

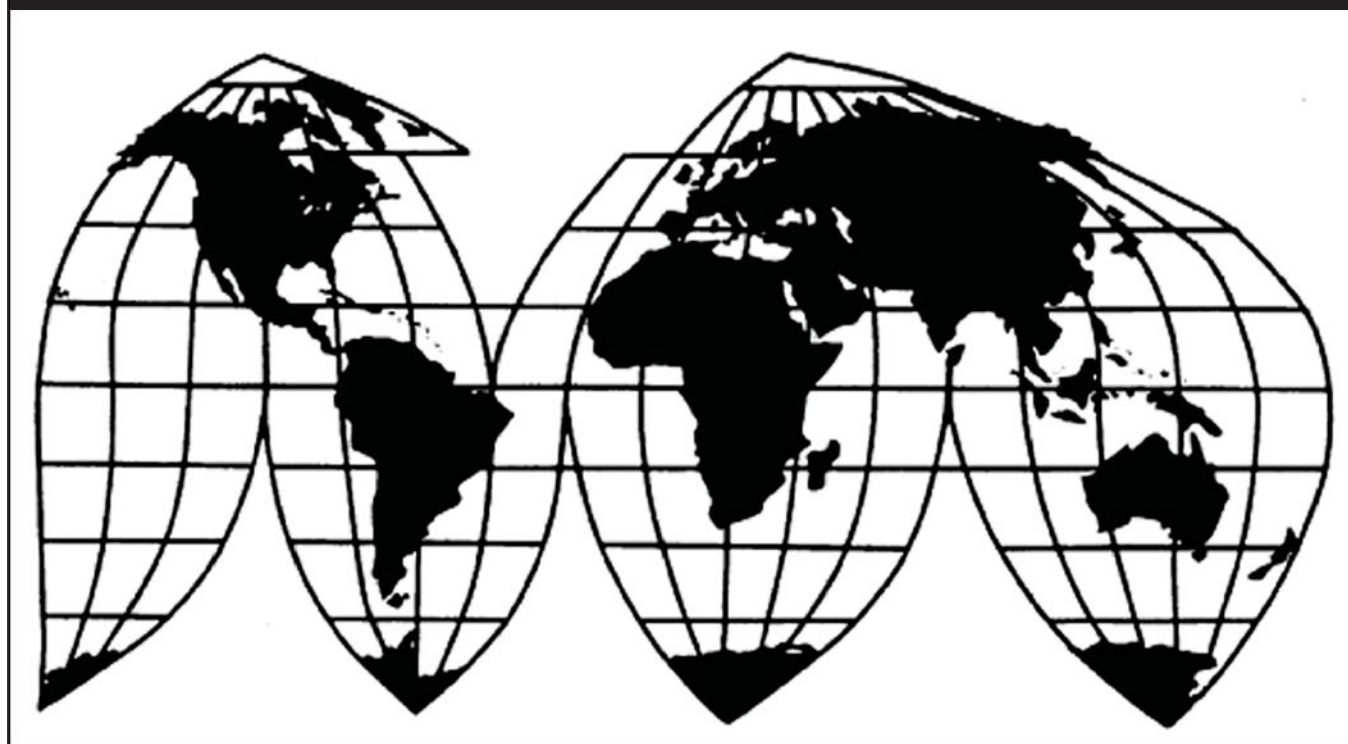
Steel Nails from China

Investigation No. 731-TA-1114 (Review)

Publication 4442

December 2013

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-1114 (Review)

Steel Nails from China

DETERMINATION

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

BACKGROUND

The Commission instituted this review on July 1, 2013 (78 F.R. 40172) and determined on October 21, 2013 that it would conduct an expedited review (78 F.R. 68472, November 14, 2013).

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

Views of the Commission

Based on the record in this five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Tariff Act”), that revocation of the antidumping duty order on certain steel nails from China would likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

I. Background

The original investigation of steel nails from China was instituted in response to a petition filed on May 29, 2007 by Davis Wire Corp., Gerdau Ameristeel Corp., Maze Nails, Mid Continent Nail Corp. (“Mid Continent”), Treasure Coast Fasteners, Inc., and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union.¹ The period of investigation (“POI”) was January 1, 2005 to December 31, 2007. In July 2008, the Commission unanimously determined that an industry in the United States was materially injured by reason of imports of certain steel nails from China that the U.S. Department of Commerce found had been sold at less than fair value.² Commerce issued an antidumping duty order covering the subject merchandise on August 1, 2008.³

The Commission instituted this review effective July 1, 2013.⁴ The Commission received one substantive response to the notice of institution from Mid Continent.⁵ It did not receive a response from any respondent interested party. On October 21, 2013, the Commission found Mid Continent’s response to the notice of institution to be individually adequate, the domestic interested party group response to be adequate, and the respondent interested party group response to be inadequate. The Commission did not find any circumstances that would warrant conducting a full review and determined that it would conduct an expedited review pursuant to section 751(c)(3) of the Tariff Act.⁶

¹ Confidential Report (“CR”) at I-3, Public Report (“PR”) at I-2-3.

² *Certain Steel Nails from China*, Inv. No. 731-TA-1114 (Final), USITC Pub. 4022 (July 2008) (“Original Determination”); *Certain Steel Nails from China*, 73 Fed. Reg. 43474 (July 25, 2008) (final determination).

³ *Certain Steel Nails from the People’s Republic of China*, 73 Fed. Reg. 44961 (Aug. 1, 2008) (antidumping duty order) (“Order”).

⁴ *Steel Nails from China: Institution of a Five-Year Review*, 78 Fed. Reg. 40172 (July 3, 2013).

⁵ Mid Continent Response to Notice Initiating Sunset Review, July 31, 2013 (“Response”). Mid Continent provided industry data from four additional domestic producers, one of which was unidentified. In making our determination, we rely solely on the data from the identified domestic producers. We have examined the data from the unidentified domestic producer, and note that its use would not have affected our conclusions.

⁶ See Explanation of Commission Determination on Adequacy, EDIS Doc. No. 520554 (Oct. 28, 2013).

II. Domestic Like Product and Industry

A. Domestic Like Product

In making its determination under section 751(c) of the Tariff Act, the Commission defines the “domestic like product” and the “industry.”⁷ The Tariff Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle.”⁸ The Commission’s practice in five-year reviews is to examine the domestic like product definition from the original investigation and consider whether the record indicates any reason to revisit the prior findings.⁹

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

{C}ertain steel nails having a shaft length up to 12 inches. Certain steel nails include, but are not limited to, nails made of round wire and nails that are cut. Certain steel nails may be of one piece construction or constructed of two or more pieces. Certain steel nails may be produced from any type of steel, and have a variety of finishes, heads, shanks, point types, shaft lengths and shaft diameters. Finishes include, but are not limited to, coating in vinyl, zinc (galvanized, whether by electroplating or hot dipping one or more times), phosphate cement, and paint. Head styles include, but are not limited to, flat, projection, cupped, oval, brad, headless, double, countersunk, and sinker. Shank styles include, but are not limited to, smooth, barbed, screw threaded, ring shank and fluted shank styles. Screw-threaded nails subject to this proceeding are driven using direct force and not by turning the fastener using a tool that engages with the head. Point styles include, but are not limited to, diamond, blunt, needle, chisel and no point. Finished nails may be sold in bulk, or they may be collated into strips or coils using materials such as plastic, paper, or wire. Certain steel nails subject to the order are currently classified under the Harmonized Tariff Schedule of the United States (“HTSUS”) subheadings 7317.00.55, 7317.00.65 and 7317.00.75.

⁷ 19 U.S.C. § 1677(4)(A).

⁸ 19 U.S.C. § 1677(10); *see, e.g., Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int’l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996); *Torrington Co. v. United States*, 747 F. Supp. 744, 748-49 (Ct. Int’l Trade 1990), *aff’d*, 938 F.2d 1278 (Fed. Cir. 1991); *see also* S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

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

Excluded from the scope of the order are steel roofing nails of all lengths and diameter, whether collated or in bulk, and whether or not galvanized. Steel roofing nails are specifically enumerated and identified in ASTM Standard F 1667 (2005 revision) as Type I, Style 20 nails. Also excluded from the scope are the following steel nails: 1) Non-collated (*i.e.*, hand-driven or bulk), two-piece steel nails having plastic or steel washers (caps) already assembled to the nail, having a bright or galvanized finish, a ring, fluted or spiral shank, an actual length of 0.500" to 8", inclusive; and an actual shank diameter of 0.1015" to 0.166", inclusive; and an actual washer or cap diameter of 0.900" to 1.10", inclusive; 2) Non-collated (*i.e.*, hand-driven or bulk), steel nails having a bright or galvanized finish, a smooth, barbed or ringed shank, an actual length of 0.500" to 4", inclusive; an actual shank diameter of 0.1015" to 0.166", inclusive; and an actual head diameter of 0.3375" to 0.500", inclusive; 3) Wire collated steel nails, in coils, having a galvanized finish, a smooth, barbed or ringed shank, an actual length of 0.500" to 1.75", inclusive; an actual shank diameter of 0.116" to 0.166", inclusive; and an actual head diameter of 0.3375" to 0.500", inclusive; and 4) Non-collated (*i.e.*, hand-driven or bulk), steel nails having a convex head (commonly known as an umbrella head), a smooth or spiral shank, a galvanized finish, an actual length of 1.75" to 3", inclusive; an actual shank diameter of 0.131" to 0.152", inclusive; and an actual head diameter of 0.450" to 0.813", inclusive.

Also excluded from the scope of the order are corrugated nails. A corrugated nail is made of a small strip of corrugated steel with sharp points on one side. Also excluded from the scope of the order are fasteners suitable for use in powder-actuated hand tools, not threaded and threaded, which are currently classified under HTSUS 7317.00.20 and 7317.00.30. Also excluded from the scope of the order are thumb tacks, which are currently classified under HTSUS 7317.00.10.00.

Also excluded from the scope of the order are certain brads and finish nails that are equal to or less than 0.0720 inches in shank diameter, round or rectangular in cross section, between 0.375 inches and 2.5 inches in length, and that are collated with adhesive or polyester film tape backed with a heat seal adhesive. Also excluded from the scope of the order are fasteners having a case hardness greater than or equal to 50 HRC, a carbon content greater than or equal to 0.5 percent, a round head, a secondary reduced-diameter raised head section, a centered shank, and a smooth symmetrical point, suitable for use in gas-actuated hand tools.¹⁰

¹⁰ *Steel Nails from China: Final Results of Expedited First Sunset Review of the Antidumping Duty Order*, 78 Fed. Reg. 34989 (June 11, 2013). The scope definition set out above is different from Commerce's scope definition in the original investigation. Shortly after the original investigation, Commerce initiated a changed circumstances review at Mid Continent's request and decided to revoke (Continued...)

The steel nails covered by the scope are produced from low-carbon, stainless, or hardenable medium to high-carbon steel. They are packaged either in bulk (loose in a container) or collated (joined into strips for use in pneumatic nailing tools). While most nails are produced from a single piece of steel, some are produced from two or more pieces.¹¹ The nails covered by the scope of this review are used for a wide variety of purposes, including residential construction for flooring and roofing, and industrial uses such as pallet construction.¹²

In the original investigation, the Commission found a single domestic like product consisting of steel nails, which was coextensive with the scope of the investigation.¹³ Mid Continent has stated that it agrees with the Commission's domestic like product definition, which is identical to Commerce's amended scope from the original investigation.¹⁴ There is no new information obtained during this review that would suggest any reason to revisit the Commission's domestic like product definition in the original determination.¹⁵ Therefore, we define the domestic like product as certain steel nails, coextensive with Commerce's scope definition.

(...Continued)

the order with regard to four specific products: (1) non-collated (*i.e.*, hand-driven or bulk), two-piece steel nails having plastic or steel washers (caps) already assembled to the nail, having a bright or galvanized finish, a ring, fluted or spiral shank, an actual length of 0.500" to 8", inclusive; and an actual shank diameter of 0.1015" to 0.166", inclusive; and an actual washer or cap diameter of 0.900" to 1.10", inclusive; (2) non-collated (*i.e.*, hand-driven or bulk), steel nails having a bright or galvanized finish, a smooth, barbed or ringed shank, an actual length of 0.500" to 4", inclusive; an actual shank diameter of 0.1015" to 0.166", inclusive; and an actual head diameter of 0.3375" to 0.500", inclusive; (3) wire collated steel nails, in coils, having a galvanized finish, a smooth, barbed or ringed shank, an actual length of 0.500" to 1.75", inclusive; an actual shank diameter of 0.116" to 0.166", inclusive; and an actual head diameter of 0.3375" to 0.500", inclusive; and (4) non-collated (*i.e.*, hand-driven or bulk), steel nails having a convex head (commonly known as an umbrella head), a smooth or spiral shank, a galvanized finish, an actual length of 1.75" to 3", inclusive; an actual length of 1.75" to 3", inclusive; an actual shank diameter of 0.131" to 0.152", inclusive; and an actual head diameter of 0.450" to 0.813", inclusive. *Certain Steel Nails From the People's Republic of China: Final Results of Antidumping Duty Changed Circumstances Review*, 76 Fed. Reg. 30101 (May 24, 2011). The effective date of the partial revocation is an issue still in litigation. See *Itochu Bldg. Products v. United States*, 733 F.3d 1140 (Fed. Cir. 2013).

¹¹ CR at I-14, PR at I-10.

¹² CR at I-14,17, PR at I-10,12.

¹³ Original Determination, USITC Pub. 4022 at 5-6. The Commission found that subject steel nails, whether used by the construction industry, woodworkers, or other sectors, share certain general physical characteristic and uses, are interchangeable in most end uses, are sold to end users and distributors, are produced by similar production processes, and are generally perceived to be similar products. *Id.* at 5.

¹⁴ Response at 8 and 23; *Certain Steel Nails from China: Mid Continent's Comments on the Record* (Oct. 23, 2013) ("Comments") at 2-3.

¹⁵ Response at Exhibit 1.

B. Domestic Industry

Section 771(4)(A) of the Tariff Act defines the relevant industry as the domestic “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”¹⁶ In defining the domestic industry, the Commission’s general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

In the original determination, the Commission excluded three domestic producers, Senco, Stanley Fastening Systems, LP (“Stanley”), and Specialty Fastening (“Specialty”), from the domestic industry pursuant to the related parties provision. It found that each firm’s primary interest had shifted from domestic production to importation.¹⁷ There are no related party issues in this review.¹⁸ Accordingly, we define the domestic industry to include all domestic producers of steel nails.

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

A. Legal Standards

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”¹⁹ The Uruguay Round Agreements Act Statement of Administrative Action (“SAA”) states that “under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”²⁰ Thus, the likelihood standard is prospective in

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

¹⁷ Original Determination, USITC Pub. 4022 at 7-8.

¹⁸ ***. See generally, Response. ***.

¹⁹ 19 U.S.C. § 1675a(a).

²⁰ Uruguay Round Agreements Act Statement of Administrative Action, H.R. Doc. 103-316, vol. I at 883-84 (1994) (“SAA”). The SAA states that “{t}he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or (Continued...))

nature.²¹ The U.S. Court of International Trade has found that “likely,” as used in the five-year review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.²²

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”²³ According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original investigations.”²⁴

Although the standard in a five-year review is not the same as the standard applied in an original investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”²⁵ It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the orders are revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).²⁶ The statute further

(...Continued)

material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” *Id.* at 883.

²¹ While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued {sic} prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

²² See *NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), *aff’d mem.*, 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion;” “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); *Indorama Chemicals (Thailand) Ltd. v. United States*, 26 CIT 1059, 1070 (2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); *Usinor v. United States*, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

²³ 19 U.S.C. § 1675a(a)(5).

²⁴ SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” *Id.*

²⁵ 19 U.S.C. § 1675a(a)(1).

²⁶ 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings with respect to the subject order. See generally CR at I-3-5, PR at I-3-4.

provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination.²⁷

In evaluating the likely volume of imports of subject merchandise if the order under review is revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.²⁸ The Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.²⁹

In evaluating the likely price effects of subject imports if the order under review is revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.³⁰

In evaluating the likely impact of imports of subject merchandise if the order under review is revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.³¹ All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the order under review and whether the industry is vulnerable to material injury upon revocation.³²

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

²⁸ 19 U.S.C. § 1675a(a)(2).

²⁹ 19 U.S.C. § 1675a(a)(2)(A-D).

³⁰ See 19 U.S.C. § 1675a(a)(3). The SAA states that "{c}onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

³¹ 19 U.S.C. § 1675a(a)(4).

³² The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission "considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the (Continued...)

No respondent interested party participated in this expedited review. The record, therefore, contains limited information with respect to the steel nail industry in China. There is also limited information regarding the steel nail market in the United States during the period of review. Accordingly, for our determination, we rely on the facts available from the original investigation and the new information on the record in this five-year review, including data submitted in the response to the notice of institution.

B. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”³³ The following conditions of competition inform our determinations.

Demand Conditions. In the original investigation, the Commission found that steel nails were used primarily in the construction and industrial sectors.³⁴ The primary uses in construction involved the building of houses and other structures, and primary uses in industrial sectors were the manufacture of shipping crates and pallets.³⁵ Nails were packaged either in bulk or collated form, and the Commission observed a shift in sales from bulk nails to collated nails during the original POI.³⁶ The Commission found that demand for steel nails was largely determined by the size of the residential and commercial construction markets, the largest end users of steel nails.³⁷ Apparent U.S. consumption of steel nails declined steadily during the POI, from 1.2 million short tons in 2005 to 912,175 short tons in 2007, for an overall decrease of 22.7 percent.³⁸

In this review, the information available indicates that the conditions of competition that influence demand for steel nails have not changed significantly since the original investigation. Demand for steel nails is still influenced by activity in the residential and commercial construction markets.³⁹ U.S. housing starts, a major factor influencing overall U.S. demand for nails, declined in 2008 and by June 2013 remained at levels below those in the beginning of 2008 despite intervening increases.⁴⁰ The value of private residential and non-residential construction also remained lower through June 2013 than at the beginning of 2008.⁴¹ Apparent U.S. consumption of steel nails in 2012 based on data from responding

(...Continued)

domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at 885.

³³ 19 U.S.C. § 1675a(a)(4).

³⁴ Original Determination, USITC Pub. 4022 at 14.

³⁵ Original Determination, USITC Pub. 4022 at 14.

³⁶ Original Determination, USITC Pub. 4022 at 14.

³⁷ Original Determination, USITC Pub. 4022 at 14.

³⁸ Original Determination, USITC Pub. 4022 at 14.

³⁹ See CR at I-32-34, PR at I-24-25.

⁴⁰ CR/PR at Figure I-3.

⁴¹ CR/PR at Figure I-4.

domestic producers was *** short tons.⁴² In the original investigation, apparent U.S. consumption was 1.2 million short tons in 2005, 1.1 million short tons in 2006, and 912,175 short tons in 2007.⁴³

Supply Conditions. In the original investigation, the Commission observed that, historically, the domestic industry supplied only a portion of the U.S. market with steel nails, with the remainder being supplied by imports.⁴⁴ The Commission found that 17 domestic producers accounted for *** U.S. production of steel nails and that the domestic industry had substantial and increasing excess capacity, largely due to a decline in production during the POI.⁴⁵ The domestic industry's share of the U.S. market declined steadily, from *** percent in 2005 to *** percent in 2007, while subject imports increased their share of the U.S. market from *** percent in 2005 to *** percent in 2007.⁴⁶ Nonsubject imports' share of the U.S. market decreased steadily, from *** percent in 2005 to *** percent in 2007.⁴⁷

With respect to supply conditions in this review, the U.S. industry has experienced additional consolidation and restructuring, but held a *** percentage of apparent U.S. consumption in 2012 than at the end of the original investigation.⁴⁸ U.S. producers held *** percent of apparent U.S. consumption in 2012, compared with 23.3 percent of apparent U.S. consumption in 2005, 17.5 percent in 2006, and 15.8 percent in 2007.⁴⁹

Evidence on the record indicates that imposition of the antidumping duty order had a disciplining effect on subject imports.⁵⁰ In 2012, subject imports held *** percent of apparent U.S. consumption, compared with *** percent in 2005, *** percent in 2006, and *** percent in 2007.⁵¹

Imports from nonsubject sources continue to be present in the U.S. market, holding *** percent of apparent U.S. consumption in 2012, compared with *** percent in 2005, *** percent in 2006, and *** percent in 2007.⁵² Nonsubject sources during the period of review include a steel nail producer from China which was not subject to the antidumping duty order

⁴² CR/PR at Table I-6.

⁴³ CR/PR at Table I-6. Apparent consumption data in the original investigation were based on a larger group of U.S. producers than the data in this review.

⁴⁴ Original Determination, USITC Pub. 4022 at 15.

⁴⁵ Original Determination, USITC Pub. 4022 at 15.

⁴⁶ Original Determination, USITC Pub. 4022 at 15.

⁴⁷ Original Determination, USITC Pub. 4022 at 15.

⁴⁸ CR at I-21, PR at I-15-16; CR/PR at Table I-7.

⁴⁹ CR/PR at Table I-7. The data cited is for all reporting domestic producers for comparison purposes with the new data. (When data from the three related parties are excluded, as they were in the original investigation under the related parties provision, the domestic industry held *** percent of apparent U.S. consumption in 2005, *** percent in 2006, and *** percent in 2007. *Id.* at Table C-2).

⁵⁰ CR/PR at Table I-6.

⁵¹ CR/PR at Table I-7.

⁵² CR/PR at Table I-7.

because Commerce found it had a *de minimis* margin and imports of steel nails from the United Arab Emirates (“UAE”), which became subject to an antidumping duty order in 2012.⁵³

Substitutability and Other Conditions. In the original investigation, the Commission found that steel nails regardless of where they were produced, were generally interchangeable within each type, size, and finish because they were produced to certain industry specifications.⁵⁴ The majority of responding U.S. producers, importers, and purchasers stated that there was a high degree of substitutability between U.S. steel nails and subject imports.⁵⁵ They also reported that there were no direct substitutes for nails and that any substitute fastening product would be usable only in certain specific applications.⁵⁶ The Commission also found that price was the single factor that most affected purchasing decisions provided the nails met the specifications required for the specific end use.⁵⁷

There is nothing in the information available in this review which indicates that the substitutability between subject and domestic nails has changed since the original investigation. Steel nails continue to be manufactured in a range of sizes and finishes that generally conform to industry specifications and there is no indication that any direct substitute for steel nails has entered the market.⁵⁸ Accordingly, we again find that there is generally a high degree of substitutability between domestic and subject steel nails and that price continues to be an important factor in purchasing decisions.

C. Likely Volume of Subject Imports

Original Investigation. In the original investigation, the Commission found that subject imports accounted for a large and increasing share of apparent U.S. consumption and increased relative to U.S. production during the period of investigation. The volume of subject imports increased from *** short tons in 2005 to *** short tons in 2006, and decreased to *** short tons in 2007.⁵⁹ The market share of subject imports increased steadily from *** percent in 2005 to *** percent in 2006 and *** percent in 2007.⁶⁰ Similarly, the ratio of subject imports to U.S. production rose steadily, from *** percent in 2005 to *** percent in 2006 and *** percent in 2007.⁶¹

⁵³ See *Certain Steel Nails from United Arab Emirates*, Inv. No. 731-TA-1185, USITC Pub. No. 4321 (May 2012) (Final); CR at I-10, PR at I-7.

⁵⁴ Original Determination, USITC Pub. 4022 at 15-16.

⁵⁵ Original Determination, USITC Pub. 4022 at 16.

⁵⁶ Original Determination, USITC Pub. 4022 at 16.

⁵⁷ Original Determination, USITC Pub. 4022 at 16.

⁵⁸ CR at I-18, PR at I-13.

⁵⁹ Original Determination, USITC Pub. 4022 at 16-17. The Commission observed that the 2007 decrease in the volume of subject imports was attributable to the pendency of the original investigation. *Id.*

⁶⁰ Original Determination, USITC Pub. 4022 at 17.

⁶¹ Original Determination, USITC Pub. 4022 at 17.

The Commission found that subject imports gained market share largely at the expense of the domestic industry. As subject imports increased their market share from 2005 to 2007, domestic producers' market share declined steadily, dropping from *** percent in 2005 to *** percent in 2007. The Commission found that nonsubject imports also declined during the POI, both in absolute terms and relative to U.S. consumption. Accordingly, the Commission found the volume of subject imports to be significant, both in absolute terms and relative to consumption and production in the United States.⁶²

Current Review. In this review, the information available indicates that the order has had a disciplining effect on the volume of subject imports, which declined significantly since the imposition of the order in 2008.⁶³ Subject imports decreased from *** short tons in 2007 to *** short tons in 2012.⁶⁴

The record contains no current data specific to subject steel nail capacity or production because subject producers in China failed to participate or furnish information in this review. Nonetheless, the data available in the record indicate that subject producers continue to manufacture steel nails and are highly export oriented. China has been the largest exporter of nails and staples (a category that includes merchandise outside the scope of this review) since the original investigation, and the United States has been China's largest export market for nails, tacks, and staples since 2008.⁶⁵

We find that the steel nail industry in China has the ability to increase exports of subject merchandise to the United States upon revocation, as it did during the original investigation, in light of its position as the world's largest exporter of nails and staples. It has the incentive to do so because the United States is the world's largest importer of nails and staples, thus making it a highly attractive export market for producers of steel nails in China.⁶⁶

The record also indicates that there are barriers to the importation of subject merchandise into countries other than the United States. Mexico and New Zealand currently maintain antidumping duties on steel nails from China.⁶⁷ The scopes of the orders in other countries differ somewhat from the scope of the order currently under review.⁶⁸ However, there is sufficient overlap for us to find that there are third-country barriers that could create further incentives for subject producers to direct exports to the U.S. market should the order under review be revoked.

In light of these considerations, we find that the subject producers are likely, absent the restraining effects of the order, to direct increasing volumes of steel nails to the U.S. market, as

⁶² Original Determination, USITC Pub. 4022 at 17.

⁶³ See, e.g., CR/PR at Table I-6.

⁶⁴ CR/PR at Table I-6.

⁶⁵ CR/PR at Table I-8. The data in Table I-8 are for HTS heading 7317, which encompasses a broader range of nails and fasteners than covered by the scope of this review. *Id.*

⁶⁶ CR/PR at Table I-8.

⁶⁷ CR at I-38-39, PR at I-29-30. Mexico issued an antidumping duty order on concrete steel nails from China in November 29, 2004. New Zealand has maintained antidumping duties on imports of steel nails from China since June 3, 2011.

⁶⁸ CR at I-38-39, PR at I-29-30.

they did during the original POI. We find that the likely volume of subject imports, both in absolute terms and relative to consumption in the United States, would be significant if the order were revoked.

D. Likely Price Effects

Original Investigation. In the original investigation, the Commission found that imports of steel nails from China had significant adverse effects on domestic prices. The Commission found price was generally the most important factor affecting purchasing decisions, but acknowledged that the record showed the majority of responding importers reported that non-price differences were sometimes important.⁶⁹ The Commission observed that the record showed subject imports underselling domestic nails in 41 of 84 price comparisons at margins ranging from 0.1 to 32.1 percent.⁷⁰ In addition, approximately 82 percent of responding purchasers reported that subject imports were priced lower than domestic steel nails. In light of these facts and the high degree of substitutability of the domestic like product and the subject imports, the Commission found the underselling to be significant. The Commission concluded that the record as a whole demonstrated that subject imports depressed domestic prices to a significant degree in light of price declines from 2005 to the first half of 2007.⁷¹ Thus, the Commission found that subject imports had significant adverse effects on domestic prices.⁷²

Current Review. We find that subject imports continue to be close substitutes for domestic steel nails and that price continues to be an important factor in purchasing decisions. Because no Chinese exporters responded to the notice of institution, the record of this review contains no pricing comparisons between the domestic like product and the subject imports. We find that significant underselling observed during the original investigation would likely recur if the antidumping order was revoked. This in turn would likely cause the domestic producers to cut prices or restrain price increases to avoid losing sales.

Accordingly, we conclude that the subject imports would likely undersell the domestic like product to gain market share and would likely have significant adverse effects on the price of the domestic like product if the antidumping duty order was revoked.

⁶⁹ Original Determination, USITC Pub. 4022 at 17-18.

⁷⁰ Original Determination, USITC Pub. 4022 at 18.

⁷¹ Original Determination, USITC Pub. 4022 at 19-20. The Commission found that price increases in the second half of 2007 were related to the filing of the petition. *See also id.* at n. 130-32 (discussing observations that the domestic industry was barely able to cover its increases in unit cost of goods sold (“COGS”) during the POI and a finding by three Commissioners that subject imports to a limited extent prevented domestic price increases that would otherwise have occurred).

⁷² Original Determination, USITC Pub. 4022 at 20.

E. Likely Impact

Original Investigation. In the original investigation, the Commission found that the domestic industry's production, capacity utilization, shipments, and net sales quantity and value all declined overall during the POI. Domestic producers' U.S. production and U.S. shipments of steel nails declined each year for an overall decline of *** percent, respectively, from 2005 to 2007.⁷³ Capacity declined by *** percent from 2005 to 2007, and capacity utilization followed production and shipment trends, declining steadily throughout the POI.⁷⁴ Domestic producers' inventories decreased over the POI in absolute terms, but increased during the POI when measured as a share of U.S. shipments, from *** percent in 2005 to *** percent in 2007.⁷⁵ The average number of production and related workers, hours worked, and wages paid also declined from 2005 to 2007.⁷⁶

The Commission also found that the domestic industry's financial indicators declined steadily over the POI. Operating income declined in each year of the POI, with the largest decline reported between 2005 and 2006, coinciding with a *** percent increase in subject imports.⁷⁷ The domestic industry's ratio of operating income to net sales declined from *** percent in 2005 to *** percent in 2006 and *** percent in 2007.⁷⁸ Net sales measured by quantity and value showed similar decreases during the POI.⁷⁹ Finally, the Commission found that the domestic industry experienced a cost/price squeeze over the POI, as reflected in an increase in the ratio of COGS to net sales.⁸⁰

The Commission concluded that subject imports had an adverse impact on the condition of the domestic industry during the period of investigation. It found that the absolute and relative volumes of subject imports were significant and that the subject imports gained market share at the expense of the domestic industry, undersold the domestic like product, and depressed prices to a significant degree. The Commission further concluded that the depressed prices and reduced sales volumes caused declines in the domestic industry's financial performance over the period of investigation.⁸¹

Current Review. The information available concerning the domestic industry's condition in this review consists of the data that the domestic producers provided in response to the notice of institution. Because this is an expedited review, we have only limited information

⁷³ Original Determination, USITC Pub. 4022 at 21.

⁷⁴ Original Determination, USITC Pub. 4022 at 21. Capacity utilization decreased from *** percent in 2005 to *** percent in 2006 and *** percent in 2007.

⁷⁵ Original Determination, USITC Pub. 4022 at 21.

⁷⁶ Original Determination, USITC Pub. 4022 at 21. The average number of production workers declined steadily from *** in 2005 to *** in 2007. Hours worked decreased from *** to *** over the POI. Wages paid decreased overall from \$*** to \$*** during the POI.

⁷⁷ Original Determination, USITC Pub. 4022 at 21-22.

⁷⁸ Original Determination, USITC Pub. 4022 at 21-22.

⁷⁹ Original Determination, USITC Pub. 4022 at 22.

⁸⁰ Original Determination, USITC Pub. 4022 at 22.

⁸¹ Original Determination, USITC Pub. 4022 at 23.

with respect to the domestic industry's financial performance. The limited record is insufficient for us to make a finding as to whether the domestic industry is vulnerable to the continuation or recurrence of material injury in the event of revocation of the order.

The information on the record indicates that the capacity of reporting U.S. steel nail producers was *** short tons in 2012.⁸² Reported production was *** short tons in 2012; accordingly, capacity utilization was *** percent.⁸³ U.S. shipments were *** short tons in 2012.⁸⁴ Domestic producers reported an operating income of \$*** from sales of \$***, resulting in an operating margin of *** percent in 2012.⁸⁵ During the original POI, the domestic industry's share of apparent U.S. consumption ranged between *** and *** percent.⁸⁶ Its share of apparent U.S. consumption in 2012 was *** percent.⁸⁷

Based on the information on the record, we find that should the order be revoked, the likely significant volume and price effects of the subject imports would likely have a significant adverse impact on the production, shipments, sales, market share and revenues of the domestic industry. These declines would likely have a direct adverse impact on the domestic industry's profitability.

We also have considered the role of factors other than subject imports, including the presence of nonsubject imports, so as not to attribute injury from other factors to the subject imports. Nonsubject imports, which include nails from a Chinese producer not subject to the order and nails from the UAE subject to an antidumping duty order, have been present in increasing quantities in the U.S. market since the order was imposed in 2008. However, we observe that during the original investigation, subject imports steadily gained market share in the U.S. market while both nonsubject and domestic steel nails lost market share. In light of this, we find that, upon revocation, the significant volume of subject imports would again likely take market share from both the domestic industry and the nonsubject imports and would likely reduce overall price levels in the U.S. market. This is consistent with our finding above that revocation would have adverse effects on the domestic industry's output and revenues.

Accordingly, we conclude that, if the antidumping duty order were revoked, subject imports would likely have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

IV. Conclusion

For the above reasons, we determine that revocation of the antidumping duty order on steel nails from China would likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

⁸² CR/PR at Table I-2.

⁸³ CR/PR at Table I-2.

⁸⁴ CR/PR at Table I-6.

⁸⁵ CR/PR at Table I-2.

⁸⁶ CR/PR at Table C-2.

⁸⁷ CR/PR at Table I-7.

INFORMATION OBTAINED IN THE REVIEW

INTRODUCTION

Background

Effective July 1, 2013, the U.S. International Trade Commission (“Commission” or “USITC”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),¹ that it had instituted a review to determine whether revocation of the antidumping duty order on certain steel nails (“nails”) from China would likely lead to the continuation or recurrence of material injury to a domestic industry.^{2 3} On October 21, 2013, the Commission determined that it would conduct an expedited review pursuant to section 751(c)(3) of the Act.⁴ The following tabulation presents information relating to the background and schedule of this proceeding:

¹ 19 U.S.C. 1675(c).

² *Steel Nails from China; Institution of a Five-Year Review*, 78 FR 40172, July 3, 2013. All interested parties were requested to respond to this notice by submitting the information requested by the Commission.

³ In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of a five-year review of the subject antidumping duty order concurrently with the Commission’s notice of institution. *Initiation of Five-Year (“Sunset”) Review*, 78 FR 39256, July 1, 2013.

⁴ *Steel Nails From China: Scheduling of an Expedited Five-Year Review Concerning the Antidumping Duty Order on Steel Nails From China*, 78 FR 68472, November 14, 2013. The Commission received one submission in response to its notice of institution in the subject review. It was filed on behalf of Mid Continent Nail Corporation (“Mid Continent”), a U.S. producer of the domestic like product. Mid Continent’s response to the notice of institution included data for four additional U.S. producers (with the inclusion of Mid Continent, collectively the “five producers”), three of which were identified on a confidential basis (with the inclusion of Mid Continent, collectively the “four identified producers”) and one that was not identified. The identified producers are: ***. The four identified U.S. producers are believed to account for a substantial portion of production of the domestic like product in 2012. Where appropriate, data for the domestic industry are presented separately for the four identified producers and for the five producers. The Commission did not receive any responses from producers in China or importers of the subject merchandise from China. The Commission determined that the domestic interested party group response to its notice of institution was adequate and that the respondent interested party group response was inadequate. In the absence of respondent interested party responses and any other circumstances that would warrant the conduct of full reviews, the Commission determined to conduct expedited reviews.

Effective date	Action
August 1, 2008	Commerce's antidumping duty order on certain steel nails from China (73 FR 44961, August 1, 2008) http://www.gpo.gov/fdsys/pkg/FR-2008-08-01/pdf/E8-17714.pdf
July 1, 2013	Commission's institution of first five-year reviews (78 FR 40172, July 3, 2013) http://www.gpo.gov/fdsys/pkg/FR-2013-07-03/pdf/2013-16103.pdf
July 1, 2013	Commerce's initiation of first five-year reviews (78 FR 39256, July 1, 2013) http://www.gpo.gov/fdsys/pkg/FR-2013-07-01/pdf/2013-15708.pdf
October 21, 2013	Commission's determination to conduct an expedited five-year review (78 FR 68472, November 14, 2013) http://www.gpo.gov/fdsys/pkg/FR-2013-11-14/pdf/2013-27209.pdf (The press release announcing the Commission's determination concerning adequacy and the conduct of an expedited review can be found at http://www.usitc.gov/press_room/news_release/2013/er10211l2.htm . A summary of the Commission's votes concerning the adequacy and the conduct of an expedited review can be found at (http://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11581). The Commission's explanation of its determination can be found at (http://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11580).
November 20, 2013	Commerce's final result of expedited five-year review of the antidumping duty order (78 FR 69644, November 20, 2013) http://www.gpo.gov/fdsys/pkg/FR-2013-11-20/pdf/2013-27824.pdf
December 11, 2013	Commission's vote
December 19, 2013	Commission's determination

The original investigations

The original investigation resulted from a petition filed on May 29, 2007, by five U.S. producers⁵ of nails alleging that an industry in the United States was materially injured and threatened with material injury by reason of less-than-fair-value ("LTFV") imports of nails from China and the United Arab Emirates ("UAE").^{6 7} On June 16, 2008, Commerce determined that

⁵ The five petitioner producers were: Davis Wire Corp., Irwindale, California; Gerdau Ameristeel Corp., Tampa, Florida; Maze Nails, Peru, Illinois; Mid Continent Nail Corp., Poplar Bluff, Missouri; and Treasure Coast Fasteners, Inc., Fort Pierce, Florida.

⁶ On June 22, 2007, the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union was added as a co-petitioner.

⁷ On June 16, 2008, Commerce found that certain steel nails from the UAE were not being, or were not likely to be, sold in the United States at LTFV, and thus certain steel nails from the UAE were no longer considered to be subject merchandise. *Certain Steel Nails from the United Arab Emirates: Notice of Final Determination of Sales at Not Less Than Fair Value*, 73 FR 33985, June 16, 2008. Accordingly, the Commission terminated the final phase of its investigation regarding the UAE. *Certain Steel Nails From the United Arab Emirates*, 73 FR 39041, July 8, 2008.

imports of nails from China were being sold at LTFV.⁸ On July 21, 2008, the Commission issued its determination that an industry in the United States was materially injured by reason of LTFV imports of nails from China.⁹ Commerce issued an antidumping duty order of nails from China on August 1, 2008.¹⁰

Commerce's reviews

Commerce has conducted two inquiries regarding the scope of the order, but neither has been resolved due to ensuing litigation. As a result of a changed circumstances review initiated at Mid Continent's request, Commerce decided to revoke the order with respect to four specific products.¹¹ Itochu Building Products supported the exclusion of these products but contested the effective date of the partial revocation, a question that remains unresolved.¹² Separately, Commerce also conducted a scope inquiry concerning whether certain tool kits imported by Target are within the scope of the order because the tool kits contained some subject brass-coated steel nails in addition to other products outside the scope of the order.¹³ This question also remains unresolved.

⁸ *Certain Steel Nails from the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances*, 73 FR 33977, June 16, 2008.

⁹ *Certain Steel Nails from China: Determination*, 73 FR 43474, July 25, 2008.

¹⁰ *Notice of Antidumping Duty Order: Certain Steel Nails From the People's Republic of China*, 73 FR 44961, August 1, 2008.

¹¹ Commerce decided to revoke the order with respect to four types of nails: (1) non-collated (*i.e.*, hand-driven or bulk), two-piece steel nails having plastic or steel washers (caps) already assembled to the nail, having a bright or galvanized finish, a ring, fluted or spiral shank, an actual length of 0.500" to 8", inclusive; and an actual shank diameter of 0.1015" to 0.166", inclusive; and an actual washer or cap diameter of 0.900" to 1.10", inclusive; (2) non-collated (*i.e.*, hand-driven or bulk), steel nails having a bright or galvanized finish, a smooth, barbed or ringed shank, an actual length of 0.500" to 4", inclusive; an actual shank diameter of 0.1015" to 0.166", inclusive; and an actual head diameter of 0.3375" to 0.500", inclusive; (3) wire collated steel nails, in coils, having a galvanized finish, a smooth, barbed or ringed shank, an actual length of 0.500" to 1.75", inclusive; an actual shank diameter of 0.116" to 0.166", inclusive; and an actual head diameter of 0.3375" to 0.500", inclusive; and (4) non-collated (*i.e.*, hand-driven or bulk), steel nails having a convex head (commonly known as an umbrella head), a smooth or spiral shank, a galvanized finish, an actual length of 1.75" to 3", inclusive; an actual length of 1.75" to 3", inclusive; an actual shank diameter of 0.131" to 0.152", inclusive; and an actual head diameter of 0.450" to 0.813", inclusive. *Certain Steel Nails From the People's Republic of China: Final Results of Antidumping Duty Changed Circumstances Review*, 76 FR 30101, May 24, 2011.

¹² After concluding that the CIT should not have dismissed Itochu's appeal for failure to exhaust administrative remedies, on August 19, 2013, the Federal Circuit remanded the case for further proceedings regarding the effective date of the revocation. *Itochu Building Products v. United States*, Ct. No. 2013-1044 (Fed. Cir. Aug. 19, 2013) (rehearing denied November 7, 2013).

¹³ In August 2010, Commerce initially concluded that the tool kits were outside the scope of the order, but after two remands, in July 2012 the CIT affirmed Commerce's finding under protest that the tool kits were within the scope. *See Mid Continent Nail Corp. v. United States*, 770 F. Supp.2d 1372 (Ct.

(continued...)

In the recent investigation of steel nails from the UAE, the scope largely mirrored Commerce’s scope in the original investigation underlying this review but also excluded the four products at issue in the *Itochu* appeal.¹⁴

Commerce’s results of its expedited sunset review of the subject antidumping duty order was published in the Federal Register on November 20, 2013.¹⁵ Commerce determined that revocation of the subject order would likely lead to continuation or recurrence of dumping margins of 21.24-118.04 percent.

Previous and related title VII investigations

On November 21, 1977, a complaint was filed by Armco Steel Corp.; Atlantic Steel Co.; Bethlehem Steel Corp.; CF & I Steel Corp.; Keystone Steel & Wire Division of Keystone Consolidated Industries, Inc.; Northwestern Steel & Wire Co.; and the Penn-Dixie Steel Corp., alleging that certain steel wire nails from Canada were being sold at LTFV.¹⁶ In November 1978, the Department of the Treasury (“Treasury”) determined that certain steel wire nails from Canada, except those produced by Tree Island Steel Co., Ltd. and the Steel Co. of Canada, Ltd., were being, or were likely to be, sold in the United States at LTFV.¹⁷ In February 1979, the Commission determined that the domestic steel wire nails industry was not, nor 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.¹⁸

On April 20, 1979, Treasury, in conjunction with its administration of a “Trigger Price Mechanism,” self-initiated an investigation to determine whether certain steel wire nails from Korea were being sold at LTFV. The investigation was subsequently terminated under the Antidumping Act, but was continued under section 731 of the Tariff Act of 1930, as amended. Commerce found that certain steel wire nails from Korea were being sold at LTFV.¹⁹ However, the Commission determined that the domestic steel wire nails industry was not materially

(...continued)

Int’l Trade 2011); *Mid Continent Nail Corp. v. United States*, 825 F. Supp.2d 1290 (Ct. Int’l Trade 2012); *Mid Continent Nail Corp. v. United States*, Slip Op. 12-97, 34 I.T.R.D. 1839 (Ct. Int’l Trade Jul. 25, 2012). In July 2013, however, the Federal Circuit vacated the CIT’s decision and remanded the case so that Commerce could refine its methodology to analyze so-called “mixed media” questions and then explain how it applies the revised methodology to analyze whether the tool kits are within the scope of the order. See *Mid Continent Nail Corp. v. United States*, 2013 WL 3746081 (Fed. Cir. Jul. 18, 2013) (remand result pending).

¹⁴ *Certain Steel Nails from the United Arab Emirates, Inv. No. 731-TA-1185 (Final)*, USITC Publication 4022, July 2008, pp. 5-6.

¹⁵ *Certain Steel Nails From the People’s Republic of China: Final Results of Expedited First Sunset Review of the Antidumping Duty Order*, 78 FR 69644, November 20, 2013.

¹⁶ 42 FR 64942, December 29, 1977.

¹⁷ 43 FR 51743, November 6, 1978.

¹⁸ *Steel Wire Nails From Canada, Investigation No. AA1921-189*, USITC Publication 937, February 1979.

¹⁹ 45 FR 34941, May 23, 1980.

injured and was not threatened with material injury, and that the establishment of an industry in the United States was not materially retarded, by reason of imports of certain steel wire nails from Korea.²⁰

On July 2, 1981, Commerce self-initiated antidumping investigations concerning imports of certain steel wire nails from Japan, Korea, and Yugoslavia pursuant to additional information developed under the trigger price mechanism.²¹ Commerce found that subject imports from these countries were likely being sold below trigger prices and, therefore, possibly at LTFV. Although the Commission made a negative determination with respect to certain steel wire nails from Korea in the previous year, the Commission found new evidence indicating that sales of Korean nails may be having an injurious effect on the domestic industry.²² The investigation of imports from Japan was subsequently terminated, while the investigation of imports from Yugoslavia resulted in a negative determination by the Commission.²³ After a final affirmative material injury determination by the Commission, an antidumping duty order was issued covering steel wire nails from Korea.²⁴ The order against Korea was revoked effective October 1, 1984, following a Voluntary Restraint Agreement²⁵ concerning imports of nails from Korea.²⁶

On January 19, 1982, Armco Inc.; Tree Island Steel, Inc.; Atlantic Steel Co.; Florida Wire and Nails; New York Wire Mills; and Virginia Wire and Fabric filed a petition alleging that certain steel wire nails from Korea were being subsidized.²⁷ In September 1982, however, the countervailing duty investigation was terminated following a determination by Commerce that Korean producers and exporters of nails were not receiving benefits that constituted subsidies.²⁸

On January 24, 1984, the United Steelworkers of America, AFL-CIO/CLC, and Bethlehem Steel Corp. filed a petition under section 201 of the Trade Act of 1974 alleging that carbon and certain alloy steel products, including steel wire nails, were being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the

²⁰ *Certain Steel Wire Nails From The Republic of Korea, Investigation No. 731-TA-26 (Final)*, USITC Publication 1088, August 1980.

²¹ 46 FR 34613, July 2, 1981.

²² 46 FR 34615, July 2, 1981.

²³ 46 FR 41122, August 14, 1981; and *Certain Steel Wire Nails From Japan, The Republic of Korea, and Yugoslavia, Investigation Nos. 731-TA-45, 46, and 47 (Preliminary)*, USITC Publication 1175, August 1981.

²⁴ 47 FR 35266, August 13, 1982.

²⁵ On September 18, 1984, the President established a national policy for the steel industry that led to the creation of the Voluntary Restraint Agreements (“VRAs”). These VRAs established new measures limiting steel exports into the United States from certain steel-supplying countries. 49 FR 36813, September 20, 1984. The VRAs expired on March 31, 1992.

²⁶ 50 FR 40045, October 1, 1985.

²⁷ 47 FR 6458, February 8, 1982.

²⁸ 47 FR 39549, September 8, 1982.

imported articles.²⁹ Following the Commission's affirmative determinations in July 1984 for several of the products, including steel wire nails, the United States negotiated various agreements to limit the importation of steel products into the United States, such as the VRAs.³⁰

On June 5, 1985, petitions were filed alleging that certain steel wire nails from China, Poland, and Yugoslavia were being, or were likely to be, sold in the United States at LTFV.³¹ The petitions concerning imports from Poland and Yugoslavia were subsequently withdrawn following VRAs with Poland and Yugoslavia with respect to exports of steel wire nails to the United States. As a result, Commerce terminated the investigations with respect to Poland and Yugoslavia.³² The investigation with respect to China led to a finding that the domestic steel wire nails industry was materially injured by reason of LTFV imports of certain steel wire nails from China.³³

On April 20, 1987, a petition was filed alleging that certain steel wire nails from New Zealand and Thailand were receiving bounties or grants.³⁴ Commerce conducted a section 303 investigation and made affirmative findings with respect to both countries and issued countervailing duty orders covering steel wire nails from Thailand and New Zealand in October 1987.³⁵ On August 9, 1995, the orders were revoked by Commerce as no domestic interested party requested a review.³⁶

On March 22, 1989, a petition was filed alleging that certain steel wire nails from Malaysia were receiving bounties or grants.³⁷ Commerce, however, determined that no

²⁹ *Carbon and Alloy Steel Products, Investigation No. TA-201-51*, USITC Publication 1553, July 1984, p. 7.

³⁰ *Carbon and Alloy Steel Products, Investigation No. TA-201-51*, USITC Publication 1553, July 1984, p. 7.

³¹ The petitions were filed by Atlantic Steel Co.; Atlas Steel & Wire Corp.; Continental Steel 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. 50 FR 27479, July 3, 1985.

³² 51 FR 4205, February 3, 1986, and 50 FR 35281, August 30, 1985.

³³ *Certain Steel Wire Nails From The People's Republic of China, Investigation No. 731-TA-266 (Final)*, USITC Publication 1842, April 1986; 51 FR 10247, March 25, 1986. An antidumping duty order on certain steel wire nails from China entered into effect on May 21, 1986 (51 FR 18640), but because of changed circumstances ("petitioners' affirmative statement of no interest in continuation of the antidumping duty order"), the order was revoked on September 3, 1987, retroactive to January 1, 1986 (52 FR 33463).

³⁴ The petition was filed by Air Nail Co.; Atlas Steel & Wire Corp.; CF&I Steel Corp.; Davis-Walker Corp.; Dickson Weatherproof Nail Co.; Exposaic Industries, Inc.; Keystone Steel and Wire Co.; and Northwestern Steel & Wire Co. 52 FR 18590, May 18, 1987; 52 FR 18591, May 18, 1987.

³⁵ 52 FR 36987, October 2, 1987, and 52 FR 37196, October 5, 1987.

³⁶ 60 FR 40568, August 9, 1995.

³⁷ The petition was filed by members of the Nail Committee of the American Wire Producers Association. 54 FR 15534, April 18, 1989.

benefits which constitute bounties or grants were being provided to Malaysian producers or exporters.³⁸

On November 26, 1996, a petition was filed alleging that collated roofing nails imported from China, Korea, and Taiwan were being sold at LTFV.³⁹ These investigations led to a finding that the domestic collated roofing nails industry was threatened with material injury by reason of LTFV imports of collated roofing nails from China and Taiwan.⁴⁰ The investigation with respect to collated roofing nails from Korea was terminated by the Commission following a negative determination by Commerce.⁴¹ On November 19, 1997, Commerce issued antidumping duty orders covering collated roofing nails from China and Taiwan.⁴² These orders were revoked effective November 19, 2002, because no domestic interested party responded to Commerce's notice of initiation of five-year reviews.⁴³

On July 3, 2001, following a request from the United States Trade Representative ("USTR") and subsequently a request from the Senate Finance Committee, a section 201 investigation was initiated by the Commission to determine whether certain steel products were being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry. The Commission, however, made a negative determination with respect to carbon and alloy steel nails.⁴⁴

On March 31, 2011, a petition was filed alleging that certain steel nails ("certain steel nails") imported from the UAE were being sold at LTFV.⁴⁵ The Commission determined that an industry in the United States was materially injured by reason of imports from the UAE of certain steel nails.⁴⁶ On May 10, 2012, Commerce issued an antidumping duty order covering certain steel nails from the UAE.⁴⁷

³⁸ 54 FR 36841, September 5, 1989.

³⁹ The petition was filed by Paslode Division of Illinois Tool Works Inc. 61 FR 67306, December 20, 1996.

⁴⁰ *Collated Roofing Nails From China and Taiwan, Investigation Nos. 731-TA-757 and 759 (Final)*, USITC Publication 3070, November 1997.

⁴¹ 62 FR 51420, October 1, 1997, and 62 FR 53799, October 16, 1997.

⁴² 62 FR 61729, November 19, 1997, and 62 FR 61730, November 19, 1997.

⁴³ 67 FR 70578, November 25, 2002.

⁴⁴ *Steel, Investigation No. TA-201-73*, USITC Publication 3479, December 2001.

⁴⁵ The petition was filed by Mid Continent.

⁴⁶ *Certain Steel Nails from the United Arab Emirates, Inv. No. 731-TA-1185 (Final)*, USITC Publication 4022, July 2008.

⁴⁷ *Certain Steel Nails From the United Arab Emirates: Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order*, 77 FR 27421, May 10, 2012.

THE PRODUCT

Commerce's scope

In its final results of the expedited first five year review of the antidumping duty order, Commerce defined the subject merchandise as:

certain steel nails having a shaft length up to 12 inches. Certain steel nails include, but are not limited to, nails made of round wire and nails that are cut. Certain steel nails may be of one piece construction or constructed of two or more pieces. Certain steel nails may be produced from any type of steel, and have a variety of finishes, heads, shanks, point types, shaft lengths and shaft diameters. Finishes include, but are not limited to, coating in vinyl, zinc (galvanized, whether by electroplating or hot dipping one or more times), phosphate cement, and paint. Head styles include, but are not limited to, flat, projection, cupped, oval, brad, headless, double, countersunk, and sinker. Shank styles include, but are not limited to, smooth, barbed, screw threaded, ring shank and fluted shank styles. Screw-threaded nails subject to this proceeding are driven using direct force and not by turning the fastener using a tool that engages with the head. Point styles include, but are not limited to, diamond, blunt, needle, chisel and no point. Finished nails may be sold in bulk, or they may be collated into strips or coils using materials such as plastic, paper, or wire. Certain steel nails subject to the order are currently classified under the Harmonized Tariff Schedule of the United States ("HTSUS") subheadings 7317.00.55, 7317.00.65 and 7317.00.75.

Excluded from the scope of the order are steel roofing nails of all lengths and diameter, whether collated or in bulk, and whether or not galvanized. Steel roofing nails are specifically enumerated and identified in ASTM Standard F 1667 (2005 revision) as Type I, Style 20 nails. Also excluded from the scope are the following steel nails: 1) Non-collated (i.e., hand-driven or bulk), two-piece steel nails having plastic or steel washers (caps) already assembled to the nail, having a bright or galvanized finish, a ring, fluted or spiral shank, an actual length of 0.500" to 8", inclusive; and an actual shank diameter of 0.1015" to 0.166", inclusive; and an actual washer or cap diameter of 0.900" to 1.10", inclusive; 2) Non-collated (i.e., hand-driven or bulk), steel nails having a bright or galvanized finish, a smooth, barbed or ringed shank, an actual length of 0.500" to 4", inclusive; an actual shank diameter of 0.1015" to 0.166", inclusive; and an actual head diameter of 0.3375" to 0.500", inclusive; 3) Wire collated steel nails, in coils, having a galvanized finish, a smooth, barbed or ringed shank, an actual length of 0.500" to 1.75", inclusive; an actual shank diameter of 0.116" to 0.166", inclusive; and an

actual head diameter of 0.3375” to 0.500”, inclusive; and 4) Non-collated (i.e., hand-driven or bulk), steel nails having a convex head (commonly known as an umbrella head), a smooth or spiral shank, a galvanized finish, an actual length of 1.75” to 3”, inclusive; an actual shank diameter of 0.131” to 0.152”, inclusive; and an actual head diameter of 0.450” to 0.813”, inclusive. Also excluded from the scope of the order are corrugated nails. A corrugated nail is made of a small strip of corrugated steel with sharp points on one side. Also excluded from the scope of the order are fasteners suitable for use in powder-actuated hand tools, not threaded and threaded, which are currently classified under HTSUS 7317.00.20 and 7317.00.30. Also excluded from the scope of the order are thumb tacks, which are currently classified under HTSUS 7317.00.10.00. Also excluded from the scope of the order are certain brads and finish nails that are equal to or less than 0.0720 inches in shank diameter, round or rectangular in cross section, between 0.375 inches and 2.5 inches in length, and that are collated with adhesive or polyester film tape backed with a heat seal adhesive. Also excluded from the scope of the order are fasteners having a case hardness greater than or equal to 50 HRC, a carbon content greater than or equal to 0.5 percent, a round head, a secondary reduced-diameter raised head section, a centered shank, and a smooth symmetrical point, suitable for use in gas-actuated hand tools. While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of the order is dispositive.⁴⁸

U.S. tariff treatment

The nails products that are the subject of these reviews are currently imported under the following Harmonized Tariff Schedule of the United States (“HTSUS”) subheadings: 7317.00.55 (excluding statistical reporting number 7317.00.5501), 7317.00.65, and 7317.00.75. The column 1-general (normal trade relations) rate of duty for these products is “free”.

⁴⁸ *Certain Steel Nails From the People’s Republic of China: Final Results of Expedited First Sunset Review of the Antidumping Duty Order*, 78 FR 69644, November 20, 2013 and *Certain Steel Nails from the People’s Republic of China: Issues and Decision Memorandum for the Final Results of Expedited First Sunset Review of the Antidumping Duty Order*, from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Ronald K. Lorentzen, Acting Assistant Secretary for Enforcement and Compliance, November 13, 2013.

Domestic like product and domestic industry

In the final phase of the original investigation, the Commission defined a single domestic like product, coextensive with the scope of the investigation.⁴⁹ The Commission excluded three U.S. producers (Senco, Specialty Fastening, and Stanley) from the domestic industry.⁵⁰ The Commission determined that these three firms imported *** and increasing volumes of subject merchandise as their domestic production of steel nails declined, indicating that their primary interest was shifting from domestic production to importation.⁵¹ In the final phase of the investigation, Commerce determined that exports from ITW's related Chinese producer ITW/Paslode Fasteners (Shanghai) were not sold at LTFV. Therefore, ITW's imports of steel nails from China were no longer subject merchandise and ITW no longer met the definition of a related party.

In its notice of institution for this review, the Commission solicited comments from interested parties regarding the appropriate domestic like product and domestic industry. In Mid Continent's response to the Commission's notice of institution, it indicated that it agrees with the Commission's definition of the domestic like product and domestic industry that were adopted in the original investigation.⁵² No further comment on the domestic like product or domestic industry has been filed with the Commission in this proceeding.

Description and uses⁵³

Although most steel nails are produced of low-carbon steel, nails also are produced of stainless steel (to resist corrosion) and of hardenable medium- to high-carbon steel. Nails are packaged for shipment in bulk, that is, loose in a carton or other container, or collated, that is, joined with wire, paper strips, plastic strips, or glue into coils or straight strips for use in pneumatic nailing tools. Although most nails are produced from a single piece of steel, some nails are produced from two or more pieces. Examples include a nail with a decorative head, such as an upholstery nail; a masonry anchor that comprises a zinc anchor and a steel wire nail; a nail with a large thin attached head (for nailing roofing felt, for example); and a nail with a rubber or neoprene washer assembled over its shaft (to seal the nailhole in metal or fiberglass roofing or siding).

⁴⁹ *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, USITC Publication 4022, July 2008, pp. 6-8.

⁵⁰ *Ibid.*

⁵¹ *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, Confidential Views of the Commission, p. 2.

⁵² Mid Continent's Substantive Response To The Notice Of Institution, July 31, 2013, p. 8.

⁵³ Unless otherwise noted this information is based on the following publication: *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, USITC Publication 4022, July 2008.

Production process⁵⁴

Most steel nails are produced from steel wire, and a small proportion of steel nails are produced from steel plate and referred to as "cut nails." Some producers of wire nails use purchased steel wire as a starting raw material and are known as nonintegrated producers, whereas some producers utilize their own facilities to produce wire for nails, using steel wire rod as their starting material; these producers are called "integrated producers." Some integrated producers are further integrated through the steelmaking process, and produce steel wire rod from raw materials such as scrap, pig iron, and ferroalloys. Figure 1-1 shows the general process for producing steel wire nails.

To produce nails, wire is fed from a large coil into a nail machine that automatically straightens the wire, forms the head of the nail, and cuts the nail from the wire, simultaneously forming the point and ejecting the finished nail. Nail machines are of two general types: one, known as a "cold-heading machine," holds the wire near its end in gripper dies and forms the head by striking the leading end of the wire, forcing the end of the wire to fill a die cavity of the desired shape. The wire is fed through the grippers, and shape cutters form the point and cut the nail free from the wire coming off of the coil. The process is repeated for each individual nail produced by the cold-heading process. In the second type of nail machine, known as a "rotary heading machine," the wire is fed continuously and cutting rollers cut individual nail blanks, simultaneously forming the point. The nail blanks are then inserted into a die ring and the heads are formed by compression of the end of the nail between the rotating ring and a heading roller. The completed nail is then ejected from the machine. Both types of nail machines are used to produce all styles of nails, and some manufacturers have both types in their facilities. These automatic machines are capable of producing a range of nail sizes and head and point styles by changing tooling and adjustment.

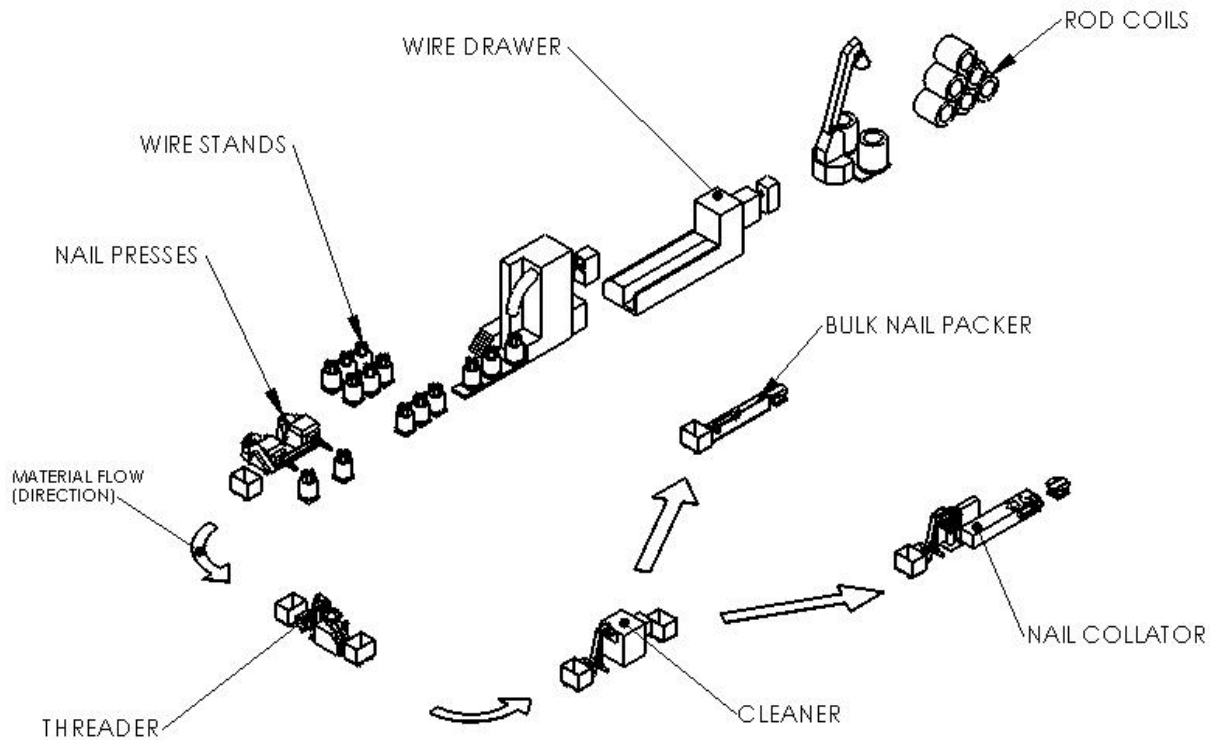
Nails that have helical twists, serrations, and other configurations on the shanks require an additional forming process. These nails are fed into other machines that roll, twist, stamp, or cut to required forms. These operations may also require heating of the nails before forming.

After forming, nails are tumbled on themselves in rotating drums to remove particles of head flash and the whiskers, which often remain on the cut and pointed ends. The same drum may contain a medium (such as sawdust) which effects cleaning and polishing of the nails during tumbling, otherwise the tumbled nails can be transferred to units that clean the nails with solvents or vapor degreasers. After tumbling and cleaning, the nails may be given subsequent processing, such as painting, resin coating, or galvanizing. Finally, nails for use in pneumatic nailing tools are processed through automatic equipment to collate the nails using paper strips, plastic strips, fine steel wire, or adhesive. Nails for hand-driving are packaged in bulk (loose) in cartons or in smaller count boxes, including one- and five-pound boxes for mass

⁵⁴ Unless otherwise noted this information is based on the following publications: *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, USITC Publication 4022, July 2008 and *Certain Steel Nails from the United Arab Emirates, Inv. No. 731-TA-1185 (Final)*, USITC Publication 4321, May 2012.

merchandise retail repair and remodeling customers. Special packaging equipment may be used in order to pack small (one- and five-pound) boxes at high speed and lowest possible cost.

Figure 1-1
Steel nails: General process of producing nails



NOTE:
ALL COLLATED NAILS ARE VINYL COATED IN-LINE ON THE COLLATING MACHINE.
ALL BULK NAILS ARE COATED IN-LINE AT THE CLEANING STATION IF REQUIRED

Source: *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, USITC Publication 4022, July 2008, figure I-1.

Cut nails are produced from plate rather than from wire and are rectangular rather than round. Cut nails are used primarily for joining to masonry or concrete. Although cut nails may be made for any carpentry use, the main use other than masonry is for flooring in applications where an antique appearance is required. Cut nails are made from high-carbon steel plate that is sheared into strips. The strips are fed into specially designed nail machines, which shape the nails and form the heads. The cut nails are then case-hardened in a furnace. Cut nails are packed in 50-pound cartons (also known as large-count industry standard boxes) on pallets for the construction trades or either 1-pound or 5-pound boxes for mass merchandise retail repair and remodeling customers.

Interchangeability and customer and producer perceptions

In its original investigation, the Commission observed that steel nails are produced to certain industry specifications, including ICC and ASTM. The Commission noted that while “the type, size and finish may limit the interchangeability of a specific product for a particular end use, this limitation applies whether it is a U.S. product, subject import, or nonsubject import.”⁵⁵ The Commission remarked that “the record supports the conclusion that steel nails are generally interchangeable within type, size and finish, regardless of where produced.”⁵⁶ The Commission observed that “{t}he majority of responding U.S. producers, importers, and purchasers reported that the U.S. product, the subject imports, and nonsubject imports are frequently or always interchangeable” and that the parties agreed that there is a high degree of substitutability between U.S. nails and subject imports.⁵⁷

Channels of distribution

During 2005-07, the vast majority of U.S. producers’ and U.S. importers’ U.S. shipments of steel nails was shipped to distributors. For U.S. producers, distributor sales accounted for 79.8-86.8 percent of U.S. shipments.⁵⁸ For subject importers, distributor sales accounted for *** percent of U.S. shipments.⁵⁹ Data from a more recent investigation show that U.S. producers’ share of sales to distributors relative to end users has declined.⁶⁰ In 2011, U.S. producers’ sales to distributors accounted for 67.4 percent of their shipments and sales to end users accounted for 32.6 percent their shipments.⁶¹

Pricing and related information

In the original investigation, the Commission collected price data for eight products. Four of the products were plastic-strip collated nail products, two were bulk nail products, and two were wire coil collated nail products. A total of 96 quarterly net weighted-average U.S. f.o.b. selling price comparisons were possible between the domestic and imported Chinese

⁵⁵ *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, USITC Publication 4022, July 2008, p. 15.

⁵⁶ *Ibid.*

⁵⁷ *Ibid.*, pp. 14-15.

⁵⁸ *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, Staff Report, INV-FF-074, June 25, 2008, p. II-2.

⁵⁹ *Ibid.*

⁶⁰ *Certain Steel Nails from the United Arab Emirates, Inv. No. 731-TA-1185 (Final)*, USITC Publication 4022, July 2008, p. II-1.

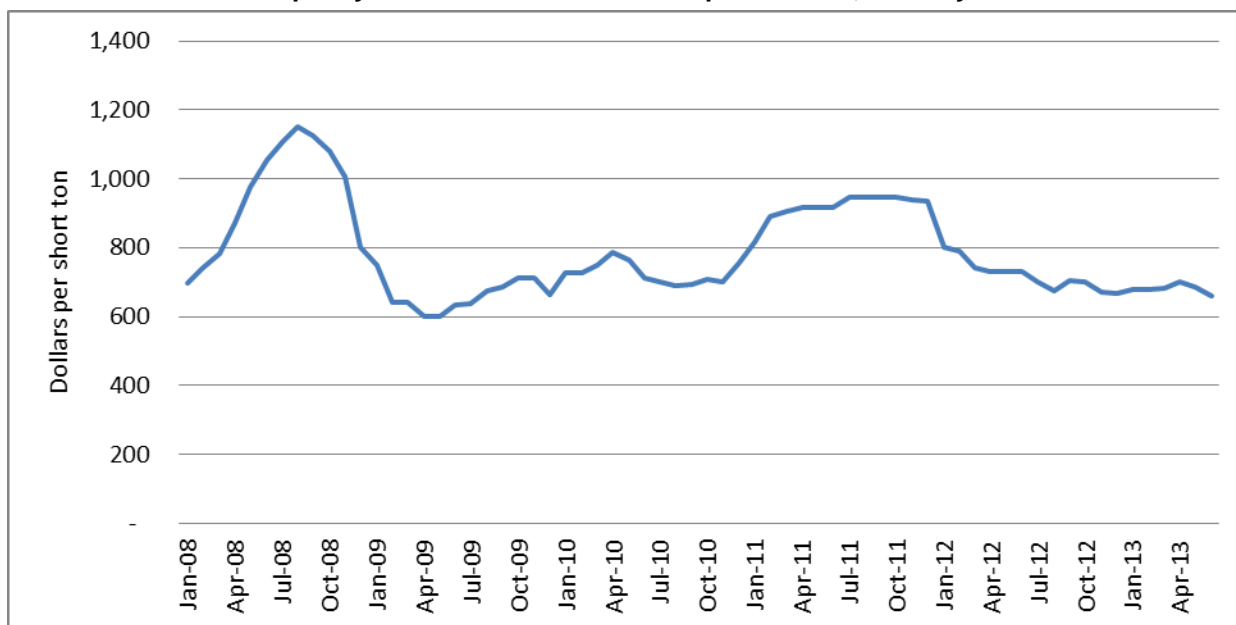
⁶¹ *Ibid.*

steel nails shipped to U.S. customers during 2005-07. In total, products imported from China undersold the U.S.-produced product in 51 of 96 possible quarterly comparisons.⁶²

The overall demand for steel nails depends upon the demand for a variety of end-use applications. Steel nails are used in building houses and other structures, while in the industrial sector, nails are used to make furniture, cabinets, and crates and pallets for shipping. As a result, demand is generally related to the amount of housing-related activity in the economy, and demand for all end uses generally tracks overall economic activity.⁶³

Raw materials account for approximately 60 percent of the cost of steel nails. The primary raw material used in the production of steel nails in the United States is carbon steel wire. Price information regarding low-carbon steel wire rod is show in figure I-2. Prices for low-carbon steel wire rod varied greatly during 2008 and have declined slightly since the beginning of 2012.

Figure I-2
Steel nails: Industrial quality low-carbon steel wire rod price series, January 2008-June 2013



Source: American Metal Market.

⁶² *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, USITC Publication 4022, July 2008, V-13. Excluding the three related parties from the domestic industry, subject imports undersold the domestic like product in 50 of 96 quarterly comparisons. Further exclusion of a product with *** for which price comparisons or trends were *** shows that subject imports undersold the domestic like product in 41 of 84 quarterly comparisons. *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, Confidential Views of the Commission, p. 25.

⁶³ Demand indicators appear following the discussion of apparent U.S. consumption.

THE INDUSTRY IN THE UNITED STATES

U.S. producers

In the original investigation, the Commission issued questionnaires to the 15 producers cited in the petition, and received questionnaire responses with usable data from all 5 petitioners, from 8 of the other 10 firms identified in the petition, and from 2 other firms that were identified after receiving the petition.⁶⁴ The five petitioners in the original investigation together accounted for *** percent of reported U.S. production of the domestic like product in 2007.

In its substantive response to the Commission's notice of institution, Mid Continent identified 10 known and currently operating steel nail producers. Table I-1 lists the domestic interested parties (believed to account for a substantial portion of production of the domestic like product in 2012), each company's position on the orders, production location, parent company, and share of reported production of steel nails in 2012. No U.S. producer directly imports the subject merchandise from China, and none are known to have any affiliation with subject Chinese producers of steel nails.⁶⁵

The U.S. nails industry has experienced a mix of expansion, plant closure, and acquisition over the past several years.

In November 2011, PrimeSource Building Products ("PrimeSource") (a distributor of building materials) and Dubai Wire (a UAE nails producer) announced the formation of a joint venture, Progressive Steel and Wire ("PSW"), for the purpose of manufacturing nail and wire products in the United States.⁶⁶ PSW's plant is in Dallas, TX, and the company is planning to sell products produced at this facility through 42 distribution centers across North America operated by its parent company, PrimeSource.⁶⁷

In February 2012, Mid Continent's parent company, Libla Industries, Inc., was purchased by Deacero USA, a unit of Deacero S.A. de C.V. -- a Mexican steel processor and producer of mesh and wire products. According to ***,⁶⁸ ***. According to ***.

In 2012, Maze Nails ***.⁶⁹

⁶⁴ The 10 firms other than the petitioners cited in the petition were (1) Air Nail ISM Fastening Systems, (2) Fox Valley Steel & Wire, (3) Keystone Steel & Wire Company, (4) Parker Metal Corporation, (5) ITW, (6) Pneu-Fast Co., (7) Senco, (8) Specialty Fastening, (9) Stanley, and (10) Tree Island.

⁶⁵ Mid Continent's Substantive Response To The Notice Of Institution, July 31, 2013, exh. 1 and exh. 4.

⁶⁶ PrimeSource® Building Products, Inc. Announces Joint Venture with Dubai Wire, November 8, 2011, found at <http://www.enap.com/newsletters/newsbrief/pdfs/PrimeSourcePR111511.pdf>, retrieved on November 12, 2013.

⁶⁷ Progressive Steel & Wire, found at <http://pswnail.com/>, retrieved on November 12, 2013.

⁶⁸ Adequacy Phase U.S. Purchasers' Questionnaire Response of ***.

⁶⁹ Mid Continent's Substantive Response To The Notice Of Institution, July 31, 2013, exh. 1.

Table I-1

Steel nails: U.S. producers, positions on the subject order, U.S. production locations, related and/or affiliated firms, and shares of 2012 reported U.S. production

Firm	Position on orders	U.S. plant location(s)	Parent company	Share of production (percent)
Mid Continent	Support	Poplar Bluff, MO	Deacero, Mexico	***
***	Support	***	***	***
***	Support	***	***	***
***	Support	***	***	***
Unidentified ¹	Support	---	---	***

¹ ***.

Source: Mid Continent’s Substantive Response To The Notice Of Institution, July 31, 2013, exh. 1 and exh. 4 and *Certain Steel Nails from the United Arab Emirates, Inv. No. 731-TA-1185 (Final)*, USITC Publication 4321, May 2012, table III-1.

In its substantive response to the Commission’s notice of institution, Mid Continent reported that in addition to itself, the following nine companies currently produce certain steel nails in the United States: (1) Mid Continent, (2) Davis Wire Corporation, (3) ITW, (4) Maze Nails, (5) Pneu-Fast Company, (6) Senco Brands, (7) Specialty Fastening, (8) Stanley Black and Decker, and (9) Tree Island. In addition, PSW also identified itself as a U.S. producer of steel nails in its entry of appearance. In the original investigation, the Commission excluded three U.S. producers (Senco, Specialty Fastening, and Stanley) from the domestic industry.⁷⁰ The Commission determined that these three firms imported *** and increasing volumes of subject merchandise as their domestic production of steel nails declined, indicating that their primary interest was shifting from domestic production to importation.⁷¹ In this current review, Mid Continent and the other U.S. producers agree with the definition of the domestic industry stated in the Commission’s notice.⁷² Furthermore, Mid Continent reported that it is not aware of other currently operating U.S. producers that are related parties.⁷³

U.S. producers’ trade and financial data

The Commission requested domestic interested parties to provide trade and financial data in their response to the notice of institution of the five-year reviews of the subject orders. Table I-2 presents the data reported by responding U.S. producers from both the original

⁷⁰ *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, USITC Pub. 4022 (July 2008), pp. 6-8.

⁷¹ *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, Confidential Views of the Commission, p. 10.

⁷² Mid Continent’s Substantive Response To The Notice Of Institution, July 31, 2013, exh. 1 and exh. 4.

⁷³ Mid Continent’s Substantive Response To The Notice Of Institution, July 31, 2013, exh. 1 and exh. 4. Based on ***. *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, Staff Report, INV-FF-074, June 25, 2008, table III-7.

investigation (2005-07) and the response to the notice of institution (2012). The table presents data provided by 14 firms for the period 2005-07, and presents data for 2012 in two ways: (1) for the four identified firms and (2) for the five firms, including the unidentified firm.

Table I-2
Steel nails: U.S. producers' trade and financial data, 2005-07 and 2012

Item	2005	2006	2007	2012 ¹	2012 ²
Capacity (<i>short tons</i>)	694,236	704,958	645,227	***	***
Production (<i>short tons</i>)	276,358	196,488	146,259	***	***
Capacity utilization (<i>percent</i>)	39.8	27.9	22.7	***	***
U.S. shipments					
Quantity (<i>short tons</i>)	275,448	196,601	143,868	***	***
Value (<i>1,000 dollars</i>)	385,057	287,606	220,411	***	***
Unit value (<i>dollars per short ton</i>)	1,398	1,463	1,532	***	***
Net sales value (<i>1,000 dollars</i>)	391,509	299,920	238,774	***	***
Cost of goods sold (COGS) (<i>\$1,000</i>)	326,652	251,886	199,460	***	***
Gross profit or (loss) (<i>\$1,000</i>)	64,857	48,034	39,314	***	***
SG&A (<i>\$1,000</i>)	36,098	29,812	30,184	***	***
Operating income or (loss) (<i>\$1,000</i>)	28,759	18,222	9,130	***	***
COGS/sales (<i>percent</i>)	83.4	84.0	83.5	***	***
Operating income or (loss)/sales (<i>percent</i>)	7.3	6.1	3.8	***	***

¹ Data for four identified producers.

² Data for five producers.

Source: *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, USITC Publication 4022, July 2008, III-3 and VI-2. Mid Continent's Substantive Response To The Notice Of Institution, July 31, 2013, exh. 1 and exh. 4.

Mid Continent contends that the domestic industry is extremely vulnerable to injury from unfairly traded imports from China. Mid Continent stated that the domestic industry is in an even more weakened state than that prior to the imposition to the antidumping duty order on nails from China. It points to the investigation on steel nails from the UAE, in which the Commission found that the domestic industry was unable to take full advantage of the order and unable to take advantage of improvements in the economy and housing market. Mid Continent argues that the domestic industry's market share decreased between 2009 and 2011, a period of gradually increasing demand.⁷⁴ Financial indicators also declined during this period, production increased slightly, production capacity declined, and capacity utilization rates were characterized as low.⁷⁵ Mid Continent contends that little has changed since the investigation on nails from the UAE, as illustrated by industry data provided for 2012.

⁷⁴ Mid Continent's Substantive Response To The Notice Of Institution, July 31, 2013, p. 23.

⁷⁵ Ibid.

U.S. IMPORTS AND APPARENT CONSUMPTION

U.S. importers

In the original investigation, 41 firms provided usable importer questionnaire responses, 38 of which imported steel nails from China, accounting for *** percent of the quantity of subject U.S. imports from China during 2005-07.⁷⁶

In its substantive response to the Commission's notice of institution, Mid Continent identified 86 known and currently operating importers of steel nails.⁷⁷

U.S. imports

In its original investigation, the Commission found the subject import volume and the increases in that volume were significant, both in absolute terms and relative to consumption and production in the United States. The volume of subject imports measured by quantity increased from *** short tons in 2005 to *** short tons in 2006, and then decreased to *** short tons in 2007, for an overall increase of *** from 2005 to 2007.⁷⁸

Data regarding U.S. imports of steel nails, as reported in the final original investigation, as well as data from 2012, are presented in table I-3. U.S. subject imports from China decreased from *** short tons in 2007 to *** short tons in 2012. As a result, their share of the total quantity of imports declined from *** percent to *** percent. Although imports from all nonsubject sources increased from *** short tons in 2007 to *** short tons in 2012, total imports decreased from 768,307 short tons in 2007 to 461,814 short tons in 2012.

Mid Continent acknowledged the Commission's findings in its original investigation.⁷⁹ Mid Continent contends that although the U.S. industry did not enjoy the full benefits of the antidumping duty order on nails from China due to the influx of unfairly traded imports from the UAE, the order did provide some benefits by limiting Chinese import volume and pricing behavior.⁸⁰ Mid Continent argues that Chinese steel nail producers have available capacity for export along with "the ability and incentive to export large and significant volumes to the United States."⁸¹ Mid Continent estimates that Chinese steel nail producers have 933,921 short tons of capacity, arguing that it could use this capacity to return to pre-order shipment volumes to the United States.⁸²

⁷⁶ *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, USITC Publication 4022, July 2008, III-3 and IV-1.

⁷⁷ Mid Continent's Substantive Response To The Notice Of Institution, July 31, 2013, p. 58 and exh 2.

⁷⁸ *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, Confidential Views of the Commission, p. 22.

⁷⁹ Mid Continent's Substantive Response To The Notice Of Institution, July 31, 2013, p. 13.

⁸⁰ Mid Continent's Substantive Response To The Notice Of Institution, July 31, 2013, p. 17.

⁸¹ Mid Continent's Substantive Response To The Notice Of Institution, July 31, 2013, p. 37.

⁸² Mid Continent's Substantive Response To The Notice Of Institution, July 31, 2013, p. 37.

Table I-3
Steel nails: U.S. import data, 2005-07 and 2012

Item	2005	2006	2007	2012
Quantity (short tons)				
China - subject	***	***	***	***
China - nonsubject	***	***	***	***
All other	425,250	312,644	206,818	316,878
Subtotal - nonsubject	***	***	***	***
Total imports	905,001	928,191	768,307	461,814
Value (\$1,000)				
China - subject	***	***	***	***
China - nonsubject	***	***	***	***
All other	491,721	375,204	271,225	445,617
Subtotal - nonsubject	***	***	***	***
Total imports	882,879	861,198	763,859	652,853
Unit value (dollars per short ton)				
China - subject	***	***	***	***
China - nonsubject	***	***	***	***
All other	1,156	1,200	1,311	1,406
Subtotal - nonsubject	***	***	***	***
Total imports	976	928	994	1,414
Share of quantity (percent)				
China - subject	***	***	***	***
China - nonsubject	***	***	***	***
All other	47.0	33.7	26.9	68.6
Subtotal - nonsubject	***	***	***	***
Total imports	100.0	100.0	100.0	100.0

Source: *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, Staff Report, INV-FF-074, June 25, 2008, p. IV-4 and compiled from official Commerce statistics, adjusted ***.

Table I-4 presents the quantity, value, unit value, and share of quantity for the top ten sources of U.S. imports as well as China.

Table I-4
Steel nails: U.S. imports, by source, 2008-12

Source	Calendar year				
	2008	2009	2010	2011	2012
	Quantity (short tons)				
China (including nonsubject)	266,703	137,975	150,730	144,675	144,935
Nonsubject countries:					
Taiwan	76,520	61,438	57,166	58,754	84,987
Korea	56,336	25,245	34,163	39,598	49,142
United Arab Emirates	48,256	63,494	118,558	110,395	46,632
Malaysia	13,283	10,493	11,634	23,110	31,921
Vietnam	2,515	3,275	4,424	12,731	28,925
Canada	30,712	17,898	17,673	19,118	20,605
Mexico	16,238	10,626	13,704	14,277	16,968
Poland	4,965	6,306	12,439	8,919	9,117
Oman	0	0	0	40	7,445
Bulgaria	0	0	669	2,138	3,426
All other sources	23,157	7,282	11,694	10,319	17,711
Subtotal nonsubject	271,981	206,056	282,124	299,400	316,878
Total	538,684	344,031	432,854	444,075	461,814
	Value (1,000 dollars)				
China (including nonsubject)	326,549	147,976	173,257	188,383	207,236
Nonsubject countries:					
Taiwan	117,931	69,499	74,550	87,222	123,919
Korea	85,059	30,019	43,528	52,354	64,555
United Arab Emirates	70,517	56,662	111,764	130,417	64,288
Malaysia	16,954	9,426	12,176	26,572	38,939
Vietnam	2,923	3,698	4,454	13,362	28,948
Canada	52,716	26,723	29,276	33,837	37,172
Mexico	23,188	13,100	11,282	16,089	18,886
Poland	8,567	8,715	15,159	11,825	12,430
Oman	0	0	0	54	9,356
Bulgaria	0	0	370	1,853	3,074
All other sources	52,219	27,591	31,211	30,666	44,049
Subtotal nonsubject	430,073	245,434	333,772	404,251	445,617
Total	756,623	393,409	507,030	592,634	652,853

Table continued on next page.

Table I-4--Continued
Steel nails: U.S. imports, by source, 2008-12

Source	Calendar year				
	2008	2009	2010	2011	2012
	Unit value (dollars per short ton)				
China (including nonsubject)	1,224	1,072	1,149	1,302	1,430
Nonsubject countries:					
Taiwan	1,541	1,131	1,304	1,485	1,458
Korea	1,510	1,189	1,274	1,322	1,314
United Arab Emirates	1,461	892	943	1,181	1,379
Malaysia	1,276	898	1,047	1,150	1,220
Vietnam	1,162	1,129	1,007	1,050	1,001
Canada	1,716	1,493	1,657	1,770	1,804
Mexico	1,428	1,233	823	1,127	1,113
Poland	1,726	1,382	1,219	1,326	1,363
Oman	(¹)	(¹)	(¹)	1,350	1,257
Bulgaria	(¹)	(¹)	553	867	897
All other sources	2,255	3,789	2,669	2,972	2,487
Subtotal nonsubject	1,581	1,191	1,183	1,350	1,406
Total	1,405	1,144	1,171	1,335	1,414
	Share of quantity (percent)				
China (including nonsubject)	49.5	40.1	34.8	32.6	31.4
Nonsubject countries:					
Taiwan	14.2	17.9	13.2	13.2	18.4
Korea	10.5	7.3	7.9	8.9	10.6
United Arab Emirates	9.0	18.5	27.4	24.9	10.1
Malaysia	2.5	3.0	2.7	5.2	6.9
Vietnam	0.5	1.0	1.0	2.9	6.3
Canada	5.7	5.2	4.1	4.3	4.5
Mexico	3.0	3.1	3.2	3.2	3.7
Poland	0.9	1.8	2.9	2.0	2.0
Oman	(¹)	(¹)	(¹)	0.0	1.6
Bulgaria	(¹)	(¹)	0.2	0.5	0.7
All other sources	4.3	2.1	2.7	2.3	3.8
Subtotal nonsubject	50.5	59.9	65.2	67.4	68.6
Total	100.0	100.0	100.0	100.0	100.0

¹ Not applicable.

Source: Official Commerce statistics.

Ratio of imports to U.S. production

Imports of subject steel nails from China ranged from *** percent to *** percent of reported U.S. production during 2005-07. Imports from nonsubject sources ranged from *** percent to *** percent of reported U.S. production. Total imports ranged from 327.5 percent to 525.3 percent of total reported U.S. production during 2005-07. The ratios of imports from China and nonsubject countries during 2005-07 and 2012 are shown in table I-5 below.

Table I-5

Steel nails: Ratio of U.S. imports to U.S. production, 2005-07 and 2012

Item	Calendar year				
	2005	2006	2007	2012 ¹	2012 ²
	Ratio of imports to U.S. production (percent)				
China - subject	***	***	***	***	***
China - nonsubject	***	***	***	***	***
All other	153.9	159.1	141.4	***	***
Subtotal - nonsubject	***	***	***	***	***
All countries	327.5	472.4	525.3	***	***

¹ Data for four identified producers.

² Data for five producers.

Source: *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, Staff Report, INV-FF-074, June 25, 2008, pp. III-3 and IV-4 and compiled from official Commerce statistics, adjusted ***.

Apparent U.S. consumption and market shares

Table I-6 shows U.S. shipments of domestic product, U.S. imports and apparent U.S. consumption in 2005-07 and 2012. Table I-7 shows U.S. market shares during 2005-07 and 2012. Apparent consumption decreased from 1.2 million short tons in 2005 to approximately 900,000 short tons in 2007. In 2012, consumption was ***-*** short tons. The responding producers' share of consumption was 15.8 percent in 2007 and ***-*** percent in 2012.

Table I-6

Steel nails: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2005-07 and 2012

Item	2005	2006	2007	2012 ¹	2012 ²
Quantity (short tons)					
U.S. producers' U.S. shipments	275,448	196,601	143,868	***	***
U.S. imports from--					
China - subject	***	***	***	***	***
China - nonsubject	***	***	***	***	***
All other sources	425,250	312,644	206,818	316,878	316,878
Subtotal - nonsubject	***	***	***	***	***
Total imports	905,001	928,191	768,307	461,814	461,814
Apparent U.S. consumption	1,180,449	1,124,792	912,175	***	***
Value (1,000 dollars)					
U.S. producers' U.S. shipments	385,057	287,606	220,411	***	***
U.S. imports from--					
China - subject	***	***	***	***	***
China - nonsubject	***	***	***	***	***
All other sources	491,721	375,204	271,225	445,617	445,617
Subtotal - nonsubject	***	***	***	***	***
Total imports	882,879	861,198	763,859	652,853	652,853
Apparent U.S. consumption	1,267,936	1,148,804	984,270	***	***

¹ Data for four identified producers.

² Data for five producers.

Source: *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, USITC Publication 4022, July 2008, p. III-5, *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, Staff Report, INV-FF-074, June 25, 2008, p. IV-4, compiled from official Commerce statistics, adjusted ***, and Mid Continent's Substantive Response To The Notice Of Institution, July 31, 2013, exh. 1 and exh. 4.

Table I-7

Steel nails: U.S. market shares, 2005-07 and 2012

Item	2005	2006	2007	2012 ¹	2012 ²
Quantity (short tons)					
Apparent U.S. consumption	1,180,449	1,124,792	912,175	***	***
Value (1,000 dollars)					
Apparent U.S. consumption	1,267,936	1,148,804	984,270	***	***
Share of quantity (percent)					
U.S. producers' U.S. shipments	23.3	17.5	15.8	***	***
U.S. imports from--					
China - subject	***	***	***	***	***
China - nonsubject	***	***	***	***	***
All other sources	36.0	27.8	22.7	***	***
Subtotal - nonsubject	***	***	***	***	***
Total imports	76.7	82.5	84.2	***	***
Share of value (percent)					
U.S. producers' U.S. shipments	30.4	25.0	22.4	***	***
U.S. imports from--					
China - subject	***	***	***	***	***
China - nonsubject	***	***	***	***	***
All other sources	38.8	32.7	27.6	***	***
Subtotal - nonsubject	***	***	***	***	***
Total imports	69.6	75.0	77.6	***	***

¹ Data for four identified producers.

² Data for five producers.

Source: *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, USITC Publication 4022, July 2008, p. III-5, *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, Staff Report, INV-FF-074, June 25, 2008, p. IV-4, compiled from official Commerce statistics, adjusted ***, and Mid Continent's Substantive Response To The Notice Of Institution, July 31, 2013, exh. 1 and exh. 4.

In its original determination, the Commission found that demand for steel nails is largely determined by the size of the construction market, both residential and commercial, which is the single largest end user of steel nails.⁸³ Mid Continent notes the Commission's determination in the investigation on nails from the UAE "confirmed the new residential housing starts in the U.S. are a major factor influencing the overall demand for steel nails" and that the market indicators were below historic averages.⁸⁴ According to Mid Continent, this key demand condition still exists. Figure I-3 shows that new housing starts declined during 2008, and in spite of increasing since then, have remained at levels below those in the beginning of 2008. In

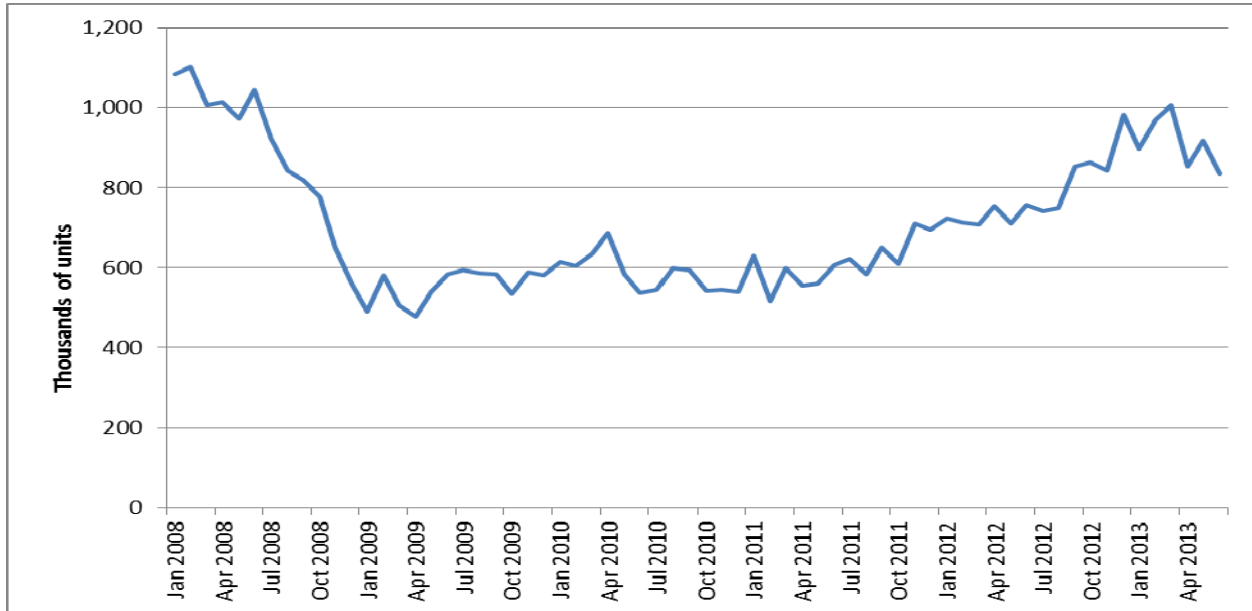
⁸³ *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, Confidential Views of the Commission, p. 14.

⁸⁴ Mid Continent's Substantive Response To The Notice Of Institution, July 31, 2013, p. 26.

addition, figure I-4 shows the levels of private residential and nonresidential construction since 2008.

Figure I-3

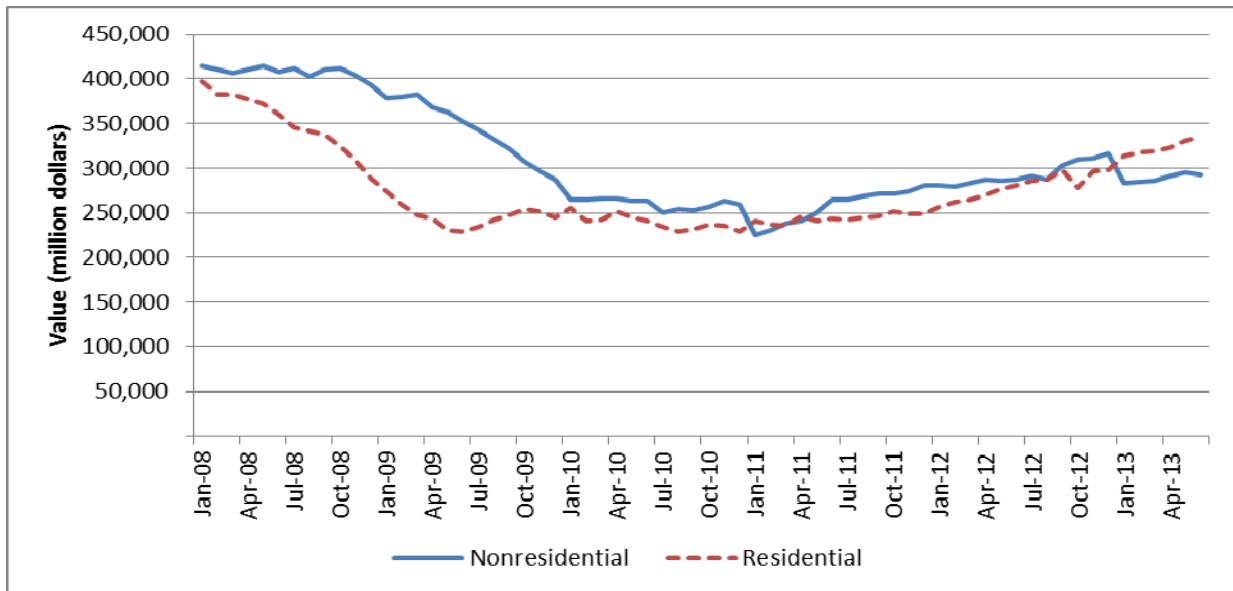
Steel nails: Annualized rate of monthly housing starts, seasonally adjusted, January 2008-June 2013



Source: <http://www.census.gov/construction/nrc/pdf/startssa.pdf>

Figure I-4

Value of private residential and nonresidential construction put in place, January 2007-June 2013



Source: Data gathered from U.S. Census Bureau at: <http://www.census.gov/construction/c30/c30index.html>.

THE INDUSTRY IN CHINA

Background

During the original investigation, the petition identified 75 alleged producers of steel nails in China. Chinese producers and exporters of steel nails supplied 8 questionnaires, accounting for *** percent of U.S. imports of steel nails from China during 2007.⁸⁵ Respondents to the original questionnaire included:

Cana Hardware;
Master International Co.;
Rizhao Qingdong Electronic Appliance;
Senco-Xingya Products;
Shanghai Taiping Hardware Co.;
Suzhou Xingya Nail;
Tianjin Lianda Group Co.; and
The Stanley Works Fastener Co.

The Commission did not receive any responses to the notice of inquiry from foreign producers or exporters. The domestic industry identified 63 Chinese producers/exporters of steel nails.⁸⁶

Capacity and production

During the original investigation, 7 firms provided data on their individual capacity and production in 2007.⁸⁷ The two largest firms (***) combined accounted for approximately *** percent of the reported production and *** percent of the reported exports to the United States (equivalent to ***) in 2007.⁸⁸ Since no Chinese producers responded to the notice of institution, no further data are available specific to the production or capacity of subject steel nails in China.

⁸⁵ During the preliminary phase of the investigation, 43 firms supplied questionnaire response, reporting 525,419 short tons of steel nail production in 2006 (USITC Pub. 3939, Table VIII-2). In contrast, the eight subject firms responding in the final phase reported only *** short tons of steel nail production in 2007.

⁸⁶ Mid Continent's Substantive Response To The Notice Of Institution, July 31, 2013, exh. 3.

⁸⁷ ***.

⁸⁸ *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, Staff Report, INV-FF-074, June 25, 2008, p. VII-2.

Exports

Table I-8 presents data for the top 20 markets for Chinese exports of nails and staples.⁸⁹ The United States has been the largest market for Chinese product since 2008. Total Chinese exports declined from 2008 to 2009, have risen steadily since 2009, but have not reached their 2008 level.

Table I-8
Nails and staples: Chinese exports to partner countries

Partner country	Quantity (<i>short tons</i>)				
	2008	2009	2010	2011	2012
United States	355,117	220,053	233,979	245,278	248,798
Japan	69,310	62,629	79,241	85,755	85,586
Canada	49,389	40,158	58,174	59,748	60,608
United Kingdom	33,756	20,709	29,271	24,415	25,126
United Arab Emirates	48,191	34,933	28,938	32,980	37,361
Korea South	57,384	26,250	23,337	25,782	30,081
Nigeria	29,629	25,238	14,453	18,614	30,488
Indonesia	71,245	49,397	23,310	27,462	34,616
Malaysia	19,538	16,668	23,679	19,867	24,841
Australia	18,463	18,208	20,830	16,157	17,036
Saudi Arabia	18,003	15,022	18,558	16,090	17,170
South Africa	12,578	11,224	14,823	17,338	17,468
Tanzania	11,561	10,078	8,541	13,211	19,871
Germany	25,190	9,537	13,600	17,229	13,358
Myanmar	22,640	22,002	23,084	21,918	21,128
Ghana	12,241	9,584	8,483	15,191	16,487
Chile	20,435	8,637	18,436	14,106	14,066
India	3,757	6,491	6,087	9,941	11,652
Philippines	21,676	10,997	11,105	10,445	15,121
Kenya	9,750	9,088	9,963	13,381	15,430
All others	363,008	264,806	276,951	316,644	334,225
World	1,272,860	891,708	944,844	1,021,551	1,090,517

Table continued on next page.

⁸⁹ Data are for HTS heading 7317, which includes all nails, tacks, and staples, including roofing nails and other nonsubject product.

Table I-8--Continued**Nails and staples: Chinese exports to partner countries**

Partner country	Value (\$1,000)				
	2008	2009	2010	2011	2012
United States	375,273	195,780	226,855	274,927	282,183
Japan	78,479	62,826	80,147	101,632	96,568
Canada	50,590	34,325	53,633	63,256	65,399
United Kingdom	41,736	22,204	33,138	32,899	34,867
United Arab Emirates	46,842	25,458	23,739	28,698	32,014
Korea South	55,216	21,487	20,780	27,040	30,330
Nigeria	29,054	19,178	11,173	17,108	28,589
Indonesia	65,917	31,018	15,336	18,391	26,446
Malaysia	16,479	11,990	17,850	19,618	23,741
Australia	22,904	20,254	23,333	21,077	22,359
Saudi Arabia	17,613	11,135	15,754	18,545	20,681
South Africa	13,177	9,737	13,223	18,624	18,545
Tanzania	9,719	7,185	7,013	12,206	17,886
Germany	29,871	10,184	15,291	22,572	17,527
Myanmar	17,056	12,745	15,069	16,467	16,716
Ghana	11,865	6,895	6,873	13,791	16,435
Chile	20,282	6,570	14,900	14,142	15,048
India	3,555	5,120	5,441	9,714	14,860
Philippines	19,586	8,670	8,520	10,450	14,406
Kenya	9,800	6,933	7,955	11,688	14,379
All other	381,851	243,873	282,742	357,232	405,037
World	1,316,866	773,568	898,766	1,110,079	1,214,016

Table continued on next page.

Table I-8--Continued**Nails and staples: Chinese exports to partner countries**

Partner country	Unit value (dollars per short ton)				
	2008	2009	2010	2011	2012
United States	1,057	890	970	1,121	1,134
Japan	1,132	1,003	1,011	1,185	1,128
Canada	1,024	855	922	1,059	1,079
United Kingdom	1,236	1,072	1,132	1,347	1,388
United Arab Emirates	972	729	820	870	857
Korea South	962	819	890	1,049	1,008
Nigeria	981	760	773	919	938
Indonesia	925	628	658	670	764
Malaysia	843	719	754	987	956
Australia	1,241	1,112	1,120	1,304	1,312
Saudi Arabia	978	741	849	1,153	1,204
South Africa	1,048	868	892	1,074	1,062
Tanzania	841	713	821	924	900
Germany	1,186	1,068	1,124	1,310	1,312
Myanmar	753	579	653	751	791
Ghana	969	719	810	908	997
Chile	993	761	808	1,003	1,070
India	946	789	894	977	1,275
Philippines	904	788	767	1,001	953
Kenya	1,005	763	798	873	932
All others	1,052	921	1,021	1,128	1,212
World	1,035	868	951	1,087	1,113

Source: China Customs reported by Global Trade Information Service, "Global Trade Atlas."

Tariff or non-tariff barriers to trade

During the original investigation, no producer, importer, or foreign producer reported any countervailing or antidumping duty orders on steel nails from China in third-country markets. However, on November 29, 2004, Mexico issued an antidumping duty order on concrete steel nails from China.⁹⁰ Since the original investigation, New Zealand and Indonesia have undertaken import restrictions on Chinese nails. On October 1, 2009, Indonesia instituted a safeguard duty on imports of steel nails from China. The safeguard was in effect from October 1, 2009 through September 30, 2012. The duty rates on imports of Chinese nails were 145

⁹⁰ Mexico, *Semi-Annual Report Under Article 16.4 of the Agreement*, WTO, Committee on Anti-Dumping Practices, September 12, 2013.

percent in the first year, 115 percent in the second year, and 85 percent in the final year of the safeguard.⁹¹ New Zealand currently has in place antidumping duties on imports of Chinese steel nails, dating from June 3, 2011.⁹²

THE GLOBAL MARKET

Table I-9 shows the 10 largest exporters of nails and staples.⁹³ China is the largest exporter, a position it held during the original investigation.⁹⁴ Total exports decreased from 2008 to 2009, and in spite of increasing since 2009, have yet to reach their 2008 level.

Table I-9
Nails and staples: Exports by reporting country, 2008-12

Reporting country	Quantity (<i>short tons</i>)				
	2008	2009	2010	2011	2012
China	1,272,861	891,708	944,844	1,021,551	1,090,517
Taiwan	92,002	81,196	74,108	75,538	104,534
Poland	61,896	52,924	68,838	67,005	61,867
Belarus	46,584	58,754	58,030	60,232	60,734
South Korea	64,132	30,451	41,051	47,431	53,582
Germany	46,222	30,642	31,130	31,716	30,772
Lithuania	25,754	23,586	27,021	31,009	34,350
Malaysia	23,836	25,304	23,671	30,891	49,673
United States	39,983	26,935	31,045	29,960	29,108
Belgium	31,137	24,492	27,272	28,833	26,374
All other	334,026	291,250	306,677	310,012	293,300
Total	2,038,433	1,537,243	1,633,689	1,734,179	1,834,812

Source: Global Trade Atlas.

Table I-10 shows the top 10 importers of nails and staples.⁹⁵ The United States has been the largest importer of HTS heading 7317 by substantial margins during 2008-12.

⁹¹ Indonesia, *Notification Under Article 12.1(B) of the Agreement on Safeguards on Finding a Serious Injury or Threat Thereof Caused by Increased Imports*, WTO, Committee on Safeguards, October 14, 2009.

⁹² New Zealand, *Semi-Annual Report Under Article 16.4 of the Agreement*, WTO, Committee on Anti-Dumping Practices, September 18, 2013.

⁹³ Data are for HTS heading 7317, which includes all nails, tacks, and staples, including roofing nails and other nonsubject product.

⁹⁴ *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, USITC Publication 4022, July 2008, VII-6.

Table I-10
Nails and staples: Imports by reporting country, 2008-12

Reporting country	Quantity (<i>short tons</i>)				
	2008	2009	2010	2011	2012
United States	621,771	402,956	508,875	523,675	555,202
Japan	70,675	62,901	81,542	90,315	91,432
Canada	79,881	53,146	83,275	76,862	78,481
Germany	76,628	56,316	66,511	68,491	63,166
United Kingdom HMRC	65,052	44,131	56,417	51,830	50,065
France	53,894	44,393	43,560	46,558	34,038
Belgium	50,266	39,196	43,531	43,834	43,454
Netherlands	33,533	24,068	31,254	33,747	27,293
South Korea	56,231	26,263	27,071	29,644	31,243
Indonesia	78,179	52,918	25,365	29,100	42,652
All other	547,982	383,948	441,284	423,716	413,025
Total	1,734,093	1,190,236	1,408,686	1,417,773	1,430,051

Source: Global Trade Atlas.

(...continued)

⁹⁵ Data are for HTS heading 7317, which includes all nails, tacks, and staples, including roofing nails and other nonsubject product.

APPENDIX A
SUMMARY DATA

Data Are Confidential In Their Entirety