

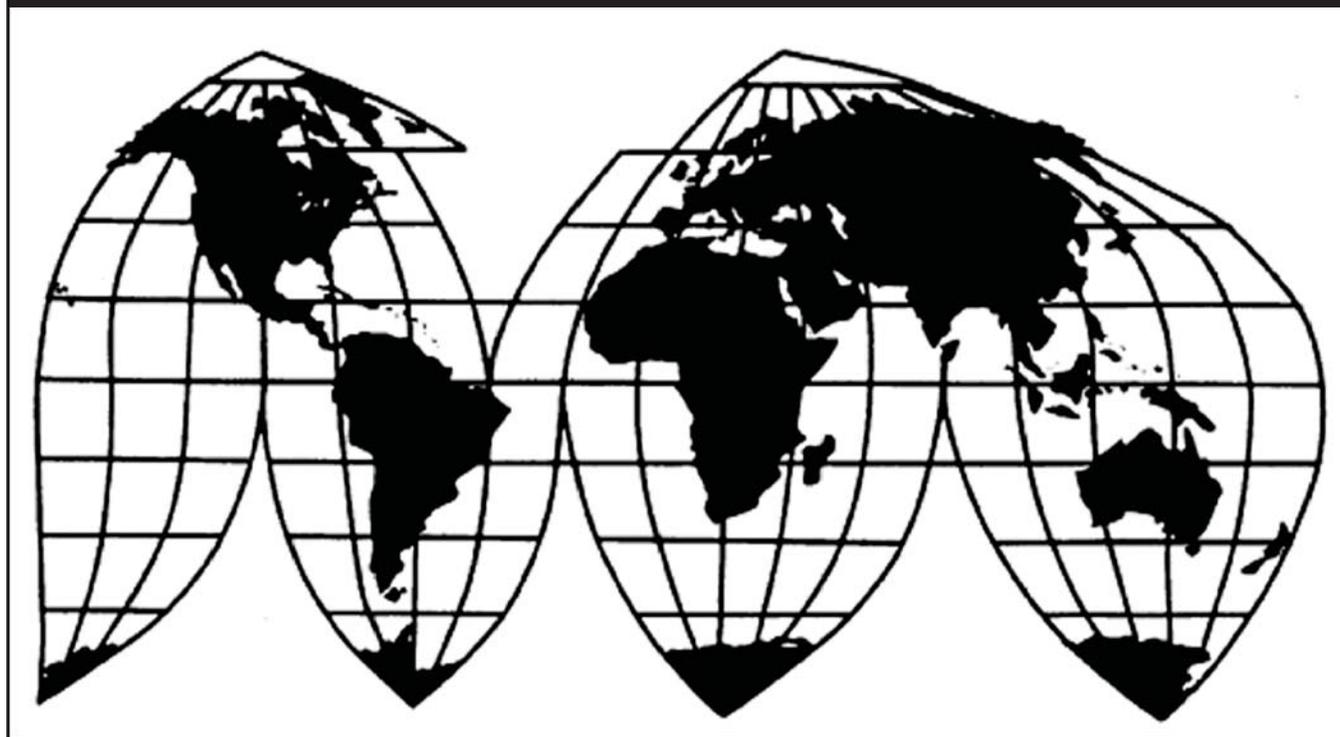
# Helical Spring Lock Washers from China and Taiwan

Investigation Nos. 731-TA-624-625 (Fourth Review)

Publication 4689

May 2017

**U.S. International Trade Commission**



Washington, DC 20436

# U.S. International Trade Commission

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## UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 731-TA-624-625 (Fourth Review)

Helical Spring Lock Washers from China and Taiwan

### DETERMINATIONS

On the basis of the record<sup>1</sup> developed in the subject five-year reviews, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930 (“the Act”), that revocation of the antidumping duty orders on helical spring lock washers from China and Taiwan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

### BACKGROUND

The Commission, pursuant to section 751(c) of the Act (19 U.S.C. 1675(c)), instituted these reviews on November 1, 2016 (81 FR 75851) and determined on February 6, 2017 that it would conduct expedited reviews (82 FR 12241, March 1, 2017).

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<sup>1</sup> The record is defined in sec. 207.2(f) of the Commission’s Rules of Practice and Procedure (19 CFR 207.2(f)).



## Views of the Commission

Based on the record in these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Tariff Act”), that revocation of the antidumping duty orders on helical spring lock washers (“HSLW”) from China and Taiwan would likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

### I. Background

On September 8, 1992, the Shakeproof Assembly Components Division of Illinois Tool Works Inc. (“Shakeproof”), a domestic producer of HSLWs, filed antidumping duty petitions regarding imports of HSLWs from China and Taiwan.<sup>1</sup> On June 21, 1993, the Commission determined that an industry in the United States was materially injured or threatened with material injury by reason of imports of HSLWs from Taiwan that the U.S. Department of Commerce (“Commerce”) had determined were sold in the United States at less than fair value (“LTFV”).<sup>2</sup> On October 8, 1993, the Commission determined that an industry in the United States was threatened with material injury by reason of imports of HSLWs from China that Commerce had determined were sold in the United States at LTFV.<sup>3</sup> Commerce issued an antidumping duty order on HSLWs from Taiwan in June 1993 and an antidumping duty order on HSLWs from China in October 1993.<sup>4</sup>

In the first five-year reviews instituted on November 2, 1999,<sup>5</sup> the Commission made affirmative determinations after conducting full reviews.<sup>6</sup> Commerce issued a notice of continuation of the orders in February 2001.<sup>7</sup> In the second reviews instituted on January 3, 2006,<sup>8</sup> the Commission conducted expedited reviews and made affirmative determinations.<sup>9</sup>

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<sup>1</sup> Confidential Report, Memorandum INV-PP-009 (Jan. 23, 2017) (“CR”) at I-10; Public Report, *Helical Spring Lock Washers from China and Taiwan*, Inv. Nos. 731-TA-624 and 625 (Fourth Review), USITC Pub. 4689 (May 2017) (“PR”) at I-7.

<sup>2</sup> *Certain Helical Spring Lock Washers from Taiwan*, Inv. No. 731-TA-625 (Final), USITC Pub. 2651 at 3 (June 1993) (“Original Taiwan Determination”) (Commissioner Brunsdale determined that the domestic industry was materially injured by reason of subject imports from Taiwan, and Commissioners Newquist and Rohr determined that the domestic industry was threatened with material injury by reason of these imports).

<sup>3</sup> *Certain Helical Spring Lock Washers from China*, Inv. No. 731-TA-624 (Final), USITC Pub. 2684 at I-3 (Oct. 1993) (“Original China Determination”). There was no litigation concerning the Commission’s affirmative determinations in the original investigations or in any of the three prior five-year reviews.

<sup>4</sup> 58 Fed. Reg. 34567 (June 28, 1993) (Taiwan); 58 Fed. Reg. 53914 (Oct. 19, 1993) (China).

<sup>5</sup> 64 Fed. Reg. 59204 (Nov. 2, 1999).

<sup>6</sup> 65 Fed. Reg. 3232 (May 26, 2000); *Helical Spring Lock Washers from China and Taiwan*, Inv. Nos. 731-TA-624-625 at 3 (Review), USITC Pub. 3384 (Jan. 2001) (“First Review Opinion”).

<sup>7</sup> 66 FR 11255 (Feb. 23, 2001).

<sup>8</sup> 71 Fed. Reg. 133 (Jan. 3, 2006).

Commerce issued a notice continuing the orders in July 2006.<sup>10</sup> In the third reviews, instituted on April 1, 2011,<sup>11</sup> the Commission conducted expedited reviews and made affirmative determinations.<sup>12</sup> Commerce issued a notice continuing the orders in December 2011.<sup>13</sup>

The Commission instituted these fourth five-year reviews on November 1, 2016.<sup>14</sup> Shakeproof filed a response to the notice of institution and comments on adequacy. No respondent interested party responded to the Commission's notice of institution. On February 6, 2017, the Commission found the domestic interested party group response to be adequate and the respondent interested party group response to be inadequate because no respondent interested party filed a response to the notice of institution. It did not find any other circumstances that would warrant conducting full reviews and consequently determined to conduct expedited reviews.<sup>15</sup>

U.S. industry data for these reviews are based on the information that Shakeproof provided in response to the notice of institution. Shakeproof estimates that it accounted for \*\*\* percent of domestic production of HSLWs in 2015.<sup>16</sup> Import data are based on official import statistics and information from the original investigations and three prior five-year reviews.<sup>17</sup>

## II. Domestic Like Product and Domestic Industry

### A. Domestic Like Product

In making its determination under section 751(c) of the Tariff Act, the Commission defines the "domestic like product" and the "industry."<sup>18</sup> The Tariff Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle."<sup>19</sup> The Commission's

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(...Continued)

<sup>9</sup> 71 Fed. Reg. 35449 (June 20, 2006); *Helical Spring Lock Washers from China and Taiwan*, Inv. Nos. 731-TA-624-625 (Second Review), USITC Pub. 3858 at 3 (June 2006) ("Second Review Opinion").

<sup>10</sup> 71 Fed. Reg. 37904 (Jul. 3, 2006).

<sup>11</sup> 76 Fed. Reg. 31629 (June 1, 2011).

<sup>12</sup> 76 Fed. Reg. 72722 (Nov. 25, 2011); *Helical Spring Lock Washers from China and Taiwan*, Inv. Nos. 731-TA-624-625 (Third Review), USITC Pub. 4277 at 3 (Nov. 2011) ("Third Review Opinion").

<sup>13</sup> 76 Fed. Reg. 75873 (Dec. 5, 2011).

<sup>14</sup> 81 Fed. Reg. 75851 (Nov. 1, 2016).

<sup>15</sup> Explanation of Commission Determination on Adequacy, EDIS Doc. 603085 (Feb. 8, 2017).

<sup>16</sup> CR at I-2, PR at I-2.

<sup>17</sup> CR/PR at Table I-4.

<sup>18</sup> 19 U.S.C. § 1677(4)(A).

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

practice in five-year reviews is to examine the domestic like product definition from the original investigations and consider whether the record indicates any reason to revisit the prior findings.<sup>20</sup>

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

{L}ock washers of carbon steel, of carbon alloy steel, or of stainless steel, heat-treated or non-heat-treated, plated or non-plated, with ends that are off line. Lock washers are designed to: (1) Function as a spring to compensate for developed looseness between the component parts of a fastened assembly; (2) distribute the load over a larger area for screws or bolts; and (3) provide a hardened bearing surface. The scope does not include internal or external tooth washers, nor does it include spring lock washers made of other metals, such as copper.<sup>21</sup>

HSLWs are flattened, ring-shaped metal devices whose ends are cut in an off-line manner to provide spring or tension to assembled parts when used as a seat for bolts, nuts, screws, or other fasteners.<sup>22</sup> In addition to preventing movement or loss of tension between assembled parts, HSLWs are used to distribute a load over an area greater than that provided by the fastener alone and to provide a hardened bearing surface that facilitates assembly of fastener parts.<sup>23</sup> A split in the lock washer absorbs initial driving torque and visibly closes under nominal bolt loading. When tension in the assembly is reduced and loosening occurs, it provides resistance to the back-off rotation of the fastener.<sup>24</sup> HSLWs are used in all types of fastening applications, such as appliances, toys, and lawnmowers. The largest end users of HSLWs are original manufacturers (particularly the automotive industry), which use HSLWs for assembling finished products.<sup>25</sup>

Subject HSLWs from China and Taiwan and the vast majority of domestically produced HSLWs are made of carbon, carbon alloy, or stainless steel.<sup>26</sup> HSLWs are often referred to as either “standard” or “special” products. Standard HSLWs are typically manufactured from carbon or stainless steel and have inside diameters of 0.112 to 1.5 inches. Standard HSLWs constitute a large portion of HSLWs produced in the United States and imported from China

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<sup>20</sup> See, e.g., *Internal Combustion Industrial Forklift Trucks from Japan*, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (Dec. 2005); *Crawfish Tail Meat from China*, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); *Steel Concrete Reinforcing Bar from Turkey*, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

<sup>21</sup> 82 Fed. Reg. 12805 (Mar. 7, 2017).

<sup>22</sup> CR at I-4, PR at I-3.

<sup>23</sup> CR at I-4, PR at I-3.

<sup>24</sup> CR at I-5, PR at I-4.

<sup>25</sup> CR at I-7, PR at I-6.

<sup>26</sup> Additionally, U.S. producers also manufacture other varieties made from other metals including copper, aluminum alloy, phosphor bronze, and monel-nickel. CR at I-5, PR at I-4.

and Taiwan.<sup>27</sup> Special HSLWs are manufactured from metals other than steel, such as bronze and copper, and encompass light, heavy, extra duty, and high collar varieties of HSLWs. Special HSLWs are made in metric sizes or are made to customer specifications.<sup>28</sup>

In the original investigations, the Commission defined the domestic like product more broadly than Commerce's scope (which was limited to carbon steel and stainless steel HSLWs) to include HSLWs of all sizes and metals.<sup>29</sup> The Commission found that all HSLWs had similar channels of distribution, manufacturing facilities, production processes, and end uses. It observed that there were some differences in physical characteristics and that interchangeability was somewhat limited given that stainless and carbon steel HSLWs differed in terms of corrosion resistance.<sup>30</sup> Based upon the overlap in mechanical function and uses, channels of distribution, common manufacturing facilities, production processes, equipment and employees, and interchangeability for some applications, the Commission defined a single domestic like product consisting of HSLWs of all sizes and metals.<sup>31</sup>

In all subsequent reviews, the Commission also defined the domestic like product as HSLWs of all sizes and metals for the same reasons it relied upon in the original investigations, and no party argued otherwise.<sup>32</sup>

In these fourth reviews, the record does not contain any information suggesting that the pertinent product characteristics of HSLWs have changed since the prior proceedings.<sup>33</sup> Further, Shakeproof states that it does not object to the Commission's previous definitions of the domestic like product.<sup>34</sup> In light of the foregoing, we continue to define the domestic like product as HSLWs of all sizes and metals.

## **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

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<sup>27</sup> CR at I-7, PR at I-5-6.

<sup>28</sup> CR at I-7, PR at I-6.

<sup>29</sup> Original Taiwan Determinations, USITC Pub. 2651 at 8; Original China Determination, USITC Pub. 2684 at I-5.

<sup>30</sup> Original Taiwan Determinations, USITC Pub. 2651 at 8; Original China Determination, USITC Pub. 2684 at I-5.

<sup>31</sup> Original Taiwan Determinations, USITC Pub. 2651 at 8; Original China Determination, USITC Pub. 2684 at I-5.

<sup>32</sup> First Review Opinion, USITC Pub. 3384 at 5; Second Review Opinion, USITC Pub. 3858 at 6; Third Review Opinion, USITC Pub. 4277 at 6.

<sup>33</sup> *See generally*, CR at I-4-9, PR at I-3-7.

<sup>34</sup> Shakeproof Response to Notice of Institution at 19.

the product.”<sup>35</sup> In defining the domestic industry, the Commission’s general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

During the original investigations, the Commission observed that from 1990 to 1992, the domestic industry had contracted from four firms (Mellowes Company, Beall Manufacturing, Crest Products, and MW Industries) to two firms (Shakeproof, which accounted for \*\*\* percent of reported U.S. sales of domestically produced HSLWs, and MW Industries).<sup>36</sup> By the time of the third reviews, the domestic industry consisted of two producers (Shakeproof, which accounted for approximately \*\*\* percent of U.S. production in 2005, and Wrought Washer Manufacturing, Inc. (“Wrought Washer”), a small niche producer of HSLWs, which did not submit data in those reviews).<sup>37</sup>

In the original investigations, the Commission found a single domestic industry consisting of all domestic producers of HSLWs, and it did not discuss any related party issues.<sup>38</sup> In the first, second, and third reviews, the Commission again found a single domestic industry consisting of all domestic producers of HSLWs; in those proceedings, the record contained no new information that suggested a reason to revisit the definition, and the Commission did not identify any related party issues.<sup>39</sup>

There are no domestic industry or related party issues in these fourth reviews, and Shakeproof asserts that it and Wrought Washer are the only domestic producers of HSLWs.<sup>40</sup> Accordingly, we define the domestic industry as all U.S. producers of HSLWs.

### III. Cumulation

#### A. Legal Standard

With respect to five-year reviews, section 752(a) of the Tariff Act provides as follows: the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports

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<sup>35</sup> 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 apply to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. See 19 U.S.C. § 1677.

<sup>36</sup> CR at I-15-17, PR at I-11. A third firm, Marvec Inc., began producing regular section stainless steel HSLWs in May 1993, but Shakeproof subsequently acquired this firm through an asset purchase. CR at I-15 & n.39, PR at I-11.

<sup>37</sup> CR at I-15-16, PR at I-11; First Review Opinion, USITC Pub. 3384 at 6; Second Review Opinion, USITC Pub. 3858 at 6; Third Review Opinion, USITC Pub. 4277 at 6.

<sup>38</sup> Original Taiwan Determinations, USITC Pub. 2651 at 8; Original China Determination, USITC Pub. 2684 at I-5.

<sup>39</sup> First Review Opinion, USITC Pub. 3384 at 5-6; Second Review Opinion, USITC Pub. 3858 at 6; Third Review Opinion, USITC Pub. 4277 at 6.

<sup>40</sup> CR at I-16-17, PR at I-12; Response to Notice of Institution at 16.

would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.<sup>41</sup>

Cumulation therefore is discretionary in five-year reviews, unlike original investigations, which are governed by section 771(7)(G)(i) of the Tariff Act.<sup>42</sup> The Commission may exercise its discretion to cumulate, however, only if the reviews are initiated on the same day, the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market, and imports from each such subject country are not likely to have no discernible adverse impact on the domestic industry in the event of revocation. Our focus in five-year reviews is not only on present conditions of competition, but also on likely conditions of competition in the reasonably foreseeable future.

## **B. Background and Party Arguments**

The original final investigation schedules were staggered with the result that five Commissioners made determinations on Taiwan, but later six Commissioners made determinations on China. In the earlier Taiwan vote, three Commissioners reached the question of cumulation for present material injury and those three cumulated both subject countries.<sup>43</sup> For the later vote on China, Commissioner Crawford, who had not voted earlier on Taiwan, also cumulated both subject countries for her present material injury analysis.<sup>44</sup> The four Commissioners who conducted a threat analysis did not exercise their discretion to

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<sup>41</sup> 19 U.S.C. § 1675a(a)(7).

<sup>42</sup> 19 U.S.C. § 1677(7)(G)(i); *see also, e.g., Nucor Corp. v. United States*, 601 F.3d 1291, 1293 (Fed. Cir. 2010) (Commission may reasonably consider likely differing conditions of competition in deciding whether to cumulate subject imports in five-year reviews); *Allegheny Ludlum Corp. v. United States*, 475 F. Supp. 2d 1370, 1378 (Ct. Int'l Trade 2006) (recognizing the wide latitude the Commission has in selecting the types of factors it considers relevant in deciding whether to exercise discretion to cumulate subject imports in five-year reviews); *Nucor Corp. v. United States*, 569 F. Supp. 2d 1328, 1337-38 (Ct. Int'l Trade 2008).

<sup>43</sup> Original Taiwan Determinations, USITC Pub. 2651 at 24, 45 (concurring Views of Commissioner Brunsdale and Dissent of Commissioner Nuzum and Vice Chairman Watson). In their determinations finding a threat of material injury, Chairman Newquist and Commissioner Rohr did not address cumulation for present injury purposes. Original Taiwan Determinations, USITC Pub. 2651 at 13-14 (Chairman Newquist and Commissioner Rohr); Original China Determination, USITC Pub. 2684 at 1-7 to 1-8 (Chairman Newquist and Commissioners Nuzum and Rohr).

<sup>44</sup> Original China Determinations. Because Commissioner Crawford, like Commissioner Brunsdale, made an affirmative determination based on present material injury, she did not reach a threat analysis.

cumulate.<sup>45</sup> A Commission plurality did not cumulate because of differences between the industries in China and Taiwan and their HSLW exports to the United States.<sup>46</sup> For example, imports from China far exceeded those from Taiwan in volume and value, HSLWs from China consisted entirely of carbon steel while HSLWs from Taiwan were comprised of carbon steel and stainless steel HSLWs, and U.S. prices of subject imports from the two countries followed different patterns.<sup>47</sup> Thus, for its threat analysis, the majority of the Commission did not cumulate subject imports from China and Taiwan.<sup>48</sup>

In the first prior reviews, the Commission did not find that subject imports from Taiwan or China would be likely to have no discernible adverse impact on the domestic industry in the event of revocation.<sup>49</sup> It found a likely reasonable overlap of competition among subject imports from China and Taiwan and the domestic like product. However, the Commission declined to exercise its discretion to cumulate subject imports from China and Taiwan due to likely differences in how subject imports from China and Taiwan would compete in the event the orders were revoked. The Commission explained that subject imports from China involved exclusively carbon steel HSLWs while subject imports from Taiwan consisted of both carbon steel and stainless steel HSLWs, the volume of subject imports from China had been far greater than the volume of subject imports from Taiwan in the respective review periods, the subject industry in China had far greater production capacity than the industry in Taiwan, and differences in the unit values of imports from the two sources signaled that there were significant differences in product mix and perhaps pricing.<sup>50</sup>

In these reviews, Shakeproof argues that the Commission should cumulate subject imports from China and Taiwan because there is a reasonable degree of overlap among subject imports from China and Taiwan and the domestic like product.<sup>51</sup> Shakeproof also contends that

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<sup>45</sup> See Original Taiwan Determinations, USITC Pub. 2651 at 13-14 (Chairman Newquist and Commissioner Rohr), 45 (Vice Chairman Watson and Commissioner Nuzum); Original China Determination, USITC Pub. 2684 at I-7 to I-8 (Chairman Newquist and Commissioners Nuzum and Rohr), I-27 (Vice Chairman Watson).

<sup>46</sup> USITC Pub. 2684 at I-8.

<sup>47</sup> Original China Determination, USITC Pub. 2684 at I-8.

<sup>48</sup> See Original Taiwan Determinations, USITC Pub. 2651 at 13-14 (Chairman Newquist and Commissioner Rohr), 45 (Vice Chairman Watson and Commissioner Nuzum); Original China Determination, USITC Pub. 2684 at I-7 to I-8 (Chairman Newquist and Commissioners Nuzum and Rohr), I-27 (Vice Chairman Watson).

<sup>49</sup> In the second and third reviews, a majority of the Commissioners decided that it was not necessary to determine whether subject imports from either China or Taiwan would be likely to have no discernible adverse impact in the event of revocation. Second Review Opinion, USITC Pub. 3858 at 7 n.36; Third Review Opinion, USITC Pub. 4277 at 7 n.38.

<sup>50</sup> First Review Opinion, USITC Pub. 3384 at 7-10; Second Review Opinion, USITC Pub. 3858 at 7-9; Third Review Opinion, USITC Pub. 4277 at 7-9.

<sup>51</sup> *Shakeproof's Comments* at 2.

the subject industries in China and Taiwan are both export oriented, and both industries maintained a presence in the U.S. market after the orders were imposed.<sup>52</sup>

### **C. Analysis**

In these reviews, the statutory threshold for cumulation is satisfied as all reviews were initiated on the same day: November 1, 2016.<sup>53</sup> In addition, we consider the following issues in deciding whether to exercise our discretion to cumulate the subject imports: (1) whether imports from either of the subject countries are precluded from cumulation because they are likely to have no discernible adverse impact on the domestic industry; (2) whether there is a likelihood of a reasonable overlap of competition among the subject imports and the domestic like product; and (3) whether subject imports are likely to compete in the U.S. market under different conditions of competition.

#### **1. Likelihood of No Discernible Adverse Impact**

The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.<sup>54</sup> Neither the statute nor the Uruguay Round Agreements Act Statement of Administrative Action (“URAA SAA”) provides specific guidance on what factors the Commission is to consider in determining that imports “are likely to have no discernible adverse impact” on the domestic industry.<sup>55</sup> With respect to this provision, the Commission generally considers the likely volume of subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked. Our analysis for each of the subject countries takes into account, among other things, the nature of the product and the behavior of subject imports in the original investigations.

In the first five-year reviews, the Commission found that subject imports from China and Taiwan each were not likely to have no discernible adverse impact on the domestic industry in the event of revocation.<sup>56</sup> In the second and third five-year reviews, having decided not to exercise their discretion to cumulate subject imports from China and Taiwan, the majority of the Commissioners noted that it was not necessary to determine whether subject

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<sup>52</sup> *Shakeproof’s Comments* at 2.

<sup>53</sup> 81 Fed. Reg. 75851 (Nov. 1, 2016).

<sup>54</sup> 19 U.S.C. § 1675a(a)(7).

<sup>55</sup> URAA SAA, H.R. Rep. No. 103-316, Vol. I at 887 (1994).

<sup>56</sup> The Commission observed that subject imports from China and Taiwan had maintained a presence in the U.S. market. Further, it found that subject imports from China had increased rapidly and substantially, while imports from Taiwan had fluctuated moderately. The Commission also noted the high level of substitutability of the subject imports and domestic HSLWs. First Review Opinion, USITC Pub. 3384 at 8.

imports from China and Taiwan, respectively, would have no discernible adverse impact in the event of revocation.<sup>57</sup>

Subject imports from China have maintained a presence in the U.S. market since the original investigations, and despite the orders, they currently account for approximately \*\*\* of the U.S. market.<sup>58</sup> The HSLW industry in China had substantial production capacity during the original investigations<sup>59</sup> and is currently the world's largest exporter of spring or lock washers of iron or steel, a category that includes HSLWs, according to Global Trade Atlas data.<sup>60</sup> The United States was China's second leading export market for these products.<sup>61</sup> Subject imports from Taiwan have also maintained a presence in the U.S. market notwithstanding the orders and currently account for almost \*\*\* percent of the market.<sup>62</sup> Although there is limited information on production capacity in Taiwan,<sup>63</sup> the industry in Taiwan was the tenth largest global exporter of spring or lock washers in 2015, and the United States was the leading export destination for these products.<sup>64</sup> Based on the record in these reviews, we do not find that subject imports from China or Taiwan would likely have no discernible adverse impact on the domestic industry in the event of revocation.

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<sup>57</sup> Second Review Opinion, USITC Pub. 3858 at 7 n.36; Third Review Opinion, USITC Pub. 4277 at 7 n.38.

<sup>58</sup> The volume of subject imports from China irregularly declined from 7.1 million pounds in 1992 to 6.9 million pounds in 2015, and their share of apparent U.S. consumption irregularly increased from \*\*\* percent in 1992 to \*\*\* percent in 2015. Original China Determination, USITC Pub. 2684 at I-10; USITC Pub. 2684 at I-10; Original Investigations Confidential Report, Memorandum INV-Q-088 at Table C-5 (EDIS Doc. 600175) (June 4, 1993); First Review Opinion, USITC Pub. 3384 at 18-19; Second Review Opinion, USITC Pub. 3858 at 14-15; Second Review Confidential Opinion at 20 (EDIS Doc. 256496) (June 15, 2006); Third Review Confidential Report, Memorandum INV-JJ-096 at Table I-5 (EDIS Doc. 460340) (Sept. 29, 2011); CR/PR at Tables I-3, I-5.

<sup>59</sup> Zhejiang Wanxin Group (later known as Hangzhou Spring Washer Co., Ltd.), a large producer of HSLWs in China whose exports accounted for a substantial share of U.S. imports of subject merchandise, reported that an annual capacity of \*\*\* during the original investigations. Third Review Confidential Report at I-27. Shakeproof identified six current producers or exporters of subject merchandise in China; their current production capabilities are not available from public sources. Shakeproof's Response at App. D.

<sup>60</sup> CR/PR at Table I-6.

<sup>61</sup> CR at I-31, PR at I-20.

<sup>62</sup> Subject imports from Taiwan increased irregularly from 735,000 pounds in 1992 to 1.2 million pounds in 2015, and their share of the U.S. market increased irregularly from \*\*\* percent in 1992 to \*\*\* percent in 2015. Original Investigations Confidential Report, Memorandum INV-Q-088 at Table 17; Second Review Opinion, USITC Pub. 3858 at 19; First Review Confidential Report, Memorandum INV-X-258 at Table C-1 (EDIS Doc. 600177) (Dec. 22, 2000); Second Review Opinion, USITC Pub. 3858 at 19; Second Review Confidential Report, Memorandum INV-DD-067 at Table 1-7 (EDIS Doc. 600178) (May 11, 2006); Third Reviews Confidential Report at Table I-5; CR/PR at Tables I-3, I-5.

<sup>63</sup> CR at I-29-31, PR at I-20; *Shakeproof Response at app. D.*

<sup>64</sup> CR at I-31, PR at I-20; CR/PR at Table I-6.

## 2. Likelihood of a Reasonable Overlap of Competition

The Commission generally has considered four factors intended to provide a framework for determining whether subject imports compete with each other and with the domestic like product.<sup>65</sup> Only a “reasonable overlap” of competition is required.<sup>66</sup> In five-year reviews, the relevant inquiry is whether there likely would be competition even if none currently exists because the subject imports are absent from the U.S. market.<sup>67</sup>

*Fungibility.* In the first reviews, virtually all responding importers and producers indicated that subject imports from China and Taiwan were used interchangeably. Purchasers’ responses to questionnaires also revealed that HSLWs from China and Taiwan were used in the same applications.<sup>68</sup> A large portion of HSLWs produced in the United States and imported from China and Taiwan were the standard type of HSLWs and were manufactured from carbon steel or stainless steel. As the Commission found in the original investigations, stainless steel and carbon steel HSLWs were not substitutable for each other in all applications.<sup>69</sup> There is no information in the current record that the fungibility of subject imports from China and Taiwan with each other and the domestic like product has changed.

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<sup>65</sup> The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are as follows: (1) the degree of fungibility between subject imports from different countries and between subject imports and the domestic like product, including consideration of specific customer requirements and other quality-related questions; (2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product; (3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and (4) whether subject imports are simultaneously present in the market with one another and the domestic like product. *See, e.g., Wieland Werke, AG v. United States*, 718 F. Supp. 50 (Ct. Int’l Trade 1989).

<sup>66</sup> *See Mukand Ltd. v. United States*, 937 F. Supp. 910, 916 (Ct. Int’l Trade 1996); *Wieland Werke*, 718 F. Supp. at 52 (“Completely overlapping markets are not required.”); *United States Steel Group v. United States*, 873 F. Supp. 673, 685 (Ct. Int’l Trade 1994), *aff’d*, 96 F.3d 1352 (Fed. Cir. 1996). We note, however, that there have been investigations where the Commission has found an insufficient overlap in competition and has declined to cumulate subject imports. *See, e.g., Live Cattle from Canada and Mexico*, Inv. Nos. 701-TA-386 and 731-TA-812-13 (Preliminary), USITC Pub. 3155 at 15 (Feb. 1999), *aff’d sub nom, Ranchers-Cattlemen Action Legal Foundation v. United States*, 74 F. Supp. 2d 1353 (Ct. Int’l Trade 1999); *Static Random Access Memory Semiconductors from the Republic of Korea and Taiwan*, Inv. Nos. 731-TA-761-62 (Final), USITC Pub. 3098 at 13-15 (Apr. 1998).

<sup>67</sup> *See generally, Cheflene Corp. v. United States*, 219 F. Supp. 2d 1313, 1314 (Ct. Int’l Trade 2002).

<sup>68</sup> USITC Pub. 3384 at 8-9.

<sup>69</sup> Although plating carbon steel washers with zinc lessened the differences in some applications, stainless steel HSLWs are required in applications calling for non-corrosive or non-magnetic properties. At the same time, stainless steel HSLWs are generally not substituted for carbon steel HSLWs in certain other noncorrosive applications because the former are more expensive. Original Taiwan Determinations, USITC Pub. 2651 at 7-8.

*Channels of Distribution.* In the original investigations and first five-year reviews, domestically produced HSLWs and subject imports from both countries were generally sold to distributors.<sup>70</sup> Nothing in the record of the second or third five-year reviews indicated a change in the channels of distribution.<sup>71</sup> Similarly, there is no new information in these current reviews to indicate a change in the channels of distribution.

*Geographic Overlap.* In both the original investigations and the prior reviews, the Commission found that the domestic like product and imports from both subject countries were distributed either nationally or in certain U.S. regions. Specifically, the record indicated that U.S. produced HSLWs and subject imports from China were sold nationally, while sales of subject imports from Taiwan were concentrated in the Upper Midwest.<sup>72</sup> In these current reviews, most imports from both subject countries entered at ports of entry located in the North and West geographic areas of the United States.<sup>73</sup> There is nothing in the record indicating that, upon revocation, the existing and prior geographic overlap would not continue.

*Simultaneous Presence in Market.* In the original investigations and prior five-year reviews, the domestic like product and subject imports from both countries were present throughout the periods examined.<sup>74</sup> In these current five-year reviews, the domestic like product and subject imports from China and Taiwan were present throughout the period of review.<sup>75</sup>

*Conclusion.* The record of these expedited reviews contains very limited information concerning the characteristics of subject imports from China and Taiwan in the U.S. market since 2012. There is no information suggesting a change in the considerations that led the Commission in the prior three reviews to conclude that there would be a likely reasonable overlap of competition between imports from Taiwan and China and between imports from each subject source and the domestic like product upon revocation. In light of this, and the absence of any contrary arguments, we find a likely reasonable overlap of competition among subject imports from Taiwan and China and the domestic like product.

### **3. Likely Conditions of Competition**

In determining whether to exercise our discretion to cumulate subject imports from China and Taiwan, we assess whether imports of subject merchandise from the subject countries would compete under similar or different conditions in the U.S. market if the orders under review were revoked. Producers of subject merchandise in China and Taiwan would likely produce and export a different mix of products to the United States if the orders were revoked, given that imports from China during the original investigations and first reviews

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<sup>70</sup> First Review Opinion, USITC Pub. 3384 at 9, II-1; CR at I-20, PR at I-13.

<sup>71</sup> Second Review Opinion, USITC Pub. 3858 at 8; Third Review Opinion, USITC Pub. 4277 at 8.

<sup>72</sup> Third Review Opinion, USITC Pub. 4277 at 8.

<sup>73</sup> CR at I-26, PR at I-17.

<sup>74</sup> See USITC Pub. 3384 at 9; USITC Pub. 4277 at 8.

<sup>75</sup> See CR/PR at Tables I-3, I-5.

consisted of carbon steel HSLWs and imports from Taiwan, which were equally distributed between carbon steel and stainless steel HSLWs in the original investigations, were concentrated on stainless steel HSLWs in the first reviews.<sup>76</sup> Although information on the composition of subject imports from China and Taiwan has not been available since the first reviews, average unit values for subject imports from China and Taiwan between 2011 and 2015 diverge as they did in earlier periods, indicating significant differences in product mix and perhaps pricing.<sup>77</sup> While subject imports from China and Taiwan each maintained a presence in the U.S. market after the orders were imposed, subject imports from China have been far larger in volume than those from Taiwan.<sup>78</sup> Based on the record in these reviews, including information collected during the original investigations and prior reviews, we find that subject imports from China and Taiwan would likely compete in the U.S. market under different conditions of competition upon revocation. Accordingly, we decline to exercise our discretion to cumulate subject imports from Taiwan and China in these reviews.

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

##### **A. Legal Standards**

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”<sup>79</sup> The SAA states that “under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the *status quo* – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”<sup>80</sup> Thus, the likelihood

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<sup>76</sup> Original Taiwan Determinations, USITC Pub. 2651 at Table 16 (no stainless HSLWs from China); First Review Opinion, USITC Pub. 3384 at 8.

<sup>77</sup> CR/PR at Table I-3; Third Review Opinion, USITC Pub. 4277 at 10-11; Second Review Opinion, USITC Pub. 3858 at 10; First Review Opinion, USITC Pub. 3384 at 8.

<sup>78</sup> CR/PR at Tables I-3-5.

<sup>79</sup> 19 U.S.C. § 1675a(a).

<sup>80</sup> URAA SAA at 883-84. The URAA SAA states that “{t}he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” *Id.* at 883.

standard is prospective in nature.<sup>81</sup> The U.S. Court of International Trade has found that “likely,” as used in the five-year review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.<sup>82</sup>

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”<sup>83</sup> According to the URAA 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.”<sup>84</sup>

Although the standard in a five-year review is not the same as the standard applied in an original investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”<sup>85</sup> It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if an order is revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).<sup>86</sup> The statute further provides

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<sup>81</sup> While the URAA 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.” URAA SAA at 884.

<sup>82</sup> See *NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), *aff’d mem.*, 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion;” “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); *Indorama Chemicals (Thailand) Ltd. v. United States*, 26 CIT 1059, 1070 (2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); *Usinor v. United States*, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

<sup>83</sup> 19 U.S.C. § 1675a(a)(5).

<sup>84</sup> URAA SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” *Id.*

<sup>85</sup> 19 U.S.C. § 1675a(a)(1).

<sup>86</sup> 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings concerning subject imports from China or Taiwan. CR at I-13, PR at I-9. Under the statute, “the Commission may consider the magnitude of the margin of dumping” in making its five-year review determinations.

(Continued...)

that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination.<sup>87</sup>

In evaluating the likely volume of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.<sup>88</sup> In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.<sup>89</sup>

In evaluating the likely price effects of subject imports if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.<sup>90</sup>

In evaluating the likely impact of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or

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19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv); *see also* URAA SAA at 887. In its expedited reviews of the antidumping duty orders, Commerce determined that revocation of the orders would be likely to lead to continuation or recurrence of dumping at weighted-average margins of 189.81 percent for imports from China and 31.93 percent for imports from Taiwan. 82 Fed. Reg. 12805 (Mar. 7, 2017).

<sup>87</sup> 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. URAA SAA at 886.

<sup>88</sup> 19 U.S.C. § 1675a(a)(2).

<sup>89</sup> 19 U.S.C. § 1675a(a)(2)(A-D).

<sup>90</sup> *See* 19 U.S.C. § 1675a(a)(3). The URAA 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." URAA SAA at 886.

more advanced version of the domestic like product.<sup>91</sup> All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders under review and whether the industry is vulnerable to material injury upon revocation.<sup>92</sup>

No respondent interested party participated in these expedited reviews. The record, therefore, contains limited new information with respect to the HSLW industries in China and Taiwan. There also is limited information on the current conditions in the HSLW market in the United States. Accordingly, for our determinations, we rely as appropriate on the facts available from the original investigations and prior reviews, and the limited new information on the record in these reviews.

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

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”<sup>93</sup> The following conditions of competition inform our determinations.

### **1. Demand Conditions**

In the original investigations, the Commission observed that apparent U.S. consumption was mixed – declining by volume and value from 1990 to 1991, and then increasing in 1992.<sup>94</sup>

In the first reviews, the Commission found that overall demand for HSLWs depended in large part upon the demand for bolt and screw fastening in agricultural, automotive, and industrial assemblies. Apparent U.S. consumption was slightly greater than in the early 1990s, but declined slightly from 1997 to 1999.<sup>95</sup>

In the second reviews, the Commission found that competition with other products including adhesives, locknuts, and tooth washers had reduced overall demand for HSLWs, as

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<sup>91</sup> 19 U.S.C. § 1675a(a)(4).

<sup>92</sup> The URAA SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission “considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” URAA SAA at 885.

<sup>93</sup> 19 U.S.C. § 1675a(a)(4).

<sup>94</sup> Original Taiwan Determination, USITC Pub. 2651 at 10-11; Original China Determination, USITC Pub. 2864 at I-6.

<sup>95</sup> First Review Opinion, USITC Pub. 3384 at 13-14.

reflected in lower levels of apparent U.S. consumption.<sup>96</sup> Specifically, apparent U.S. consumption declined from \*\*\* pounds in 1992 to \*\*\* pounds in 1999.<sup>97</sup>

Apparent U.S. consumption continued to decline in the third reviews, reaching \*\*\* pounds in 2010, before rising in the current reviews to \*\*\* pounds in 2015.<sup>98</sup>

## 2. Supply Conditions

In the original investigations, the Commission observed that the domestic industry, which was comprised of five different firms in 1990, had contracted to two firms by 1992. The Commission observed that capacity declined from 1990 to 1991, but then increased in 1992.<sup>99</sup> The domestic industry remained highly concentrated in the subsequent reviews, with Shakeproof reporting that it accounted for a substantial portion of domestic production and that another firm, Wrought Washer, accounted for the remainder.<sup>100</sup> In these reviews, Shakeproof and Wrought Washer remain the only domestic producers of HSLWs in the U.S. market.<sup>101</sup>

Imports from subject and nonsubject sources have been in the U.S. market since the original investigations, and subject imports from China have accounted for the largest source of imports throughout this period.<sup>102</sup> During the original investigations, imports accounted for \*\*\* percent of the market, with subject imports accounting for \*\*\* percent and nonsubject imports accounting for \*\*\* percent.<sup>103</sup> In the first reviews, the Commission observed that subject imports' market share had increased from \*\*\* percent in 1997 to \*\*\* percent during 1998 to 2000.<sup>104</sup> In the second reviews, the Commission observed that subject imports continued to increase and supplied \*\*\* percent of the U.S. market by 2005.<sup>105</sup> The Commission further observed that nonsubject imports supplied only \*\*\* percent of the U.S. market, which was lower than the \*\*\* percent that they supplied in 1992 and the \*\*\* percent that they

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<sup>96</sup> Second Review Opinion, USITC Pub. 3858 at 13-14.

<sup>97</sup> Second Review Opinion, USITC Pub. 3858 at 13 n.80; Confidential Second Review, EDIS Doc. 6008268 at 15-16 n.80.

<sup>98</sup> CR/PR at Table I-5.

<sup>99</sup> Original Taiwan Determinations, USITC Pub. 2651 at 10-11; Original China Determination, USITC Pub. 2864 at I-6.

<sup>100</sup> First Review Opinion, USITC Pub. 3384 at 13-14; Second Review Opinion, USITC Pub. 3838 at 13-14; Third Review Opinion, USITC Pub. 4277 at 13.

<sup>101</sup> CR at I-15-17, PR at I-12.

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

<sup>103</sup> CR/PR at Table I-5.

<sup>104</sup> First Review Opinion USITC Pub. 3384 at 14; Third Review Confidential Opinion, EDIS Doc. 600265 at 21.

<sup>105</sup> Second Review Opinion USITC Pub. 3858 at 14; Third Review Confidential Opinion, EDIS Doc. 600268 at 17.

supplied in 1999.<sup>106</sup> In the third reviews, the Commission found that total imports continued to increase, supplying \*\*\* percent of the U.S. market by 2010.<sup>107</sup> Nonsubject imports accounted for \*\*\* percent of the U.S. market in that year.<sup>108</sup>

In the current reviews, subject imports and nonsubject imports continue to supply the U.S. market in large quantities, with subject imports from China alone representing \*\*\* percent of apparent U.S. consumption in 2015.<sup>109</sup> Subject imports from China and Taiwan collectively accounted for \*\*\* percent of the market in 2015, and nonsubject imports accounted for \*\*\* percent.<sup>110</sup>

### 3. Substitutability and Other Conditions

In the first reviews, the Commission found that the domestic like product and subject imports may be used interchangeably. It further observed that stainless steel HSLWs are preferred to carbon steel HSLWs in corrosive environments, but that stainless steel HSLWs are generally not substituted for carbon steel HSLWs, because stainless steel HSLWs are more expensive. It also observed that although carbon steel HSLWs from China and Taiwan may be packaged together, stainless steel HSLWs are not packaged with carbon steel HSLWs. The Commission found that the domestic like product and subject imports were generally substitutable and that price was an important factor in purchasing decisions.<sup>111</sup>

In the second and third reviews, the Commission again found that the domestic like product and subject imports were generally substitutable and that price was an important factor in purchasing decisions.<sup>112</sup>

In these reviews, the available information on the record does not indicate that the substitutability between domestically produced HSLWs and subject imports has changed since the prior reviews. Nor does the record indicate that the importance of price has changed since the prior reviews. Accordingly, we find that the domestic like product and subject imports are generally substitutable and that price is an important factor in purchasing decisions.

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<sup>106</sup> Second Review Opinion USITC Pub. 3858 at 14; Third Review Confidential Opinion, EDIS Doc. 600268 at 17.

<sup>107</sup> Third Review Opinion USITC Pub. 4277 at 13-14; Third Review Confidential Opinion, EDIS Doc. 600269 at 17-18.

<sup>108</sup> Third Review Opinion USITC Pub. 4277 at 14; Third Review Confidential Opinion, EDIS Doc. 600269 at 18.

<sup>109</sup> CR/PR at Table I-5.

<sup>110</sup> CR/PR at Table I-5.

<sup>111</sup> First Review Opinion, USITC Pub. 3384 at 13-14.

<sup>112</sup> Second Review Opinion, USITC Pub. 3858 at 13; Third Review Opinion, USITC Pub. 4277 at 13.

## **V. Revocation of the Order on Subject Imports from China is Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time**

### **A. Likely Volume of Subject Imports from China**

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

In the original investigations, the Commission found that U.S. shipments of subject imports from China increased from 5.4 million pounds in 1990 to 6.7 million pounds in 1991 and 7.1 million pounds in 1992.<sup>113</sup> Subject HSLWs from China increased their share of apparent U.S. consumption from \*\*\* percent in 1990 to \*\*\* percent in 1991, although they accounted for a somewhat smaller share (\*\*\* percent) of the U.S. market in 1992.<sup>114</sup> The Commission found that producers of subject merchandise in China had significantly increased their capacity and production, but that unused capacity also continued to significantly increase.<sup>115</sup> The Commission found that the Chinese producers' sizable increases in production and capacity during the original investigations, and the projected increases in capacity, production, and unused capacity, were likely to result in increased imports of subject merchandise from China, particularly given the rapid increases in U.S. market penetration the subject imports achieved during the original investigations.<sup>116</sup>

In the first reviews, the Commission found that the volume of subject imports from China would likely be significant if the antidumping duty order were revoked. It observed that, after imposition of the order on subject imports from China, the volume of subject imports from China fell by several million pounds but increased thereafter. Specifically, subject imports from China increased from 1.5 million pounds in 1997 to 2.2 million pounds in 1998 and 2.9 million pounds in 1999. From 1997 to 1999, subject imports from China more than doubled their market share. Based on the increasing subject imports from China as well as the subject industry's substantial production capacity, ability to increase production, export orientation, and demonstrated ability to switch between export markets, the Commission found that the volume of subject imports would likely be significant if the order on subject imports from China were revoked.<sup>117</sup>

In the second reviews, the Commission again found that subject import volume would likely be significant if the antidumping duty order were revoked. The Commission found that the volume of subject imports from China continued to be large and had increased since the

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<sup>113</sup> USITC Pub. 2684 at I-10.

<sup>114</sup> USITC Pub. 2684 at I-9-10; Original Investigations Confidential Report at Table 17 (EDIS Doc. 600175).

<sup>115</sup> From 1990 to 1992, capacity in China expanded from 23.6 million pounds to 36.8 million pounds; production rose by 79.7 percent. Original China Determination, USITC Pub. 2684 at I-9.

<sup>116</sup> USITC Pub. 2651 at Table 13.

<sup>117</sup> First Review Opinion, USITC Pub. 3384 at 15-16; CR/PR at Table I-5.

original investigations. It noted that, in 1999, subject imports from China were 2.9 million pounds, and by 2005, they totaled 6.5 million pounds.<sup>118</sup> In 2005, subject imports from China accounted for \*\*\* percent of U.S. apparent consumption, near their peak level during the original investigations.<sup>119</sup> The Commission referenced several factors indicating that the volume of subject imports from China likely would be significant. First, it found that the U.S. market remained attractive given its likely higher prices. Second, given declining demand in the U.S. market, even the same quantity of subject imports from China as existed in the original investigations would capture a relatively large share of the market. Finally, as the volume and market share of nonsubject imports had decreased since the first reviews, increased market share captured by subject imports from China would likely be at the expense of the domestic industry.<sup>120</sup>

In the third reviews, the Commission found that subject imports from China increased despite the order and would likely be significant if the order were revoked.<sup>121</sup> In 2010, subject imports from China were 7.3 million pounds, accounting for \*\*\* percent of apparent U.S. consumption, which was higher than the levels during the original investigations and prior reviews. Similar to its determinations in the prior reviews, the Commission relied on available data from the prior reviews concerning the capacity and export orientation of the leading Chinese producer, the higher prices available in the U.S. market, and the decreasing size and share of nonsubject imports in the U.S. market, in support of its finding that the likely volume of subject imports would be significant.<sup>122</sup>

## 2. The Current Reviews

We find that in the event of revocation, the volume of subject imports from China would likely be significant. The volume of subject imports from China has fluctuated since the original investigations, and the level of subject imports in 2015, while lower than in the original investigations and the third reviews, remains substantial, particularly given overall declines in the size of the U.S. market since the original investigations. The volume of subject imports from China was 7.1 million pounds in 1992, 2.9 million pounds in 1999, 6.5 million pounds in 2005, 7.3 million pounds in 2010, and 6.9 million pounds in 2015.<sup>123</sup> The market share of these imports in 2015 was higher than it was during the original investigations and first two reviews,

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<sup>118</sup> Second Review Opinion, USITC Pub. 3384 at 15-16.

<sup>119</sup> Second Review Opinion, USITC Pub. 3858 at 15; Confidential Second Review Opinion, EDIS Doc. 256747 at 18.

<sup>120</sup> Second Review Opinion, USITC Pub. 3858 at 15-16.

<sup>121</sup> Third Review Opinion, USITC Pub. 4277 at 14-15.

<sup>122</sup> Third Review Opinion, USITC Pub. 4277 at 14-15; Confidential Third Review Opinion, EDIS Doc. 456061 at 15.

<sup>123</sup> CR/PR at Table I-4. There are no known antidumping duty actions or orders in place on HSLWs from China or Taiwan outside the United States. CR at I-31; PR at I-20.

but lower than its level in the third reviews.<sup>124</sup> The record contains only limited data concerning the HSLW industry in China because no producer or exporter of subject imports participated in these reviews.<sup>125</sup> According to information on the record, China was the largest global exporter of iron or steel spring or lock washers every year between 2011 and 2015, indicating that its spring or lock washers industry is highly export oriented.<sup>126</sup>

The United States remains an attractive market for the industry in China. The United States was the second leading export market for subject producers in China in 2015, notwithstanding the existing antidumping duty order.<sup>127</sup> Subject producers have demonstrated a continuing interest in the U.S. market and the ability to sharply increase exports to the United States, as evidenced by the sizeable share of the U.S. market that they held in 2015,<sup>128</sup> and the annual fluctuations in the volumes of subject imports from China between 2011 and 2015.<sup>129</sup>

Accordingly, based on the available information and taking into consideration our findings in original investigations and prior reviews, we conclude that the volume of subject imports from China would likely be significant, both in absolute terms and relative to U.S. consumption, should the order be revoked.

## **B. Likely Price Effects of Subject Imports from China**

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

During the original investigations, the Commission found that pricing data indicated significant underselling by the subject imports from China during the latter portions of the period of investigation. In light of this underselling, declining subject import prices, and increasing inventories of subject merchandise, the Commission found that subject imports from China would likely have price suppressing effects.<sup>130</sup>

In the first reviews, the Commission found the available pricing data to be inconclusive. It stated that given the likelihood of a significant increase in the volume of subject imports from China and the substitutability of subject imports for the domestic like product, revocation of the antidumping duty order would be likely to lead to underselling by the subject imports of the domestic like product and would be likely to lead to price depression or suppression.<sup>131</sup>

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<sup>124</sup> CR/PR at Table I-5 (subject imports from China accounted for \*\*\* percent of apparent U.S. consumption in 1992, \*\*\* percent in 1999, \*\*\* percent in 2005, \*\*\* percent in 2010, and \*\*\* percent in 2015).

<sup>125</sup> Shakeproof identified six producers/exporters of subject merchandise in China, but publicly available information on their current production, capacity, inventories, or ability to product shift is not available. CR at I-29, PR at I-29; Shakeproof's Response at Appendix D.

<sup>126</sup> CR/PR at Table I-6.

<sup>127</sup> CR at I-31, PR at I-20; CR/PR at Table I-6.

<sup>128</sup> CR/PR at Table I-5.

<sup>129</sup> CR/PR at Tables I-3-5.

<sup>130</sup> Original Taiwan Determinations, USITC Pub. 2684 at I-10-11.

<sup>131</sup> First Review Opinion, USITC Pub. 3384 at 17.

In the second reviews, the Commission found that subject imports from China would likely have significant price effects if the order were revoked. It explained that price was a key factor in purchasing decisions and that subject imports from China and the domestic like product were interchangeable. Given the likely increase in the volume of subject imports from China if the order were revoked, the Commission found that the domestic industry would face increasing pressure to adjust price levels in order to maintain output and sales volumes. The Commission found that, in light of its capacity utilization rate, the domestic industry already had limited ability to sustain profitability. Consequently, if subject imports from China captured a larger share of the U.S. market, the domestic industry would likely face progressively greater incentives to lower its prices or to forego price increases in order to maintain output levels. Thus, the Commission found that revocation of the order on subject imports from China would be likely to lead to increased underselling by the subject imports and significant price depression or suppression.<sup>132</sup>

In the third reviews, the Commission found that significant price effects would be likely if the order were revoked. Price was an important purchasing consideration, and HSLWs from China and the domestic like product were interchangeable. It found that absent the order, HSLWs from China would undersell the domestic like product in order to gain additional market share, especially in light of weak demand in the U.S. market. Consequently, the domestic industry would face pressure to lower prices to maintain output and sales volume. The Commission therefore found that revoking the order would lead to significant underselling by subject imports from China and significant price depression or suppression.<sup>133</sup>

## **2. The Current Reviews**

As discussed above, we continue to find that subject imports from China are substitutable with the domestic like product, and that price is an important factor in purchasing decisions. The record does not contain current pricing comparisons due to the expedited nature of these reviews. Based on the available information, we find that if the order were revoked, significant volumes of subject imports from China would likely significantly undersell the domestic like product to gain market share, as they did in the original investigations. The presence of low-priced subject imports that would likely enter the U.S. market in the event of revocation would force the domestic industry to cut prices, forego price increases, or risk losing market share. In light of these considerations, we conclude that absent the restraining effect of the order, subject imports from China would likely cause the domestic industry to lose market share and/or significantly depress or suppress prices for the domestic like product, thereby causing significant price effects.

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<sup>132</sup> Second Review Opinion, USITC Pub. 3858 at 17.

<sup>133</sup> Third Review Opinion, USITC Pub. 4277 at 17.

## C. Likely Impact of Subject Imports from China

### 1. The Original Investigations and Prior Reviews

In the original investigations, the Commission found that the domestic industry's performance was "mixed."<sup>134</sup> Production and capacity decreased between 1990 and 1992.<sup>135</sup> The industry's shipments and market share also declined from 1990 to 1992, but the industry remained profitable during the period.<sup>136</sup> The Commission concluded that the industry was in a vulnerable condition.<sup>137</sup>

In the first reviews, the Commission found that the condition of the domestic industry had improved and the industry operated profitably. The domestic industry's market share was much higher in 1997 than during the original investigations, although it subsequently fell from its peak in 1997. The industry's cost structure also had improved and it was operating at a much higher rate of capacity utilization. The domestic industry's productivity also improved and was higher in 1999 than 1992.<sup>138</sup> The Commission found that the improvement in the state of the industry was related to the antidumping duty order and the resulting significant decline in the volume of subject imports from China.<sup>139</sup> In light of its profitability, the Commission did not find the domestic industry vulnerable even though the domestic industry's capacity, production, U.S. shipments, total sales, capacity utilization, capital expenditures, and employment all declined during the first reviews.<sup>140</sup> Nonetheless, the Commission found that because of the likely significant increases in the volume of subject imports from China at prices that would undersell the domestic like product and significantly depress U.S. prices, revocation of the order would likely have an adverse impact on the domestic industry's production, shipments, employment, and profitability.<sup>141</sup>

In the second reviews, the Commission found that it lacked sufficient information to make a finding with respect to the industry's vulnerability. It, however, accepted Shakeproof's assessment of its current performance as suggesting that the negative trends reported in the earlier reviews continued. The Commission found that revocation of the order likely would lead to a significant increase in the volume and market share of the subject imports from China. It observed that, given the decline in demand and importance of price in purchasing decisions, the significant increase in subject imports from China would likely cause a significant decline in the volume of the domestic producers' shipments as well as an impact on prices at a time when the industry faced increasing energy and raw material prices. As result, the Commission found

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<sup>134</sup> Original China Determination, USITC Pub. 2684 at I-6.

<sup>135</sup> Original China Determination, USITC Pub. 2684 at I-6.

<sup>136</sup> Original China Determination, USITC Pub. 2684 at I-6.

<sup>137</sup> Original China Determination, USITC Pub. 2684 at I-7.

<sup>138</sup> First Reviews Opinion, USITC Pub. 3384 at 18.

<sup>139</sup> First Reviews Opinion, USITC Pub. 3384 at 18.

<sup>140</sup> First Reviews Opinion, USITC Pub. 3384 at 23.

<sup>141</sup> First Reviews Opinion, USITC Pub. 3384 at 23.

that subject imports from China would likely have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry. This in turn would likely result in erosion of the industry's profitability as well as its ability to raise capital and make and maintain necessary capital investments. In addition, it found that revocation of the order likely would result in additional employment declines for the industry.<sup>142</sup>

In the third reviews, the Commission found that it lacked sufficient information to make a finding with respect to vulnerability. It did, however, state that the record indicated that the negative trends reported in the earlier reviews were continuing. More specifically, the Commission found that Shakeproof's production, capacity utilization, shipment values, market share, and employment were lower in 2010 than in 2005. It found that revocation of the order likely would lead to a significant increase in volume and market share of the subject imports from China. It further found that given the decline in demand and importance of price in purchasing decisions, the likely significant increase in subject imports from China would likely cause a significant decline in the volume of the domestic producers' shipments as well as an impact on prices at a time when the industry faced increasing energy and raw materials costs. The Commission found that this would likely have an adverse impact on production, shipments, sales, market share, and revenues of the domestic industry which would likely result in erosion of the industry's profitability as well as its ability to raise capital and make and maintain necessary capital investments. In addition, it found that revocation of the order would result in a decline in the industry's employment. The Commission considered the role of subject imports from Taiwan and nonsubject imports so as not to attribute injury from these factors to subject imports from China, and concluded that a significant portion of the expected increase in subject imports from China would be at the expense of the domestic industry given the likelihood of underselling and adverse price effects of subject imports from China, and the differing concentration of the product mix from China as compared to that from Taiwan.<sup>143</sup>

## 2. The Current Reviews

Because these are expedited reviews, we only have limited information with respect to the domestic industry's performance. The information on the record indicates that in 2015, the capacity of the domestic industry was \*\*\* pounds, its production was \*\*\* pounds, its shipments were \*\*\* pounds, and its capacity utilization was \*\*\* percent.<sup>144</sup> The domestic industry's net sales were \$\*\*\* in 2015, its operating income was \$\*\*\*, and its ratio of operating income to net sales was \*\*\* percent.<sup>145</sup> The limited record is insufficient for us to make a

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<sup>142</sup> Second Review Opinion, USITC Pub. 3858 at 22.

<sup>143</sup> Third Review Opinion, USITC Pub. 4277 at 18-19.

<sup>144</sup> CR/PR at Table I-2. The domestic industry's 2015 capacity was comparable to that in 2010, but its production, capacity utilization, and shipments were lower than the levels in 2010. *Id.*

<sup>145</sup> CR/PR at Table I-2. The domestic industry's 2015 operating income and operating ratio were higher than those reported in 2010. *Id.*

finding on whether the domestic industry is vulnerable to the continuation or recurrence of material injury if the order were revoked.

Based on the information available in these reviews, we find that revocation of the order would likely lead to a significant volume of subject imports from China and that these imports would likely undersell and/or significantly depress or suppress prices for the domestic like product. We find that the increased subject import competition that would likely occur would have a significant impact on the domestic industry. The domestic industry would likely lose market share to subject imports and/or experience lower prices due to competition from subject imports, which would adversely impact its production, shipments, sales, and revenue. These reductions would likely have a direct adverse impact on the domestic industry's profitability and employment levels, as well as its ability to raise capital and make and maintain necessary capital investments.

We also have considered the role of factors other than subject imports, including the presence of nonsubject imports and subject imports from Taiwan, so as not to attribute injury from other factors to subject imports from China. Nonsubject imports have increased their share of the market since the original investigations but their share of the U.S. market in 2015 was lower than that of subject imports from China. Moreover, nonsubject imports have been present in the market since the original investigations,<sup>146</sup> including during periods when the domestic industry's performance improved, as indicated above. In the prior reviews, the Commission found differences between subject imports from China and Taiwan in terms of product mix,<sup>147</sup> and the current record does not contradict this finding. We find that the likely effects of nonsubject imports on the domestic industry are distinct from those of subject imports from China in the event of revocation.<sup>148</sup>

## **VI. Revocation of the Order on Subject Imports from Taiwan is Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time**

### **A. Likely Volume of Subject Imports from Taiwan**

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

In the original investigations, the Commission found that the volume of U.S. shipments of subject imports from Taiwan increased dramatically between 1990 and 1992, from 388,000

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<sup>146</sup> CR/PR at Table I-5 (nonsubject imports accounted for \*\*\* percent of apparent U.S. consumption in 1992, \*\*\* percent in 1999, \*\*\* percent in 2005, \*\*\* percent in 2010, and \*\*\* percent in 2015).

<sup>147</sup> Third Review Opinion, USITC Pub. 4277 at 21-22.

<sup>148</sup> As discussed below, we also find that the likely effects of subject imports from China in the event of revocation are distinguishable from those of subject imports from Taiwan.

pounds in 1990 to 629,000 pounds in 1991 and 735,000 pounds in 1992.<sup>149</sup> The Commission found sufficient unused capacity in Taiwan to supply the demand satisfied by imports from China before the imposition of the antidumping duty order on those imports.<sup>150</sup> The Commission observed that the largest producer in Taiwan (Likunog) was heavily export oriented, with the U.S. market being its primary market,<sup>151</sup> that it had the ability to significantly increase exports to the United States, and that it had exhibited a trend towards increased production and exports.<sup>152</sup> Likunog had rapidly increased its exports to a third country at the same time it increased its exports to the United States.<sup>153</sup> Consequently, the Commission concluded that it was likely that exporters in Taiwan would increase their shipments to the United States.<sup>154</sup>

In the first reviews, the Commission found that subject imports from Taiwan would likely be significant if the order were revoked. It found that, while subject imports from Taiwan remained at quantities less than half that in 1992, they generally increased during the review period, and were 31 percent greater in 1999 than 1997 in terms of quantity despite the discipline of the order.<sup>155</sup> Although no producers or exporters of HSLW from Taiwan participated in the reviews, the record indicated that the HSLW industry in Taiwan was export oriented and Taiwanese producers had demonstrated their ability quickly to increase exports to United States during the original investigations. According to the Commission, any potential increase in subject imports from Taiwan would be significant, particularly in a market that was not growing.<sup>156</sup>

In the second reviews, the Commission again found that subject imports from Taiwan would likely be significant if the order were revoked. Since the first reviews, subject imports from Taiwan rose irregularly to 389,000 pounds in 2005, a higher level than in any year during the first reviews.<sup>157</sup> Because the record contained no data from the seven firms believed to produce HSLWs in Taiwan, the Commission relied on the information available from the prior proceedings to find that the HSLW industry in Taiwan was export oriented and to find that producers in Taiwan had the ability quickly to increase exports to the United States.<sup>158</sup> The Commission observed that the U.S. market remained attractive by virtue of its higher prices. Because the U.S. market had contracted due to the ongoing substitution of other products for HSLWs and because nonsubject imports had a smaller share of the market, the Commission

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<sup>149</sup> Original Taiwan Determinations, USITC Pub. 2651 at 15; CR/PR at Table I-5.

<sup>150</sup> Original Taiwan Determinations, USITC Pub. 2651 at 15-16.

<sup>151</sup> Original Taiwan Determinations, USITC Pub. 2651 at 16.

<sup>152</sup> Original Taiwan Determinations, USITC Pub. 2651 at 16.

<sup>153</sup> Original Taiwan Determinations, USITC Pub. 2651 at 17.

<sup>154</sup> Original Taiwan Determinations, USITC Pub. 2651 at 16.

<sup>155</sup> First Review Opinion, USITC Pub. 3384 at 20. Subject imports from Taiwan were 289,000 pounds in 1997, 257,000 pounds in 1998, and 378,000 pounds in 1999. *Id.*

<sup>156</sup> First Review Opinion, USITC Pub. 3384 at 20-21.

<sup>157</sup> Second Review Opinion, USITC Pub. 3858 at 17.

<sup>158</sup> Second Review Opinion, USITC Pub. 3858 at 17.

found that any increased volume of subject imports would likely take market share from the domestic industry.<sup>159</sup>

In the third reviews, the Commission again found that the volume of subject imports from Taiwan would likely be significant if the order were revoked. Subject imports had remained in the U.S. market, demonstrating that producers in Taiwan had the interest and ability to export significant volumes to the United States.<sup>160</sup> Again relying on information from the original investigations and prior reviews in the absence of any participation from producers or exporters in Taiwan, the Commission found that the industry in Taiwan had excess capacity and was export oriented. The Commission further found that the subject imports from Taiwan were concentrated in stainless steel HSLWs and, in a market in which demand was declining, the volume of subject imports from Taiwan would likely be significant.<sup>161</sup>

## 2. The Current Reviews

We find that in the event of revocation, the volume of subject imports from Taiwan likely would be significant. Subject imports from Taiwan have remained in the U.S. market since the original investigations, and the volume of subject imports from Taiwan in 2015 exceeded the volume of such imports during the original investigations.<sup>162</sup> The volume of subject imports from Taiwan was 735,000 pounds in 1992, 378,000 pounds in 1999, 389,000 pounds in 2005, 1.0 million pounds in 2010, and 1.2 million pounds in 2015.<sup>163</sup> Subject imports from Taiwan also accounted for a higher share of the U.S. market in 2015 than during the original investigations or prior reviews.<sup>164</sup> The record contains only limited data concerning the HSLW industry in Taiwan because no producer or exporter of subject imports participated in these reviews.<sup>165</sup> Information on the record indicates that Taiwan was the tenth largest global exporter of spring or lock washers of iron or steel every year in 2015, and it ranked even higher in 2011, 2012, 2013, and 2014. This evidence indicates that the industry in Taiwan manufacturing spring or lock washers is highly export oriented.<sup>166</sup>

The United States remains an attractive market. The United States was the leading export market for producers of spring or lock washers in Taiwan in 2015, notwithstanding the

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<sup>159</sup> Second Review Opinion, USITC Pub. 3858 at 17.

<sup>160</sup> Third Review Opinion, USITC Pub. 4277 at 20.

<sup>161</sup> Third Review Opinion, USITC Pub. 4277 at 20.

<sup>162</sup> CR/PR at Table I-4.

<sup>163</sup> CR/PR at Table I-4.

<sup>164</sup> CR/PR at Table I-5 (subject imports from Taiwan accounted for \*\*\* percent of apparent U.S. consumption in 1992, \*\*\* percent in 1999, \*\*\* percent in 2005, \*\*\* percent in 2010, and \*\*\* percent in 2015).

<sup>165</sup> Shakeproof identified three producers/exporters of subject merchandise in Taiwan, although publicly available information on their current production, capacity, inventories, or ability to product shift is not available. CR at I-30-31; PR at I-20; Shakeproof's Response at Appendix D.

<sup>166</sup> CR/PR at Table I-6.

pendency of the antidumping duty order.<sup>167</sup> Subject producers in Taiwan have demonstrated a continuing interest in the U.S. market and the ability to increase exports to the United States sharply, as evidenced by the sizeable share of the U.S. market that they held throughout 2011 to 2015.<sup>168</sup>

Accordingly, based on the available information and taking into consideration our findings in original investigations and prior reviews, we conclude that the volume of subject imports from Taiwan would likely be significant, both in absolute terms and relative to U.S. consumption, should the order be revoked.

## **B. Likely Price Effects of Subject Imports from Taiwan**

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

During the original investigations, the Commission identified evidence indicating that subject imports from Taiwan were priced lower than the domestic product.<sup>169</sup> However, the Commission did not find clear evidence of price suppression or depression as there were no clear trends in prices.<sup>170</sup> The Commission did not rely on much of the pricing data because the data were limited and individual domestic sales involved much larger volumes than those made by importers.<sup>171</sup> The Commission found, however, based upon the substitutability of the subject imports from Taiwan with domestic HSLWs, that the volume and inventories of the subject imports would likely lead to an adverse impact on domestic prices.<sup>172</sup>

In the first five-year reviews, the Commission found that price was an important factor in purchasing decisions, although perhaps not as important as quality and availability. It noted, however, that the domestic like product and HSLWs from Taiwan were used interchangeably and considered substitutable. Thus, it found that, absent any increase in domestic demand, increases in sales volume by subject imports from Taiwan likely would be achieved through lower prices. The Commission gave limited weight to the available price comparison data, but found that, given the likelihood of a significant increase in the volume of subject imports from Taiwan, revocation of the antidumping duty order on subject imports from Taiwan would be likely to lead to underselling by the subject imports of the domestic like product and would be likely to lead to price depression or suppression.<sup>173</sup>

In the second reviews, the Commission found that subject imports from Taiwan would likely have significant price effects if the order were revoked. Price was a key factor in purchasing decisions and subject imports from Taiwan and the domestic like product were

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<sup>167</sup> CR at I-31, PR at I-20; CR/PR at Table I-6.

<sup>168</sup> CR/PR at Tables I-3-5.

<sup>169</sup> Original Taiwan Determinations, USITC Pub. 2651 at 17.

<sup>170</sup> Original Taiwan Determinations, USITC Pub. 2651 at 17.

<sup>171</sup> Original Taiwan Opinion, USITC Pub. 2651 at 17.

<sup>172</sup> USITC Pub. 2651 at 17-18.

<sup>173</sup> First Review Opinion, USITC Pub. 3384 at 21-22.

interchangeable. Given the likely increase in the volume of subject imports from Taiwan if the order were revoked, the Commission found that the domestic industry would face increasing pressure to adjust price levels in order to maintain output and sales volumes. The Commission observed that, in light of its capacity utilization rate, the domestic industry already had limited ability to sustain profitability by lowering prices. According to the Commission, if subject imports from Taiwan captured a larger share of the U.S. market, the domestic industry would likely face progressively greater incentives to lower its prices or to forego price increases in order to maintain output levels. Accordingly, the Commission determined that revocation of the order on subject imports from Taiwan would be likely to lead to increased underselling by the subject imports and significant price depression or suppression.<sup>174</sup>

In the third reviews, the Commission found again that significant price effects were likely if the order were revoked. The record indicated that average unit values for subject imports were below those for the domestic like product, price was one of several important purchasing considerations, and subject imports from Taiwan and the domestic like product were interchangeable. The Commission found that if the order were revoked, HSLWs from Taiwan would likely undersell the domestic like product to gain market share, especially in light of low U.S. demand. In light of the subject imports' likely increase in volume if the order were revoked, the domestic industry would face pressure to adjust price levels to maintain output and volume. Accordingly, the Commission found that revocation of the order on HSLWs from Taiwan would likely lead to increased underselling by the subject imports and significant price depression or suppression.<sup>175</sup>

## **2. The Current Reviews**

As discussed above, we continue to find that subject imports from Taiwan are substitutable with the domestic like product, and that price is an important factor in purchasing decisions. The record does not contain current pricing comparisons due to the expedited nature of these reviews. Based on the available information, we find that if the order were revoked, significant volumes of subject imports from Taiwan would likely significantly undersell the domestic like product to gain market share, as they did in the original investigations. The presence of low-priced subject imports that would likely enter the U.S. market in the event of revocation would force the domestic industry to cut prices, forego price increases, or risk losing market share. In light of these considerations, we conclude that absent the restraining effect of the order, subject imports from Taiwan would likely cause the domestic industry to lose market share and/or significantly depress or suppress prices for the domestic like product, thereby causing significant price effects.

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<sup>174</sup> Second Review Opinion, USITC Pub. 3858 at 21-22.

<sup>175</sup> Third Review Opinion, USITC Pub. 4277 at 21-22.

## C. Likely Impact of Subject Imports from Taiwan

### 1. The Original Investigations and Prior Reviews

In the original determinations concerning subject imports from Taiwan, the Commission found the condition of the industry mixed, with fluctuations in production, capacity utilization, and financial performance and declines in market share and employment. The Commission found that the domestic industry was in a vulnerable condition.<sup>176</sup>

In the first reviews, the Commission incorporated the findings it made on industry's condition in its determination on subject imports from China.<sup>177</sup> It found that the domestic industry's increasing dependence on stainless steel HSLWs rendered it more susceptible to injury caused by imports of stainless steel HSLWs from Taiwan.<sup>178</sup> With U.S. demand for HSLWs flat and price an important consideration in purchasing decisions, the Commission concluded that the significant increase in subject imports would likely cause a significant decline in the volume of the domestic producers' shipments as well as an impact on prices. Given the domestic industry's increasing dependence on stainless steel HSLWs, the Commission found that this likely reduction in the industry's production, shipments, sales, market share, and revenues would result in erosion of the industry's profitability as well as its ability to raise capital and make and maintain necessary capital investments.<sup>179</sup>

In the second reviews, the Commission again referenced the findings in its China determination pertaining to the condition of the domestic industry.<sup>180</sup> It found that in light of the likely significant increases in the volume of subject imports from Taiwan at prices that would undersell the domestic like product, revocation of the order would likely cause a significant decline in domestic producers' shipments and significantly impact their prices when the industry was facing increasing energy and raw material costs. The Commission therefore concluded that revocation of the order with respect to imports from Taiwan would likely have a significant impact on the domestic industry.<sup>181</sup>

In the third reviews, the Commission referenced its findings in its China determination pertaining to the condition of the U.S. industry. It emphasized that several negative trends in the domestic industry's indicators suggested that the condition of the industry had worsened since the prior reviews. The Commission found that revocation of the order would likely lead to a significant increase in the volume and market share of subject imports from Taiwan, which, in turn, would lead to significant decline in the volume of the domestic producers' shipments as well as an adverse impact on prices at a time when the industry faced increasing energy and

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<sup>176</sup> Original Taiwan Determinations, USITC Pub. 2651 at 10-13.

<sup>177</sup> First Review Opinion, USITC Pub. 3384 at 23.

<sup>178</sup> First Review Opinion, USITC Pub. 3384 at 23.

<sup>179</sup> First Review Opinion, USITC Pub. 3384 at 23.

<sup>180</sup> First Review Opinion, USITC Pub. 3384 at 23.

<sup>181</sup> Second Review Opinion, USITC Pub. 3858 at 22.

raw material prices. The Commission therefore found that revocation of the order on imports from Taiwan would likely have a significant impact on the domestic industry.<sup>182</sup>

## 2. The Current Reviews

Because these are expedited reviews, we only have limited information with respect to the domestic industry's performance, as indicated above.<sup>183</sup> The limited record is insufficient for us to make a finding on whether the domestic industry is vulnerable to the continuation or recurrence of material injury if the order were revoked.

Based on the information available in these reviews, we find that revocation of the order would likely lead to a significant increase in the volume of subject imports from Taiwan and that these imports would likely undersell and/or significantly depress or suppress prices for the domestic like product. We find that the increased subject import competition that would likely occur would have a significant impact on the domestic industry. The domestic industry would likely lose market share to subject imports from Taiwan and/or experience lower prices due to competition from subject imports from Taiwan, which would adversely impact its production, shipments, sales, and revenue. These reductions would likely have a direct adverse impact on the domestic industry's profitability and employment levels, as well as its ability to raise capital and make and maintain necessary capital investments.

We also have considered the role of factors other than subject imports, including the presence of nonsubject imports and subject imports from China, so as not to attribute injury from other factors to subject imports from Taiwan. Nonsubject imports have been present in the market since the original investigations, including during periods when the domestic industry's performance improved, as indicated above. Thus, we find that the likely effects of nonsubject imports on the domestic industry are distinct from those of subject imports from Taiwan in the event of revocation. In the prior reviews, the Commission found differences between subject imports from China and Taiwan in terms of product mix,<sup>184</sup> and the current record does not contradict this finding. Thus, we continue to find that a significant portion of

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<sup>182</sup> The Commission considered the role of subject imports from China and nonsubject imports so as not to attribute injury from these factors to subject imports from Taiwan, and determined that a significant portion of the expected increase in subject imports from Taiwan would be at the expense of the domestic industry given the likelihood of underselling and adverse price effects of subject imports from Taiwan, and the differing concentration of the product mix from Taiwan as compared to that from China. USITC Pub. 4277 at 21-22.

<sup>183</sup> The information on the record indicates that in 2015, the domestic industry's capacity was \*\*\* pounds, its production was \*\*\* pounds, its shipments were \*\*\* pounds, and its capacity utilization was \*\*\* percent. CR/PR at Table I-2. The domestic industry's 2015 capacity was comparable to that in 2010, but its production, capacity utilization, and shipments were lower than in 2010. *Id.* The domestic industry's net sales were \$\*\*\* in 2015, its operating income was \$\*\*\*, and its ratio of operating income to net sales was \*\*\* percent. CR/PR at Table I-2. The domestic industry's 2015 operating income and operating ratio were higher than those reported in 2010. *Id.*

<sup>184</sup> Third Review Opinion, USITC Pub. 4277 at 21-22.

the expected increase in subject imports from Taiwan would be at the expense of the domestic industry given the likelihood of underselling and adverse price effects of subject imports from Taiwan, and product mix differences between subject imports from China and Taiwan.

## **VII. Conclusion**

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



## INFORMATION OBTAINED IN THESE REVIEWS

### BACKGROUND

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

Effective or statutory date	Action
November 1, 2016	Notice of initiation and institution by Commerce and Commission
February 6, 2017	Commission vote on adequacy
March 7, 2017	Commerce results of its expedited reviews
May 16, 2017	Commission’s determinations and views

### RESPONSES TO THE COMMISSION’S NOTICE OF INSTITUTION

#### Individual responses

The Commission received one submission in response to its notice of institution in the subject reviews. It was filed on behalf of Shakeproof Assembly Components Division of Illinois

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

<sup>2</sup> *Helical Spring Lock Washers from China and Taiwan; Institution of Five-Year Reviews*, 81 FR 75851, November 1, 2016. In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of five-year reviews of the subject antidumping duty orders concurrently with the Commission’s notice of institution. *Initiation of Five-Year (“Sunset”) Reviews*, 81 FR 75808, November 1, 2016. Pertinent *Federal Register* notices are referenced in app. A, and may be found at the Commission’s website ([www.usitc.gov](http://www.usitc.gov)).

<sup>3</sup> As part of their response to the notice of institution, interested parties were requested to provide company-specific information. That information is presented in app. B. Summary data compiled in prior proceedings is presented in app. C.

<sup>4</sup> Interested parties were also requested to provide a list of three to five leading purchasers in the U.S. market for the subject merchandise. Presented in app. D are the responses received from purchasers that responded to the purchaser questionnaire in the adequacy phase of these reviews.

Tool Works Inc. (“Shakeproof”), a domestic producer of HSLWs (referred to herein as “domestic interested party”).

A complete response to the Commission’s notice of institution requires that the responding interested party submit to the Commission all the information listed in the notice. The responding firm was given an opportunity to remedy and explain any deficiencies in its response. A summary of the number of responses and an estimate of coverage is shown in table I-1.

**Table I-1**

**HSLWs: Summary of responses to the Commission’s notice of institution**

Type of interested party	Completed responses	
	Number	Coverage
Domestic:		
U.S. producer	1	***% <sup>1</sup>
Respondent:		
U.S. importer	0	( <sup>2</sup> )
Foreign producer/exporter	0	( <sup>3</sup> )

<sup>1</sup> The coverage figure presented, as provided by the domestic interested party in its response, represents the firm’s share of total U.S. production of HSLWs during 2015.

<sup>2</sup> The Commission did not receive any responses from U.S. importers.

<sup>3</sup> The Commission did not receive any responses from foreign producers/exporters.

**Party comments on adequacy**

The Commission received one submission filed on behalf of Shakeproof commenting on the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. The domestic interested party argues that the Commission should conclude that the response of the domestic industry to the Commission’s notice of institution is adequate. Additionally, in the absence of responses from foreign producers/exporters or U.S. importers of HSLWs from subject countries, the domestic interested party argues that the Commission should determine that the respondent interested party group responses are inadequate, and they request that the Commission conduct expedited reviews of the orders.

**RECENT DEVELOPMENTS IN THE INDUSTRY**

Since the Commission’s third five-year reviews, the following developments have occurred in the HSLW industry.

- In August 2011, Illinois Tool Works (“ITW”) consolidated its ITW Bee Leitzke and ITW Shakeproof Industrial Products divisions into a single corporate entity called ITW Shakeproof Group. The consolidation is intended to allow for the combined entity to

more efficiently process customer requests that would involve operations in multiple facilities.<sup>5</sup>

- In May 2011, U.S. producer Wrought Washer added a third Mazak laser cutting machine to support its production line at its facility in Milwaukee, Wisconsin.<sup>6</sup>

## THE PRODUCT

### Commerce's scope

Commerce has defined the subject merchandise as follows:

The products covered by the orders are lock washers of carbon steel, of carbon alloy steel, or of stainless steel, heat-treated or non-heat-treated, plated or non-plated, with ends that are off-line. Lock washers are designed to: (1) Function as a spring to compensate for developed looseness between the component parts of a fastened assembly; (2) distribute the load over a larger area for screws or bolts; and (3) provide a hardened bearing surface. The scope does not include internal or external tooth washers, nor does it include spring lock washers made of other metals, such as copper.<sup>7</sup>

### Description and uses<sup>8</sup>

HSLWs are flattened, ring-shaped metal devices whose ends are cut in an off-line manner to provide spring or tension to assembled parts when used as a seat for bolts, nuts, screws, and similar fasteners. In addition to preventing movement or loss of tension between assembled parts, HSLWs are used to distribute a load over an area greater than that provided by the fastener and to provide a hardened bearing surface that facilitates assembly and disassembly of fastened parts. Figure 1-1 depicts the mechanical function of a HSLW by which the trapezoidal section twists so that the face of the washer lays flat, which results in a slight increase in the inside diameter thickness of the washer.

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<sup>5</sup> "ITW Integrates Leading Midwest Fastener Divisions." Shakeproof Group. August 8, 2011. Accessed January 12, 2017. <http://www.shakeproof.com/pdf/ITW%20Shakeproof%20and%20ITW%20Bee%20Leitzke%20Announcement%20August%202011.pdf>.

<sup>6</sup> "Wrought Washer Adds 3rd Mazak." Wrought Washer Manufacturing, Inc. May 22, 2011. Accessed January 12, 2017. <http://www.wroughtwasher.com/news/wrought-washer-adds-3rd-mazak.php>.

<sup>7</sup> *Certain Helical Spring Lock Washers From Taiwan and the People's Republic of China: Continuation of Antidumping Duty Orders*, 76 FR 75873, December 5, 2011.

<sup>8</sup> Unless otherwise noted, this information is based on *Helical Spring Lock Washers from China and Taiwan, Inv. Nos. 731-TA-624 and 625 (Third Review)*, USITC Publication 4277, November 2011, pp. I-6 through I-7.

**Figure I-1**  
**HSLWs: Mechanical function of HSLWs**  
**Figure 1.**



Source: Shakeproof company website at [www.shakeproof.com](http://www.shakeproof.com).

The split in a HSLW absorbs initial driving torque and visually closes under nominal fastener loading. If tension in the fastener assembly is reduced and loosening occurs, a HSLW offers resistance to the back-off rotation of the fastener.

The vast majority of HSLWs are manufactured from carbon (or carbon alloy) steel or stainless steel, which are the imported HSLWs subject to these reviews. In addition, other varieties include those made from copper, aluminum alloy, phosphor bronze, silicon bronze, and monel-nickel.<sup>9</sup>

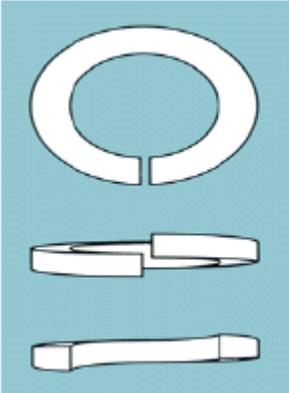
The finish of a fastener is critical to its function, durability, and quality. Many fasteners are coated to protect against corrosion or to add qualities to the fastener, such as controlling the amount of torque needed to tighten it. The most common HSLW finishes include: mechanical zinc, electro zinc, mechanical galvanized, hot dip galvanized, phosphate coating, and black oxide.

HSLWs are generally recognized in the washer industry as being either light, regular, heavy, extra-duty, or high-collar types, largely depending on the thickness or diameter of the wire used during manufacture and the intended application of the washer. For example, heavy, extra-duty, and high-collar type HSLWs are manufactured from relatively heavy-gauge wire and used primarily with bolts and nuts to secure more rigid fastening assemblies. Figures I-2 depicts the most common types of HSLWs.

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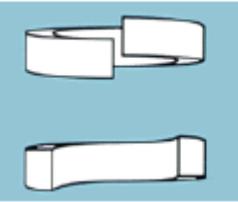
<sup>9</sup> Products manufactured from metals other than carbon steel or stainless steel are not within the scope of the antidumping duty orders; however, the Commission determined in the original investigations and in the subsequent five-year reviews that such products would be included in its definition of the domestic like product.

**Figure I-2**  
**HSLWs: Helical spring lock washer**



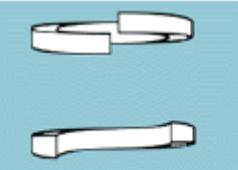
- Torque absorption and tension sustaining characteristics meet the needs of most commercial assembly applications.
- Increasing outside diameter thickness and bearing area improves performance in heavy-duty applications involving higher tightening torques.
- Manufactured from alloy steel by Shakeproof.

**HSLWs: Hi-collar lock washer**



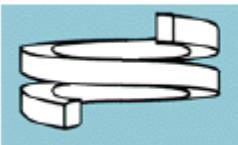
- Ideal for smaller head screws, such as socket head cap screws, where clearance may be a problem. Greater thickness compensates for smaller outside diameter allowing performance similar to a regular section.

**HSLWs: Light lock washer**



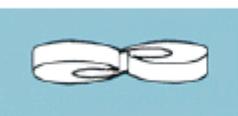
- Reduced thickness and outside diameter perform better with the lower torques and lighter loads used with thin and fragile materials.

**HSLWs: Double coil lock washer**



- Used in soft joints, typically wooden, where considerable travel is required to maintain effective clamping force. Commonly used with wooden pole hardware.

**HSLWs: Spak lock washer**



- Unique design combines a split lock washer with a spring wave washer to sustain tension and provide compensating spring action under heavy loads.

Source: Shakeproof company website at [www.shakeproof.com](http://www.shakeproof.com).

More generally, HSLWs are often referred to in the lock washer industry as either “standard” or “special” products. “Standard” types generally encompass regular HSLWs having inside diameters of 0.112 to 1.5 inches and constitute a large portion of the HSLWs produced in

the United States and imported from China and Taiwan. These lock washers are manufactured from carbon steel and stainless steel. “Special” HSLWs, on the other hand, include light, heavy, extra-duty, and high-collar varieties. In addition, HSLWs in metric sizes or those made to unique customer specifications, or manufactured from materials such as bronze, brass, copper, and aluminum, are considered to be “special” products. Finally, HSLWs from preassembled bolt/lock washer or screw/lock washer combinations (“sems”) are considered “special.”

HSLWs are used in all types of fastening applications, such as appliances, toys, and lawnmowers. The largest consumers of these products are original equipment manufacturers (particularly in the automotive industry) that use HSLWs for assembling finished products.

### **Manufacturing process<sup>10</sup>**

The manufacture of virtually all HSLWs, regardless of metal content, begins with either “green” (raw, unfinished, or unprocessed) rod or processed wire, which is then shaped into a trapezoidal form by a series of rollers. The wire proceeds to a machine that coils it around a long metal shaft, or “arbor,” then cuts it. The wire can be cut in either of two ways. \*\*\*.<sup>11</sup> After the cutting operation, unfinished carbon steel lock washers are placed in a furnace, heated to 1,600 degrees Fahrenheit, then quenched, washed, and further tempered. These processes harden and strengthen the lock washers, imparting spring properties that enable them to maintain tension when under load in a fastened assembly. Next, the lock washers may be treated with a rust inhibitor, plated with zinc, or both, and are then packed for shipment. The products are tested and inspected at various stages during the manufacturing process, largely to ensure the exactness of inside and outside diameters.<sup>12</sup>

A small portion of the HSLWs produced in the United States are manufactured from metal sheets, plates, or round bars. One method of manufacture involves punching the washer from a metal sheet or plate using made-to-order dies.<sup>13</sup> The second method requires cutting off the ends of round bars to the customer’s specified thickness, then drilling a hole through each plate. In either case, the resulting washer is then split and formed, again according to customer specifications.

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<sup>10</sup> Unless otherwise noted, this information is based on *Helical Spring Lock Washers from China and Taiwan, Inv. Nos. 731-TA-624 and 625 (Third Review)*, USITC Publication 4277, November 2011, pp. I-7 through I-8.

<sup>11</sup> *Investigation Nos. 731-TA-624 and 625 (Third Review): Helical Spring Lock Washers from China and Taiwan—Staff Report*, INV-JJ-096, September 29, 2011, p. I-10.

<sup>12</sup> The manufacturing technology used to produce HSLWs from wire in China and Taiwan is widely available and essentially the same as that used in the United States. In China, however, wire coiling and wire cutting are performed by different pieces of machinery at separate stages in the production process.

<sup>13</sup> In addition, there are types of non-helical spring lock washers, such as conical lock washers, Belleville washers, and disc and wave washers that are used primarily in automotive applications, and their production differs from the vast majority of subject HSLWs in that they are stamped from steel sheet rather than cut from lengths of wire.

The main raw material costs in the production of HSLWs are steel wire rod and energy. In its response to the notice of institution in these reviews, Shakeproof reported that it had experienced sharply increasing energy costs from 2010 to 2016.<sup>14</sup>

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

HSLWs are currently imported under HTS statistical reporting number 7318.21.0030.<sup>15</sup> HSLWs imported from China and Taiwan currently enter the U.S. market at a column 1-general duty rate of 5.8 percent ad valorem.

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

The domestic like product is defined as the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the subject merchandise. In its original determinations, its full first five-year review determinations, and its expedited second and third five-year review determinations, the Commission defined the domestic like product as HSLWs of all sizes and metals (despite the consisting of only steel HSLWs) and it defined the domestic industry as all domestic producers of HSLWs.<sup>16</sup>

In its notice of institution for these fourth five-year reviews, the Commission solicited comments from interested parties regarding the appropriate domestic like product and domestic industry. According to its response to the notice of institution, the domestic producer agrees with the Commission's definitions.<sup>17</sup>

## **THE ORIGINAL INVESTIGATIONS AND SUBSEQUENT REVIEWS**

### **The original investigations**

The original investigations resulted from petitions filed on September 8, 1992 with Commerce and the Commission by Shakeproof, Milwaukee, Wisconsin. The Commission determined that an industry in the United States was materially injured by reason of imports from China and Taiwan of HSLWs found by Commerce to be sold at less than fair value

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<sup>14</sup> *Domestic Interested Party's Response to the Notice of Institution*, December 1, 2016, p. 15.

<sup>15</sup> Based on its final scope ruling with respect to AREMA HSLWs in 2013, Commerce also identified in its scope HTS statistical reporting number 7318.21.0090, as an "other" category which may cover not only subject AREMA washers, but also other nonsubject items. U.S. Department of Commerce, International Trade Administration, *Helical Spring Lock Washers from the People's Republic of China: Final Scope Ruling on Request from United Steel and Fasteners, Inc.*, July 10, 2013, p. 9.

<sup>16</sup> *Helical Spring Lock Washers from China and Taiwan, Inv. Nos. 731-TA-624 and 625 (Third Review)*, USITC Publication 4277, November 2011, pp. 5-6.

<sup>17</sup> *Domestic Interested Party's Response to the Notice of Institution*, December 1, 2016, p. 19.

("LTFV").<sup>18</sup> After the receipt of the Commission's affirmative determinations, Commerce issued antidumping duty orders on June 28, 1993, on HSLWs from Taiwan and on October 19, 1993 on HSLWs from China.<sup>19</sup> The final antidumping duty margins ranged from 69.88 percent ad valorem for Chinese producer/exporter Hangzhou to 128.63 percent ad valorem for all other producers/exports in China<sup>20</sup> and was 31.93 percent ad valorem for Taiwan.<sup>21</sup>

### **The first five-year reviews**

On November 2, 1999, the Commission instituted first five-year reviews of the antidumping duty orders on HSLWs from China and Taiwan pursuant to section 751(c) of the Act, to determine whether revocation of the antidumping duty orders on imports of HSLWs from China and Taiwan would likely lead to a continuation or recurrence of material injury.<sup>22</sup> On January 12, 2001, following full reviews, the Commission determined that revocation of the antidumping duty orders on HSLWs from China and Taiwan would be likely to lead to a continuation or recurrence of material injury within a reasonably foreseeable time.<sup>23</sup> Effective February 23, 2001, Commerce issued a continuation of the antidumping duty orders on imports of HSLWs from China and Taiwan.<sup>24</sup>

### **The second five-year reviews**

On January 3, 2006, the Commission instituted second five-year reviews of the antidumping duty orders on HSLWs from China and Taiwan pursuant to section 751(c) of the Act, to determine whether revocation of the antidumping duty orders on imports of HSLWs

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<sup>18</sup> The Commission completed the investigation on Taiwan in June 1993 and the investigation on China in October 1993. *Certain Helical Spring Lock Washers from Taiwan; Import Investigation, Inv. No. 731-TA-625 (Final)*, 58 FR 34590, June 28, 1993. See also *Certain Helical Spring Lock Washers from Taiwan, Inv. No. 731-TA-625 (Final)*, USITC Publication 2651, June 1993. *Certain Helical Spring Lock Washers from the People's Republic of China, Inv. No. 731-TA-624 (Final)*, 58 FR 53747, October 18, 1993. See also *Certain Helical Spring Lock Washers from The People's Republic of China, Inv. No. 731-TA-624 (Final)*, USITC Publication 2684, October 1993.

<sup>19</sup> *Antidumping Duty Order: Certain Helical Spring Lock Washers from Taiwan*, 58 FR 34567, June 28, 1993; *Antidumping Duty Order: Certain Helical Spring Lock Washers from The People's Republic of China*, 58 FR 53914, October 19, 1993.

<sup>20</sup> *Antidumping Duty Order: Certain Helical Spring Lock Washers from The People's Republic of China*, 58 FR 53914, October 19, 1993; *Amended Final Determination and Amended Antidumping Duty Order: Certain Helical Spring Lock Washers from the People's Republic of China*, 58 FR 61859, November 23, 1993.

<sup>21</sup> *Antidumping Duty Order: Certain Helical Spring Lock Washers from Taiwan*, 58 FR 34567, June 28, 1993.

<sup>22</sup> *Helical Spring Lock Washers from China and Taiwan*, 64 FR 59204, November 2, 1999.

<sup>23</sup> *Helical Spring Lock Washers from China and Taiwan*, 66 FR 8424, January 31, 2001.

<sup>24</sup> *Continuation of Antidumping Duty Orders on Helical Spring Lock Washers from China and Taiwan*, 66 FR 11255, February 23, 2001.

from China and Taiwan would likely lead to a continuation or recurrence of material injury.<sup>25</sup> On June 15, 2006, following expedited reviews, the Commission determined that revocation of the antidumping duty orders on HSLWs from China and Taiwan would be likely to lead to a continuation or recurrence of material injury within a reasonably foreseeable time.<sup>26</sup> Effective July 3, 2006, Commerce issued a continuation of the antidumping duty orders on imports of HSLWs from China and Taiwan.<sup>27</sup>

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

On June 1, 2011, the Commission instituted third five-year reviews of the antidumping duty orders on HSLWs from China and Taiwan pursuant to section 751(c) of the Act, to determine whether revocation of the antidumping duty orders on imports of HSLWs from China and Taiwan would likely lead to a continuation or recurrence of material injury.<sup>28</sup> Effective December 5, 2011, Commerce issued a continuation of the antidumping duty orders on imports of HSLWs from China and Taiwan.<sup>29</sup>

### **PRIOR RELATED INVESTIGATIONS**

HSLWs have not been the subject of any prior related antidumping or countervailing duty investigations in the United States.

### **ACTIONS AT COMMERCE**

Commerce has not issued any company revocations with respect to HSLWs from the countries subject to these orders under review. Commerce has not issued any duty absorption or anti-circumvention findings with respect to HSLWs from the subject countries. Additionally, there have not been any critical circumstances or changed circumstances reviews conducted since the third five-year review continuation orders.

### **Scope rulings**

Since the imposition of the original orders, Commerce has completed two scope rulings. In 1997, Commerce determined that lock washers that are imported into the United States in an uncut, coil form are within the scope of the orders.<sup>30</sup> On April 9, 2013, U.S. importer United

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<sup>25</sup> *Helical Spring Lock Washers from China and Taiwan*, 71 FR 133, January 3, 2006.

<sup>26</sup> *Helical Spring Lock Washers from China and Taiwan*, 71 FR 35449, June 20, 2006.

<sup>27</sup> *Continuation of Antidumping Duty Orders on Helical Spring Lock Washers from China and Taiwan*, 71 FR 37904, July 3, 2006.

<sup>28</sup> *Helical Spring Lock Washers from China and Taiwan*, 76 FR 31629, June 1, 2011.

<sup>29</sup> *Certain Helical Spring Lock Washers from Taiwan and the People's Republic of China: Continuation of Antidumping Duty Orders*, 76 FR 75873, December 5, 2011.

<sup>30</sup> *Notice of Scope Rulings*, 62 FR 62288, November 21, 1997.

Steel and Fasteners, Inc. submitted a request to Commerce to exclude AREMA washers from the scope of the antidumping order on HSLWs from China.<sup>31</sup> Shakeproof submitted comments arguing AREMA washers are within the scope of the order. On July 10, 2013, Commerce ruled that AREMA washers are within the scope of the order on HSLWs from China.<sup>32</sup>

### **Administrative reviews**

As shown in the staff report in the third reviews, between 1993 when the antidumping duty order on China was issued and the third five-year reviews, Commerce completed thirteen administrative reviews with respect to imports of HSLWs from China.<sup>33</sup> The administrative reviews resulted in a change in the antidumping duty margins for Chinese manufacturer and exporter Hangzhou Spring Washer Plant from the original amended rate of 69.88 percent to 0.0 percent in 2008 and 6.96 percent in 2010.<sup>34</sup> Since the third five-year reviews, Commerce has conducted one additional administrative review concerning the order on China. The result of this most recent administrative review that covered the period of review from October 1, 2012 to September 30, 2013 is a China-wide rate of 189.81 percent.<sup>35</sup> Commerce has not conducted any administrative reviews of the antidumping duty order on HSLWs from Taiwan since the imposition of the order in June 1993.

### **Current five-year reviews**

Commerce is conducting expedited fourth five-year reviews with respect to the antidumping duty orders on HSLWs from China and Taiwan and intends to issue the final results of these reviews based on the facts available not later than March 1, 2017.<sup>36</sup>

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<sup>31</sup> AREMA washers are track HSLWs used in railroad applications. *Domestic Interested Party's Response to the Notice of Institution*, December 1, 2016, p. 18.

<sup>32</sup> *Notice of Scope Rulings*, 79 FR 6165, February 3, 2014; *Domestic Interested Party's Response to the Notice of Institution*, app. B.

<sup>33</sup> *Helical Spring Lock Washers from China and Taiwan, Investigation Nos. 731-TA-624 and 625 (Third Review)*, USITC Publication 4277, November 2011, p. I-3.

<sup>34</sup> *Helical Spring Lock Washers from the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 73 FR 4175, January 24, 2008; *Certain Helical Spring Lock Washers From the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 75 FR 29720, May 27, 2010.

<sup>35</sup> *Helical Spring Lock Washers from the People's Republic of China: Amended Final Results of Antidumping Duty Administrative Review; 2012-2013*, 80 FR 21208, April 17, 2015.

<sup>36</sup> Jim Doyle, letter to Catherine DeFilippo, December 20, 2016.

## THE INDUSTRY IN THE UNITED STATES

### U.S. producers

Shakeproof was the sole petitioner in the original 1992 investigations. According to the petition, in the 1980s there were seven U.S. producers of HSLWs. By 1990, the domestic industry had contracted to four firms: Mellows Company (“Mellows”); Beall Manufacturing (“Beall”); Crest Products (“Crest”); and MW Industries (“MW”). During 1990-92, the domestic industry continued to become increasingly concentrated, as Shakeproof began HSLW production with its purchase of the assets of Mellows in April 1991, Beall in November 1991, and Crest in July 1992. By the end of 1992 only Shakeproof and MW were producing HSLWs, with Shakeproof accounting for \*\*\* percent of reported U.S. sales of domestically produced HSLWs.<sup>37</sup> In addition, Marvec, Inc. (“Marvec”) was identified as a HSLW producer that began production of regular section stainless steel HSLWs in May 1993.<sup>38</sup>

During the first five-year reviews in 2001, two domestic HSLW producers were identified; Shakeproof and Wrought Washer Mfg., Inc. (“Wrought Washer”), both of Milwaukee, Wisconsin. Marvec had been acquired by Shakeproof in 1996-97.<sup>39</sup> Only Shakeproof provided the Commission with data; Wrought Washer did not respond. At the hearing held in connection with the first five-year reviews, a Shakeproof business manager described Wrought Washer as a small niche producer, incapable of competing across the entire breadth of HSLWs.<sup>40</sup>

In its response to the Commission’s notice of institution in the second and third five-year reviews, Shakeproof again described itself as the major U.S. HSLW producer, accounting for approximately \*\*\* percent of U.S. production of HSLWs.<sup>41</sup> According to Shakeproof, the only other operating U.S. producer of the domestic like product at the time was Wrought Washer, described again as a “small, privately held niche producer.” On its company website, Wrought Washer described itself as “one of the world’s leading contract manufacturers of special washers.” In addition, the company advertised other types of lock washers made from carbon steel.<sup>42</sup>

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<sup>37</sup> *Investigation Nos. 731-TA-624 and 625 (Third Review): Helical Spring Lock Washers from China and Taiwan—Staff Report*, INV-JJ-096, September 29, 2011, p. I-13.

<sup>38</sup> *Helical Spring Lock Washers from China and Taiwan, Inv. Nos. 731-TA-624 and 625 (Third Review)*, USITC Publication 4277, November 2011, p. I-10.

<sup>39</sup> Shakeproof acquired Marvec by asset purchase. Marvec’s inventories were added to Shakeproof’s and the customers were then serviced out of Shakeproof’s existing production operation.

<sup>40</sup> *Helical Spring Lock Washers from China and Taiwan, Inv. Nos. 731-TA-624 and 625 (Third Review)*, USITC Publication 4277, November 2011, p. I-10.

<sup>41</sup> *Investigation Nos. 731-TA-624 and 625 (Third Review): Helical Spring Lock Washers from China and Taiwan—Staff Report*, INV-JJ-096, September 29, 2011, p. I-14.

<sup>42</sup> *Helical Spring Lock Washers from China and Taiwan, Inv. Nos. 731-TA-624 and 625 (Third Review)*, USITC Publication 4277, November 2011, pp. I-10 through I-11.

In these fourth five-year reviews, Shakeproof again stressed that it is the major U.S. HSLW producer, accounting for approximately \*\*\* percent of U.S. production of HSLWs. It indicated that it is not aware of any related parties among the U.S. producers. According to Shakeproof, the only other currently operating U.S. producer of the domestic like product is Wrought Washer, described by Shakeproof again as a “small, privately held niche producer.”<sup>43</sup> On its company website, Wrought Washer describes itself as “the world’s largest washer manufacturer of standard washers and special washers.” Its 225,000 square foot factory in Milwaukee operates more than 50 presses and processes more than 200,000 pounds of steel each day.<sup>44</sup>

Shakeproof is one of over 840 businesses that Illinois Tool Works, Inc. (“ITW”) operates in 57 countries.<sup>45</sup> ITW began operations in 1912 in Chicago, manufacturing metal-cutting equipment and gear assemblies. The tooth lock washer, developed in 1923, was ITW’s first major product innovation; the Shakeproof division, established first in Chicago and later in Elgin, Illinois, dates from that time. HSLWs did not become part of Shakeproof’s product line until April 1991, when Shakeproof bought Mellowes.<sup>46</sup>

### **Definition of the domestic industry and related party issues**

The domestic industry is defined as the U.S. producers as a whole of the domestic like product, or those producers whose collective output of the domestic like product constitutes a major proportion of the total domestic production of the product. In its original investigation and subsequent five-year reviews, the Commission defined the domestic industry as all domestic producers of HSLWs consisting of two firms, Shakeproof and Wrought Washer.<sup>47</sup> There are no known related parties.

### **U.S. producers’ trade and financial data**

The Commission asked domestic interested parties to provide trade and financial data in their response to the notice of institution of the current five-year reviews.<sup>48</sup> Table I-2 presents a

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<sup>43</sup> *Domestic Interested Party’s Response to the Notice of Institution*, December 1, 2016, p.16.

<sup>44</sup> Wrought Washer company website, *About Us*, found at <http://wroughtwasher.com>, retrieved January 18, 2017.

<sup>45</sup> ITW consolidated its 840 regional businesses into 84 global divisions in 2013. *ITW 2015 Annual Report*, p. 2.

<sup>46</sup> *Certain Helical Spring Lock Washers from Taiwan*, Inv. No. 731-TA-625 (Final), USITC Publication 2651, October 1993, p. I-13, *Investigation Nos. 731-TA-624 and 625 (Final): Certain Helical Spring Lock Washers from China and Taiwan*, -- Staff Report, INV-Q-162, September 23, 1993, p. I-18; and *Investigation Nos. 731-TA-624 and 625 (Review): Helical Spring Lock Washers from China and Taiwan – Staff Report*, INV-X-258, December 22, 2000, p. I-14.

<sup>47</sup> *Helical Spring Lock Washers from China and Taiwan*, Inv. Nos. 731-TA-624 and 625 (Third Review), USITC Publication 4277, November 2011, p. 6.

<sup>48</sup> Individual company trade and financial data are presented in app. B.

compilation of the data submitted from the responding U.S. producer as well as trade and financial data submitted by U.S. producers in the original investigations and prior five-year reviews. Shakeproof noted in its response to the Commission’s notice of institution in these fourth five-year reviews that its HSLW operations have experienced a decline in employment of \*\*\* percent since the third five-year reviews and that its capacity utilization of \*\*\* percent in 2015 was the \*\*\*. It also noted that its “operating profitability \*\*\*.”<sup>49</sup>

**Table I-2**

**HSLWs: Trade and financial data submitted by U.S. producers, 1992, 1999, 2005, 2010, and 2015**

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

**U.S. importers**

During the original investigations, the Commission identified 90 importers of HSLWs from China and Taiwan that accounted for 97 and 93 percent of imports, respectively. In the first five-year reviews, the Commission indicated that four responding firms were responsible for \*\*\* percent of total imports of HSLWs in 1999.<sup>50 51</sup>

In their response to the Commission’s notice of institution in these fourth five-year reviews, Shakeproof provided a list of four firms believed to be U.S. importers of subject HSLWs.<sup>52</sup>

**U.S. imports**

Import data for HSLWs are presented in table I-3.

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<sup>49</sup> *Domestic Interested Party’s Response to the Notice of Institution*, December 1, 2016, p. 14.

<sup>50</sup> *Investigation Nos. 731-TA-624 and 625 (Third Review): Helical Spring Lock Washers from China and Taiwan—Staff Report*, INV-JJ-096, September 29, 2011, p. I-20.

<sup>51</sup> The American Association of Fastener Importers ("AAFI"), the majority of whose members were U.S. importers of HSLWs from China in the first five-year reviews, provided information to the Commission in response to the notice of institution in those reviews, and the four responding firms to the Commission’s importer questionnaire were all members of AAFI. *Helical Spring Lock Washers from China and Taiwan, Inv. Nos. 731-TA-624 and 625 (Third Review)*, USITC Publication 4277, November 2011, p. I-14.

<sup>52</sup> *Domestic Interested Party’s Response to the Notice of Institution*, December 1, 2016, app. D.

**Table I-3**  
**HSLWs: U.S. imports, 2011-15**

Item	2011	2012	2013	2014	2015
	<b>Quantity (1,000 pounds)</b>				
China (subject)	6,115	5,789	7,056	7,901	6,884
Taiwan (subject)	1,271	1,271	1,339	1,363	1,214
Subtotal subject	7,387	7,060	8,395	9,264	8,098
Canada	8	1	16	11	2
Germany	117	116	184	206	534
Italy	416	255	155	952	1,261
Japan	369	474	417	494	560
Sweden	1	( <sup>1</sup> )	1	57	19
United Kingdom	1	3	1	4	1
All other imports (nonsubject)	72	91	121	104	234
Subtotal nonsubject	985	940	895	1,829	2,611
Total imports	8,371	8,000	9,290	11,093	10,709
	<b>Landed, duty-paid value (\$1,000)</b>				
China (subject)	7,076	7,240	8,112	9,393	7,763
Taiwan (subject)	2,996	2,930	2,707	2,623	2,528
Subtotal subject	10,072	10,170	10,819	12,016	10,291
Canada	103	15	45	61	18
Germany	657	850	883	769	1,756
Italy	1,701	946	609	1,807	2,467
Japan	994	1,432	1,132	1,148	1,213
Sweden	33	3	10	122	84
United Kingdom	150	151	165	105	69
All other imports (nonsubject)	535	715	852	541	1,276
Subtotal nonsubject	4,173	4,112	3,696	4,553	6,883
Total imports	14,245	14,282	14,514	16,569	17,174
	<b>Unit value (dollars per pound)</b>				
China (subject)	1.16	1.25	1.15	1.19	1.13
Taiwan (subject)	2.36	2.31	2.02	1.92	2.08
Subtotal subject	1.36	1.44	1.29	1.30	1.27
Canada	12.73	18.34	2.88	5.68	9.02
Germany	5.59	7.35	4.81	3.73	3.29
Italy	4.09	3.70	3.92	1.90	1.96
Japan	2.69	3.02	2.71	2.33	2.17
Sweden	52.18	118.01	13.89	2.14	4.35
United Kingdom	120.26	46.59	282.79	23.66	75.79
All other imports (nonsubject)	7.46	7.83	7.01	5.18	5.46
Subtotal nonsubject	4.24	4.37	4.13	2.49	2.64
Total imports	1.70	1.79	1.56	1.49	1.60

<sup>1</sup> Less than 500 pounds.

Note.--Because of rounding, figure may not add to total shown. Unit values are calculated from unrounded data.

Source: Official statistics of Commerce for HTS statistical reporting number 7318.21.0030.

The total level of imports into the United States of HSLWs from all sources in 1992, prior to the imposition of the antidumping duty orders under review, was 9.9 million pounds, and total imports from China and Taiwan were 8.8 million pounds. Data shows that after the imposition of the antidumping duty orders on Taiwan (June 1993) and China (October 1993), the quantity of imports from subject sources declined by 62.8 percent from 1992 to 1999. By 2005, however, subject import levels were nearly 80 percent of the levels recorded in 1992, and for much of the period during the third reviews remained in the 7.3 million – 8.3 million pound range.<sup>53</sup> By 2011, U.S. subject imports levels declined by 15.9 percent from 1992 levels to 7.4 million pounds, and peaked at 9.3 million pounds in 2014 before declining to 8.1 million pounds in 2015.

### **Apparent U.S. consumption and market shares**

Table I-4 presents data on U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, while table I-5 presents data on U.S. market shares of U.S. apparent consumption. Imports of HSLWs from China and Taiwan were equivalent to \*\*\* percent and \*\*\* percent of reported U.S. production in 2015 respectively. On a cumulated basis, subject imports from China and Taiwan were equivalent to \*\*\* percent of reported U.S. production. The ratio of imports of HSLWs from nonsubject countries to domestic production was \*\*\* percent in 2015.

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<sup>53</sup> *Helical Spring Lock Washers from China and Taiwan, Inv. Nos. 731-TA-624 and 625 (Third Review)*, USITC Publication 4277, November 2011, p. I-14.

**Table I-4**

**HSLWs: U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, 1992, 1999, 2005, 2010, and 2015**

Item	1992 <sup>1</sup>	1999	2005	2010	2015
	<b>Quantity (1,000 pounds)</b>				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from—					
China (subject)	7,091	2,885	6,495	7,286	6,884
Taiwan (subject)	735	378	389	1,004	1,214
Total subject	7,826	3,263	6,884	8,290	8,098
All other	1,094	1,981	509	623	2,611
Total imports	8,920	5,243	7,394	8,913	10,709
Apparent U.S. consumption	***	***	***	***	***
	<b>Value (1,000 dollars)</b>				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from—					
China (subject)	4,272	1,525	4,187	7,363	7,763
Taiwan (subject)	1,465	392	696	2,031	2,528
Total subject	5,737	1,917	4,883	9,395	10,291
All other	1,444	2,117	3,043	2,764	6,883
Total imports	7,181	4,034	7,926	12,159	17,174
Apparent U.S. consumption	***	***	***	***	***

<sup>1</sup> Import data for 1992 represents U.S. shipments of imports.

Source: For the years 1992, 1999, 2005, and 2010, data are compiled using data submitted in the Commission's previous proceedings. *See app. C.* For the year 2015, the U.S. producer's U.S. shipments are compiled from the domestic interested party's response to the Commission's notice of institution and U.S. imports are compiled using official Commerce statistics under HTS subheading 7318.21.0030. U.S. producer's data presented for 1992 represent 100 percent of the domestic industry and were provided by four U.S. producers that responded to the Commission's questionnaire in the original investigations. U.S. industry data presented for 1999, 2005, 2010, and 2015 were provided by Shakeproof, which is believed to have accounted for approximately \*\*\* percent of U.S. HSLW production in each year. *Domestic Interested Party's Response to the Notice of Institution*, December 1, 2016, app. E.

**Table I-5**

**HSLWs: Apparent U.S. consumption and U.S. market shares, 1992, 1999, 2005, 2010, and 2015**

\* \* \* \* \*

### **CUMULATION CONSIDERATIONS**

In assessing whether imports should be cumulated, the Commission determines whether U.S. imports from the subject countries compete with each other and with the domestic like product and has generally considered four factors: (1) fungibility, (2) presence of sales or offers to sell in the same geographical markets, (3) common or similar channels of distribution, and (4) simultaneous presence in the market. Additional information concerning geographical markets and simultaneous presence in the market is presented below.<sup>54</sup>

#### **Presence in the market**

With respect to simultaneous presence in the market, imports of HSLWs from each subject country entered the United States in all 60 months from January 2011 to December 2015.

#### **Geographic markets**

With respect to geographic markets, U.S. imports of HSLWs from China entered the United States primarily through Los Angeles, California; as well as through Chicago, Illinois; Savannah, Georgia; Seattle, Washington; Dallas-Fort Worth, Texas; Cleveland, Ohio; and New York, New York. More than two-thirds (68.0 percent) of U.S. imports of HSLWs from China during 2011-15 entered the United States through ports of entry located in the North and West geographic areas of the United States. U.S. imports of HSLWs from Taiwan primarily entered the United States through Chicago, Illinois; San Francisco, California; Cleveland, Ohio; and Los Angeles, California. About three-quarters (75.7 percent) of U.S. imports of HSLWs from Taiwan during 2011-15 entered the United States through ports of entry located in the North and West geographic areas of the United States.

### **THE INDUSTRY IN CHINA**

In the original 1993 investigations, the only complete information on the industry in China provided was for Hangzhou of Zhejiang, China. During the time of the Commission's original investigations, Hangzhou reported that its capacity to produce HSLWs in China was \*\*\* pounds per year. This company's output reportedly accounted for \*\*\* percent of production

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<sup>54</sup> In addition, available information concerning subject country producers and the global market is presented in the next section of this report.

and more than \*\*\* percent of U.S. imports of the subject merchandise from China.<sup>55</sup> The Commission also identified ten additional mainland China HSLW potential producers and one with a Hong Kong address but did not receive responses directly from these potential producers. However, the Ministry of Foreign Trade and Economic Cooperation provided limited data for seven HSLW producers in China.<sup>56</sup>

In the first five-year reviews, the Commission received a questionnaire response from the only firm believed to be exporting HSLWs from China to the United States at that time, Hangzhou.<sup>57</sup> The U.S. embassy in Beijing confirmed that Hangzhou was the only Chinese producer of HSLWs that exported to the United States and identified the following three firms as producers of HSLWs that did not export to the United States during the first review period: Shanghai Xiongliang Industrial and Trading Co. Ltd.; Jiangsu Jiangyin Hengteli Spring Washer Co., Ltd.; and Shanghai Spring Washer Factory.<sup>58</sup> Hangzhou reportedly accounted for \*\*\* percent of China's production of HSLWs in 1999.<sup>59</sup>

The Commission reported in prior reviews that HSLW manufacturing technology in China has not changed since the original investigations. At that time, in 1993, Hangzhou reportedly used a lock washer production process, utilizing equipment developed by Hangzhou itself, that was similar to that employed by Shakeproof, except that \*\*\*.<sup>60</sup> The company reported no significant changes in production technology from 1993 to 1999 and explained that its major production inputs are \*\*\*. Hangzhou reported in its questionnaire response in the first five-year review \*\*\*.

No respondent interested parties responded to the Commission's notice of institution in the second and third five-year reviews and the Commission conducted expedited reviews in which no questionnaires were issued. In response to the Commission's request in its notice of

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<sup>55</sup> *Investigation Nos. 731-TA-624 and 625 (Third Review): Helical Spring Lock Washers from China and Taiwan—Staff Report*, INV-JJ-096, September 29, 2011, p. I-25.

<sup>56</sup> *Helical Spring Lock Washers from China, Inv. No. 731-TA-624 (Third Review)*, USITC Publication 4277, November 2011, p. I-18. Among the eight HSLW producers for which data were available, capacity increased by 56.1 percent between 1990 and 1992, while production increased by 79.7 percent. Capacity in 1992 reached 36.8 million pounds and production reached 32.9 million pounds, with projections for continued growth in 1993 and 1994. Capacity utilization in 1992 stood at 89.4 percent.

<sup>57</sup> In June 1999, former Zhejiang Wanxin Group's ("ZWG") name was changed to Hangzhou Spring Lock Washer Co., Ltd., as it changed from a collectively owned company to a privately owned company. While Hangzhou and ZWG are synonymous, for clarity the company will be referred to as Hangzhou throughout this report.

<sup>58</sup> At the time of the first five-year reviews, Shanghai Spring Washer had a production capacity of 20 million tons and exported its products through the Shanghai Standard Products Import and Export Company. The firm did not export to the United States because of the antidumping duty order but did export to Europe and to southeast Asia.

<sup>59</sup> *Investigation Nos. 731-TA-624 and 625 (Third Review): Helical Spring Lock Washers from China and Taiwan—Staff Report*, INV-JJ-096, September 29, 2011, pp. I-25 through I-26.

<sup>60</sup> *Investigation Nos. 731-TA-624 and 625 (Third Review): Helical Spring Lock Washers from China and Taiwan—Staff Report*, INV-JJ-096, September 29, 2011, pp. I-26 through I-27.

institution in the second and third five-year reviews for a list of all known and currently operating producers of the subject merchandise in the subject countries, U.S. producer Shakeproof identified four foreign producers/exporters in China.<sup>61</sup>

In response to the Commission's request in its notice of institution in these fourth five-year reviews, Shakeproof identified six Chinese producers/exporters. In addition to the four firms identified in prior reviews, Shakeproof identified Jiangsu RC Import and Export Co., Ltd. and Suzhou Guoxin Group Wang Shun Import and Export Co., Ltd. The potential production capability of these firms was not submitted by the domestic interested party and is not available from public sources.<sup>62</sup>

### THE INDUSTRY IN TAIWAN

In the original 1993 investigation concerning Taiwan, the Commission found that HSLWs were produced by four producers in Taiwan. However, three of these producers allegedly stopped producing HSLWs in the second half of 1992. The fourth, Likunog Industrial Co., Ltd., ("Likunog"), was identified by the Commission as the major producer of stainless steel HSLWs in Taiwan.<sup>63</sup> During the time of the Commission's original investigations, Likunog reported that its capacity to produce HSLWs in Taiwan was \*\*\* pounds per year. This company's output reportedly accounted for \*\*\* percent of the production of stainless steel HSLWs and \*\*\* percent of the production of carbon steel HSLWs in Taiwan.<sup>64</sup> Likunog is located in Keelung City, a suburb of Taipei, in the northeast of Taiwan. Likunog's current products include high carbon steel and stainless steel 304, 316 HSLWs. To serve global markets, Likunog also produces washers in compliance with international standards.<sup>65</sup>

In the first full five-year reviews the Commission sent foreign producer questionnaires to six firms in Taiwan. Through the American Institute in Taiwan ("AIT") and the Taiwan Screws Industry Association, the Commission was informed that "spring washers have normally been just accessories to the screws, and few companies in Taiwan produce or export spring washers. This market is very small and shrinking since the antidumping duties were enacted." The six firms contacted by the AIT responded that they do not produce or export the subject product. Therefore, the Commission did not obtain any company data for 1997-99. At the hearing,

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<sup>61</sup> *Helical Spring Lock Washers from China and Taiwan, Inv. Nos. 731-TA-624 and 625 (Third Review)*, USITC Publication 4277, November 2011, p. I-19.

<sup>62</sup> *Domestic Interested Party's Response to the Notice of Institution*, December 1, 2016, app. D.

<sup>63</sup> *Helical Spring Lock Washers from China and Taiwan, Inv. Nos. 731-TA-624 and 625 (Third Review)*, USITC Publication 4277, November 2011, pp. I-20 through I-21.

<sup>64</sup> *Investigation Nos. 731-TA-624 and 625 (Third Review): Helical Spring Lock Washers from China and Taiwan—Staff Report*, INV-JJ-096, September 29, 2011, pp. I-30 through I-31.

<sup>65</sup> [http://www.fastener-world.com.tw/new/company\\_page.php?id=836&ln=](http://www.fastener-world.com.tw/new/company_page.php?id=836&ln=), retrieved January 18, 2011.

witnesses for Shakeproof testified that there are over a dozen firms in Taiwan that produce HSLWs.<sup>66</sup>

In its response to the Commission's request in its notice of institution in the second and third five-year reviews for a list of all known and currently operating producers of the subject merchandise in the subject countries, Shakeproof identified three foreign producers/exporters in Taiwan: Par Excellence Industrial Co., Ltd.; Ray-Fu Enterprise Co., Ltd.; and Spring Lake Enterprise Co., Ltd.<sup>67</sup> In its response to the Commission's request in its notice of institution in these current fourth five-year reviews, Shakeproof identified the same three firms in Taiwan identified in the previous five-year reviews.<sup>68</sup>

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

There are no known antidumping duty actions or orders in place outside the United States.

### **THE GLOBAL MARKET**

Table I-6 presents the largest global export sources of spring or lock washers of iron or steel during 2011-15. According to Global Trade Atlas, China was the world's largest exporter of spring or lock washers in 2015,<sup>69</sup> exporting over 49.2 million pounds. Taiwan was the tenth largest global exporter at 2.86 million pounds and the United States was the fourth largest exporter of washers, exporting 7.776 million pounds. China's leading export markets for washers in 2015 included, in descending order, Japan (10.6 million pounds), the United States (10.2 million pounds), India (4.2 million pounds), and South Korea (4.0 million pounds). Taiwan's leading export destinations were the United States (2.8 million pounds), Vietnam (1.0 million pounds), and Thailand (0.4 million pounds).

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<sup>66</sup> *Investigation Nos. 731-TA-624 and 625 (Third Review): Helical Spring Lock Washers from China and Taiwan—Staff Report*, INV-JJ-096, September 29, 2011, p. I-31.

<sup>67</sup> *Helical Spring Lock Washers from China and Taiwan, Inv. Nos. 731-TA-624 and 625 (Third Review)*, USITC Publication 4277, November 2011, p. I-21.

<sup>68</sup> *Domestic Interested Party's Response to the Notice of Institution*, December 1, 2016, app. D.

<sup>69</sup> Spring or lock washers of iron or steel (HS 7318.21) includes helical spring lock washers and other types of lock washers. The latter are not subject products in these reviews. Global Trade Atlas data does not track imports below the six-digit level.

**Table I-6****Spring or lock washers of iron or steel: Global exports by major sources, 2011-15**

Country	2011	2012	2013	2014	2015
	<b>Quantity (1,000 pounds)</b>				
China	64,786	64,174	68,106	60,694	49,294
Germany	22,998	19,798	21,770	25,908	27,260
Italy	13,300	11,742	13,024	15,010	14,820
United States	5,466	4,436	5,484	6,304	7,776
Russia	11,740	4,814	2,312	2,976	5,194
France	4,034	4,000	3,936	4,710	4,704
Bosnia & Herzegovina	6,488	5,412	6,598	4,508	4,382
Spain	2,792	2,396	2,172	2,526	3,872
Japan	3,558	3,572	3,998	3,678	3,084
Taiwan	8,546	7,034	6,794	4,984	2,860
All other	30,280	31,722	31,048	27,000	24,944
Total	173,986	159,102	165,242	158,296	148,192

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

Source: Global Trade Information Services, Inc., Global Trade Atlas, HS subheading 7318.21.



**APPENDIX A**

***FEDERAL REGISTER NOTICES***



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

Citation	Title	Link
81 FR 75851 November 1, 2016	<i>Helical Spring Lock Washers from China and Taiwan; Institution of Five-Year Reviews</i>	<a href="https://www.gpo.gov/fdsys/pkg/FR-2016-11-01/pdf/2016-26266.pdf">https://www.gpo.gov/fdsys/pkg/FR-2016-11-01/pdf/2016-26266.pdf</a>
81 FR 75808 November 1, 2016	<i>Initiation of Five-Year ("Sunset") Reviews</i>	<a href="https://www.gpo.gov/fdsys/pkg/FR-2016-11-01/pdf/2016-26364.pdf">https://www.gpo.gov/fdsys/pkg/FR-2016-11-01/pdf/2016-26364.pdf</a>



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



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

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**APPENDIX C**

**SUMMARY DATA COMPILED IN PRIOR PROCEEDINGS**



**Table I-3**

**HSLWs: U.S. producers' trade, employment, and financial data, 1992, 1999, 2005, and 2006-10**

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**Table I-5**  
**HSLWs: U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, 1992, 1999,**  
**2005, and 2006-10**

Item	1992 <sup>1</sup>	1999	2005	2006	2007	2008	2009	2010
<b>Quantity (1,000 pounds)</b>								
U.S. producers' U.S. shipments	***	***	***	***	***	***	***	***
U.S. imports from-- China:	7,091	2,885	6,495	7,830	7,118	6,573	4,026	7,286
Taiwan	735	378	389	404	546	726	565	1,004
Subtotal	7,826	3,263	6,884	8,233	7,664	7,299	4,592	8,290
Other sources	1,094	1,981	509	614	784	769	383	623
All sources	8,920	5,243	7,394	8,847	8,449	8,069	4,975	8,913
Apparent U.S. consumption	***	***	***	***	***	***	***	***
<b>Value (\$1,000)</b>								
U.S. producers' U.S. shipments	***	***	***	***	***	***	***	***
U.S. imports from-- China:	4,272	1,525	4,187	5,295	5,353	5,980	4,293	7,363
Taiwan	1,465	392	696	705	1,002	1,641	987	2,031
Subtotal	5,737	1,917	4,883	6,000	6,355	7,621	5,280	9,395
Other sources	1,444	2,117	3,043	2,049	2,870	3,537	1,845	2,764
All sources	7,181	4,034	7,926	8,050	9,225	11,158	7,125	12,159
Apparent U.S. consumption	***	***	***	***	***	***	***	***
<b>Share of apparent U.S. consumption based on quantity (percent)</b>								
U.S. producers' U.S. shipments	***	***	***	***	***	***	***	***
U.S. imports from-- China:	***	***	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***
<sup>1</sup> Data for 1992 represent U.S. shipments of imports from <i>Certain Helical Spring Lock Washers from China and Taiwan Inv. Nos. 731-TA-624 and 625 (Final)</i> , confidential staff report, table 2. Accordingly, the 1992 data presented above differ from 1992 import data presented in table I-4.								
Source: <i>Helical Spring Lock Washers from China and Taiwan, Inv. Nos. 731-TA-624 and 625 (Second Review)</i> , confidential staff report, table I-7, official Commerce statistics, and domestic interested party's response, Appendix E.								

**APPENDIX D**

**PURCHASER QUESTIONNAIRE RESPONSES**



As part of their response to the notice of institution, interested parties were asked to provide a list of three to five leading purchasers in the U.S. market for the domestic like product. Shakeproof, the only responding domestic interested party, identified the following three firms as the top purchasers of helical spring lock washers: \*\*\*. Purchaser questionnaires were sent to these three firms and one firm (\*\*\*) provided a response which is presented below.

1. a.) Have any changes occurred in technology; production methods; or development efforts to produce helical spring lock washers that affected the availability of helical spring lock washers in the U.S. market or in the market for helical spring lock washers in China and Taiwan since 2012?
- b.) Do you anticipate any changes in technology; production methods; or development efforts to produce helical spring lock washers that will affect the availability of helical spring lock washers in the U.S. market or in the market for helical spring lock washers in China and Taiwan within a reasonably foreseeable time?

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

2. a.) Have any changes occurred in the ability to increase production of helical spring lock washers (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production) that affected the availability of helical spring lock washers in the U.S. market or in the market for helical spring lock washers in China and Taiwan since 2012?
- b.) Do you anticipate any changes in the ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production) that will affect the availability of helical spring lock washers in the U.S. market or in the market for helical spring lock washers in China and Taiwan within a reasonably foreseeable time?

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

3. a.) Have any changes occurred in factors related to the ability to shift supply of helical spring lock washers among different national markets (including barriers to importation in foreign markets or changes in market demand abroad) that affected the availability of helical spring lock washers in the U.S. market or in the market for helical spring lock washers in China and Taiwan since 2012?
- b.) Do you anticipate any changes in factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad) that will affect the availability of helical spring lock washers in the U.S. market or in the market for helical spring lock washers in China and Taiwan within a reasonably foreseeable time?

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

4. a.) Have there been any changes in the end uses and applications of helical spring lock washers in the U.S. market or in the market for helical spring lock washers in China and Taiwan since 2012?

b.) Do you anticipate any changes in the end uses and applications of helical spring lock washers in the U.S. market or in the market for helical spring lock washers in China and Taiwan within a reasonably foreseeable time?

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

5. a.) Have there been any changes in the existence and availability of substitute products for helical spring lock washers in the U.S. market or in the market for helical spring lock washers in China and Taiwan since 2012?

b.) Do you anticipate any changes in the existence and availability of substitute products for helical spring lock washers in the U.S. market or in the market for helical spring lock washers in China and Taiwan within a reasonably foreseeable time?

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

6. a.) Have there been any changes in the level of competition between helical spring lock washers produced in the United States, helical spring lock washers produced in China and Taiwan, and such merchandise from other countries in the U.S. market or in the market for helical spring lock washers in China and Taiwan since 2012?

b.) Do you anticipate any changes in the level of competition between helical spring lock washers produced in the United States, helical spring lock washers produced in China and Taiwan, and such merchandise from other countries in the U.S. market or in the market for helical spring lock washers in China and Taiwan within a reasonably foreseeable time?

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

7. a.) Have there been any changes in the business cycle for helical spring lock washers in the U.S. market or in the market for helical spring lock washers in China and Taiwan since 2012?

b.) Do you anticipate any changes in the business cycle for helical spring lock washers in the U.S. market or in the market for helical spring lock washers in China and Taiwan within a reasonably foreseeable time?

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

