sold in the Western region provided a complete price series in only one category--electrogalvanized roofing nails (11G x 1-1/4 x 7/16). Average net selling prices in this category * * * percent during the period. Nail prices were reported for only a single quarter in the specified green-vinyl category and for two quarters in the specified cement-coated category. No nail prices were reported in the specified bright common category.

Data reported for nails imported from Korea and sold in the Western region provided a complete price series for three of the four nail categories. Prices reported for these three categories of nails fluctuated a great deal. During the period, average net prices for the specified green-vinyl and electrogalvanized nails declined by 4 percent and 1.2 percent, respectively, and those for the bright common nails increased by 12.8 percent. No prices were reported for the sixteenpenny cement-coated countersunk nails.

1/ The Western region has been defined to include the following 10 States: Arizona, California, Colorado, Idaho, Montana, Nevada, Oregon, Utah, Washington, and Wyoming.

Table 24.--Steel wire nails: Net selling prices, in the Western region only, for the largest shipments of U.S.-produced nails and those imported from Japan and the Republic of Korea, by types and by quarters, January 1979-June 1981

(In cents per pound)

Period	U.S.-produced nails		Nails imported from--			
			Japan		The Republic of Korea	
	Price range	Average price	Price range	Average price	Price range	Average price
	Sixteenpenny cement-coated countersunk nails					
1979:						
January-March	***	***	1/	1/	1/	1/
April-June	***	***	1/	1/	1/	1/
July-September	***	***	***	***	1/	1/
October-December	***	***	1/	1/	1/	1/
1980:						
January-March	***	***	***	***	1/	1/
April-June	***	***	1/	1/	1/	1/
July-September	***	***	1/	1/	1/	1/
October-December	***	***	1/	1/	1/	1/
1981:						
January-March	***	***	1/	1/	1/	1/
April-June	***	***	1/	1/	1/	1/
	Sixteenpenny green-vinyl countersunk nails					
1979:						
January-March	23.8-26.0	24.9	***	***	***	***
April-June	23.8-27.7	25.2	1/	1/	***	***
July-September	23.8-27.7	25.1	1/	1/	***	***
October-December	23.5-29.9	25.4	1/	1/	***	***
1980:						
January-March	21.9-29.9	25.0	1/	1/	***	***
April-June	22.3-32.3	25.9	1/	1/	***	***
July-September	22.3-32.3	25.8	1/	1/	***	25.3
October-December	22.3-32.3	26.2	1/	1/	***	25.0
1981:						
January-March	23.1-29.9	26.4	1/	1/	***	25.1
April-June	23.1-31.7	26.8	1/	1/	***	24.0
	Electrogalvanized roofing nails (11G x 1/4 x 7/16)					
1979:						
January-March	***	***	***	33.4	***	***
April-June	***	***	***	***	***	***
July-September	***	***	***	***	***	***
October-December	***	***	***	***	***	***
1980:						
January-March	***	***	***	***	***	35.5
April-June	***	***	***	***	***	***
July-September	***	***	***	***	***	35.2
October-December	***	***	***	***	***	***
1981:						
January-March	***	***	***	***	***	35.2
April-June	***	***	***	***	***	***
	Sixteenpenny bright common nails					
1979:						
January-March	22.4-24.4	23.6	1/	1/	***	***
April-June	22.4-26.3	24.2	1/	1/	***	***
July-September	22.4-26.3	24.1	1/	1/	***	***
October-December	22.4-28.4	24.8	1/	1/	***	***
1980:						
January-March	21.4-28.4	24.7	1/	1/	***	***
April-June	***	24.9	1/	1/	***	27.0
July-September	***	25.1	1/	1/	***	***
October-December	***	25.4	1/	1/	***	***
1981:						
January-March	***	25.7	1/	1/	***	25.3
April-June	***	26.2	1/	1/	***	***

1/ Not available.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission

Note: In several instances data were reported by only 1 firm. U.S. producers generally reported ex-mill prices, and importers reported both ex-dock and ex-warehouse prices. U.S. producer and importer prices, therefore, are not necessarily comparable.

The evidence on underselling in the Western region is mixed. In each of the four categories, instances of higher import prices were more numerous than those at the national level. For instance, in 6 of the 10 quarters, average prices of bright common nails imported from Korea were higher than U.S. producers' prices, and in 4 of the 10 quarters, data on average prices of the electrogalvanized nails from Korea also showed overselling. In addition, four of the ten quarterly average net selling prices for the specified electro-galvanized nails from Japan were above the comparable domestic prices.

Comparisons with other price indicators.--The rate of increase in net selling prices of U.S.-produced steel wire nails, reported in response to the Commission's questionnaires, was slower than the rates shown by Producer Price Indexes (PPI) for steel wire nails reported by the Bureau of Labor Statistics (BLS). For instance, from the January 1979-June 1981, Commission data show price increases for the various types of nails ranging from 1 percent to 12 percent, and the PPI for eightpenny bright common nails increased 25 percent, and that for eightpenny galvanized common nails increased 27 percent. In addition, both of these price increases and the increase in the PPI for steel wire nails were less than the 30-percent increase in the PPI for steel wire rod (from which wire is drawn for nail production). BLS reports that the PPI for steel wire nails and wire rod are based primarily on reports of list prices rather than actual transaction prices. Therefore, the difference observed between the PPI and Commission data are an indication of the intensity of price competition in the market for nails. These differences are consistent with Commerce reports that there was significant selling below listed prices for steel wire rod products in 1980. 1/

Lost sales

Domestic producers were requested to report or supply information conerning sales of steel wire nails which they lost, or which were made at reduced prices, because of competition from imports from Japan, the Republic of Korea, or Yugoslavia. Of the producers responding to the questionnaires, eight companies reported such lost sales. A lost sale occurs when a customer decreases its purchases or stops purchasing from a domestic producer with which it has been doing business to buy the imported product. A total of 93 allegations were claimed involving sales lost to 57 customers. Of these, 42 customers were contacted by the Commission staff and 64 of the allegations were examined. It should be noted that the companies responding indicated that these alleged lost sales were examples of lost sales and did not constitute all sales lost. In addition, some companies indicated that they were losing sales to imports but were unable to supply specific examples to support such claims.

1/ 1981 U.S. Industrial Outlook for 200 Industries with Projections for 1985, U.S. Department of Commerce, January 1981.

Although all customers contacted purchased nails made in the countries under the investigation, there was no confirmed evidence of a lost sale. All customers had a history of buying imported nails, and all claimed that they had not changed their buying habits or sources in the past year, and that they were not aware that imports had any lowering effect on prices in the market place.

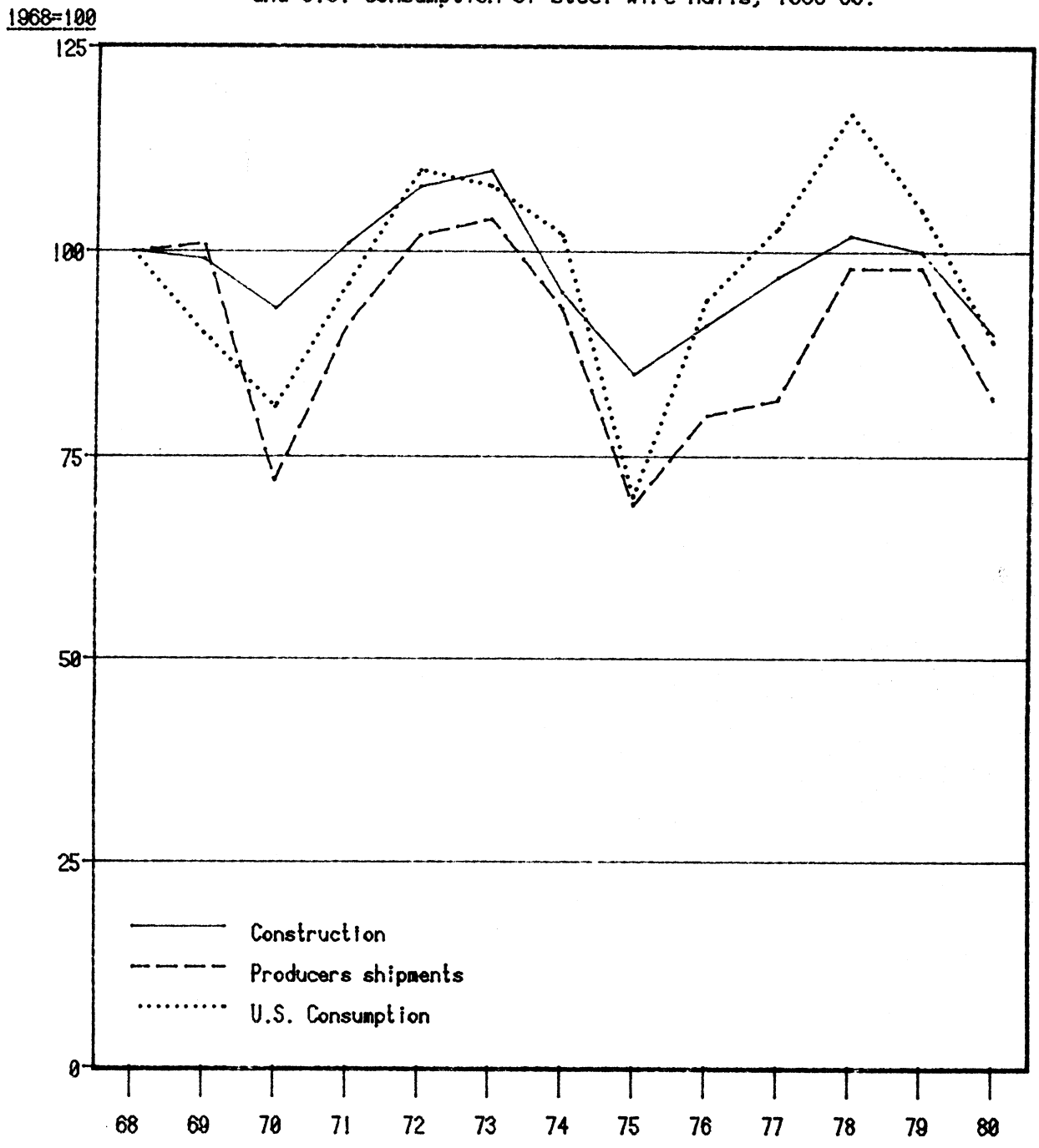
Cyclical nature of consumption

Consumption of steel wire nails is related to U.S. construction as shown in figure 4. The indexes used in figure 4 are listed in the following tabulation (1968=100):

Year	Construction put in place (1972 dollars)	U.S. producers' shipments 1/ of steel wire nails	U.S. consumption 1/ of steel wire nails
1968	100	100	100
1969	99	101	90
1970	93	72	81
1971	101	91	96
1972	108	102	110
1973	110	104	108
1974	95	93	102
1975	85	69	70
1976	91	80	94
1977	97	82	103
1978	102	98	117
1979	100	98	105
1980	90	82	89

1/ Indexes are based on quantity.

Figure 4.--Indexes of construction put in place, U.S. producers' domestic shipments of steel wire nails, and U.S. consumption of steel wire nails, 1968-80.



Source: Based on data in the tabulation on page A-40.

APPENDIX A

COMMERCE'S LETTER OF NOTIFICATION TO THE COMMISSION

UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
Washington, D.C. 20230

JUN 26 1981

The Honorable Bill Alberger, Chairman
International Trade Commission
701 E Street, N.W.
Washington, D.C. 20436

Dear Chairman Alberger:

We have determined that antidumping investigations of wire nails from Japan, Korea and Yugoslavia are warranted under section 732(a) of the Tariff Act of 1930, as amended ("the Act"). Pursuant to section 732(d) (1) of the Act, I hereby formally advise you of these determinations. The bases for these determinations are specified in the attached copies of the Federal Register notices.

Pursuant to section 353.39(f), Commerce Regulations, we will accord you full access to all nonprivileged and non-confidential information in our files. We will make all privileged and confidential information in the files available upon confirmation that the confidentiality of such information will be maintained and that it will not be disclosed, either publicly or under administrative protective order, without the express written consent of the Deputy Assistant Secretary for Import Administration.

Sincerely,

Waring Partridge
Acting Deputy Assistant Secretary
for Import Administration

APPENDIX B

WITNESSES AT THE COMMISSION'S CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

Investigations Nos. 731-TA-45, 46, and 47 (Preliminary)

CERTAIN STEEL WIRE NAILS FROM JAPAN, THE REPUBLIC OF KOREA, AND YUGOSLAVIA

Those listed below appeared as witnesses at the United States International Trade Commission conference held in connection with the subject investigations on Thursday, July 23, 1981, in the Hearing Room of the USITC Building, 701 E Street, NW., Washington, D.C.

In support of the imposition of antidumping duties

Steptoe & Johnson--Counsel
Washington, D.C.
on behalf of

Tree Island Steel, Inc.
Armco, Inc.

Abe Sacks, President, Tree Island Steel, Inc.

Richard O. Cunningham)
W. George Grandison)
Charlene Barshefsky) -- OF COUNSEL
Rebecca Mims-Velarde)

Fried, Frank, Harris, Shriver & Kampelman--Counsel
Washington, D.C.
on behalf of

Atlantic Steel Co.
Florida Wire & Nail
New York Wire Mills
Virginia Wire & Fabric

Jack Klein, Senior Vice President, Ivaco, Inc. (parent firm)

David E. Birenbaum)
William P. Alford) -- OF COUNSEL

- more -

In opposition to the imposition of antidumping duties

Daniels, Houlihan & Palmeter--Counsel
Washington, D.C.
on behalf of

KOREA METAL INDUSTRY COOPERATIVE
Ah Ju Steel Co., Ltd
Kankuko Nitto Co., Ltd.
Korea Nippon Seisen Co., Ltd.
Je Il Steel Co., Ltd.
New Korea Nails Ind. Co., Ltd.
Kuk Dong Metal Ind. Co., Ltd.
Jin Heung Iron & Steel Co., Ltd.
Young Sin
The Tan's Metal Ind. Co., Ltd.
Kabul Ltd.

N. David Palmeter -- OF COUNSEL

Arter, Hadden & Hemmendinger--Counsel
Washington, D.C.
on behalf of

JAPANESE WIRE NAIL PRODUCERS AND EXPORTERS
Daitoh Wire Work, Ltd.
Amatei, Inc.
Nippon Seisen Co., Ltd.
Murata Sangyo Co., Ltd.
Murakami Kogyo Co., Ltd.
Daido Screws and Rivets Mfg. Co., Ltd.
Takao and Co., Ltd.
Ishikiri Seisakusho
Kongo Special Nail Mfg. Co., Ltd.
Nunoichi Seisakusho
Matsuba Seibyo Co., Ltd.
Osaka Seibyo Co., Ltd.
Nitto Wire Nail Mfg. Co., Ltd.
Nissho Iwai Corp.
Mitsubishi Corp.
C. Itoh and Co., Ltd.
Mitsui and Co., Ltd.
Sumikin Bussan Kaisha, Ltd.
Sunny Industries Corp.
Max Co., Ltd.
Sumitomo Corp.

Noel Hemmendinger)
Chris Dunn) -- OF COUNSEL

In opposition to the imposition of antidumping duties--continued

Dow, Lohnes & Albertson--Counsel
Washington, D.C.
on behalf of

Zelezarna Jesenice (Yugoslav producer)
Rmk Zenice (Yugoslav producer)

William Silverman -- OF COUNSEL

oOo

APPENDIX C

THE COMMISSION'S FEDERAL REGISTER NOTICE

[731-TA-45, 46, and 47 (Preliminary)]

Certain Steel Wire Nails From Japan, the Republic of Korea, and Yugoslavia; Notice of Institution of Preliminary Antidumping Investigations and Scheduling of Conference

AGENCY: International Trade Commission.

ACTION: Institution of preliminary antidumping investigations.

SUMMARY: The U.S. International Trade Commission hereby gives notice of the institution of preliminary antidumping investigations to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Japan, the Republic of Korea, and Yugoslavia of steel wire nails, provided for in items 646.25 and 646.26 of the Tariff Schedules of the United States, possibly sold at less than fair value.

EFFECTIVE DATE: July 2, 1981.

FOR FURTHER INFORMATION CONTACT: Mr. Lynn Featherstone, Supervisory Investigator, telephone (202-523-0242), U.S. International Trade Commission, Room 346, 701 E Street, NW., Washington, D.C. 20436.

SUPPLEMENTARY INFORMATION:

Background. On July 2, 1981, the Department of Commerce (hereinafter "Commerce") advised the Commission that Commerce was initiating antidumping investigations of steel wire nails from Japan, the Republic of Korea, and Yugoslavia pursuant to section 732(a) of the Tariff Act of 1930, (19 U.S.C. Section 1673a(a) (Supp. III 1979)). After monitoring imports of certain steel products under the Trigger Price Mechanism, Commerce found significant sales of steel wire nails being made at less than the relevant trigger price. These sales constitute possible sales at less than fair value.

Accordingly, on July 2, 1981, the Commission, pursuant to section 733(a) of the Tariff Act of 1930, (19 U.S.C. 1673b(a) (Supp. III 1979)), instituted preliminary antidumping investigations Nos. 731-TA-45, 46, and 47 (Preliminary).

Section 733(a) of the Tariff Act of 1930 requires the Commission to make a determination of whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports possibly sold in the United States at less than fair value. Such a determination must be made within 45 days after the date on which notice of an investigation commenced under section 732(a) is received from the Department of Commerce. These investigations will be subject to the provisions of the Commission's Rules of Practice and Procedure (19 CFR 201.00, *et seq.*) and, particularly, to part 207 thereof (19 CFR 207.1, *et seq.*).

Written submissions. Any person may submit to the Commission on or before July 30, 1981, a written statement of information pertinent to the subject matter of these investigations. A signed original and nineteen copies of such statements must be submitted.

Any business information which a submitter desires the Commission to treat as confidential shall be submitted separately, and each sheet must be clearly marked at the top "Confidential Business Data." Confidential submissions must conform with requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR Section 201.6). All written submissions, except for confidential business data, will be available for public inspection.

Conference. The Director of Operations of the Commission has scheduled a conference in connection with the investigations for 10 a.m., e.d.t., on July 23, 1981, at the U.S. International Trade Commission Building, 701 E Street, NW., Washington, D.C. Persons wishing to participate in the conference should contact the supervisory investigator for the investigations, Mr. Lynn Featherstone (202-523-0242) by the close of business (5:15 p.m., e.d.t.), July 22, 1981. It is anticipated that persons in support of the imposition of antidumping duties and persons opposed to such duties will each be collectively allocated 1 hour within which to make an oral presentation at the conference. Further details concerning the conduct of the conference will be provided by the supervisory investigator.

Issued: July 2, 1981.

Kenneth R. Mason,

Secretary.

[FR Doc. 81-20004 Filed 7-7-81; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX D

COMMERCE'S FEDERAL REGISTER NOTICES

International Trade Administration

Certain Steel Wire Nails From Japan

AGENCY: International Trade Administration, Commerce.

ACTION: Initiation of antidumping investigation.

SUMMARY: On the basis of information developed by the U.S. Department of Commerce under the "Trigger Price Mechanism" for steel mill products, we are initiating an antidumping investigation to determine whether imports of certain steel wire nails from Japan are being imported at less than fair value. We are notifying the U.S. International Trade Commission of this action so that it may preliminarily determine whether these imports are materially injuring or threatening to materially injure a U.S. industry.

EFFECTIVE DATE: July 1, 1981.

FOR FURTHER INFORMATION CONTACT: Michael Altier, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230 (202) 377-1785.

SUPPLEMENTARY INFORMATION:

Background

On December 6, 1977, the President approved implementation by the Treasury Department of a "Trigger Price Mechanism" ("TPM") applicable to imports of certain steel mill products. As stated in the **Federal Register** of December 30, 1977, (42 Fed Reg. 65214), the TPM consisted of four major parts: (1) the establishment of trigger prices for steel mill products imported into the United States; (2) the use of a Special

Summary Steel Invoice ("SSSI") applicable to imports of all steel mill products; (3) the continuous collection and analysis of data concerning (a) the cost of production and prices of steel mill products exported to the United States, and (b) the condition of the domestic steel industry; and, (4) where appropriate, the expedited initiation and disposition of proceedings under the antidumping law with respect to imports below the trigger prices.

Responsibility for administration of the antidumping law and the TPM was transferred to the Department of Commerce on January 2, 1980, as part of the Reorganization Plan No. 3 of 1979.

The TPM was designed as a substitute for major antidumping petitions by the domestic industry. On March 21, 1980, dumping petitions involving basic steel mill products from seven European countries were filed with the Department of Commerce. As a result of these petitions, the Department suspended the TPM. On October 8, 1980, following withdrawal of the anitdumping complaints against the European steel producers, the Department of Commerce announced its intention to reinstate the TPM in modified form (45 FR 66833). The present TPM, however, still incorporates the four principles described above.

Trigger Price Mechanism

The TPM is a monitoring device used by the Department of Commerce to determine those basic steel mill products most likely to be sold at less than fair value in the United States. Actual C.I.F. prices of merchandise entering the United States are compared to applicable trigger prices established by the Department of Commerce.

Since trigger prices reflect the estimated cost of production and shipping costs of the world's most efficient producers of steel, any imports entering the United States at prices significantly below the applicable trigger prices represent potential sales at less than fair value.

Initiation of Antidumping Investigation

The Department has examined SSSI documents submitted by importers of steel wire nails from Japan. Our analysis of information contained in these documents indicates that, during the period October 21, 1980, through March 31, 1981, forty-four percent of this merchandise entered the United States below the applicable trigger prices. The weighted average margin of sales below trigger price was approximately 35 percent.[1]

[1] See appendix.

There is also evidence indicating at this time that these sales may be having an injurious effect upon the U.S. steel industry. Commerce has compiled information which indicates declining import prices of this merchandise from Japan during recent years. There is evidence that these imports may be causing depressed conditions in the U.S. industry such as suppressed prices and profits, and declining sales.

Based on this information, I hereby determine in accordance with section 732(a) of the Act (19 U.S.C. 1673a(a)) that an antidumping investigation should be initiated to determine whether imports of steel wire nails from Japan are being, or are likely to be, sold at less than fair value and whether a U.S. industry is being materially injured or is threatened with material injury by reason of imports of such merchandise.

Scope of the Investigation

For purposes of this notice, the term "steel wire nails" refers to nails as currently described and provided for in item numbers 646.25 and 646.26 of the Tariff Schedules of the United States (TSUS).

Notification of ITC

As required by section 732(d) of the Act (19 U.S.C. 1673a(d)), the Department of Commerce has notified the ITC of this determination and has provided to the ITC the information upon which this determination is based. The Department allows ITC access to all privileged and confidential information in its files, provided it confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for import Administration.

Preliminary Determination by ITC

Under section 733(a) of the Act (19 U.S.C. 1673b(a)), the ITC must determine no later than 45 days from the date of notification whether there is a reasonable indication that an industry in the United States is materially injured, or threatened with material injury, by reason of imports of certain steel wire nails from Japan. If that determination is negative, this investigation will be terminated, and the International Trade Administration will publish no further notice. Otherwise, the investigation will proceed to its conclusion. Unless this investigation is terminated or extended, we will announce our preliminary determination no later than 160 days of publication of this notice.

(Sec. 732 of the Act (19 U.S.C. 1673a) and § 353.37 of the Commerce Regulations (19 CFR 353.37))

B. Waring Partridge,

Acting Deputy Assistant Secretary for Import Administration.

June 26, 1981.

Appendix

The Department adjusted its trigger prices for carbon steel wire nails downward about 9 percent beginning with second-quarter 1981 trigger prices (applicable on merchandise exported on or after April 1 and before July 1, 1981). This adjustment reflected a refinement in the Department's method of estimating Japanese steel wire nail production costs. Had this adjustment in methodology been made for the October 21, 1980 through March 31, 1981 trigger prices, the weighted average margin of sales below trigger price would have been approximately 24 percent.

[FR Doc. 81-19370 Filed 6-30-81; 8:45 am]
BILLING CODE 3510-25-M

Certain Steel Wire Nails From Yugoslavia

AGENCY: International Trade Administration, Commerce.

ACTION: Initiation of Antidumping Investigation.

SUMMARY: On the basis of information developed by the U.S. Department of Commerce under the "Trigger Price Mechanism" for steel mill products, we are initiating an antidumping investigation to determine whether imports of certain steel wire nails from Yugoslavia are being imported at less than fair value. We are notifying the U.S. International Trade Commission of this action so that it may preliminarily determine whether these imports are materially injuring or threatening to materially injure a U.S. industry.

EFFECTIVE DATE: July 1, 1981.

FOR FURTHER INFORMATION CONTACT: Michael Altier, Office of Investigations, Import Administration, International Trade Administrtion, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230 (202) 377-1785.

SUPPLEMENTARY INFORMATION:

Background

On December 6, 1977, the President approved implementation by the Treasury Department of a "Trigger Price Mechanism" ("TPM") applicable to imports of certain steel mill products. As stated in the **Federal Register** of December 30, 1977, (42 FR 65214), the

TPM consisted of four major parts: (1) the establishment of trigger prices for steel mill products imported into the United States; (2) the use of a Special Summary Steel Invoice ("SSSI") applicable to imports of all steel mill products; (3) the continuous collection and analysis of data concerning (a) the cost of production and prices of steel mill products exported to the United States, and (b) the condition of the domestic steel industry; and, (4) where appropriate, the expedited initiation and disposition of proceedings under the antidumping law with respect to imports below the trigger prices.

Responsibility for administration of the antidumping law and the TPM was transferred to the Department of Commerce on January 2, 1980, as part of Reorganization Plan No. 3 of 1979.

The TPM was designed as a substitute for major antidumping petitions by the domestic industry. On March 21, 1980, dumping petitions involving basic steel mill products from seven European countries were filed with the Department of Commerce. As a result of these petitions, the Department suspended the TPM. On October 8, 1980, following withdrawal of the antidumping complaints against the European steel producers, the Department of Commerce announced its intention to reinstate the TPM in modified form (45 FR 66833). The present TPM, however, still incorporates the four principles described above.

Trigger Price Mechanism

The TPM is a monitoring device used by the Department of Commerce to determine those basic steel mill products most likely to be sold at less than fair value in the United States. Actual C.I.F. prices of merchandise entering the United States are compared to applicable trigger prices established by the Department of Commerce.

Since trigger prices reflect the estimated cost of production and shipping costs of the world's most efficient producers of steel, any imports entering the United States at prices significantly below the applicable trigger prices represent potential sales at less than fair value.

Initiation of Antidumping Investigation

The Department has examined SSSI documents submitted by importers of steel wire nails from Yugoslavia. Our analysis of information contained in these documents indicates that, during the period October 21, 1980, through March 31, 1981, all of this merchandise entered the United States below the applicable trigger prices. The weighted average margin of sales below trigger price was approximately 59 percent.[1]

There is also evidence indicating at this time that these sales may be having an injurious effect upon the U.S. steel industry. There is evidence that these imports may be causing depressed conditions in the U.S. industry such as suppressed prices and profits, and declining sales.

Based on this information, I hereby determine in accordance with section 732(a) of the (Act 19 U.S.C. 1673a(a)) that an antidumping investigation should be initiated to determine whether imports of steel wire nails from Yugoslavia are being, or are likely to be, sold at less than fair value and whether a U.S. industry is being materially injured or is threatened with material injury by reason of imports of such merchandise.

Scope of the Investigation

For purposes of this notice, the term "steel wire nails" refers to nails as currently described and provided for in item numbers 646.25 and 646.26 of the Tariff Schedules of the United States (TSUS).

Notification of ITC

As required by section 732(d) of the Act (19 U.S.C. 1673a(d)), the Department of Commerce has notified the ITC of this determination and has provided to the ITC the information upon which this determination is based. The Department allows ITC access to all privileged and confidential information in its files, provided it confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

Under section 733(a) of the Act (19 U.S.C. 1673b(a)), the ITC must determine no later than 45 days from the date of notification whether there is a reasonable indication that an industry in the United States is materially injured, or threatened with material injury, by reason of imports of certain steel wire nails from Yugoslavia. If that determination is negative, this investigation will be terminated, and the International Trade Administration will publish no further notice. Otherwise, the investigation will proceed to its conclusion. Unless this investigation is terminated or extended, we will announce our preliminary determination no later than 160 days of publication of this notice.

[1] See appendix.

(Sec. 732 of the Act (19 U.S.C. 1673a) and § 353.37 of the Commerce Regulations (19 CFR 353.37))

B. Waring Partridge,

Acting Deputy Assistant Secretary for Import Administration.

June 26, 1981.

Appendix

The Department adjusted its trigger prices for carbon steel wire nails downward about 9 percent beginning with second-quarter 1981 trigger prices (applicable on merchandise exported on or after April 1 and before July 1, 1981). This adjustment reflected a refinement in the Department's method of estimating Japanese steel wire nail production costs. Had this adjustment in methodology been made for the October 21, 1980 through March 31, 1981 trigger prices, the weighted average margin of sales below trigger price would have been approximately 45 percent.

[FR Doc. 81-19372 Filed 6-30-81; 8:45 am]

BILLING CODE 3510-25-M

Certain Steel Wire Nails From the Republic of Korea

AGENCY: International Trade Administration, Commerce.

ACTION: Initiation of Antidumping Investigation.

SUMMARY: On the basis of information developed by the U.S. Department of Commerce under the "Trigger Price Mechanism" for steel mill products, we are initiating an antidumping investigation to determine whether imports of certain steel wire nails from Korea are being imported at less than fair value. We are notifying the U.S. International Trade Commission of this action so that it may preliminarily determine whether these imports are materially injuring or threatening to materially injure a U.S. industry.

EFFECTIVE DATE: July 1, 1981.

FOR FURTHER INFORMATION CONTACT: Michael Altier, office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230 (202) 377-1785.

SUPPLEMENTARY INFORMATION:

Background

On December 6, 1977, the President approved implementation by the Treasury Department of a "Trigger Price Mechanism" ("TPM") applicable to imports of certain steel mill products. As stated in the **Federal Register** of December 30, 1977, (42 FR 65214), the

TPM consisted of four major parts: (1) the establishment of trigger prices for steel mill products imported into the United States; (2) the use of a Special Summary Steel Invoice ("SSSI") applicable to imports of all steel mill products; (3) the continuous collection and analysis of data concerning (a) the cost of production and prices of steel mill products exported to the United States, and (b) the condition of the domestic steel industry; and, (4) where appropriate, the expedited initiation and disposition of proceedings under the antidumping law with respect to imports below the trigger prices.

Responsibility for administration of the antidumping law and the TPM was transferred to the Department of Commerce on January 2, 1980, as part of Reorganization Plan No. 3 of 1979.

The TPM was designed as a substitute for major antidumping petitions by the domestic industry. On March 21, 1979, dumping petitions involving basic steel mill products from seven European countries were filed with the Department of Commerce. As a result of these petitions, the Department suspended the TPM. On October 8, 1980, following withdrawal of the antidumping complaints against the European steel producers, the Department of Commerce announced its intention to reinstate the TPM in modified form (45 FR 66833). The present TPM, however, still incorporates the four principles described above.

Trigger Price Mechanism

The TPM is a monitoring device used by the Department of Commerce to determine those basic steel mill products most likely to be sold at less than fair value in the United States. Actual C.I.F. prices of merchandise entering the United States are compared to applicable trigger prices established by the Department of Commerce.

Since trigger prices reflect the estimated cost of production and shipping costs of the world's most efficient producers of steel, any imports entering the United States at prices significantly below the applicable trigger prices represent potential sales at less than fair value.

Initiation of Antidumping Investigation

The Department has examined SSSI documents submitted by importers of steel wire nails from Korea. Our analysis of information contained in these documents indicates that, during the period October 21, 1980, through March 31, 1981, ninety-nine percent of this merchandise entered the United States below the applicable trigger prices. The weighted average margin of sales below trigger price was approximately 35 percent.[1]

Commerce had determined in an earlier antidumping investigation that certain steel wire nails from Korea were being sold to the United States at less than fair value (45 FR 34941). However, on August 13, 1980, the United States International Trade Commission (ITC) published a determination that sales of this merchandise at less than fair value were not injuring, nor were likely to injure, a U.S. industry (45 FR 53924).

There is evidence indicating, at this time, that these sales may be having an injurious effect upon the U.S. steel industry. Commerce has compiled information which indicates growing import penetration and declining import prices of this merchandise from Korea during recent years. There is evidence that these imports may be causing depressed conditions in the U.S. industry such as suppressed prices and profits, and declining sales. These new market conditions provide a sufficient basis for reexamination of the injury question by the ITC.

Based on this information, I hereby determine in accordance with section 732(a) of the Act (19 U.S.C. 1673a(a)) that an antidumping investigation should be initiated to determine whether imports of steel were nails from Korea are being, or are likely to be, sold at less than fair value and whether a U.S. industry is being materially injured or is threatened with material injury by reason of imports of such merchandise.

Scope of the Investigation

For purposes of this notice, the term "steel wire nails" refers to nails as currently described and provided for in item numbers 646.25 and 646.26 of the Tarrif Schedules of the United States (TSUS).

Notification of ITC

As required by section 732(d) of the Act (19 U.S.C. 1673a(d)), the Department of Commerce has notified the ITC of this determination and has provided to the ITC the information upon which this determination is based. The Department allows ITC access to all privileged and confidential information in its files, provided it confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Detemination by ITC

Under section 733(a) of the Act (19 U.S.C. 1673b(a)), the ITC must determin no later than 45 days from the date of notification whether there is a reasonable indication that an industry in the United States is materially injured, or threatened with material injury, by reason of imports of certain steel wire nails from the Republic of Korea. If that determination is negative, this investigation will be terminated, and the International Trade Administration will publish no further notice. Otherwise, the investigation will proceed to its conclusion. Unless this investigation is terminated or extended, we will announce our preliminary determination no later than 160 days of publication of this notice.

(Sec. 732 of the Act (19 U.S.C. 1673a) and § 353.37 of the Commerce Regulations (19 CFR 353.37))

B. Waring Partridge,

Acting Deputy Assistant Secretary for Import Administration.

June 26, 1981.

Appendix

The Department adjusted its trigger prices for carbon steel wire nails downward about 9 percent beginning with second-quarter 1981 trigger prices (applicable on merchandise exported on or after April 1 and before July 1, 1981). This adjustment reflected a refinement in the Department's method of estimating Japanese steel wire nail production costs. Had this adjustment in methodology been made for the October 21, 1980 through March 31, 1981 trigger prices, the weighted average margin of sales below trigger price would have been approximately 21 percent.

[FR Doc. 81-19371 Filed 6-30-81; 8:45 am]

BILLING CODE 3510-25-M

[1] See Appendix.

APPENDIX E

TERMINATION OF INVESTIGATION CONCERNING NAILS FROM JAPAN

UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
Washington, D.C. 20230

Honorable William Alberger
Chairman
U.S. International Trade Commission
Washington, D.C. 20436

Dear Mr. Chairman:

This letter is to provide you with formal notification of the termination of the antidumping investigation of certain wire nails from Japan which the Department of Commerce self-initiated on July 2, 1981.

The termination is based on a cessation of sales below trigger prices substantially prior to initiation of the investigation and on the receipt of assurances from the Japanese manufacturers that all sales of the product for a two year period will be made at price at or above the relevant trigger price.

On August 10, 1981, counsel for the Japanese nail manufacturers submitted a memorandum of understanding in which the termination was proposed. I have enclosed a copy of this memorandum. I wish to express my appreciation to the Commission for its cooperation during this process.

Sincerely,

Lawrence Brady
Assistant Secretary
for Trade Administration

Enclosure

MEMORANDUM OF UNDERSTANDING

Pursuant to the Federal Register notice of July 2, 1981 (46 F.R. 34613), the Department of Commerce initiated an antidumping investigation of certain steel wire nails from Japan. This investigation was initiated on the basis of information developed by the Department of Commerce ("the Department") under the "Trigger Price Mechanism" ("TPM") for steel mill products. Since the Commerce Department has obtained information that contracts for sales below trigger price of steel wire nails from Japan have ceased since the beginning of March of 1981 and has obtained assurances of continued compliance with TPM from the Japanese parties involved in the investigation, the Department shall terminate its antidumping investigation with respect to certain steel wire nails from Japan in accordance with the understandings set forth below.

A. Product Coverage

This memorandum and the assurances provided are applicable to steel wire nails manufactured in and exported from Japan to the United States which are covered by the above referenced investigation, specifically, steel wire nails as currently provided for under TSUS Item Nos. 646.25 and 646.26.

B. Basis of the Understanding

The named Japanese steel wire nail manufacturers, accounting for virtually all of the nails exported to the United States according to figures submitted to the Department of Commerce by the Japanese Ministry of International Trade and Industry, ceased contracting for sales of steel wire nails to the U.S. below

trigger price on or about March 5, 1981 and agree, individually through their attorneys, to continue to sell to the United States at prices which are in compliance with the TPM. Consequently, the assurances contained herein shall be applicable to contracts for the sale of the merchandise under investigation contracted for export to the United States on or after March 5, 1981.

The assurances provided by the Japanese manufacturers shall remain in effect for a period of not less than two years from the effective date of termination of the investigation. Should the TPM be terminated or suspended prior to the two year period, the parties to the agreement understand that the Japanese manufacturers, through MITI, will continue to provide TPM type cost information or, pursuant to consultations with the Department, such other information as agreed upon between the parties so that an applicable comparison price may be calculated in order to monitor prices effectively.

The Japanese manufacturers will not alter or terminate the terms of this understanding without the consent of the Department of Commerce. Any such alteration or termination of the understanding may result in the reopening of the investigation in accordance with the provisions of Paragraph D.

C. Monitoring

The Department of Commerce shall continue to monitor compliance with the TPM by analysis of the summary steel invoices

(SSSI) on a regular basis and the Japanese manufacturers shall continue to cooperate through the Japanese Ministry of International Trade and Industry in supplying the cost of production data necessary to determine trigger prices for steel wire nails on a quarterly basis. To the extent that compliance with trigger prices is determined by the Department of Commerce not to be adequately monitored through their normal review of SSSI's by the Department, the Department will consult with representatives of the Japanese industry to determine reasonable steps which might be taken to facilitate such monitoring.

D. Reopening of the Investigation

The Department of Commerce shall consider the assurances to have been terminated if there is evidence of the violation of the basis of the assurances or notice from the Japanese manufacturers that they intend to alter or terminate the assurances without the consent of the Commerce Department. If the assurances are violated, or altered or terminated without the consent of the Commerce Department, the Department may undertake an expedited investigation and suspend liquidation at the earliest possible time permitted by law.

E. Other Provisions

Each Japanese manufacturer shall provide a letter to the Department of Commerce within a reasonable time incorporating the understandings contained herein.

Respectfully submitted,

ARTER HADDEN & HEMMENDINGER

Walter J. Spak
1919 Pennsylvania Avenue, N.W.
Suite 400
Washington, D.C. 20006
(202) 857-0960

on behalf of the following individual manufacturers:

Daito Wire Works Ltd.
Amatei Inc.
Nippon Seisen Co. Ltd.
Murakami Kogyo Co. Ltd.
Murata Sangyo Co. Ltd.
Chiyoda Nail Mfg. Co.
Sunny Industries Corp.
Kongo Special Nail Mfg. Co. Ltd.
Matsuba Seibyo Co. Ltd.
Osaka Seibyo Co. Ltd.
Nitto Wire Nail Mfg. Co. Ltd.

INTERNATIONAL TRADE ADMINISTRATION
CERTAIN STEEL WIRE NAILS FROM JAPAN;
TERNINATION OF ANTIDUMPING INVESTIGATION.

AGENCY: U.S. Department of Commerce

ACTION: Termination of antidumping investigation

SUMMARY:

This notice is to advise the public that the antidumping investigation concerning certain steel wire nails from Japan is being terminated. The termination is based on a cessation of sales below trigger prices substantially prior to initiation of the investigation and on the receipt of assurances from the Japanese manufacturers that all sales of the product for a two year period beginning on [the date of this notice] will be made at prices at or above the relevant trigger price.

EFFECTIVE DATE: [Date of Publication]

FOR FURTHER INFORMATION CONTACT:

F. Lynn Holec, Import Administration, U.S. Department of Commerce, Washington, D.C., Telephone (202) 377-3793.

SUPPLEMENTARY INFORMATION:

On July 2, 1981, the International Trade Administration, Department of Commerce, self-initiated an antidumping investigation of certain steel wire nails from Japan (46 F.R. 34613). That initiation was

based on information contained in Special Summary Steel invoices submitted by importers of nails from Japan which indicated that, during the period October 21, 1980, through March 31, 1981, forty-four percent of the involved merchandise entered the United States below the applicable trigger prices.

On August 10, 1981, counsel for the Japanese nail manufacturers submitted a memorandum of understanding in which the termination of the investigation was proposed. This memorandum is reproduced as an appendix to this notice.

Section 734(a) of the Tariff Act of 1930 (19 U.S.C. 1673c(a)) provides that "[a]n investigation under this subtitle may be terminated by either the administering authority or the Commission after notice to all parties to the investigation, upon the withdrawal of the petition by the petitioner." We have determined that in self-initiated investigations the administering authority is the petitioner for purposes of this provision and may, in appropriate circumstances, terminate investigations.

The memorandum of understanding provides for the submission of assurances by each Japanese manufacturer of nails for export to the United States that all contracts for the sale of steel wire nails to the United States below trigger price ceased on or about March 5, 1981, and that all future contracts for sale would be at or above

trigger price for a two year period beginning on [the date of publication of this notice]. Information available to us now, which was not at the time of initiation, tends to substantiate the cessation of below trigger sales well in advance of initiation if the investigation. The manufacturers also agreed to supply all information necessary to monitor these price assurances effectively. The Japanese Ministry of International Trade and Industry (MITI), moreover, has pledged its complete cooperation to ensure that the commitments proposed in the memorandum of understanding by the Japanese steel wire nail manufacturers are fulfilled. The assurances cannot be modified without the consent of the Department and any violation of such assurances may result in the initiation of an expedited investigation by the Department.

The Department of Commerce has notified all parties to the investigation that it was considering the termination of this investigation and has consulted with the International Trade Commission regarding that decision. Further, the Department has concluded that termination of the investigation is in the public interest.

Accordingly, I hereby conclude that based upon the earlier cessation of below-trigger price sale and the submission of the described assurances, and in view of the fact that imports of certain steel

wire nails can will be monitored effectively pursuant to the trigger price mechanism, it is appropriate to terminate this investigation.

Lawrence Brady
Assistant Secretary
for Trade Administration

Date: AUG 1 1 1981

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

NOTICE OF TERMINATION OF
INVESTIGATION NO. 731-TA-45 (Preliminary)

CERTAIN STEEL WIRE NAILS FROM JAPAN

AGENCY: United States International Trade Commission.

ACTION: Termination of preliminary antidumping investigation.

EFFECTIVE DATE: August 14, 1981.

FOR FURTHER INFORMATION CONTACT: Mr. Lynn Featherstone, Office of Investigations, (202) 523-0242.

SUPPLEMENTARY INFORMATION: On July 2, 1981, the Commission received advice from the U.S. Department of Commerce that it was initiating an antidumping investigation concerning imports of certain steel wire nails from Japan. Accordingly, the Commission instituted a preliminary antidumping investigation to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded by reason of imports from Japan of steel wire nails, provided for in items 646.25 and 646.26 of the Tariff Schedules of the United States, which are possibly sold at less than fair value.

On August 11, 1981, the Commission received advice from the Department of Commerce that it was terminating its investigation concerning certain steel wire nails from Japan because sales below trigger prices ceased substantially prior to the initiation of the investigation and because Commerce received assurances from the Japanese manufacturers that all sales of the product for a two year period will be at prices at or above the relevant trigger price. Accordingly, the Commission's investigation concerning these products from Japan is hereby terminated.

Kenneth R. Mason
Secretary

Issued:

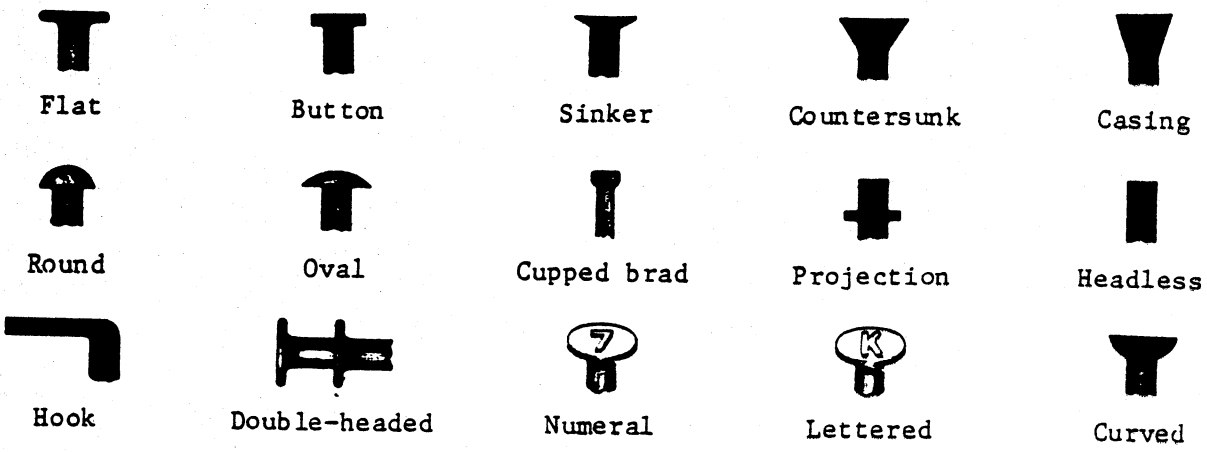
APPENDIX F

DETAILED DESCRIPTION OF STEEL WIRE NAILS

Nails are generally described on the basis of their intended use and the nature of their main parts--the head, shank, and point.

Head.--The head of the nail is designed to facilitate its use, both while being driven and after in place. The "flat head" is by far the most common as it is best suited to general use. The diameter of the flat head may be enlarged to obtain maximum bearing area in specific applications such as roofing and sheathing nails. A "cupped brad head" is used on finishing nails to make the head less visible after being driven. Similarly, "countersunk" or "casing heads" (such as those used on flooring nails) allow the nail to be driven flush with the surface. "Double-headed" nails are designed for easy removal in temporary applications; "embossed heads" are used to identify some characteristic of the nail; "round" or "oval heads" are used for decorative effects; and "projection" heads are designed for special purpose nails such as shade roller pins. Various combinations of these basic heads may be used in such special applications as gutter spikes with countersunk oval heads. Several head designs are shown in figure F-1.

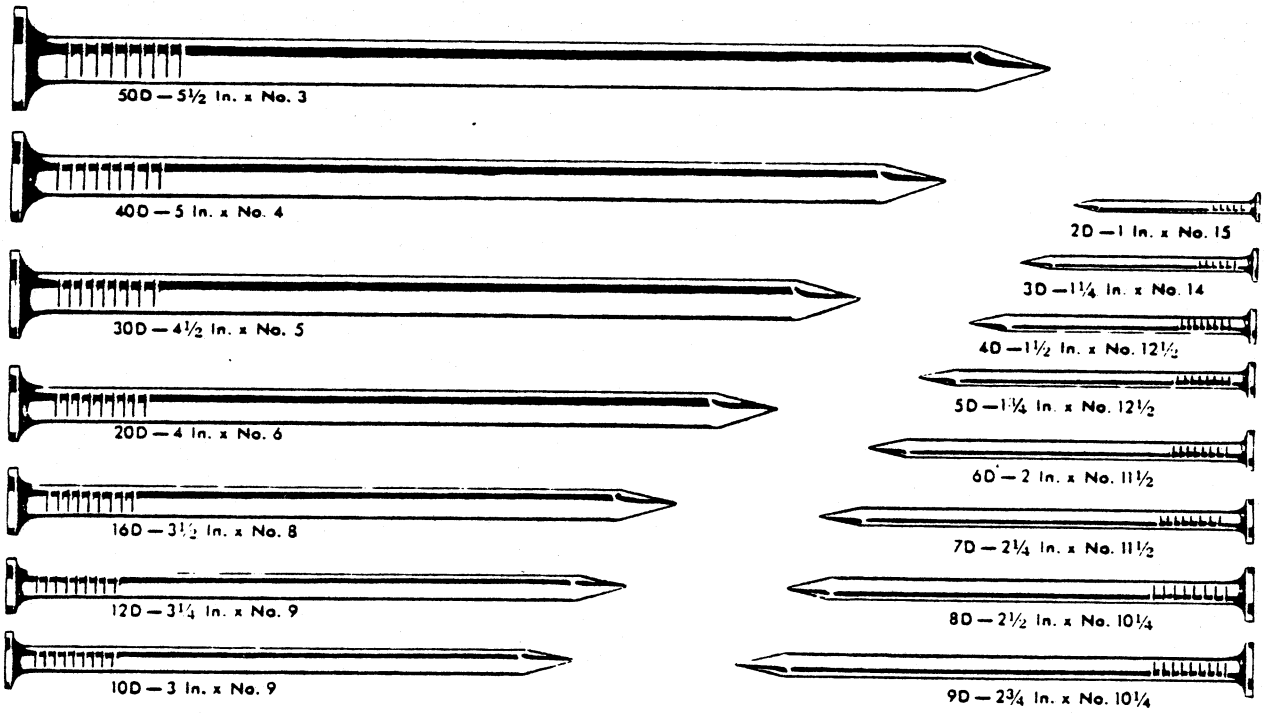
Figure F-1.--Types of nail heads.



Source: Sales brochure of Independent Nail, Inc.

Shank.--The shank of the nail can be described in terms of its length, diameter, surface texture, and finish. Wire nail sizes are standardized by length 1/ and designated in terms of "penny" size. The origin of this method of designation is not known, but is probably found in the English system of measurements. A sixteenpenny nail was likely one of such size that 1,000 weighed approximately 16 pounds. Such a nail would have been known as a 16-pound nail and designated "16d," the letter "d" being the English symbol for pound. As the letter "d" is also the symbol for the English penny, the 2 terms probably came to be used interchangeably. Today, penny (or "d") size indicates a definite length (see figure F-2) regardless of weight, which varies with diameter (or

Figure F-2.--Nail sizes, by "penny" (d) designation (length and wire gage).

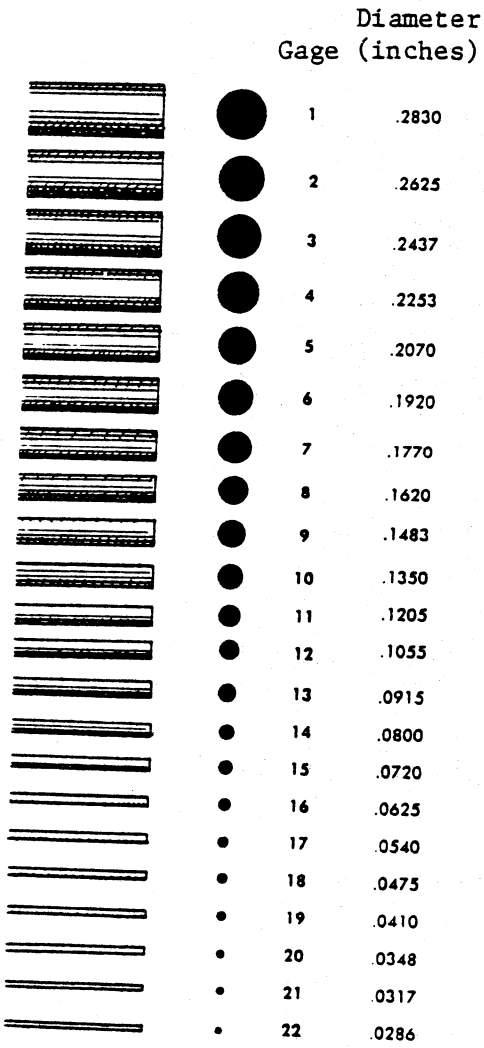


Source: Sales brochure of Republic Steel Corp.

1/ Length is generally measured from the underside of the head to the tip of the point.

gage) and type of head. Gage is also generally standardized for specific penny nails as indicated in figure F-2, but customers may specify nonstandard gages with most suppliers. A listing of gage sizes is presented in figure F-3.

Figure F-3.--Wire gage sizes, by gage number and diameter.



Source: Sales brochure of The Hillwood Manufacturing Co.

Most domestically produced nails have smooth shanks. For special uses, however, barbs, rings, or threads may be added to the shank during production. Nail shanks are usually bare metal (called "bright"), but may also be treated to gain special properties. Zinc coating (or galvanizing), for example, imparts corrosion resistence, and cement or resin coating gives the nail extra holding power. When a cement-coated nail is driven, the resinous coating melts under the heat of friction and forms a tighter bond between the nail and the wood. Any nail may also be blued or annealed (softened).

Point.--Nail points are designed to best facilitate driving while causing the least possible damage to the wood (or other medium). The "diamond point" (fig. F-4) is the most common and is well suited for general commercial use. It has high holding power, but tends to cause splitting in dense woods. "Blunt points" are preferred when working with such dense woods (e.g., hardwood flooring, trim, and shingles) since they tend to reduce the danger of splitting by breaking the wood fibers upon entry. Sharper points force the wood fibers apart, thus setting up strains which induce splitting. "Chisel points" also reduce the risk of splitting by cutting through the wood fibers

Figure F-4.--Types of nail points.

Regular diamond | Long diamond | Blunt | Conical | Needle | Sheared bevel | Chisel | Sheared square

Source: Sales brochure of Independent Nail, Inc.

and are principally used on larger nails. "Needle" and "conical" points are largely used in applications where fast hand nailing is required. Nails with these points are easily started with a light tap of the hammer or even by hand. Other points designed for special uses include "side points," "duck-bill points," "sheared bevel points," and "sheared square points."