CERTAIN STEEL WIRE NAILS FROM THE PEOPLE'S REPUBLIC OF CHINA, POLAND, AND YUGOSLAVIA

Determinations of the Commission in Investigations Nos. 731-TA-266 through 268 (Preliminary) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigations

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Staff Assigned:

Judith C. Zeck
Abigail Eltzroth

James M. Brandon
John Ryan
Paul Taylor
William Perry

Robert G. Carpenter, Supervisory Investigator

Address all communications to
Kenneth R. Mason, Secretary to the Commission
United States International Trade Commission
Washington, DC 20436

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Note.—Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report.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, DC

Investigations Nos. 731-TA-266 through 268 (Preliminary)

CERTAIN STEEL WIRE NAILS FROM THE PEOPLE'S REPUBLIC OF CHINA, POLAND, AND YUGOSLAVIA

Determinations

On the basis of the record 1/ developed in the subject investigations, the Commission determines, 2/ pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from the People's Republic of China (China), Poland, and Yugoslavia of one-piece steel wire nails made of round steel wire, provided for in items 646.25 and 646.26 of the Tariff Schedules of the United States (TSUS), and similar steel nails of one-piece construction whether over or under 0.065 inch in diameter, provided for in item 646.30 of the TSUS; two-piece steel wire nails, provided for in item 646.32 of the TSUS; and steel wire nails with lead heads, provided for in item 646.36 of the TSUS, which are alleged to be sold in the United States at less than fair value (LTFV).

Background

On June 5, 1985, a petition was filed with the Commission and the Department of Commerce by Atlantic Steel Co., Atlas Steel & Wire Corp., Continental Steel Corp., Davis-Walker Corp., Dickson Weatherproof Nail Co., Florida Wire & Nail Co., Keystone Steel & Wire Co., Northwestern Steel & Wire Co., Virginia Wire & Fabric Co., and Wire Products Co., alleging that an

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1/ The record is defined in sec. 207.2(i) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(i)).
2/ Chairwoman Stern and Vice Chairman Liebeler dissenting.

industry in the United States is materially injured and is threatened with material injury by reason of LTFV imports of certain steel wire nails from China, Poland, and Yugoslavia. Accordingly, effective June 5, 1985, the Commission instituted preliminary antidumping investigations Nos. 731-TA-266 through 268 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of June 13, 1985 (50 FR 24845). The conference was held in Washington, DC, on June 26, 1985, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF COMMISSIONERS ECKES, LODWICK, AND ROHR

On the basis of the record in investigations Nos. 731-TA-266 through 268 (Preliminary), we determine that there is a reasonable indication that an industry is materially injured by reason of imports of steel wire nails from the People's Republic of China (China), Poland, and Yugoslavia which are allegedly sold at less than fair value (LTFV).

In making this determination, we find that the domestic industry, consisting of the U.S. producers of steel wire nails, experienced losses throughout the period of investigation. Indeed, the losses experienced during interim 1985 were the greatest experienced during the period of investigation.

In these preliminary investigations, the Commission cumulated imports from the three countries. Although the cumulated imports declined slightly in 1984, they increased substantially from 1982 to 1983. As a share of consumption, imports also increased from 1982 to 1984. There is evidence of underselling and lost sales attributable to imports from all three countries. The data available, therefore, provide a reasonable indication of a causal link between material injury to the domestic industry and the alleged LTFV imports.

Domestic industry and like product

The term "industry" is defined in § 771(4)(A) of the Tariff Act of 1930 as "[t]he domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 1/ The term "like product,"

1/ 19 U.S.C. § 1677(4)(A).

in turn, is defined in § 771(10) as "[a] product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation . . . ." 2/

The imported products under investigation are nails made from round steel wire, including one-piece steel wire nails, two-piece steel wire nails, and steel wire nails with lead heads. Nails are generally used to join two pieces of material, usually wood; all nails in this investigation are used for construction purposes. These nails are available in a variety of heads, shanks, points, sizes, and finishes. Various finishes are applied to nails to improve their holding ability or to prevent rust and corrosion. Common coating materials include zinc (galvanized nails), cement, and vinyl.

Petitioners urge the Commission to follow its most recent decision in a final determination regarding nails that all steel wire nails under investigation were a single like product. 3/ In that investigation, the Commission determined that there were many ways in which imported and domestic nails might be differentiated, and that although distinctions between the characteristics and uses of certain nails could be made, they were so slight as to readily allow substitutions. The Commission concluded, "[t]hus, we have a large number of related like products (nail types) among which clear dividing lines frequently cannot be drawn and various degrees of fungibility exist." 4/

We adopt our prior determination that there is only one like product--all steel wire nails. Although the previous steel wire nail case did not involve two-piece nails, we further determine that two-piece nails should be considered like one-piece nails primarily because they are substitutable with

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2/ 19 U.S.C. § 1677(10).
3/ Certain Steel Wire Nails from the Republic of Korea, Inv. No. 731-TA-46 (Final), USITC Pub. 1274 (1982).
4/ Id. at 4.

one-piece nails to a considerable degree. Thus, we determine that there is only one like product--all steel wire nails. 5/

Even if the various nail types are separate like products, separate data for these various types of nails are not available. The Commission asked domestic producers in the questionnaires if they could provide separate data on capacity, employment, and profit and loss on certain specific types of nails. Only six producers out of the 29 producers responding to the Commission's questionnaire stated that they could provide separate data. 6/ Therefore, under section 771(4)(D), we considered data for production of the narrowest group that includes the separate like product, that is all steel wire nails.

Condition of the domestic industry

Apparent consumption of steel wire nails rose 39.6 percent between 1982 and 1984, and then declined 12.6 percent in the first quarter of 1985 as compared to the same 1984 period. The domestic industry's share of this generally increasing market, however, fell from 65.9 percent in 1982 to 57.2 percent in 1984, and remained at approximately that level in the first quarter of 1985.

U.S. production, capacity utilization, shipments, and employment increased from 1982 to 1983. However, these measures of the condition of the domestic industry declined or remained unchanged from 1983 to 1984 and then dropped in January-March 1985. Furthermore, the domestic industry operated at a loss for the entire period of investigation.

5/ Respondents have not objected to defining the domestic industry as the producers of steel wire nails.

6/ Report of the Commission (Report) at A-11.

Domestic production of steel wire nails increased 39 percent from 244,000 short tons in 1982 to 338,000 short tons in 1983, and then declined slightly by one percent to 335,000 short tons in 1984. Production declined by 10 percent to 80,000 short tons in January-March 1985 as compared with 89,000 short tons in January-March 1984. 7/ Capacity utilization increased from 39.8 percent in 1982 to 57.2 percent in 1983, and then declined to 52.4 percent in 1984. Capacity utilization declined further to 34.6 percent in January-March 1985 as compared with 45.0 percent in January-March 1984. 8/ 9/ Domestic shipments increased from 534,000 short tons in 1982 to 654,000 short tons in 1983, but then fell to 647,000 short tons in 1984 despite a 7.5 percent gain in apparent consumption for that year. Shipments in January-March 1985 declined 9.3 percent from the same period last year. 10/

The number of production and related workers increased by 16 percent from 1,069 in 1982 to 1,241 in 1984. The number of workers then declined to 1,121 in January-March 1985 as compared with 1,274 in January-March 1984. 11/

Net sales of steel wire nails increased from $118.2 million in 1982 to $137.0 million in 1983, or by 15.9 percent, and then increased slightly to $138.1 million in 1984. Net sales decreased by 13.9 percent to $32.1 million in January-March 1985, as compared with $37.3 million in January-March 1984. 12/ However, over the period of investigation, sales revenue barely

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7/ Id. at A-12.

8/ Capacity increased from 493,000 short tons in 1982 to 511,000 short tons in 1984, a gain of 3.6 percent. Capacity increased to 191,000 short tons in January-March 1985 as compared with 160,000 short tons in January-March 1984. Id.

9/ Id.

10/ Id. at A-12-A-13.

11/ Id. at A-14-A-15.

12/ Id. at A-16-A-17.

covered the cost of goods sold. During the entire period, the domestic industry operated at an aggregate loss. The operating losses were $14.1 million (11.9 percent) in 1982, $7.4 million (5.4 percent) in 1983, and then increased to $8.7 million (6.3 percent) in 1984. The loss increased dramatically to $4.2 million (13.0 percent) in January-March 1985 as compared with $2.1 million (5.8 percent) in January-March 1984. 13/

Although production, shipments, and capacity utilization increased during the early part of the period of investigation, the domestic industry experienced losses throughout the period. Furthermore, these losses have worsened since 1983. We therefore find that there is a reasonable indication that the domestic industry is materially injured.

Cumulation

These investigations involve imports from three countries allegedly sold at LTFV. Thus, the Commission must decide whether it is appropriate to cumulate imports from these three countries in assessing the volume and effect of these imports on the domestic industry.

Section 612(a)(2)(A) of the Trade and Tariff Act of 1984 amends title VII of the Tariff Act of 1930 by adding a new subsection pertaining to cumulation. That provision states that:

> Cumulation--For the purposes of clauses (i) and (ii), the Commission shall cumulatively assess the volume and effect of imports from two or more countries of like products subject to investigation if such imports compete with each other and with the like products of the domestic industry in the United States market. 14/

13/ *Id.* at A-17.
14/ Pub. L. 98-573, § 612(a)(2)(A), to be codified at 19 U.S.C. § 1677(7)(C)(iv).

Imports must satisfy three requirements before cumulation is warranted. Imports must (1) compete with both other imports and the domestic like product, (2) be marketed within a reasonably coincidental period, and (3) be subject to investigation. The Commission may exercise its discretion in determining whether imports compete and whether the marketing of imports is reasonably coincident. 15/

In determining whether the imported products compete with each other and with the like product in the U.S. market and whether the marketing of imports is reasonably coincident, we have considered the following factors:

(1) the degree of fungibility between imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
(2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product;
(3) the existence of common or similar channels of distribution of imports from different countries and the domestic like product;
(4) whether the prices of imports and the domestic like product are within a reasonable range; and,
(5) whether the imports are simultaneously present in the market.

This is not intended to be an exclusive list of considerations and no single factor is determinative. 16/

With regard to the first criterion, the Chinese respondents argue that imports from China are not fungible and should not be cumulated with the imports from Poland and Yugoslavia because approximately 60 percent of the

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15/ See Certain Carbon Steel Products from Austria, Czechoslovakia, East Germany, Hungary, Norway, Poland, Romania, Sweden, and Venezuela, Invs. Nos. 701-TA-225-34 and 731-TA-213-17, 219, 221-26, and 228-35 (Preliminary), USITC Pub. 1642 at 12-13 (1985).

16/ Id.

nail imports from China are galvanized, whereas those from Poland and Yugoslavia are not. Petitioners respond that even if 60 percent of the Chinese nails are galvanized, there are still 40 percent of the imports that overlap with Polish and Yugoslav nails. 17/ Petitioners further argue that the galvanized nails are substitutable for other types of nails and have a cross price effect. 18/

The Yugoslav respondents argue that their imports should not be cumulated with those from China and Poland because they are of lower quality. 19/ However, we do not have enough information on the record in this investigation to support such a finding. We further note that although no arguments about the quality of the Polish nails have been made, the Yugoslav nails have been priced close to the price levels of the Polish nails. Finally, there have been increased imports of the Yugoslav nails, 20/ indicating that they are competitive with other imported and domestic nails.

Based on the information available in these preliminary investigations, we find that the imported nails from China, Poland, and Yugoslavia are fungible. However, these issues raised by the parties regarding cumulation will be explored more fully in any final investigation.

With regard to the other criteria, there are common or similar channels of distribution for all of the nails, and the prices of the imported product and the like product are within a reasonable range. 21/ Finally, there are sales or offers to sell in the same market, and imports from China, Poland,

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17/ Petitioners post conference brief at 22.
18/ Id.
19/ Post conference brief of Zelezarna Jesenice at 1-2.
20/ Report at A-19-A-20.
21/ Id. at A-10 and A-23-A-25.

and Yugoslavia are simultaneously present in the market. 22/ Thus, we find that imports of nails from these three countries compete with each other and the like product and are reasonably coincident in the U.S. market. We therefore have determined to cumulate imports from China, Poland, and Yugoslavia.

Reasonable indication of material injury by reason of imports from China, Poland, and Yugoslavia allegedly sold at LTFV

In determining whether there is a reasonable indication that imports from China, Poland, and Yugoslavia are causing material injury to a domestic industry, we have considered the cumulative volume and effect of imports from these three countries.

Imports and import penetration, though declining somewhat last year, remain significantly above 1982 levels. 23/ Imports from China, Poland, and Yugoslavia increased from 49,000 short tons in 1982 to 83,000 short tons in 1983, and then declined to 81,000 short tons in 1984, a level still 65 percent higher than in 1982. Imports declined to 20,000 short tons in January-March 1985 as compared with 24,000 short tons in January-March 1984. 24/ As a share of U.S. consumption, imports from China, Poland, and Yugoslavia increased from 6.0 percent in 1982 to 7.9 percent in 1983, and then declined to 7.1 percent in 1984. In the interim comparison, imports as a share of U.S. consumption totaled 7.7 percent in January-March 1985 as compared with 8.2 percent in January-March 1984, but U.S. consumption fell 12.6 percent in that period. 25/ The increase in market share for these cumulated imports between 1982 and 1985 occurred as domestic market share was declining.

22/ Id. at A-18-A-20 and A-25-A-28.
23/ Id. at A-12.
24/ Id. at A-21.
25/ Id.

Imports from China, Poland, and Yugoslavia continually undersold domestic products. When prices were compared for 16 penny bright common nails, the Polish nails continually undersold the U.S. nails by margins ranging from 6.1 to 16.3 percent. 26/ The Chinese nails undersold U.S. nails in five out of eight quarters from 1983-85 by approximately 5 to 8 percent. 27/ The Yugoslav nails undersold domestic nails in all six quarters for which comparisons were available by an average margin of 16 percent. 28/ The Commission also has confirmed several lost sales to Chinese, Polish, and Yugoslav nails. 29/ In a number of instances, the purchasers stated that lower price was the primary reason for buying the imported nails. 30/ It should be noted that domestic prices for the three types of nails surveyed in mid 1985 have either remained the same or declined since 1983, indicating possible price suppression.

Therefore, we determine that there is a reasonable indication that the domestic industry is materially injured by reason of imports from China, Poland, and Yugoslavia allegedly sold at LTFV.

26/ Id. at A-23-A-24.
27/ Id. at A-24.
28/ Id. at A-24-A-25.
29/ Id. at A-27-A-28.
30/ Id.

Views of Chairwoman Stern

I determine that there is no 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 either China, Poland, or Yugoslavia which are alleged to be sold at LTFV.1/ My negative determinations in these investigations are based upon the lack of any reasonable indication on the record of a causal relationship between imports from China, Poland, or Yugoslavia and the condition of the U.S. industry.

I adopt the analysis presented by my colleagues in the majority opinion concerning the like product and the domestic industry to be examined for the purpose of making an assessment of material injury. Thus I conclude that the domestic industry consists of the U.S. producers of steel wire nails. I likewise recognize that the U.S. nail industry is experiencing difficulties. These difficulties are especially manifest in the losses experienced by the U.S. steel wire nail producers throughout the period under investigation.

I find, however, that there is no reasonable indication that the difficulties experienced by the U.S. producers can be attributed to the allegedly LTFV imports of nails from China, Poland, or Yugoslavia.

1/ Material retardation is not an issue in these investigations and will not be addressed further in these views.

No basis for cumulation

Section 771(7) of the Tariff Act of 1930, as amended by the Tariff and Trade Act of 1984, provides:

> For purposes of clauses (i) and (ii), the Commission shall cumulatively assess the volume and effect of imports from two or more countries of like products subject to investigation if such imports compete with each other and with like products of the domestic industry in the United States market.2/

I find that imports of nails from China, Poland, and Yugoslavia should not be cumulated because they do not meet an important criterion for cumulation: they do not compete with each other.

Imports from China are essentially specialty nails. For example, in 1984, nearly 70 percent of the nails imported from China were galvanized, the bulk of which were electrogalvanized roofing nails. Only a very small portion of the nails imported from China were bright common nails. In comparison, about half of the nails from Poland, in 1984, were bright common nails, and half were cement-coated nails. Virtually all of the nails imported from Yugoslavia were bright common nails.

2/ 19 U.S.C. § 1677(7)(C)(iv).

Clearly, the specialty nails imported from China do not compete with the ordinary bright common and cement-coated nails from Poland and Yugoslavia.

Indeed, there is a question as to whether the specialty Chinese nails compete with U.S.-produced nails. For example, about half of the Chinese exports are electrogalvanized nails; whereas such nails account for less that 5 percent of U.S. producers' nail shipments. Thus, we conclude that nails imported from China should not be cumulated with nails imported from Poland and Yugoslavia.

I further conclude that even though Poland and Yugoslavia export similar types of nails to the United States, these nails should not be cumulated with each other. In a previous antidumping investigation concerning Yugoslav nails conducted in August 1981,3/ a unanimous Commission noted that such nails were generally considered to be of low quality. During the current investigation, the record indicates that Yugoslav nails continue to be of low quality.4/ These low quality nails do not compete with the higher quality nails from Poland. Thus, nails from these two countries should not be cumulated.

3/ 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), USITC Publication 1175, August 1981.
4/ See Report at A-10.

<u>No reasonable indication of injury by reason of imports from either China, Poland, or Yugoslavia</u>

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.

<u>China</u>.--Imports of nails from China have held a low and fairly stable share of the U.S. market during the period of investigation. This share ranged from 3.6 to 4.8 percent. The Chinese have attained this market share by concentrating in specialty nails which are produced in small quantities by the U.S. producers. This low volume of specialty nails could not possibly have an effect on the overall prices of nails in the U.S. market, or on the overall health of the U.S. producers. Thus, I conclude that there is no reasonable indication that an industry in the United States is materially injured by reason of imports of nails from China.

Poland.--Imports of nails from Poland were abnormally low in 1982 because of a dockworkers' strike in Poland. In examining the trend in imports of nails from Poland, I conclude that it is appropriate to examine the level of imports in 1980 and 1981, the 2 years prior to the dockworkers' strike. Imports from Poland were 27,000 tons in 1980 and 26,000 tons in 1981. These imports fell to 10,000 tons in 1982. Since then, imports have not attained the levels attained before the strike. In 1983 and 1984, these imports totaled 21,000 tons and 24,000 tons, respectively. As a share of U.S. consumption, imports from Poland increased from 1 percent during strike-year 1982 to 2 percent during 1983 and 1984.

Imports from Poland have had a stable presence in the U.S. market for a number of years. The market share held by these imports has been small. The very limited evidence of sales lost to imports from Poland is inconclusive. In addition, no producer provided information concerning instances in which it was forced to lower its price or lose a sale to lower-priced imports from Poland. Thus, I conclude that there is no reasonable indication that an industry in the United States is being injured by reason of imports of nails from Poland.

Yugoslavia.--In the previous preliminary antidumping investigation concerning nails from Yugoslavia, concluded in August 1981, the Commission stated--

> . . . imports from Yugoslavia accounted for a minimal share of apparent U.S. consumption during 1973-80, 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. . . The small volume and reputed low quality of these nails are such that they could not have had any appreciable impact on the U.S. nail industry.

After an examination of all of the information on the record of the current investigation concerning Yugoslav nails, we conclude that nails imported from Yugoslavia still do not have "any appreciable impact on the U.S. nail industry." The Yugoslav nails are still reported to be of low quality and accounted for only 1 percent of the U.S. market during January 1982-March 1985. In addition, there are no confirmed instances of sales lost to lower-priced imports from Yugoslavia and no U.S. producer provided the Commission with any allegations concerning lost revenues because of imports from Yugoslavia. Thus, I determine that there is no reasonable indication that an industry in the United States is materially injured by reason of imports of nails from Yugoslavia.

An analysis of market shares in this industry clearly shows that if there is any causal link between increased imports and any injury sustained by the domestic industry, the relevant imports are from sources other than China, Poland, and Yugoslavia. The domestic producers' share of the market declined from 65.9 percent in 1982 to 57.2 percent in 1984. Imports from sources other than China, Poland, and Yugoslavia accounted for nearly 90 percent of this loss in market share by domestic producers.

<u>No reasonable indication of threat of material injury by reason of imports from China, Poland, and Yugoslavia</u>

Imports of nails from each of these three countries have been low and stable for a number of years. There is no information on the record to suggest that imports from any of these three countries might increase in the near future so as to be a threat of material injury to a U.S. industry.5/ Utilization of capacity to produce nails in China and Poland has been constant and has remained at high levels during 1982-84.

I conclude, therefore, that there is no reasonable indication that an industry in the United States is threatened with material injury by reason of imports of nails into the United States from either China, Poland, or Yugoslavia.

5/ Indeed, the available information indicates that imports from China and Poland may soon be limited by voluntary restraint agreements (VRAs) negotiated with the U.S. government. *See* Report at A-3.

VIEWS OF VICE CHAIRMAN LIEBELER

I determine that there is no 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 China, Poland, and Yugoslavia which are alleged to be sold at LTFV.[1] My negative determinations in these investigations are based upon the lack of any reasonable indication of a causal relationship between imports from China, Poland and Yugoslavia and the condition of the U.S. industry.

I adopt the analysis presented by my colleagues in the majority opinion concerning the like product and the domestic industry to be examined for the purpose of making an assessment of material injury. The domestic industry consists of the U.S. producers of steel wire nails. The U.S. nail industry is experiencing difficulties. These difficulties are especially manifest in the losses experienced by the U.S. steel wire nail producers throughout the period under investigation.

I find, however, that there is no reasonable indication that the difficulties presented by the U.S. producers can be attributed to the allegedly LTFV imports of nails from China, Poland and Yugoslavia.

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[1]Material retardation is not an issue in these investigations and will not be addressed further in these views.

<u>No reasonable indication of injury or threat of injury by reason of imports from either China, Poland or Yugoslavia</u>

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.

In analyzing the data, I have adopted a five factor test:

> "The stronger the evidence of the following . . . , the more likely that an affirmative determination will be made: (1) large and increasing market shares, (2) high dumping margins, (3) homogeneous products, (4) declining prices and (5) barriers to entry to other foreign producers."[2]

Obviously in a preliminary determination we do not know the dumping margin, if any. Therefore, we must give the benefit of the doubt to the domestic industry, and will normally assume that the dumping margins are of the alleged magnitude.

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[2] <u>Certain Red Raspberries from Canada</u>, Inv. No. 731-TA-196 USITC Pub. 1707 (June 1985) Views of Vice Chairman Liebeler at 15.

On some of the other questions, however, we have reliable information that compels a negative determination. The cumulative market share of imports from China, Poland and Yugoslavia was 6.0% in 1982, 7.9% in 1983, and 7.1% in 1984.[3] This market share is neither large nor increasing. Further, there are no significant barriers to the entry of nails from other foreign sources into the market. The market share of imports from other nations has increased from 28.0% in 1982, to 29.9% in 1983, and to 35.6% in 1984.[4] This is a clear indication that were our determination to result in the imposition of an anti-dumping duty, either the imports from China, Poland and Yugoslavia would be displaced by imports from other countries, or the nail producers in China, Poland and Yugoslavia would be forced to absorb the duty and continue to sell at the same price in order to even maintain their current market share.[5] In either case, the domestic industry would not be materially helped by the duty and, therefore, are not now being materially injured by LTFV sales.

I conclude, therefore, that there is no reasonable indication that an industry in the United States is injured or

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[3]Staff Report Table 12 at A-21.

[4]Id.

[5]This analysis does not entail a weighing of the causal impact of the imports from China, Poland and Yugoslavia against the impact of imports from other nations.

threatened with material injury by reason of imports of nails into the United States from China, Poland or Yugoslavia.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

On June 5, 1985, counsel for Atlantic Steel Co., Atlas Steel & Wire Corp., Continental Steel Corp., Davis-Walker Corp., Dickson Weatherproof Nail Co., Florida Wire & Nail Co., Keystone Steel & Wire Co., Northwestern Steel & Wire Co., Virginia Wire & Fabric Co., and Wire Products Co. filed an antidumping petition with the U.S. International Trade Commission and the U.S. Department of Commerce. The petition alleges that an industry in the United States is materially injured and is threatened with material injury by reason of imports from the People's Republic of China (China), Poland, and Yugoslavia of one-piece steel wire nails made of round steel wire, provided for in items 646.25 and 646.26 of the Tariff Schedules of the United States (TSUS), and similar steel nails of one-piece construction whether over or under 0.065 inch in diameter, provided for in item 646.30 of the TSUS; two-piece steel wire nails, provided for in item 646.32 of the TSUS; and steel wire nails with lead heads, provided for in item 646.36 of the TSUS, which are allegedly sold at less than fair value (LTFV). Accordingly, the Commission instituted preliminary investigations under the provisions of the Tariff Act of 1930 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 of such merchandise into the United States. The statute directs that the Commission make its determinations within 45 days after its receipt of a petition, or in these cases, by July 22, 1985.

Notice of the institution of the Commission's investigations and of a conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of June 13, 1985 (50 F.R. 24845). 1/ The conference was held in Washington, DC, on June 26, 1985. 2/ The briefing and vote was held on July 16, 1985.

Other Investigations Concerning Steel Wire Nails

In February 1979, the Commission unanimously determined 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.

In August 1980, the Commission determined 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 the Republic of Korea (Korea), provided for in items 646.25 and 646.26 of the TSUS, which Commerce determined were being sold at LTFV.

1/ Copies of the Commission's and Commerce's notices are presented in app. A.
2/ A list of witnesses appearing at the conference is presented in app. B.

In August 1981, the Commission determined that there was no reasonable indication that an industry in the United States was materially injured, or threatened with material injury, or the establishment of an industry in the United States was materially retarded by reason of imports of certain steel wire nails from Yugoslavia, which were allegedly sold at LTFV. At the same time, a concurrent antidumping investigation concerning nail imports from Japan was terminated on the basis of assurances provided by the Japanese manufacturers.

In August 1982, the Commission determined that an industry in the United States was materially injured by reason of imports from Korea of steel wire nails, which were being, or were likely to be, sold in the United States at LTFV. Accordingly, Commerce issued an antidumping order concerning Korean nails. This antidumping order is still in effect today. However, it is possible that this order will be revoked as a consequence of a voluntary restraint agreement concerning imports of nails from Korea effective October 1, 1984.

In June 1982, counsel for Armco Inc., Atlantic Steel Co., Florida Wire & Nail Co., New York Wire Mills Corp., Virginia Wire & Fabric Co., and Tree Island Steel, Inc., filed a countervailing duty petition with the Commission and Commerce concerning nails from Korea. In September 1982, the countervailing duty investigation concerning Korean nails was terminated following a determination by Commerce that the manufacturers, producers, or exporters of nails were not receiving benefits that constituted subsidies.

In July 1984, the Commission determined in investigation No. TA-201-51, on carbon and certain alloy steel products, under section 201 of the Trade Act of 1974, that certain steel products, including steel wire nails provided for in items 646.25 and 646.26 of the TSUS (Chairwoman Stern and Vice Chairman Liebeler dissenting), were being imported into the United States in such increased quantities as to be a substantial cause of serious injury to the domestic industries producing articles like or directly competitive with the imported articles. Following the Commission's determination, the United States negotiated various agreements to limit the importation of steel products into the United States. These agreements, as they relate to nails, are described below.

Voluntary Restraint Agreements

On September 18, 1984, the President directed the Office of the United States Trade Representative (USTR) to negotiate voluntary restraint agreements (VRA's) with certain steel-supplying countries. The agreements are administered on either a market share or tonnage basis and will remain in effect for a 5-year period beginning October 1, 1984. The arrangements include a comprehensive coverage of carbon and alloy steel products (including nails and other wire products) except those products already under quotas as a result of the section 201 investigation on specialty steel conducted in 1983.

The USTR has concluded VRA's with 12 countries as of June 26, 1985. 1/ Negotiations with Poland are reportedly in the final stages of completion. With respect to the agreement on nails imported from Korea, the largest foreign supplier of nails, the USTR has negotiated a market share allowance. During the 15-month period beginning October 1, 1984, it is estimated that under the agreement imports from Korea will total 164,000 tons, or on an annualized basis, about 37 percent below the level of imports in 1984. The exact impact the agreements will have on nails imported from the remaining 11 countries is unknown, since the agreements specify imported wire products rather than nails.

The China National Metals & Minerals Import & Export Corp. (Minmetals) has indicated to the U.S. embassy in Beijing that it would like to enter into a VRA concerning exports of nails to the United States. The embassy reported that—

*   *   *   *   *   *   *

Minmetals controls the exportation of virtually all nails produced in China.

The Product

Description and uses

The products which are included within the scope of these investigations are steel wire nails. These include nails of one-piece construction made of round steel wire, steel wire nails of two-piece construction, and steel wire nails with lead heads. Nails fitting this description are available in a variety of heads, shanks, points, sizes, and finishes. 2/ An indication of the variety of nails can be seen in figure 1. Nails are generally used to join two pieces of material, usually wood.

Manufacturing process

A nail is produced by drawing wire rod through a nail machine, where the head is formed. It is then pushed through the machine until the nail is of the desired length, at which time it is pinched to form a point and then cut. The nail is then expelled and collected for tumbling or for further finishing. Two-piece nails receive additional processing in which square or round metal caps or neoprene washers are inserted onto the nails. Various finishes are sometimes applied to nails to improve their holding ability or to prevent rust and corrosion. Common coating materials include zinc (galvanized nails), cement, and vinyl. In addition, some nails are collated (attached to strips of tape or other adhesive material) for use in pneumatic nailing guns.

1/ The countries that have agreed to VRA's with the USTR are Australia, Brazil, Czechoslovakia, Finland, Hungary, Japan, Korea, Mexico, Romania, South Africa, Spain, and Venezuela.

2/ A description of nail types is presented in app. C.

Figure 1 .--Types of steel wire nails.

Common nail (flat head, diamond point)-------

Finishing nail (cupped brad head, diamond point)-----------------------------------

Flooring nail (casing head, blunt point)-----

Pinning nail (flat head, needle point)-------

Roofing nail (large flat head, barbed shank, diamond point)---------------------

Scaffold nail (double head, diamond point)---

Hinge nail (flat countersunk head, chisel point)-----------------------------------

Hinge nail (oval head, chisel point)---------

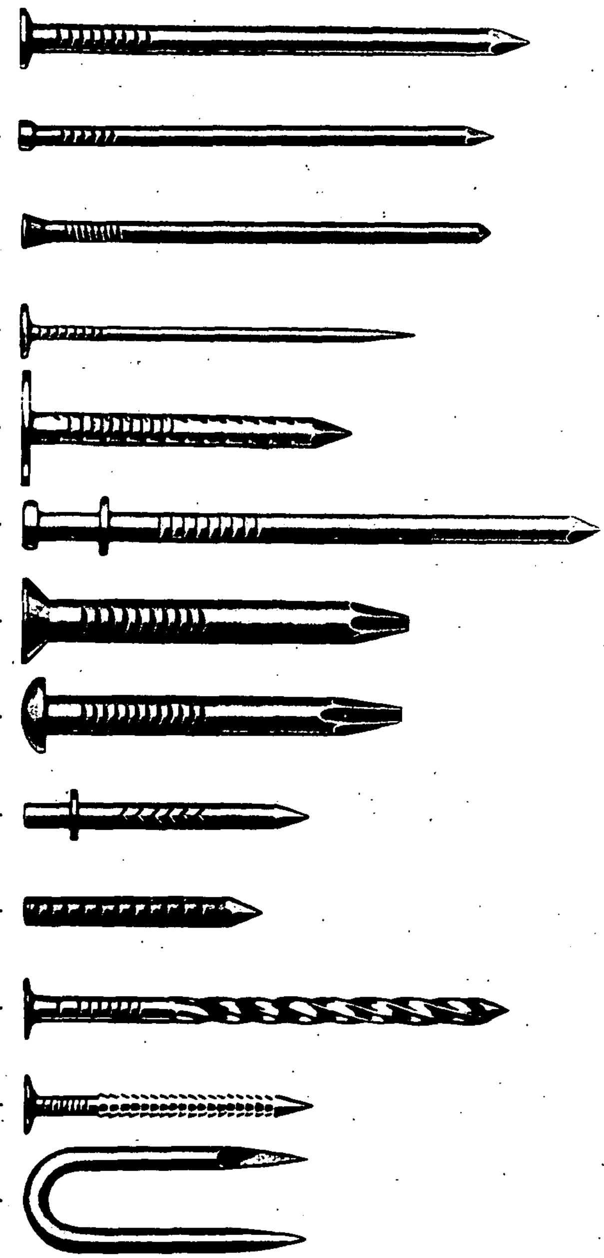
Shade roller pin (projection head, diamond point)-----------------------------------

Dowel pin (headless, barbed shank, diamond point)-----------------------------------

Pallet nail (flat head, screw shank, diamond point)----------------------------

Drywall nail (sinker head, ring shank, needle point)------------------------------

Fence staple---------------------------------



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 non-standard gage), or points according to customer order.

U.S. tariff treatment

The imported nails which are the subject of these investigations are classified under items 646.25, 646.26, 646.30, 646.32, and 646.36 of the TSUS. More than 95 percent of the nails under investigation are imported under items 646.25 and 646.26 of the TSUS. The most-favored-nation (col. 1) rate of duty for these two items is 0.5 percent ad valorem. The column 2 rates for these two tariff items are 2 and 3.5 percent ad valorem, respectively. The rates of duty applicable to imports of all the nails subject to investigation from China, Poland, and Yugoslavia are presented in table 1.

Table 1.—Certain steel wire nails: U.S. rates of duty applicable to imports from China, Poland, and Yugoslavia, as of Jan. 1, 1982, Jan. 1, 1985, and Jan. 1, 1987

TSUS item No.	Nails covered 1/	Rate of duty			
		Col. 1 2/			Col. 2 3/
		Jan. 1, 1982	Jan. 1, 1985	Jan. 1, 1987	
	1-piece steel wire nails made of round steel wire:				
646.25	Under 1 inch in length and under 0.065 inch in diameter.	0.5%	0.5%	0.5%	2%
646.26	1 inch or more in length and 0.065 inch or more in diameter.	0.5%	0.5%	0.5%	3.5%
646.30 4/	Similar steel nails of one piece construction whether over or under 0.065 inch in diameter.	3.7%	3.4%	3.2%	5.5%
646.32 4/	2-piece steel wire nails	2.3%	2.3%	2.3%	8%
646.36 4/	Steel wire nails with lead heads.	8.1%	6.7%	5.7%	45%

1/ These TSUS items include products that are not subject to these investigations. The information in this column briefly describes only those nails subject to the investigations.
2/ These rates apply to imports from China and Yugoslavia, except as noted.
3/ These rates apply to imports from Poland.
4/ Imports under these items have been designated as articles eligible for duty-free treatment under the Generalized System of Preferences (GSP). Yugoslavia is a designated beneficiary developing country and, thus, is eligible for preferential treatment with respect to items imported under these TSUS items. However, there have been no imports from Yugoslavia under these TSUS items.

Source: Tariff Schedules of the United States.

Nature and Extent of Alleged Sales at LTFV

The petitioners allege that imports of nails from China, Poland, and Yugoslavia are being sold in the United States at LTFV. China and Poland are nonmarket-economy countries. Thus, in calculating the foreign market value of nails from China and Poland, the petitioners used information concerning the foreign market value of nails produced in surrogate countries. The petitioners selected Singapore and India as appropriate surrogate countries for China, and Greece and Italy as surrogate countries for Poland. To calculate the LTFV margins for China and Poland, the petitioners compared the constructed values of producing nails in the surrogate countries with the average export prices of nails from China and Poland to the United States. These LTFV margins ranged from 55.4 to 85.8 percent for imports from China and from 78.2 to 83.6 percent for imports from Poland (table 2).

Table 2.--Alleged LTFV margins, by countries and by types, late 1984 and early 1985

Type of nails	China	Poland	Yugoslavia
Bright common	60.1	78.2	91.5
Cement coated	55.4	83.6	1/
Galvanized roofing	85.8	1/	1/

1/ No margins calculated.

Source: The petition filed with the U.S. Department of Commerce and the U.S. International Trade Commission.

To calculate the LTFV margins for imports of nails from Yugoslavia, the petitioners compared the constructed value of producing nails in Yugoslavia with the prices at which Yugoslav nails are sold in the United States. According to the petitioners' calculations, the LTFV margin for nails from Yugoslavia is 91.5 percent.

U.S. Producers

There are approximately 50 major producers of steel wire nails located throughout the United States. The U.S. steel wire nail industry has historically consisted of three general groups of producers: large integrated and smaller nonintegrated steel-producing firms that manufacture steel wire rod, draw it into wire, and then make nails from the wire, and smaller converting firms that make nails from purchased steel wire rod or drawn wire. The larger integrated companies have typically made the high-volume smooth shank nails, and smaller firms have concentrated production in higher priced nails (e.g., those having special purpose heads, shanks, points, or finishes).

In recent years most of the large integrated steel producers have ceased producing nails. For example, U.S. Steel ceased production in 1981, and Armco and Bethlehem ceased nail production in 1983. In 1984, the largest U.S. producers were * * *, * * * and * * *, * * *. CF&I, the remaining integrated steel producer manufacturing nails, was * * * in 1984. The major U.S.

producers and their shares of production in 1984, as reported in questionnaires, are presented in the following tabulation:

*   *   *   *   *   *   *

U.S. Importers

China

Miller Supply Corp., of White Plains, NY, a large distributor of hardware, is the largest importer of nails from China, accounting for * * * percent of such imports in 1984. It purchases nails, both domestic and imported, * * *, shown in the following tabulation:

*   *   *   *   *   *   *

The bulk of the imports from China, according to questionnaire responses, are electrogalvanized and hot-galvanized nails, which combined account for * * * percent of imported nails from China, as shown in the following tabulation:

*   *   *   *   *   *   *

Poland

Borneo Sumatra Trading Co., Inc., of New Jersey, is the exclusive U.S. importer of nails from Poland. In 1984, * * * percent of its imports were bright common nails, and * * * percent were cement-coated nails * * *.

Yugoslavia

The largest importers of Yugoslav nails in 1984 were * * * (* * * percent) and * * * (* * * percent). Virtually all of the nails imported from Yugoslavia are bright common nails.

The Foreign Producers

China

Eleven firms produce nails in China, seven of which produce for export. The exportation of virtually all of the nails produced in China is controlled by the China National Metals & Minerals Import & Export Corp. (Minmetals). According to information provided by Minmetals, Chinese production of nails increased by 10 percent from 1982 to 1984 (table 3). Utilization of productive capacity was 89 percent in 1982 and 91 percent in 1983 and 1984. In its postconference brief, counsel for Minmetals stated that—

> The American Metal Market reported on February 3 of this year that the PRC is undergoing massive construction in the hotel and housing sectors. The Commission historically has recognized that sales of nails are closely related to the performance of the housing industry. With this growing demand for nails in China, there is little likelihood that imports of nails from China will be sufficient to pose a threat to the United States industry.

Table 3.—Certain steel wire nails: Chinese production, capacity, and exports, 1982-84

Item	1982	1983	1984
Production 1/—1,000 short tons	639	672	705
Capacity 1/—do	716	739	771
Capacity utilization 1/—percent	89	91	91
Exports to:			
United States—1,000 short tons	29	50	44
All other—do	92	93	77
Total—do	121	143	121
Exports to the United States as a share of production—percent	5	7	6

1/ Steel nails over 1 inch in length. These nails account for the bulk of Chinese production.

Source: Compiled from data submitted by counsel for the China National Metals & Minerals Import & Export Corp.

Exports of nails from China to the United States increased from 29,000 tons in 1982 to 44,000 tons in 1984, or by 52 percent. These exports accounted for 5 to 7 percent of total Chinese nail production during 1982-84. Minmetals projects that it will export between 55,000 and 61,000 tons of nails to the United States during 1985.

The U.S. embassy in Beijing reported that 1/—

> There is little relationship between overall domestic production and exports. Production for export is tailored to the market. This is particularly true of the U.S. and Canadian markets. Nails produced for these markets are produced according to different specifications and hence, there is no spillover between domestic and export markets.

1/ Telegram from the U.S. Embassy in Beijing, summarizing a meeting with officials from Minmetals, July 9, 1985.

In addition, Minmetals has informed the embassy that "China has tried to avoid exporting categories which U.S. producers produce and has concentrated on those where U.S. production is small." As a result, China's exports are concentrated, for example, in electrogalvanized roofing nails, which account for a small portion of total U.S. production.

Poland

Three firms produce nails in Poland. They are Zaklady Przemyslowe "Komwna Paryska" W Radomsku, Zaklady Metalurgiczne "Polmetal" Y Salkowie, and Fabryka Drutu I Wyrobow Z Drutu W Gliwicach. 1/ According to information received from the U.S. embassy in Warsaw, only the first factory presently manufactures nails for export to the United States. The embassy reports, however, that by yearend, part of the U.S. bound production is expected to be shifted to the other two factories.

Polish production of nails increased from 101,000 tons in 1982 to 106,000 tons in 1984, or by 5 percent (table 4). Capacity to produce nails in Poland increased by 9 percent during the period, and utilization of this capacity has remained fairly steady: 76 percent in 1982 and 73 percent in 1984.

Table 4.—Certain steel nails: Polish production, capacity, inventories, and exports, 1982-84

Item	1982	1983	1984
Production——1,000 short tons—:	101	103	106
Capacity——do——:	133	138	145
Capacity utilization——percent—:	76	75	73
Yearend inventories——1,000 short tons—:	4	4	3
Ratio of inventories to production——percent—:	3	4	3
Exports to—			
United States-1,000 short tons—:	11	21	26
Western Europe 1/——do——:	8	5	9
Canada——do——:	1	1	1
All other——do——:	14	9	7
Total——do——:	34	36	43
Ratio of exports to the United States to production——percent—:	11	21	24

1/ France, the United Kingdom, and West Germany.

Source: Compiled from data received from the U.S. Embassy in Warsaw.

1/ Information on the Polish nail industry was obtained from a telegram from the U.S. Embassy in Poland. The Embassy reported that it had obtained this information from the Polish foreign trade organization, Universal Co., Ltd., the sole exporter of nails to the United States.

The United States is Poland's largest export market for nails. These exports increased from 11,000 tons in 1982 to 26,000 tons in 1984, or by 136 percent. Exports of nails to the United States have accounted for an increasing share of Poland's total nail production. This share rose from 11 percent in 1982 to 24 percent in 1984.

The U.S. embassy in Warsaw projected that production, capacity, and capacity utilization of nails in Poland will not change in 1985. The embassy further reports that Poland plans to export 21,000 tons of nails to the United States in 1985, or 19 percent below the level of exports in 1984.

Yugoslavia

Three Yugoslav nail producers export nails to the United States. One producer, Zelezarna Jesenice, accounts for the bulk of the exports to the United States. Virtually all of the Yugoslav nails imported into the United States are bright common nails, which, according to importers, are alleged to be of poor quality. Problems with these nails include off-center heads, bent shanks, blunt points, rusty nails, and poor packaging. One large importer reported that Yugoslav nails frequently arrive weeks or months after the scheduled delivery date.

The U.S. Market

Marketing and channels of distribution

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; some importers, for example, also purchase nails from domestic producers, and some domestic producers sell directly to retailers. Several producers also import nails. The Sivaco Co., the parent firm of Atlantic Steel, Florida Wire, and Virginia Wire, * * *. No U.S. producer is known to import nails from Poland or Yugoslavia. Because nails are heavy and costly to transport long distances, most shipments are made to customers located within 500 miles of the producing plant or port of entry.

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, drywall, exterior siding, trim, roofing, and paneling). 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, and few end users are aware of the country in which the nails were manufactured.

Apparent consumption

Apparent consumption of steel wire nails increased steadily from 810,000 tons in 1982 to 1.1 million tons in 1984, or by 39.6 percent (table 5).

Consumption declined, however, by 12.6 percent in January-March 1985 compared with that in January-March 1984. U.S. producers accounted for 65.9 percent of apparent consumption in 1982. This share declined to 62.2 percent in 1983 and 57.2 percent in 1984. The U.S. producers' share increased in January-March 1985 to 57.4 percent compared with 55.3 percent in the corresponding period of 1984.

Table 5.—Certain steel wire nails: U.S. producers' domestic shipments, imports for consumption, and apparent U.S. consumption, 1982-84, January-March 1984, and January-March 1985

Period	Domestic shipments	Imports	Consumption	Ratio to consumption of: Domestic shipments	Ratio to consumption of: Imports
	1,000 short tons			Percent	
1982	534	276	810	65.9	34.1
1983	654	398	1,052	62.2	37.8
1984	647	484	1,131	57.2	42.8
January-March—					
1984	162	131	293	55.3	44.7
1985	147	109	256	57.4	42.6

Source: Domestic shipments, derived from data collected by the U.S. Department of Commerce. Imports are compiled from official statistics of the U.S. Department of Commerce.

Consideration of Alleged Material Injury to an Industry in the United States

The information in this section of the report is based for the most part on data received from questionnaires. As noted in the U.S. producers' section, there are approximately 50 major producers of steel wire nails in the United States. The Commission sent questionnaires to 39 producers and received usable questionnaire responses from 29 of them. These 29 firms accounted for 52 percent of shipments, as reported by the Department of Commerce, Current Industrial Reports, in 1983 and 1984.

In its questionnaire, the Commission asked each U.S. nail producer whether it would be able to provide capacity, employment, and profit-and-loss data concerning its operations on certain specific types of nails. The nails specified were bright nails, cement-coated nails, hot-galvanized nails, vinyl-coated nails, electrogalvanized nails, lead-headed nails, nails of one-piece construction, and nails of two-piece construction. Of the 29 producers that submitted data in response to questionnaires, only 6, accounting for * * * percent of reported U.S. producers' shipments in 1984 (or * * * percent of total U.S. producers' shipments), reported that they would be able to provide such information. Other firms reported that they do not maintain separate financial, employment, and capacity records for each specific type of nail and that they would be unable to provide such data, because all of the nails are produced on the same machinery by the same workers and use the same raw materials.

U.S. production, capacity, and capacity utilization

Reported production of steel wire nails increased from 244,000 tons in 1982 to 338,000 tons in 1983, or by 94,000 tons or 39 percent, and then declined slightly, by less than 1 percent, to 335,000 tons in 1984 (table 6). Production dropped by 10 percent in January-March 1985 compared with that in the corresponding period of 1984.

Table 6.—Certain steel wire nails: U.S. production, capacity, and capacity utilization, 1982-84, January-March 1984, and January-March 1985

Period	Production	Capacity	Capacity utilization 1/
	1,000 short tons		Percent
1982	244	493	39.8
1983	338	460	57.2
1984	335	511	52.4
January-March—			
1984	89	160	45.0
1985	80	191	34.6

1/ Based on data from firms which provided both production and capacity data.

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

Production capacity increased steadily from 493,000 tons in 1982 to 511,000 tons in 1984, or by 18,000 tons or 4 percent. Capacity continued to increase, by 19 percent, in January-March 1985 compared with that in the corresponding period of 1984.

Capacity utilization increased from 39.8 percent in 1982 to 57.2 percent in 1983 and then dropped to 52.4 percent in 1984. Capacity utilization further declined to 34.6 percent in January-March 1985 compared with a level of 45.0 percent in the corresponding period of 1984.

U.S. producers' shipments

Data on U.S. producers' shipments were obtained from the Department of Commerce, Current Industrial Reports. These data 1/ indicate that U.S. producers' domestic shipments increased from 534,000 tons in 1982 to 654,000 tons in 1983, or by 22 percent. Shipments then declined by 1 percent, to 647,000 tons, in 1984, with an additional decline of 9 percent in January-March 1985 compared with the level in the corresponding period of 1984, as shown in the following tabulation (in thousands of short tons):

1/ Data collected by the U.S. Department of Commerce do not include nail shipments by fabricators. Such shipments account for 45 percent of total shipments. The Commission staff has adjusted Commerce data accordingly.

Period	Quantity
1982	534
1983	654
1984	1/ 647
January-March—	
1984	1/ 162
1985	1/ 147

1/ Estimated by the staff of the U.S. International Trade Commission, by extrapolating from questionnaire data.

Shipment data were also compiled from questionnaire responses. These shipments accounted for 49 percent of shipments reported by Commerce in 1982, for 52 percent of such shipments in 1983, and for 53 percent in 1984. According to questionnaire data, U.S. producers' domestic shipments increased from 264,000 tons in 1982 to 342,000 tons in 1984, or by 30 percent. Shipments then declined by 8 percent in January-March 1985 compared with those in the corresponding period of 1984. These figures are shown in the following tabulation (in thousands of short tons):

Period	Quantity
1982	264
1983	342
1984	342
January-March—	
1984	91
1985	84

U.S. producers were also asked to supply shipment data by nail type or finish for 1984, as shown in the following tabulation:

Type of nail	Percentage distribution of 1984 shipments
1-piece:	
Bright:	
Common	12.6
Other	15.5
Total	28.1
Cement-coated:	
Sinkers	19.9
Other	9.4
Total	29.3
Hot galvanized	17.7
Vinyl coated	4.2
Electrogalvanized	4.7
Other 1-piece	13.6
Subtotal	97.7
2-piece	2.0
Lead-headed	0.3
Grand total	100.0

Exports were small throughout the period, accounting for less than 1 percent of shipments in each period.

U.S. producers' inventories

End-of-period inventories of steel wire nails covered by the investigations increased from 32,000 tons in 1982 to 37,000 tons in 1984, an increase of 16 percent (table 7). Inventories continued to increase by 3 percent as of March 31, 1985, compared with inventories on March 31, 1984. As a percent of shipments, inventories dropped from 13.8 percent in 1982 to 13.5 percent in 1984. Inventories increased as a percent of shipments in January-March 1985 to 12.8 percent, compared with 11.7 percent in the corresponding period of 1984.

Table 7.—Certain steel wire nails: U.S. producers' end-of-period inventories and shipments, 1982-84, January-March 1984, and January-March 1985

Period	Inventories	Shipments	Ratio of inventories to shipments 1/
	1,000 short tons		Percent
1982	32	264	13.8
1983	35	342	12.3
1984	37	342	13.5
January-March—			
1984	35	91	2/ 11.7
1985	36	84	2/ 12.8

1/ These figures are for only firms that provided data on both inventories and shipments.
2/ Based on annualized shipments.

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

Employment and wages

The number of workers employed in the production of certain steel wire nails increased from 1,069 in 1982 to 1,241 in 1984, or by 16 percent (table 8). The number of production and related workers declined by 12 percent in January-March 1985 compared with employment in the corresponding period of 1984. The number of hours worked by these workers increased by 25 percent from 1982 to 1983, and then dropped by less than 1 percent in 1984. Hours worked then fell by 13 percent in January-March 1985 compared with those in the corresponding period of 1984.

Average hourly wages dropped from $10.48 in 1982 to $9.90 in 1983, and then increased to $9.98 in 1984. Average hourly wages increased again to $10.21 in January-March 1985 compared with $9.92 in the corresponding period of 1984.

Table 8.--Average number of production and related workers engaged in the manufacture of certain steel wire nails, hours worked by such workers, wages paid, and total compensation, 1982-84, January-March 1984, and January-March 1985

Period	Number of workers	Hours worked	Hourly wages paid	Total hourly compensation
		Thousands		
1982	1,069	1,757	$10.48	$14.09
1983	1,238	2,202	9.90	13.65
1984	1,241	2,197	9.98	13.68
January-March --				
1984	1,274	604	9.92	13.81
1985	1,121	525	10.21	14.43

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

The productivity of the workers engaged in the manufacture of nails increased by 18 percent, from 0.11 ton per hour in 1982 to 0.13 ton per hour in January-March 1985. Total labor costs per ton decreased during the period by 16 percent, from $140 per ton in 1982 to $118 per ton in January-March 1985. The increase in productivity can be attributed, in part, to the increased utilization of nail production facilities. Such utilization rose from 40 percent in 1982 to 52 percent in 1984.

Sixteen firms provided information on the unions that represent their workers. Nine reported that the nail workers were not unionized, and four reported that their workers belonged to the United Steelworkers of America. Other unions named were the International Brotherhood of Electrical Workers (one firm), the Independent Steelworkers Alliance (one firm), and the International Brotherhood of Teamsters (one firm).

Financial experience of U.S. producers

Thirteen firms 1/ furnished usable income-and-loss data on both their overall establishment operations and on their operations producing wire nails during 1982-83. One of the firms, * * *, ceased production in 1983. Therefore, the income-and-loss data for 1984 and the interim periods are for 12 producers. The 12 firms accounted for 35 percent of estimated 1984 domestic shipments of steel wire nails covered by the investigation.

Overall establishment operations.--Net sales of all products produced in the establishments within which steel wire nails are produced decreased from $1.4 billion in 1982 to $1.2 billion in 1983, or by 18.9 percent (table 9). Sales then decreased by 7.1 percent, to $1.1 billion, in 1984 * * *. During the interim period ended March 31, sales decreased from $299.3 million in 1984 to $274.3 million in 1985, or by 8.4 percent.

1/ The firms are * * *.

Table 9.--Income-and-loss experience of 13 U.S. producers on the overall operations of their establishments within which certain steel wire nails are produced, accounting years 1982-84 and interim periods ended Mar. 31, 1984, and Mar. 31, 1985

Item	1982	1983	1984	Interim period ended Mar. 31-- 1984	Interim period ended Mar. 31-- 1985
Net sales ---1,000 dollars--	1,429,744	1,159,254	1,077,454	299,311	274,295
Cost of goods sold---do---	1,500,656	1,242,633	1,077,150	300,522	275,205
Gross profit or (loss)--do---	(70,912)	(83,379)	304	(1,211)	(910)
General, selling, and administrative expenses---do---	83,167	77,329	51,897	13,799	13,987
Operating (loss) ---do---	(154,079)	(160,708)	(51,593)	(15,010)	(14,897)
Depreciation and amortization ---do ---	81,711	76,331	43,639	10,895	11,304
As a share of net sales:					
Cost of goods sold percent---	105.0	107.2	100.0	100.4	100.3
Gross profit or (loss)-do---	(5.0)	(7.2)	1/	(0.4)	(0.3)
General, selling, and administrative expenses---do---	5.8	6.7	4.8	4.6	5.1
Operating (loss)---do---	(10.8)	(13.9)	(4.8)	(5.0)	(5.4)
Number of firms reporting operating losses---	11	7	5	6	8
Number of firms reporting---	13	13	12	12	12

1/ Less than 0.05 percent.

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

The firms suffered an aggregate operating loss of $154.1 million in 1982, or 10.8 percent of net sales. In 1983, the aggregate operating loss increased to $160.7 million, or 13.9 percent of net sales, then decreased in 1984 to $51.6 million, or 4.8 percent of net sales. During the interim period ended March 31, the operating loss decreased slightly, from $15.0 million in 1984 to $14.9 million in 1985. The interim period operating loss margins were 5.0 percent in 1984 and 5.4 percent in 1985. Eleven of the 13 producers reported overall operating losses in 1982 compared with 7 of 13 in 1983 and 5 of 12 in 1984. During the interim period ended March 31, operating losses were incurred by 6 firms in 1984 and by 8 firms in 1985.

Operations on certain steel wire nails.--Net sales of steel wire nails increased from $118.2 million in 1982 to $137.0 million in 1983, or by 15.9 percent, and then increased slightly, to $138.1 million in 1984 (table 10). During the interim period ended March 31, sales declined from $37.3 million in 1984 to $32.1 million in 1985, or by 13.9 percent.

Table 10.—Income-and-loss experience of 13 U.S. producers on their operations producing certain steel wire nails, accounting years 1982-84 and interim periods ended Mar. 31, 1984, and Mar. 31, 1985

Item	1982	1983	1984	Interim period ended Mar. 31— 1984	1985
Net sales————1,000 dollars—:	118,201	136,990	138,091	37,251	32,086
Cost of goods sold————do——:	122,158	134,286	136,927	36,934	33,618
Gross profit of (loss)—do——:	(3,957)	2,704	1,164	317	(1,532)
General, selling, and administrative expenses——————do——:	10,124	10,123	9,828	2,466	2,649
Operating (loss)————do——:	(14,081)	(7,419)	(8,664)	(2,149)	(4,181)
Depreciation and amortization 1/——————do——:	1,859	2,263	2,197	609	463
As a share of net sales:					
Cost of goods sold percent—:	103.3	98.0	99.2	99.1	104.8
Gross profit or (loss)-do——:	(3.3)	2.0	0.8	0.9	(4.8)
General, selling, and administrative expenses——————do——:	8.6	7.4	7.1	6.6	8.3
Operating (loss)————do—:	(11.9)	(5.4)	(6.3)	(5.8)	(13.0)
Number of firms reporting operating losses——————:	11	9	9	9	10
Number of firms reporting————:	13	13	12	12	12

1/ 4 producers did not provide depreciation and amortization expense for 1982-83. 3 producers, which together accounted for about 19 percent of sales in 1984, did not provide such expense in 1984 or in the interim periods.

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

The aggregate operating loss in 1982 was $14.1 million, or 11.9 percent of sales. In 1983, the operating loss decreased sharply to $7.4 million, or 5.4 percent of sales, and then grew again in 1984 to $8.7 million, or 6.3 percent of sales. During the interim period ended March 31, the operating loss nearly doubled, from $2.1 million in 1984 to $4.2 million in 1985. As a share of net sales, operating losses in interim 1984 and 1985 were 5.8 and 13.0 percent, respectively.

In 1982, 11 of the 13 producers reported operating losses compared with 9 of 13 in 1983 and 9 of 12 in 1984. In the interim period ended March 31, 1984, 9 of 12 firms reported operating losses; in interim 1985, 10 of the 12 firms reported operating losses.

The Question of Threat of Material Injury

In its examination of the question of a reasonable indication of the threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase of the alleged LTFV imports, the rate of increase of U.S. market penetration by such imports, quantities of such imports held in inventory in the United States, and the capacity of the foreign producers to generate exports (including the availability of export markets other than the United States).

Trends in imports and U.S. market penetration are discussed in the section of this report that addresses the causal relationship between the alleged injury and the imports that are allegedly sold at LTFV. Available information regarding the capacity of the foreign producers to generate exports is presented in the section on the foreign producers. No information is available concerning U.S. importers' inventories of nails from China, Poland, and Yugoslavia. * * *.

According to the petition, as a result of the VRA with Korea, imports of nails from Korea will decrease by 50,000 to 60,000 tons per year. The petitioners assert that LTFV imports from China, Poland, and Yugoslavia threaten to capture a significant portion of this tonnage. See the section of this report on voluntary restraint agreements for further details.

Consideration of the Causal Relationship Between Alleged Material Injury and Allegedly LTFV Imports

U.S. imports

U.S. imports of the nails under investigation enter under items 646.25, 646.26, 646.30, 646.32, and 646.36 of the TSUS. Whereas most of the imports entered under items 646.25 and 646.26 are nails that are the subject of the investigations, some brads, tacks, spikes, and staples that are not under investigation also enter under these items. These two items account for the bulk of the imports under investigation. The remainder of the nails that are under investigation enter under items 646.3040, 646.3200, and 646.3600 of the Tariff Schedules of the United States Annotated (TSUSA). These items include a variety of nails that are not subject to investigation. Total imports under these three items, however, are small. Because the official import statistics include merchandise that is not subject to investigation, the data on imports of nails presented in this report are slightly overstated.

Total imports of nails increased from 276,000 tons in 1982 to 484,000 tons in 1984, or by 75 percent (table 11). Total imports subsequently decreased by 17 percent from January-March 1984 to the corresponding period of 1985. The largest exporters of nails to the United States in 1984 were Korea (43 percent), Canada (15 percent), Japan (9 percent), and China (9 percent). Poland and Yugoslavia accounted for 5 and 3 percent, respectively, of total imports.

Imports of nails from China increased from 29,000 tons in 1982 to 50,000 tons in 1983 and then decreased to 44,000 tons in 1984, or 52 percent above the level of imports in 1982. Imports of nails from China decreased by 29 percent from January-March 1984 to the corresponding period of 1985.

Table 11.--Certain steel wire nails: 1/ U.S. imports, by principal sources, 1982-84, January-March 1984, and January-March 1985

Source	1982	1983	1984	January-March-- 1984	January-March-- 1985
	Quantity (1,000 short tons)				
Korea	107	157	207	60	50
Canada	74	77	71	16	17
Japan	22	33	44	12	8
China	29	50	44	14	10
Spain	19	17	29	5	4
Poland	10	21	24	6	7
Yugoslavia	10	12	13	4	3
Romania	2/	4	13	3	3
All other	5	27	39	11	7
Total	276	398	484	131	109
	Value (million dollars)				
Korea	53	75	105	30	21
Canada	45	50	46	10	10
Japan	16	23	33	8	7
China	13	22	21	7	4
Spain	10	9	13	2	2
Poland	4	7	8	2	2
Yugoslavia	3	4	4	1	1
Romania	3/	2	4	1	1
All other	6	13	21	6	4
Total	150	205	255	67	52
	Percent of total quantity				
Korea	39	39	43	46	46
Canada	27	19	15	12	15
Japan	8	8	9	9	8
China	10	13	9	11	9
Spain	7	4	6	4	3
Poland	3	5	5	5	6
Yugoslavia	4	3	3	3	2
Romania	4/	1	3	3	3
All other	2	8	7	7	8
Total	100	100	100	100	100

1/ Includes imports entered under the following TSUSA items: 646.2500, 646.2622, 646.2624, 646.2626, 646.2628, 646.2642, 646.2644, 646.2646, 646.2648, 646.3040, 646.3200, and 646.3600.

2/ Less than 500 short tons. 3/ Less than $500,000. 4/ Less than 0.5 percent.

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

In 1982, the year of the Polish dockworkers' strike, imports of nails from Poland totaled 10,000 tons, or 63 and 62 percent below the level of imports in 1980 and 1981, respectively, as shown in the following tabulation (in thousands of short tons):

	Quantity
1980	27
1981	26
1982	10
1983	21
1984	24

In 1983 and 1984, imports from Poland recovered to 21,000 and 24,000 tons, respectively. In January-March 1985, such imports increased by 17 percent over the level of imports in the corresponding period of 1984.

Imports of Yugoslav nails rose from 10,000 tons in 1982 to 13,000 tons in 1984, or by 30 percent. These imports subsequently fell by 25 percent during the January-March periods.

Information concerning the customs districts through which nails from China, Poland, and Yugoslavia entered the United States during 1984, as compiled from official statistics of the U.S. Department of Commerce, is presented in the following tabulation (in percent):

Country and customs district	Share of total imports	Country and customs district	Share of total imports
China:		Poland:	
New York, NY	17	Wilmington, NC	36
Houston, TX	13	Houston, TX	17
Philadelphia, PA	11	Savannah, GA	16
Boston, MA	9	Tampa, FL	12
New Orleans, LA	9	All other	19
Los Angeles, CA	8	Total	100
Miami, FL	8	Yugoslavia:	
Wilmington, NC	7	New York, NY	67
All other	18	Miami, FL	16
Total	100	All other	17
		Total	100

U.S. market penetration

Market penetration of imports from all sources increased from 34.1 percent of consumption in 1982 to 42.8 percent in 1984 (table 12). Market penetration of imports then declined to 42.6 percent in January-March 1985 compared with 44.7 percent in the corresponding period of 1984.

Table 12.—Certain steel wire nails: U.S. producers' domestic shipments, U.S. imports by selected sources, and U.S. consumption, 1982-84, January-March 1984, and January-March 1985

Period	U.S. producers' domestic shipments	Imports from— China	Poland	Yugoslavia	All other	Total	Consumption
	Quantity (1,000 short tons)						
1982	534	29	10	10	227	276	810
1983	654	50	21	12	315	398	1,052
1984	647	44	24	13	403	484	1,131
Jan.-Mar—							
1984	162	14	6	4	107	131	293
1985	147	10	7	3	89	109	256
	Share of consumption (percent)						
1982	65.9	3.6	1.2	1.2	28.0	34.1	100.0
1983	62.2	4.8	2.0	1.1	29.9	37.8	100.0
1984	57.2	3.9	2.1	1.1	35.6	42.8	100.0
Jan.-Mar—							
1984	55.3	4.8	2.0	1.4	36.5	44.7	100.0
1985	57.4	3.9	2.7	1.1	34.8	42.6	100.0

Source: Based on tables 5 and 11 of this report.

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

Imports from China increased their share of the market from 3.6 percent in 1982 to 4.8 percent in 1983; the Chinese share then declined to 3.9 percent in 1984. The share of the market held by imports from China was 3.9 percent in January-March 1985, representing a decline from the 4.8-percent share held in January-March 1984.

The market penetration of imports from Poland increased from 1.2 percent of consumption in 1982 to 2.1 percent in 1984. The market penetration of these imports continued to increase to 2.7 percent of consumption in January-March 1985 compared with 2.0 percent of consumption in the corresponding period of 1984.

The share of the market held by imports from Yugoslavia declined from 1.2 percent in 1982 to 1.1 percent in 1983 and 1984. The share of the market held by these imports was 1.1 percent in January-March 1985, down from 1.4 percent in the corresponding period of 1984.

Market penetration of imports from China, Poland, and Yugoslavia together increased from 6.0 percent in 1982 to 7.9 percent in 1983, and then dropped to 7.1 percent in 1984. Market penetration of imports from all three countries declined to 7.7 percent in January-March 1985 compared with 8.2 percent in January-March 1984.

Prices

Several U.S. producers distribute price lists but often discount from their list prices to meet competitive offers. The U.S.-produced nails are predominantly sold on an f.o.b. mill or warehouse basis, whereas the imported nails under investigation are normally sold on an ex-dock or a delivered price basis. The lead time between a customer's order and the date of shipment is considerably shorter for the domestic nails in comparison with that for the imported product. Domestic producers reported delivery lead times ranging from 1 day to 6 weeks. In comparison, importers reported delivery lead times generally ranging from 3 to 9 months. The exception to the longer lead time for the imported product was * * *. This importer, which warehouses its imported nails, reported that it sells * * * nails with an average delivery lead time of 3 days.

The Commission requested U.S. producers and importers to provide price data on their sales of three types of nails to three large customers. The three types of nails are as follows:

Product 1.—16 penny bright common nails.
Product 2.—16 penny cement coated countersunk nails.
Product 3.—Electrogalvanized roofing nails 11G x 1-1/4" x 7/16".

Nine U.S. producers reported some selling price data on the products for which information was requested. The nine U.S. producers accounted for approximately 24.5 percent of total estimated U.S. producers' shipments in 1984. One importer, accounting for approximately * * * percent of the tonnage of Chinese nails under investigation in 1984, reported some price data. 1/ Another importer, accounting for 100 percent of the tonnage of subject imports from Poland, reported price data. The single importer that provided the Commission with price data on the subject imports from Yugoslavia accounted for * * * percent of the tonnage of Yugoslav nails in 1984.

Price trends.—The weighted-average net selling prices reported by U.S. producers are shown for the three product specifications in table 13. The U.S. producers' quarterly price for product 1 increased from 22.12 cents per pound in January-March 1983 to a high of 24.29 cents per pound in April-June 1984, or by 10 percent. The U.S. product price then decreased 15 percent by January-March 1985 to 20.66 cents per pound. The domestic product price increased to 22.92 cents per pound in April-June 1985, or by 11 percent, yielding an overall increase of 4 percent over the period January-March 1983 through April-June 1985.

The U.S. producers' price of product 2 fluctuated in 1983 and 1984, decreasing irregularly from 23.26 cents per pound in January-March 1984 to 20.95 cents per pound in January-March 1985, or by 10 percent. The price then rose slightly to 21.53 cents per pound in April-June 1985.

1/ * * * nails from China and Yugoslavia, * * * could not be used. * * *, which accounted for * * * percent of nail imports from * * *, reported that it sells all nails of the same type at the same price, regardless of the country of origin. Because * * *, * * * stated that it could not provide separate sales price data on imports from * * *.

Table 13.--U.S. producers' weighted-average net selling prices for sales of domestically produced nails, by quarters, January 1983-June 1985

(In cents per pound)

Period	Product 1 1/	Product 2 2/	Product 3 3/
1983:			
January-March	22.12	23.26	* * *
April-June	22.64	22.65	* * *
July-September	23.66	22.72	* * *
October-December	23.48	22.63	* * *
1984:			
January-March	23.91	22.86	* * *
April-June	24.29	23.10	* * *
July-September	22.73	23.09	* * *
October-December	22.00	22.87	* * *
1985:			
January-March	20.66	20.95	* * *
April-June	22.92	21.53	* * *

1/ Product 1 is 16 penny bright common nails.
2/ Product 2 is 16 penny cement coated countersunk nails.
3/ Product 3 is electrogalvanized roofing nails, 11G x 1-1/4" x 7/16".

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

The U.S. producer price series for product 3 followed a somewhat different trend than did the series for product 1. The U.S. price for product 3 * * * from * * * cents per pound in * * * to * * * cents per pound in * * *, or by * * * percent. The price then * * * to * * * cents per pound by * * *, or by * * * percent over the period * * *. Like the U.S. product 1 price series, the product 3 price * * *.

The only import price series in which a trend was clearly evident was that for product 1 imported from Poland (table 14). Prices of product 1 from Poland * * *. Prices per pound of product 1 imported from Poland * * * from * * * cents in * * * to * * * cents in * * *, or by * * * percent. The import price then * * * by * * * percent, to * * * cents per pound, by * * *. The import price then * * * to * * * cents in * * *, or by * * * percent.

Table 14.--16 penny bright common nails: U.S. producers' and importers' weighted-average net selling prices for sales of domestic product and for sales of imports from Poland, and margins by which imports undersold/ oversold the domestic product, by quarters, January 1983-June 1985

*   *   *   *   *   *   *

Price comparisons.--Quarterly price comparisons between the domestic and imported nails were computed from data received in response to the Commission's questionnaires for sales by U.S. producers and importers of the subject products. The price comparisons that were tabulated with respect to the Chinese and Yugoslavian produced nails are based on limited import data. The most reliable price comparisons could be calculated for product 1 from Poland. Product 1 is a common-nail specification. Common nails account for the majority of nails imported from Poland.

The weighted-average net selling prices for product 1 (16 penny bright common nails) reported by U.S. producers, and the prices reported by one importer of Chinese nails are shown with the margins of underselling/overselling in table 15. Reported prices for product 1 imported from China were lower than the weighted-average U.S. price in * * * of the * * * quarters for which comparisons could be made. Margins of underselling ranged from 5 percent or * * * cents per pound in * * * to 8 percent or * * * cents per pound in * * * and averaged 7 percent. The Chinese nails were priced higher than the domestic nails in * * * and in * * *. In * * *, reported prices of U.S. and imported Chinese nails were equal.

Table 15.—16 penny bright common nails: U.S. producers' and importers' weighted-average net selling prices for sales of domestic product and for sales of imports from China, and margins by which imports undersold/oversold the domestic product, by quarters, January 1983–June 1985

* * * * * * *

Comparisons of U.S. and Chinese produced nail prices were also available for three quarters for products 2 and 3. These products imported from China are not shown in the tables. The reported import prices for product 2 were higher than the weighted-average U.S. price in all three quarters. The average margin of overselling was 2 percent, or * * * cents per pound. For product 3, the imported Chinese nails undersold the U.S. nails in all three quarters in which price comparisons were possible by an average margin of 12 percent. The margin of underselling was 16 percent, or * * * cents per pound, in * * *, 16 percent, or * * * cents per pound, in * * *, and 5 percent, or * * * cents per pound in * * *.

The weighted-average net selling price reported by U.S. producers and the prices reported by the exclusive importer of Polish nails are shown with the margins of underselling/overselling in table 14. Product 1 imported from Poland undersold the competing U.S. produced nails in all 10 quarters for which comparisons were available, by an average margin of 11 percent. Margins of underselling ranged from 6 percent, or * * * cents per pound, in * * * to 16 percent, or * * * cents per pound, in * * *.

The weighted-average net selling price reported by U.S. producers and the prices reported by the responding importer of Yugoslav nails are shown with the margins of underselling/overselling in table 16. Product 1 imported from Yugoslavia undersold the competing U.S.-produced nails in all six quarters for which comparisons were available. The Yugoslav product undersold the domestic product by an average margin of 16 percent. Margins of underselling ranged from 10 percent, or * * * cents per pound, in * * * to 21 percent, or * * * cents per pound, in * * *.

Table 16.—16 penny bright common nails: U.S. producers' and importers' weighted-average net selling prices for sales of domestic product and for sales of imports from Yugoslavia, and margins by which imports undersold/oversold the domestic product, by quarters, January 1983–June 1985

* * * * * * *

Transportation costs

Domestic producers of nails are located in many regions of the United States with no concentration in any particular location. Imports of the subject products from China enter the United States through numerous ports on the east coast, the Southeast, and the west coast. Imports of nails from Poland enter the United States primarily through ports in the Southeast and the gulf coast. Imports of nails from Yugoslavia enter the United States primarily through the New York customs district; Miami is utilized to a lesser extent.

Trucking is the primary mode of transportation for nails. Although transportation costs are a major concern when marketing or purchasing nails, there is reportedly no significant transportation cost advantage in favor of U.S. producers or the importers of the subject products. 1/ However, because transportation costs are significant, most U.S. producers ship their nails within a 500-mile radius of the nail production plant. 2/

Exchange rates 3/

Quarterly data reported by the International Monetary Fund indicate that during January 1982–June 1985 the nominal value of the Yugoslav dinar depreciated relative to the U.S. dollar in each consecutive period by an overall 82.5 percent (table 17). In response to the markedly high level of inflation in Yugoslavia compared with that in the United States over the 14-quarter period, the international purchasing power of the Yugoslav currency depreciated by 42.3 percent relative to the U.S. dollar—significantly less than the apparent depreciation of 82.5 percent represented by the nominal devaluation. 4/

1/ Transcript of the conference, p. 77.

2/ Ibid., p. 74.

3/ Market exchange rates for the currencies of the nonmarket economies of China and Poland are not available.

4/ The percentage change in the international purchasing power of the Yugoslav currency from the reference period January–March 1982 provides an indication of the maximum amount that foreign producers could reduce dollar prices of Yugoslav products in the U.S. market without reducing profits assuming they have no dollar-denominated costs or contracts. Foreign producers, however, may choose to increase profits by not reducing dollar prices or by reducing dollar prices by less than the depreciation would allow. Within specific industries such as the steel wire nail industry, the proportion of foreign producers' costs attributable to imports of raw materials and energy from the United States or from countries whose currencies are linked to the dollar would vary by specific products and producers.

Table 17.—Indexes of nominal-exchange-rate equivalents of the Yugoslav dinar in U.S. dollars, real-exchange-rate equivalents, and producer price indicators in the United States and Yugoslavia, 1/ indexed by quarters, January 1982–June 1985

(January–March 1982=100.0)

Period	U.S. Producer Price Index	Yugoslav Producer Price Index	Nominal exchange rate index	Real exchange rate index 2/
1982:				
January–March	100.0	100.0	100.0	100.0
April–June	100.1	106.1	96.0	101.8
July–September	100.5	114.1	88.9	100.9
October–December	100.6	119.0	73.0	86.3
1983:				
January–March	100.7	124.5	63.2	78.2
April–June	101.0	133.7	53.6	71.0
July–September	102.0	149.7	44.6	65.5
October–December	102.5	174.2	37.2	63.2
1984:				
January–March	103.6	198.8	35.4	67.9
April–June	104.3	203.7	33.1	64.6
July–September	104.1	241.1	27.8	64.3
October–December	103.8	275.5	23.1	61.2
1985:				
January–March	103.6	309.2	19.0	56.8
April–June 3/	103.6	341.1	17.5	57.7

1/ Producer price indicators—intended to measure final product prices—are based on average quarterly indexes presented in line 63 of the International Financial Statistics.

2/ The real value of a currency is the nominal value adjusted for the difference between inflation rates as measured by the Producer Price Index in the United States and the foreign country. Producer prices in the United States increased by 3.6 percent during January 1982–June 1985 compared with a 241.1-percent increase in Yugoslavia during the same period.

3/ Preliminary.

Source: International Monetary Fund, International Financial Statistics, June 1985.

Lost sales

The Commission received 24 specific lost sales allegations from 3 U.S. producers, involving 11 firms to which they had allegedly lost sales to imports of the subject products from either China, Poland, or all three subject countries together. No specific separate lost sales allegations were received involving imports of nails from Yugoslavia. The total allegations amounted to * * * tons and covered the period January 1985–May 1985. Several other U.S. producers reported losing sales to imports but were unable to provide specifics with regard to country of origin, quantities, or types of nails involved. The allegations are discussed below in the order of lost sales involving all three countries combined, lost sales involving nails imported from China, and lost sales involving nails imported from Poland.

Combined lost sales.--One U.S. producer submitted two lost sales allegations involving two purchasers that had allegedly purchased a total of * * * tons of nails from all three countries combined. One of the alleged lost sales involving * * * tons during * * * was * * *, a distributor * * * which distributes * * * nails, reported * * * tons of Chinese nails and * * * tons of Yugoslav nails in * * *. * * * stated that the reason for importing nails from China was availability. * * * noted that the majority of nails imported from China are electrogalvanized and hot-dipped roofing nails, which are available in very limited quantities from domestic sources. * * * stated that the nails imported from Yugoslavia are very poor quality common nails, which, accordingly, are imported at prices lower than the price of U.S.-produced common nails. He added that some purchasers consider strictly the price and not the quality when purchasing nails.

* * *, a distributor * * *, was cited in a lost sales allegation involving a total of * * * tons of nails from China, Poland, and Yugoslavia during * * *. * * * confirmed having purchased * * * tons of imported nails in * * *. * * * estimated that * * * percent of the * * * tons were from Poland, with the remainder being produced in China and Yugoslavia. He stated that price was his primary reason for purchasing the imported nails, which he estimated to be 10 percent lower than the competing domestic product. * * * stated that although he preferred to sell U.S.-produced nails, he was forced to market imported nails in order to compete with * * *.

Lost sales involving nails from China.--Two U.S. producers submitted 16 lost sales allegations totaling * * * tons of nails from China involving four firms. The Commission staff investigated all 16 allegations. Two purchasers cited in * * * allegations totaling * * * tons confirmed having purchased approximately * * * tons of Chinese nails in lieu of the American product. One of the two purchasers reported that he was supplied the Chinese-produced nails by a U.S. producer who sold them at the same price as the U.S.-produced product. The purchaser reported that the U.S. producer imported the nails from China * * * to supplement its own nail production. The other purchaser cited the Chinese nails' lower price as his primary reason for buying the Chinese nails. In * * * allegations totaling * * * tons, the purchaser involved denied the allegations. The remaining firm, which was cited in * * * allegations totaling * * * tons, would not comment. Details of the allegations are discussed below.

* * *, a distributor located in * * *, was cited in * * * lost sales allegations totaling * * * tons of Chinese nails during * * *. * * * confirmed having purchased approximately * * * tons of Chinese-produced nails. * * * reported that he was supplied the Chinese nails by * * *, which imported the nails * * *. He stated that the Chinese nails were sold to him at the same price as * * * U.S.-produced nails. He added that * * * supplied him Chinese nails when the type of nail he required * * * wasn't available from * * * U.S. production facilities. * * * also reported purchasing approximately * * * tons of Polish nails * * * which were priced about 10 percent lower than competing U.S.-produced nails. * * * indicated that he purchased the Polish nails in lieu of U.S.-produced nails primarily because of the lower price.

* * *, a distributor located * * *, was cited in * * * lost sales allegations totaling * * * tons of Chinese nails during * * *. * * * stated that he had purchased * * * tons of Chinese nails since * * *. * * * stated that the nails from China were "competitively" priced. He noted that the Chinese nails

he purchased were mostly * * * and that the buyer would expect a lower price for imported nails.

* * *, a distributor located in * * *, was cited in * * * lost sales allegations totaling * * * tons of Chinese nails during * * *. * * * stated that the firm has never purchased nails that were produced in China. However, * * * did note that he has purchased approximately * * * tons of Polish nails, which he estimated to be 10 percent lower in price than competing domestic nails. He added that Polish nails account for a very small percentage of the firm's total purchases of nails.

* * *, a distributor of nails, was cited in * * * lost sales allegations totaling * * * tons of Chinese nails * * *. * * * stated that he required a written request for information and, because of the nature of the firm's operations, several days to compile the information.

Lost sales involving nails from Poland.—Two U.S. producers submitted * * * allegations involving four firms totaling * * * tons of nail sales lost to competition from nails produced in Poland. The Commission staff investigated * * * allegations totaling * * * tons involving two purchasers. One purchaser that was cited in * * * allegations totaling * * * tons of nails confirmed having purchased the Polish product but was unable to estimate the quantity involved. The remaining firm, * * *, would not comment. Details of the allegations are discussed below.

[illegible] allegations totaling * * * tons of nails from Poland. * * * reported that he had purchased one shipment of approximately * * * tons of imported nails in * * *. * * * noted that there were some Polish nails in the shipment but was unable to estimate the quantity. He stated that convenience was his primary reason for purchasing the imported nails, noting that * * * [illegible]. * * * added that the prices of the imported nails and competing domestic nails have been approximately the same.

Lost revenues 1/—Two U.S. producers reported lost revenue allegations totaling $* * * on * * * tons of nails owing to competition from Chinese nails during * * *. The Commission staff investigated all * * * allegations. In * * * of the allegations totaling $* * *, the purchasers stated that they were not offered Chinese nails at the time of the alleged price reduction. One of the purchasers [illegible] revenue allegation of $* * * on * * * tons of nails owing to competition from Chinese nails. The remaining purchaser would not comment on the allegations. Details of the allegations are discussed below.

* * * was cited in a lost revenue allegation of $* * * on * * * tons of nails because of competition from Chinese nails during * * *. * * * reported that the firm has purchased Chinese nails in 1985 that were priced lower than competing U.S.-produced nails. * * * could not recall the specific lost revenue allegation but noted that it was probably true. He reported that the Chinese nails were packaged better and were of higher quality than U.S. nails.

1/ No lost revenue allegations involving nails from Poland or Yugoslavia were submitted to the Commission.

* * * was cited in a lost revenue allegation of $* * * on * * * tons of nails owing to competition from Chinese nails. * * * reported that the firm has never been offered Chinese nails.

* * * was cited in a lost revenue allegation of $* * * on * * * tons of nails due to competition from Chinese nails during * * *. * * * stated that the firm has been offered Chinese nails in * * * but that any price reductions in 1984 were caused by competition from Korean nails. * * * reported that the firm currently purchases Chinese nails, which are considerably lower in price than competing U.S. nails.

* * * was cited in a lost revenue allegation totaling $* * * on * * * tons of nails. * * * stated that * * *.

APPENDIX A

THE FEDERAL REGISTER NOTICES

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 731-TA-266 Through 268 (Preliminary)]

Certain Steel Wire Nails From the People's Republic of China, Poland, and Yugoslavia

AGENCY: International Trade Commission.

ACTION: Institution of preliminary antidumping investigations and scheduling of a conference to be held in connection with the investigations.

SUMMARY: The Commission hereby gives notice of the institution of preliminary antidumping investigation Nos. 731-TA-266 through 268 (Preliminary) 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 imports from the People's Republic of China, Poland, and Yugoslavia of one-piece steel wire nails made of round steel wire, provided for in items 646.25 and 646.26 of the Tariff Schedules of the United States (TSUS), and similar steel nails of one-piece construction whether over or under 0.065 inch in diameter, provided for in item 646.30, two-piece steel wire nails, provided for in item 646.32 of the TSUS, and steel wire nails with lead heads, provided for in item 646.36 of the TSUS, which are alleged to be sold in the United States at less than fair value. As provided in section 733(a), the Commission must complete preliminary antidumping investigations in 45 days, or in these cases by July 22, 1985.

For further information concerning the conduct of these investigations and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, Subparts A and B (19 CFR Part 207), and Part 201, Subparts A through E (19 CFR Part 201, as amended by 49 FR 32569, Aug. 15, 1984).

EFFECTIVE DATE: June 5, 1985.

FOR FURTHER INFORMATION CONTACT: Abigail Eltzroth (202-523-0289), Office of Investigations, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436.

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted in response to a petition filed on June 5, 1985 by Atlantic Steel Co., Atlas Steel & Wire Corp., Continental Steel Corp., Davis-Walker Corp., Dickson Weatherproof Nail Co., Florida Wire & Nail Co., Keystone Steel & Wire Co., Northwestern Steel & Wire Co., Virginia Wire & Fabric Co., and Wire Products Co.

Participation in the Investigations

Persons wishing to participate in these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's rules (19 CFR 201.11), not later than seven (7) days after publication of this notice in the **Federal Register**. Any entry of appearance filed after this date will be referred to the Chairwoman, who will determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Service List

Pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)), the Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance. In accordance with § 201.16(c) of the rules (19 CFR 201.16(c), as amended by 49 FR 32569, Aug. 15, 1984), each document filed by a party to an investigation must be served on all other parties to the investigation (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service.

Conference

The Director of Operations of the Commission has scheduled a conference in connection with these investigations for 9:30 a.m. on June 26, 1985 at the U.S. International Trade Commission Building, 701 E Street NW., Washington, DC. Parties wishing to participate in the conference should contact Abigail Eltzroth (202-523-0289) not later than June 24, 1985 to arrange for their appearance. Parties in support of the imposition of antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

Written Submissions

Any person may submit to the Commission on or before June 28, 1985 a written statement of information pertinent to the subject of the investigations, as provided in § 207.15 of the Commission's rules (19 CFR 207.15). A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the rules (19 CFR 201.8, as amended by 49 FR 32569, Aug. 15, 1984). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

All business information for which confidential treatment is desired must be submitted separately. The envelope and all pages of such submission must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of § 201.6 of the Commission's rules (19 CFR 201.6, as amended by 49 FR 32569, Aug. 15, 1984).

Authority

These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.12 of the Commission's rules (19 CFR 207.12).

Issued: June 7, 1985.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 85-13758 Filed 6-12-85; 8:45 am]

BILLING CODE 7020-02-M

[A-455-502]

Certain Steel Wire Nails From Poland

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

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping duty investigation to determine whether certain steel wire nails from Poland are being, or are likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of these products are causing material injury, or threaten material injury, to a United States industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before July 22, 1985, and we will make our preliminary determination on or before November 12, 1985.

EFFECTIVE DATE: July 3, 1985.

FOR FURTHER INFORMATION CONTACT: William Kane, Office of Investigations, International Trade Administraton, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone: (202) 377-1766.

SUPPLEMENTARY INFORMATION:

The Petition

On June 5, 185, we received a petition in proper form filed by 10 domestic steel wire nail manufacturers on behalf of the U.S. domestic producers of such merchandise. The petitioners are the Atlantic Steel Company, Atlas Steel & Wire Corporation, Continental Steel Corporation, Davis Walker Corporation, Dickson Weatherproof Nail Company, Florida Wire & Nail Company, Keystone Steel & Wire Company, Northwestern Steel & Wire Company, Virginia Wire & Fabric Company, and Wire Products Company. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleges that imports of the subject merchandise from Poland are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are causing material injury, or threaten material injury, to a United Stats industry.

The petitioners base the United States price on 1984 and 1985 price quotations received by unrelated U.S. purchasers for steel wire nails produced in Poland.

Petitioners claim that Poland is a state-controlled economy country within the meaning of the Act. It alleges that the state-controlled nature of the industry and the consequent ability to set prices without regard to production costs does not permit a reliable calculation of foreign market value based either on sales or offers of sales of the product under investigation in Poland or to counties other than the United States. Therefore, petitioners request that the Department of Commerce choose a surrogate country to establish foreign market value. The petitioners choose Greece and Italy as the non-state-controlled economy surrogate countries whose prices should be used as the basis for determining foreign market value.

To support their allegations of sales at less than fair value, petitioners construct the value of steel wire nails. In so doing, petitioners rely on U.S. producers' cost of production information including costs of steel wire and other material and fabrication inputs, adjusting labor rates to reflect an average of those in the proposed surrogate countries.

Based on the comparison of the adjusted U.S. price of steel wire nails imported from Poland with the adjusted cost of production of steel wire nails produced in Poland, the petitioners allege dumping margins ranging from 78.2 percent to 83.6 percent.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation and whether it contains information reasonably available to the petitioners supporting the allegations.

We examined the petition on certain steel wire nails from Poland and have found that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether certain steel wire nails from Poland are being, or are likely to be, sold in the United States at less than fair value.

In the course of our investigation, we will determine whether the economy of Poland is state-controlled to an extent that sales of such or similar merchandise in the home market or to third country markets do not permit determination of foreign market value. If it is determined to be a state-controlled economy, we will then choose a non-state-controlled economy surrogate country for purposes of determining foreign market value. If our investigation proceeds normally, we will make our preliminary determination by November 12, 1985.

Scope of Investigation

The merchandise covered by the petition consists of one-piece steel wire nails from Poland as currently provided for in the *Tariff Schedules of the United States* (TSUSA) under item numbers 646.25 and 646.26, and similar steel wire nails of one-piece construction, whether at, over or under .065 inch in diameter as currently provided for in item number 646.3040; two-piece steel wire nails provided for in item number 646.32; and steel wire nails with lead heads provided for in item number 646.36.

Notification of ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information either publicly or under an administrative protective order without the consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by July 22, 1985, whether there is a reasonable indication that imports of certain steel wire nails from Poland are causing material injury, or threaten material injury, to a United States industry. If its determination is negative the investigation will terminate; otherwise, it will proceed according to statutory procedures.

Dated: June 25, 1985.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 85-15883 Filed 7-2-85; 8:45 am]

BILLING CODE 3510-DS-M

[T570-503]

Certain Steel Wire Nails From the People's Republic of China (PRC)

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

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping duty investigation to determine whether certain steel wire nails from the People's Republic of China (PRC) are being, or are likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of these products are causing material injury, or threaten material injury, to a United States industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before July 22, 1985, and will make our preliminary determination on or before November 12, 1985.

EFFECTIVE DATE: July 3, 1985.

FOR FURTHER INFORMATION CONTACT: William Kane, Office of Investigations, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone: (202) 377-1766.

SUPPLEMENTARY INFORMATION:

The Petition

On June 5, 1985, we received a petition in proper form filed by 10 domestic steel wire nail manufacturers on behalf of the U.S. domestic producers of such merchandise. The petitioners are the Atlantic Steel Company, Atlas Steel & Wire Corporation, Continental Steel Corporation, Davis Walker Corporation, Dickson Weatherproof Nail Company, Florida Wire & Nail Company, Keystone Steel & Wire Company, Northwestern Steel & Wire Company, Virginia Wire & Fabric Company, and Wire Products Company. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of the subject merchandise from the People's Republic of China are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are causing material injury, or threaten material injury, to a United States industry.

The petitioners base the United States price on 1984 and 1985 price quotations received by unrelated U.S. purchasers of Chinese steel wire nails.

Petitioners claim that the PRC is a state-controlled economy country within the meaning of the Act. They allege that the state-controlled nature of the industry and the consequent ability to set prices without regard to production costs prevent a reliable calculation of foreign market value based either on sales or offers of sales of the product under investigation in the PRC or to countries other than the United States. Therefore, petitioners request that the Department of Commerce choose a surrogate country to establish foreign market value. The petitioners choose India and Singapore as the non-state-controlled economy surrogate countries whose prices should be used as the basis for determining foreign market value.

To support their allegations of sales at less than fair value, petitioners construct the value of steel wire nails. In so doing, petitioners rely on U.S. producers' cost of production information including costs of steel wire and other material and fabrication imputs, adjusting labor rates to reflect an average of those in the proposed surrogate countries.

Based on the comparison of the adjusted U.S. price of steel wire nails imported from the PRC with the adjusted cost of production of Chinese steel wire nails, the petitioners allege average dumping margins ranging from 60.1 percent to 85.8 percent.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation and whether it contains information reasonably available to the petitioners supporting the allegations.

We examined the petition on certain steel wire nails from the PRC and have fund that it meets the requirements of section 732(b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether certain steel wire nails from the PRC are being, or are likely to be, sold in the United States at less than fair value.

In the course of our investigation, we will determine whether the economy of the People's Republic of China is state-controlled to an extent that sales of such or similar merchandise in the home market or to third country markets do not permit determination of foreign market value. If it is determined to be a state-controlled economy, we will then choose a non-state-controlled economy surrogate country for purposes of determining foreign market value. If our investigation proceeds normally, we will make our preliminary determination by November 12, 1985.

Scope of Investigation

The merchandise covered by the petition consists of: One-piece steel wire nails as currently provided for in the *Tariff Schedules of the United States* (TSUSA) under item numbers 646.25 and 646.26, and similar steel wire nails of one-piece construction, whether at, over or under .065 inch in diameter as currently provided for in item number 646.3040; two-piece steel wire nails provided for in item number 646.32; and, steel wire nails with lead heads provided for in item number 646.36.

Notification of ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information either publicly or under an administrative protective order without the consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by July 22, 1985, whether there is a reasonable indication that imports of certain steel wire nails from the PRC are causing material injury, or threaten material injury, to a United States industry. If its determination is negative the investigation will terminate; otherwise, it will proceed according to statutory procedures.

Alan F. Holmer,
Deputy Assistant Secretary for Import Administration.
June 25, 1985.

[FR Doc. 85-15884 Filed 7-2-85; 8:45 am]

BILLING CODE 3510-DS-M

[A-479-501]

Certain Steel Wire Nails From Yugoslavia

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

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping duty investigation to determine whether certain steel wire nails from Yugoslavia are being, or are likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of this merchandise are causing material injury, or threaten material injury, to a United States industry. If this investigation proceeds normally, the ITC will make its preliminary determination on or before July 22, 1985, and we will make our preliminary determination on or before November 12, 1985.

EFFECTIVE DATE: July 3, 1985.

FOR FURTHER INFORMATION CONTACT: William Kane, Office of Investigations, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone: (202) 377-1766.

SUPPLEMENTARY INFORMATION:

The Petition

On June 5, 1985, we received a petition in proper form filed by 10 domestic steel wire nail manufacturers on behalf of the U.S. industry producing such merchandise. The petitioners are the Atlantic Steel Company, Atlas Steel & Wire Corporation, Continental Steel Corporation, Davis Walker Corporation, Dickson Weatherproof Nail Company, Florida Wire & Nail Company, Keystone Steel & Wire Company, Northwestern Steel & Wire Company, Virginia Wire & Fabric Company, and Wire Products Company. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleges that imports of the subject merchandise from Yugoslavia are being, or are likely to be sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the act), and that these imports are causing material injury, or threaten material injury, to a United States industry.

The petitioners base the United States price aon 1984 and 1985 price quotations received by unrelated U.S. purchasers for steel wire nails produced in Yugoslavia.

For foreign market value, petitioners construct a value for Yugoslavian steel wire nails based on U.S. producers' material and fabrication costs adjusted for differences in labor costs based on prevailing labor rates in Greece as an economy comparable to Yugoslavia, as Yugoslavian labor rates were not publicly available.

Based on a comparison of U.S. price and foreign market value using the foregoing methodology, the petitioners allege an average dumping margin of 88.1 percent.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping duty investigation and whether it contains information reasonably available to the petitioners supporting the allegations.

We examined the petition on certain steel wire nails from Yugoslavia and have found that it meets the requirements of section 732 (b) of the Act. Therefore, in accordance with section 732 of the Act, we are initiating an antidumping duty investigation to determine whether certain steel wire nails from Yugoslavia asre being, or are likely to be, sold in the United States at less then fair value. If our investigation proceeds normally, we will make our preliminary determination by November 12, 1985.

Scope of Investigation

The merchandise covered by the petition consists of one-piece steel wire nails as currently provided for in the *Tariff Schedules of the United States* (TSUS) under item numbers 646.25 and 646.26, and similar steel wire nails of one-piece construction, whether at, over or under .065 inch in diameter as currently provided for in item number 646.3040; two-piece steel wire nails provided for in item number 646.32; and steel wire nails with lead heads provided for in item number 646.36.

Notification of ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrived at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information either publicly or under an administrative protective order without the consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by July 22, 1985, whether there is a reasonable indication that imports of certain steel wire nails from Yugoslavia are causing material injury, or threaten material injury, to a United States industry. If its determination is negative the investigation will terminate; otherwise, it will proceed according to statutory procedures.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

June 25, 1985.

[FR Doc. 85-15885 Filed 7-2-85; 8:45 am]

BILLING CODE 3510-DS-M

APPENDIX B

LIST OF WITNESSES APPEARING AT THE CONFERENCE

Investigations Nos. 731-TA-266 through 268 (Preliminary)

CERTAIN STEEL WIRE NAILS FROM THE PEOPLE'S REPUBLIC OF CHINA, POLAND, AND YUGOSLAVIA

Those listed below appeared as witnesses at the United States International Trade Commission's conference held in connection with the subject investigations on June 26, 1985, in the Hearing Room of the USITC Building, 701 E Street, NW., Washington, DC.

In support of the imposition of antidumping duties

Fried, Frank, Harris, Shriver & Jacobson—Counsel
Washington, DC
on behalf of—

Atlantic Steel Co.
Atlas Steel & Wire Corp.
Davis-Walker Corp.
Dickson Weatherproof Nail Co.
Florida Wire & Nail Co.
Keystone Steel & Wire Co.
Northwestern Steel & Wire Co.
Virginia Wire & Fabric Co.
Wire Products Co.

William O. Riley, President and Chief Executive Officer
Atlantic Steel Co.

Edward A. Knapp, Sales Manager
Virginia Wire & Fabric Co.

Charles F. Dickson, President
Dickson Weatherproof Nail Co.

Samuel M. Rosenblatt, President
SMR Inc.

David E. Birenbaum)
Alan Kashdan)—OF COUNSEL
Gabrielle E. Gallegos)

<u>In opposition to the imposition of antidumping duties</u>

Mudge Rose Guthrie Alexander & Ferdon—Counsel
Washington, DC
<u>on behalf of</u>—

China National Metals & Minerals Import & Export Corp. (Minmetals)

Miller Supply Corp.

Carol Skeric
International Business & Economic Research Corp.

N. David Palmeter)
Miriam Cutler)—OF COUNSEL

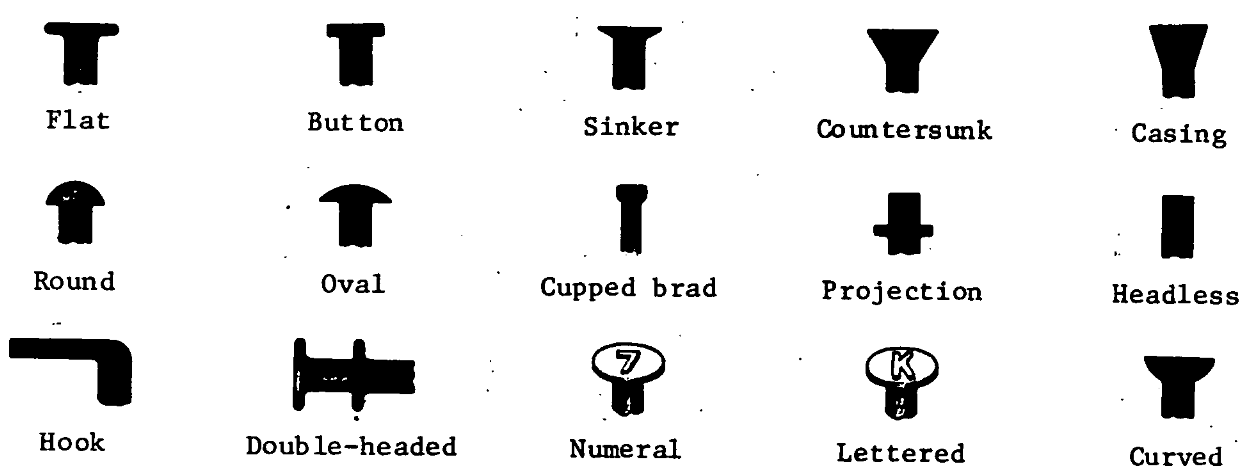
APPENDIX C

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.

<u>Head</u>.—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 C-1.

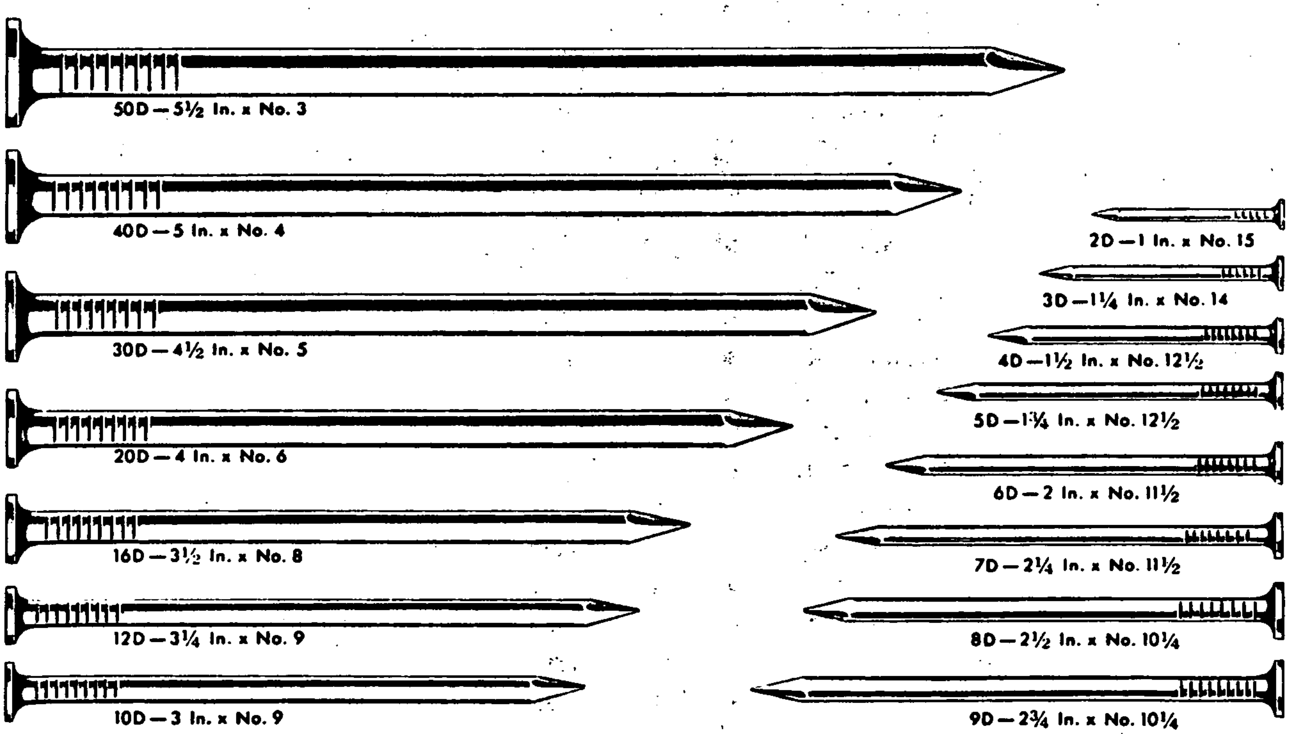
Figure C-1.—Types of nail heads.



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 designations is not known, but is probably found in the English system of measurements. A 16-penny 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 two terms probably came to be used interchangeably. Today, penny (or "d") size indicates a definite length (see figure C-2) regardless of weight, which varies with

Figure C-2.—Nails sizes, by "penny" (d) designations (length and wire gauges)

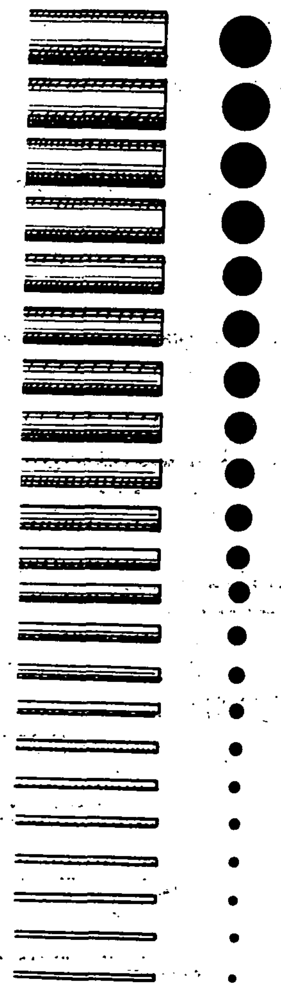


Source: Sales brochure of Republic Steel Corp.

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

diameter (or gauge) and type of head. Gauge is also generally standardized for specific-penny nails as indicated in figure C-2, but customers may specify non-standard gauges with most suppliers. A listing of gauge sizes is presented in figure C-3.

Figure C-3.—Wire gauge sizes, by gauge numbers and by diameters.



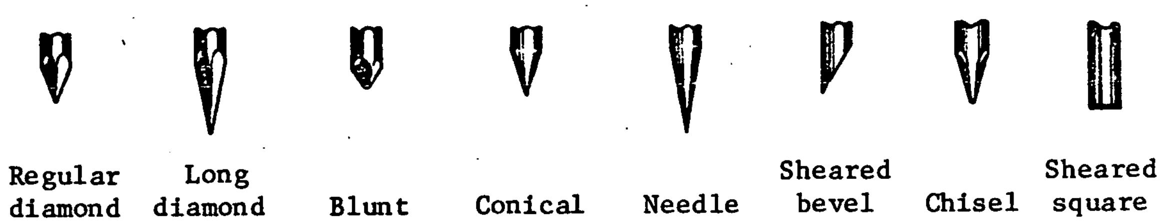
Gage	Diameter (inches)
1	.2830
2	.2625
3	.2437
4	.2253
5	.2070
6	.1920
7	.1770
8	.1620
9	.1483
10	.1350
11	.1205
12	.1055
13	.0915
14	.0800
15	.0720
16	.0625
17	.0540
18	.0475
19	.0410
20	.0348
21	.0317
22	.0286

Source: Sales brochure of The Hillwood Manufacturing Co.

Most nails, imported as well as domestically produced, 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 resistance. 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 (figure C-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 C-4.—Types of nail points.



Source: Sales brochure of Independent Nail, Inc.

and are principally used on larger nails. Needle and conical points are largely used in applications which require fast hand nailing. 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.

UNITED STATES
INTERNATIONAL TRADE COMMISSION
WASHINGTON, D.C. 20436

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