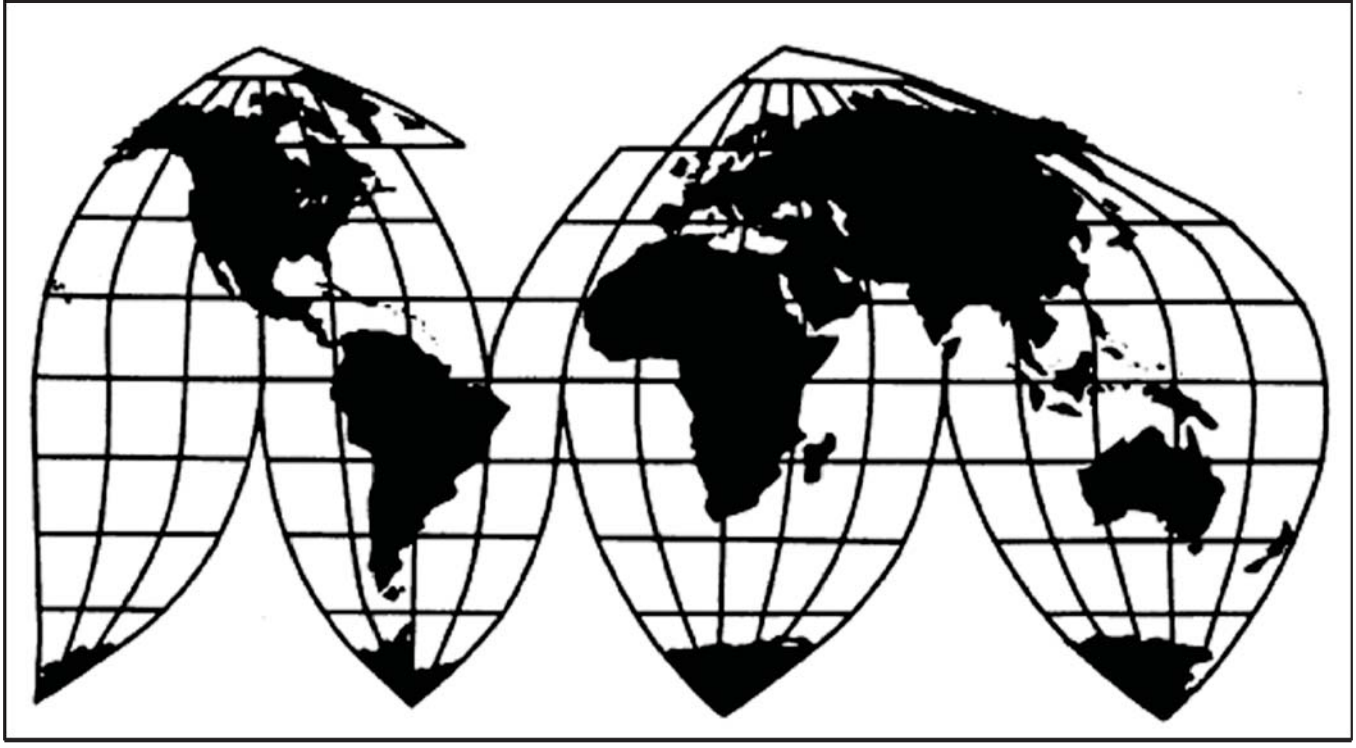
Certain Steel Nails from Korea, Malaysia, Oman, Taiwan, and Vietnam

Investigation Nos. 701-TA-521 and 731-TA-1252-1255 and1257 (Final)

Publication 4541 **July 2015**

U.S. International Trade Commission



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Note.–Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks (***).

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-521 and 731-TA-1252-1255 and 1257 (Final)

Certain Steel Nails From Korea, Malaysia, Oman, Taiwan, and Vietnam

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission ("Commission") determines, pursuant to the Tariff Act of 1930 ("the Act"), that an industry in the United States is materially injured by reason of imports of certain steel nails from Korea, Malaysia, Oman, Taiwan, and Vietnam, provided for in subheadings 7317.00.55, 7317.00.65 and 7317.00.75 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce to be sold in the United States at less than fair value ("LTFV"), and by reason of imports from Vietnam that have been found by Commerce to be subsidized by the government of Vietnam. [2] [3]

BACKGROUND

The Commission, pursuant to sections 705(b) and 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1671d(b)) and (19 U.S.C. § 1673d(b)), instituted these investigations effective May 29, 2014, following receipt of a petition filed with the Commission and Commerce by Mid Continent Nail Corporation (Poplar Bluff, MO). The Commission scheduled the final phase of the investigations after Commerce published preliminary determinations that imports of certain steel nails from Korea, Malaysia, Oman, Taiwan, and Vietnam were dumped within the meaning of 733(b) of the Act (19 U.S.C. § 1673b(b)) and that imports of certain steel nails from Vietnam were subsidized within the meaning of section 703(b) of the Act (19 U.S.C. § 1671b(b)). Notice of the scheduling of the final phase of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on December 29, 2014 (80 FR 3622, January 23, 2015). The hearing was held in Washington, DC, on May 14, 2015, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

[2] Chairman Meredith M. Broadbent dissenting.

[3] Commissioner F. Scott Kieff did not participate in these investigations.

Views of the Commission

Based on the record in the final phase of these investigations, we find that an industry in the United States is materially injured by reason of imports of steel nails from Korea, Malaysia, Oman, Taiwan, and Vietnam found by the U.S. Department of Commerce ("Commerce") to be sold in the United States at less than fair value, and by reason of imports of steel nails from Vietnam found by Commerce to be subsidized by the government of Vietnam.[1]

I. Background

Mid Continent Nail Corporation ("Mid Continent"), a domestic producer of steel nails, filed the petitions in these investigations on May 29, 2014.[2] It appeared at the hearing accompanied by counsel and submitted prehearing and posthearing briefs.

Oman Fasteners LLC ("Oman Fasteners"), producers and exporters of subject merchandise from Oman, appeared at the Commission hearing and submitted prehearing and posthearing briefs. Ko's Nails Inc., Zon Mon Co. Ltd., Liang Chyuan Industrial Co. Ltd., Pro-Team Coil Nail Enterprise Inc., Romp Coil Nail Industries Inc., Hor Liang Industrial Corp., Unicatch Industrial Co. Ltd., China Staple Enterprise Corp., and Certified Products Taiwan Inc. (collectively, "Taiwan Respondents"), producers/exporters and importers of subject merchandise from Taiwan, also appeared at the Commission hearing and submitted joint prehearing and posthearing briefs.[3]

U.S. industry data are based on the questionnaire responses from 13 domestic producers that accounted for virtually all domestic production of steel nails in 2014. U.S. import data are based on official Commerce import statistics and from questionnaire responses of 31 U.S. importers of steel nails from subject countries, which accounted for 65.2 percent of U.S. imports of subject merchandise in 2014. The Commission received responses to its questionnaires from the following foreign producers/exporters of subject merchandise: Two producers/exporters in Korea, accounting for approximately *** percent of U.S. imports of subject merchandise from Korea during the January 2012 to December 2014 period of

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[1] Chairman Broadbent determines that an industry in the United States is not materially injured or threatened with material injury by reason of the subject merchandise. *See* Separate and Dissenting Views of Chairman Broadbent. She joins sections I-V.B of these Views.

Commissioner Kieff did not participate in these investigations.

[2] Confidential Report ("CR")/Public Report ("PR") at I-1 and Table III-1. Some of the investigations that were initiated have since been terminated. In the preliminary phase, the Commission found that steel nails from India and Turkey were negligible and terminated the investigations with respect to those imports. *Certain Steel Nails from India, Korea, Malaysia, Oman, Taiwan, Turkey, and Vietnam* (Preliminary), Inv. Nos. 701-TA-515-521 and 731-TA-1251-1257, USITC Pub. 4480 at 14-18 (July 2014) ("Preliminary Determination"). In addition, Commerce has made final negative countervailing duty determinations with respect to nails from Oman, Taiwan, Korea, and Malaysia. 80 Fed. Reg. at 28952 (Oman), 28958 (Malaysia), 28964 (Taiwan), and 28966 (Korea) (May 20, 2015).

[3] No respondent parties from Korea, Malaysia, or Vietnam filed briefs or appeared at the hearing in the final phase of these investigations.

investigation ("POI");[4] one producer/exporter in Malaysia accounting for approximately *** percent of U.S. imports of subject merchandise from Malaysia during the POI reported in official statistics;[5] two producers/exporters in Oman, accounting for approximately *** percent of U.S. imports of subject merchandise from Oman during the POI reported in official statistics;[6] and eight producer/exporters in Taiwan, accounting for approximately *** percent of U.S. imports of subject merchandise from Taiwan during the POI.[7] No producer/exporters of subject merchandise in Vietnam responded to the Commission's questionnaires.

II. Domestic Like Product

A. In General

In determining whether an industry in the United States is materially injured or threatened with material injury by reason of imports of subject merchandise, the Commission first defines the "domestic like product" and the "industry."[8] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Tariff Act"), defines the relevant domestic industry as the "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[9] In turn, 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."[10]

The decision regarding the appropriate domestic like product in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[11] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[12] The Commission looks for clear dividing lines among

[4] CR at VII-4, PR at VII-3.
[5] CR at VII-6, PR at VII-4.
[6] CR at VII-6, PR at VII-4.
[7] CR at VII-9, PR at VII-5.
[8] 19 U.S.C. § 1677(4)(A).
[9] 19 U.S.C. § 1677(4)(A).
[10] 19 U.S.C. § 1677(10).
[11] *See, e.g.*, *Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Dep't of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Torrington Co. v. United States*, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of factors, including the following: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. *See Nippon*, 19 CIT at 455 n.4; *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).
[12] *See*, *e.g.*, S. Rep. No. 96-249 at 90-91 (1979).

possible like products and disregards minor variations.[13] Although the Commission must accept Commerce's determination as to the scope of the imported merchandise that is subsidized or sold at less than fair value,[14] the Commission determines what domestic product is like the imported articles Commerce has identified.[15]

B. Product Description

Commerce defined the scope of the imported merchandise under investigation as follows:

> The merchandise covered by these investigations is certain steel nails having a nominal shaft length not exceeding 12 inches. Certain steel nails include, but are not limited to, nails made from round wire and nails that are cut from flat-rolled steel. Certain steel nails may be of one piece construction or constructed of two or more pieces. Certain steel nails may be produced from any type of steel, and may have any type of surface finish, head type, shank, point type and shaft diameter. Finishes include, but are not limited to, coating in vinyl, zinc (galvanized, including but not limited to electroplating or hot dipping one or more times), phosphate, cement, and paint. Certain steel nails may have one or more surface finishes. Head styles include, but are not limited to, flat, projection, cupped, oval, brad, headless, double, countersunk, and sinker. Shank styles include, but are not limited to, smooth, barbed, screw threaded, ring shank and fluted. Screw-threaded nails subject to this proceeding are driven using direct force and not by turning the nail using a tool that engages with the head. Point styles include, but are not limited to, diamond, needle, chisel and blunt or no point. Certain steel nails may be sold in bulk, or they may be collated in any manner using any material. If packaged in combination with one or more nonsubject

[13] *Nippon*, 19 CIT at 455; *Torrington*, 747 F. Supp. at 748-49; *see also* S. Rep. No. 96-249 at 90-91 (Congress has indicated that the like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

[14] *See*, *e.g., USEC, Inc. v. United States*, 34 Fed. Appx. 725, 730 (Fed. Cir. 2002) ("The ITC may not modify the class or kind of imported merchandise examined by Commerce."); *Algoma Steel Corp. v. United States*, 688 F. Supp. 639, 644 (Ct. Int'l Trade 1988), *aff'd*, 865 F.3d 240 (Fed. Cir.), *cert. denied*, 492 U.S. 919 (1989).

[15] *Hosiden Corp. v. Advanced Display Mfrs*., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (the Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); *Cleo*, 501 F.3d at 1298 n.1 ("Commerce's {scope} finding does not control the Commission's {like product} determination."); *Torrington*, 747 F. Supp. at 748-52 (affirming the Commission's determination defining six like products in investigations in which Commerce found five classes or kinds).

articles, certain steel nails remain subject merchandise if the total number of nails of all types, in aggregate regardless of size, is equal to or greater than 25.

Excluded from the scope of these investigations are certain steel nails packaged in combination with one or more nonsubject articles, if the total number of nails of all types, in aggregate regardless of size, is less than 25, unless otherwise excluded based on the other exclusions below.

Also excluded from the scope are certain steel nails with a nominal shaft length of one inch or less that are (a) a component of an unassembled article, (b) the total number of nails is sixty (60) or less, and (c) the imported unassembled article falls into one of the following eight groupings: 1) builders' joinery and carpentry of wood that are classifiable as windows, French-windows and their frames; 2) builders' joinery and carpentry of wood that are classifiable as doors and their frames and thresholds; 3) swivel seats with variable height adjustment; 4) seats that are convertible into beds (with the exception of those classifiable as garden seats or camping equipment); 5) seats of cane, osier, bamboo or similar materials; 6) other seats with wooden frames (with the exception of seats of a kind used for aircraft or motor vehicles); 7) furniture (other than seats) of wood (with the exception of i) medical, surgical, dental or veterinary furniture; and ii) barbers' chairs and similar chairs, having rotating as well as both reclining and elevating movements); or 8) furniture (other than seats) of materials other than wood, metal, or plastics (e.g., furniture of cane, osier, bamboo or similar materials). The aforementioned imported unassembled articles are currently classified under the following Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 4418.10, 4418.20, 9401.30, 9401.40, 9401.51, 9401.59, 9401.61, 9401.69, 9403.30, 9403.40, 9403.50, 9403.60, 9403.81 or 9403.89.

Also excluded from the scope of these investigations are steel nails that meet the specifications of Type I, Style 20 nails as identified in Tables 29 through 33 of ASTM Standard F1667 (2013 revision).[16]

Also excluded from the scope of these investigations are nails suitable for use in powder-actuated hand tools, whether or not threaded, which are currently classified under HTSUS subheadings 7317.00.20.00 and 7317.00.30.00.

[16] This provision excludes steel roofing nails that meet the designated ASTM Standard from the scope.

> Also excluded from the scope of these investigations are nails having a case hardness greater than or equal to 50 on the Rockwell Hardness C scale (HRC), a carbon content greater than or equal to 0.5 percent, a round head, a secondary reduced-diameter raised head section, a centered shank, and a smooth symmetrical point, suitable for use in gas-actuated hand tools.
>
> Also excluded from the scope of these investigations are corrugated nails. A corrugated nail is made up of a small strip of corrugated steel with sharp points on one side.
>
> Also excluded from the scope of these investigations are thumb tacks, which are currently classified under HTSUS subheading 7317.00.10.00.
>
> Certain steel nails subject to these investigations are currently classified under HTSUS subheadings 7317.00.55.02, 7317.00.55.03, 7317.00.55.05, 7317.00.55.07, 7317.00.55.08, 7317.00.55.11, 7317.00.55.18, 7317.00.55.19, 7317.00.55.20, 7317.00.55.30, 7317.00.55.40, 7317.00.55.50, 7317.00.55.60, 7317.00.55.70, 7317.00.55.80, 7317.00.55.90, 7317.00.65.30, 7317.00.65.60 and 7317.00.75.00. Certain steel nails subject to these investigations also may be classified under HTSUS subheading 8206.00.00.00. While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of these investigations is dispositive.[17]

The steel nails covered by the scope are produced either from low-carbon, stainless, or medium to high-carbon steel. They are packaged either in bulk (loose in a container) or collated (joined into strips for use in pneumatic nailing tools, *i.e.* nail guns). While most nails are produced from a single piece of steel wire, some are produced from two or more pieces.[18] The nails covered by the scope of these investigations are used for a wide variety of purposes, including residential construction such as flooring and roofing, and industrial applications such as pallet manufacture.[19]

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[17] *Certain Steel Nails From the Republic of Korea: Final Determination of Sales at Less Than Fair Value*, 80 Fed. Reg. 28955 (May 20, 2015); *Certain Steel Nails From Taiwan: Final Determination of Sales at Less Than Fair Value*, 80 Fed. Reg. 28959 (May 20, 2015); *Certain Steel Nails From Malaysia: Final Determination of Sales at Less Than Fair Value*, 80 Fed. Reg. 28969 (May 20, 2015); *Certain Steel Nails From the Sultanate of Oman: Final Determination of Sales at Less Than Fair Value*, 80 Fed. Reg. 28972 (May 20, 2015); and *Certain Steel Nails From the Socialist Republic of Vietnam: Final Determination of Sales at Less Than Fair Value*, 80 Fed. Reg. 29622 (May 22, 2015).

[18] CR at I-16-17, PR at I-12.

[19] CR at I-14-17, PR at I-12.

C. Arguments of the Parties

Petitioner argues that the Commission should find a single domestic like product that is coextensive with the scope of Commerce's investigations, as it did in the preliminary determinations. Petitioner asserts that the record contains no new information to warrant revisiting the Commission's definition of the domestic like product in the preliminary phase of these investigations.[20] Oman Fasteners and Taiwan Respondents do not challenge the Commission's preliminary like product definition.[21]

D. Domestic Like Product Analysis

In our preliminary determinations, we found that all steel nails were used primarily as fasteners in construction or commercial use and shared similar production processes.[22] We found that all steel nails were produced to the same industry-wide standards and were generally interchangeable within type, size, and finish.[23] We also found that steel nails were sold primarily to distributors.[24] Based on these findings, we defined a single domestic like product coextensive with the scope of Commerce's investigations. The record in the final phase of these investigations contains no new information pertinent to the issue of domestic like product.[25] In light of this and in the absence of any argument to the contrary, for the reasons set forth in our preliminary determinations, we again find a single domestic like product consisting of steel nails, coextensive with Commerce's scope definition.

III. Domestic Industry

The domestic industry is defined as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[26] 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.

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 771(4)(B) of the Tariff Act. This provision allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise

[20] Mid Continent Prehearing Brief at 5.

[21] Taiwan Respondents Prehearing Brief at 9. Oman Fasteners joins the Taiwan Respondents' joint Prehearing Brief. Oman Fasteners Prehearing Brief at 1 n.1.

[22] Preliminary Determination, USITC Pub. 4480 at 10.

[23] Preliminary Determination, USITC Pub. 4480 at 7-8.

[24] Preliminary Determination, USITC Pub. 4480 at 10.

[25] *See generally* CR at I–16–21, PR at I-12-15.

[26] 19 U.S.C. § 1677(4)(A).

or which are themselves importers.[27] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.[28]

Four domestic producers are related parties because they imported steel nails from subject countries during the POI. *** imported steel nails from Korea;[29] *** imported steel nails from Korea, Malaysia, and Vietnam; *** imported steel nails from Malaysia and Taiwan; and *** imported steel nails from Taiwan.[30] In addition, *** is a related party because it is owned by PrimeSource,[31] an affiliate of U.S. importer Itochu. Itochu imported steel nails from all five subject countries during the POI.

Petitioner asks the Commission to define the domestic industry to include all domestic producers of steel nails.[32] Respondents ask the Commission to exclude *** from the domestic industry and argue that its primary interest lies in importation rather than domestic production.[33] We discuss below whether appropriate circumstances exist to exclude any of these five firms from the domestic industry, addressing first the four firms for which no party advocated exclusion, followed by the disputed firm.

***. ***.[34] In that year, it accounted for *** percent of domestic production, and its ratio of imports of subject merchandise to U.S. production was *** percent. *** the petitions, and its interests appear to lie principally in domestic production rather than importation. It

[27] *See Torrington Co. v. United States*, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), *aff'd without opinion*, 991 F.2d 809 (Fed. Cir. 1993); *Sandvik AB v. United States*, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), *aff'd mem*., 904 F.2d 46 (Fed. Cir. 1990); *Empire Plow Co. v. United States*, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987).

[28] The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include the following:

(1) the percentage of domestic production attributable to the importing producer;

(2) the reason the U.S. producer has decided to import the product subject to investigation, *i.e*., whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market; and

(3) the position of the related producer vis-à-vis the rest of the industry, *i.e*., whether inclusion or exclusion of the related party will skew the data for the rest of the industry.

See, *e.g*., *Torrington Co. v. United States*, 790 F. Supp. at 1168.

The Commission has also analyzed whether the interests of a related party producer lie principally in production or importation. *See, e.g., Certain Crystalline Silicon Photovoltaic Products from China and Taiwan*, Inv. Nos. 701-TA-511 and 731-TA-1246-1247 (Final), USITC Pub. 4519 at 17-18 (Feb. 2015) ("*CSPV Panels II*").

[29] CR at III-11, PR at III-8.

[30] CR/PR at Table III-8.

[31] *See* 19 USC § 1677(4)(B)(ii)(III). ***. *See* CR/PR at Table III-1 n.4 and Table IV-1.

[32] Mid Continent Prehearing Brief at 6-8.

[33] Taiwan Respondents Posthearing Brief at 25-26.

[34] CR at III-11, PR at III-8.

does not appear to have benefitted from its importing activities ***.[35] [36] We therefore find that appropriate circumstances do not exist to exclude this firm from the domestic industry.

***. ITW accounted for *** percent of domestic steel nail production in 2014.[37] Its ratio of imports from subject countries to U.S. production was *** percent in 2012, *** percent in 2013, and *** percent in 2014.[38] *** and its interests appear to lie principally in domestic production rather than importation of subject merchandise. It did not appear to benefit from its importing activities as its *** throughout the POI.[39] We therefore find that appropriate circumstances do not exist to exclude it from the domestic industry.

***. *** accounted for *** percent of domestic production in 2014.[40] Its ratio of imports from subject countries to U.S. production was *** percent in 2012, *** percent in 2013, and *** percent in 2014.[41] It *** the petitions, and its principal interests appear to lie in domestic production rather than importation of subject merchandise. Over the POI, *** increased its domestic production while decreasing its imports of subject merchandise.[42] As this ratio decreased over the POI, its financial performance improved.[43] While the firm's financial performance was generally better than the domestic industry average, its performance did not correlate with the relative or absolute level of its importation activities. We find that appropriate circumstances do not exist to exclude this firm from the domestic industry.

***. *** accounted for *** percent of domestic production in 2014. Its ratio of imports of subject merchandise to U.S. production was *** percent in 2012, *** percent in 2013, and *** percent in 2014.[44] It *** the petitions.[45] Its volume of U.S. production was higher at the end of the POI than it was at the beginning, and its imports of subject merchandise decreased slightly over the POI. Its interests appear to lie principally in its domestic production rather than in importation of subject merchandise. Further, the record does not indicate that it has

[35] CR/PR at Table III-1. Its ratio of operating income to net sales was *** percent in 2014, the only year it produced nails, whereas the domestic industry's average was *** percent in 2014. CR/PR at Table VI-2.

[36] Vice Chairman Pinkert does not rely on a firm's financial performance in these investigations as a factor in determining whether there are appropriate circumstances to exclude the firm from the domestic industry.

[37] CR/PR at Table III-1.

[38] CR/PR at Table III-8.

[39] CR/PR at Tables III-1 and III-8. Its ratio of operating income to net sales was *** percent in 2012, *** percent in 2013, and *** percent in 2014. The industry average was *** percent, respectively. CR/PR at Table VI-2.

[40] CR/PR at Table III-1.

[41] CR/PR at Table III-8.

[42] CR/PR at Table III-1.

[43] Its ratio of operating income to net sales was *** percent in 2012, *** percent in 2013, and *** percent in 2014. The industry average was *** percent respectively. *See* CR/PR at Table VI-2.

[44] CR/PR at Table III-8.

[45] CR/PR at Tables III-1-2 and III-8.

benefitted from its subject imports, as ***.[46] We find that appropriate circumstances do not exist to exclude it from the domestic industry.

***. ***.[47] In 2014, its share of domestic production was *** percent.[48] Its ratio of subject merchandise imported ***, to U.S. production was *** percent in 2012, *** percent in 2013, and *** percent in 2014.[49] It *** the petitions.[50] *** financial performance was ***.[51]

We acknowledge that domestic industry data will not be significantly different whether or not this firm is excluded from the domestic industry. Nevertheless, we conclude that appropriate circumstances exist to exclude *** from the domestic industry. *** domestic production was extraordinarily low when compared to the subject imports of its affiliate *** throughout the period of investigation. Following a drop from 2012 to 2013, this disparity widened significantly between 2013 and 2014. In 2014, Progressive produced *** short tons of steel nails and Itochu imported *** short tons of subject merchandise.[52] We find that *** interests are primarily, and increasingly, in importation of subject merchandise rather than in domestic production, and exclude it from the domestic industry.[53]

In light of the foregoing, we define the domestic industry to include all domestic producers of nails except ***.

IV. Cumulation

For purposes of evaluating the volume and effects for a determination of material injury by reason of subject imports, section 771(7)(G)(i) of the Tariff Act requires the Commission to cumulate subject imports from all countries as to which petitions were filed and/or

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[46] Its ratio of operating income to net sales was *** percent in 2012, *** percent in 2013, and *** percent in 2014. The industry average was *** percent, respectively. CR/PR at Table VI-2.

[47] CR/PR at Table III-8.

[48] CR/PR at Table III-1.

[49] CR/PR at Table III-8.

[50] CR/PR at Table III-1.

[51] Its ratio of operating income to net sales was *** percent in 2012, *** percent in 2013, and *** percent in 2014. The industry average was *** percent respectively. CR/PR at Tables VI-1-2. We observe that ***.

[52] CR/PR at Table III-8.

[53] Commissioners Williamson and Johanson do not join this paragraph. As noted above, *** is the only domestic producer whose inclusion in the domestic industry is contested. Respondents fairly point out that *** domestic production is less than the subject imports of its corporate affiliate, and that it *** the petitions. On the other hand, the record does not show that, through this affiliation, *** domestic production operations benefitted from subject imports or were shielded from any effects caused by subject imports, or that the firm's exclusion is needed to avoid distorting domestic industry data. *See LG Electronics, Inc. v. U.S. Intern. Trade Comm'n*, 26 F. Supp. 3d 1338, 1344-47 (Ct. Int'l Trade 2014) (affirming Commission decision not to exclude domestic producer, over respondents' objection, when the firm did not benefit from subject import and its exclusion was unnecessary to avoid skewing industry data); *see also supra* at nn.27-28. On balance, therefore, they find that appropriate circumstances do not exist to exclude *** from the domestic industry.

investigations self-initiated by Commerce on the same day, if such imports compete with each other and with the domestic like product in the U.S. market. In assessing whether subject imports compete with each other and with the domestic like product, the Commission generally has considered four factors:

(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 geographic markets of subject 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 the subject imports are simultaneously present in the market.[54]

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.[55] Only a "reasonable overlap" of competition is required.[56]

Mid Continent filed the petitions with respect to all five countries on the same day, May 29, 2014.[57] In addition, as discussed below, we find there is reasonable overlap of competition between subject imports from Korea, Malaysia, Oman, Taiwan, and Vietnam, and between imports from each of these subject countries and the domestic like product.

Fungibility. The record indicates that steel nails are a fungible product. All responding U.S. producers and substantial majorities of importers and purchasers reported that imports from each of the subject countries were always or frequently interchangeable with each other

[54] S*ee Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan*, Inv. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), *aff'd*, *Fundicao Tupy, S.A. v. United States*, 678 F. Supp. 898 (Ct. Int'l Trade), *aff'd*, 859 F.2d 915 (Fed. Cir. 1988).

[55] *See*, *e.g*., *Wieland Werke, AG v. United State*s, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

[56] The Statement of Administrative Action (SAA) to the Uruguay Round Agreements Act (URAA), expressly states that "the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition." H.R. Rep. No. 103-316, Vol. I at 848 (1994) (*citing Fundicao Tupy, S.A. v. United States*, 678 F. Supp. at 902; *see Goss Graphic Sys., Inc. v. United States*, 33 F. Supp. 2d 1082, 1087 (Ct. Int'l Trade 1998) ("cumulation does not require two products to be highly fungible"); *Wieland Werke, AG*, 718 F. Supp. at 52 ("Completely overlapping markets are not required.").

[57] None of the statutory exceptions to cumulation applies. Mid Continent argues that the Commission should cumulate imports from all subject countries. Mid Continent Prehearing Brief at 8-10. No respondent asserted a contrary argument.

and with the domestic like product.[58] The majority of the responding purchasers indicated that steel nails from each of the subject countries were generally comparable to steel nails from the other subject countries and to the domestic like product.[59] Nails from both subject and domestic sources are concentrated in bright, unfinished collated nails. In 2014, 65.5 percent of domestic producers' U.S. shipments and *** percent of U.S. importers' subject U.S. shipments were collated, bright unfinished nails. They compete against each other in a broad range of nail categories.[60]

Channels of Distribution. During the POI, the majority of the U.S. commercial shipments of domestically produced steel nails went to distributors.[61] Subject imports from Malaysia, Oman, Taiwan, and Vietnam were either exclusively or primarily sold to distributors during the POI with the remainder shipped to end users. Shipments of subject imports from Korea were *** in 2014 the majority of such imports were shipped to distributors.[62]

Geographic Overlap. The record indicates that the domestic like product and subject imports from all countries were present in all geographic regions of the United States during the POI.[63]

Simultaneous Presence in Market. The record indicates that steel nails from all sources were simultaneously present in the U.S. market. Steel nails produced in the United States and imported from Korea, Malaysia, Oman, Taiwan, and Vietnam were sold in the United States in every quarter between January 2012 and December 2014.[64]

Conclusion. Because the petitions were filed on the same day and the record indicates that there is a reasonable overlap of competition between and among subject imports and the domestic like product, we cumulate subject imports from Korea, Malaysia, Oman, Taiwan, and Vietnam for the purposes of our analysis of material injury by reason of subject imports.[65]

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[58] CR/PR at Table II-9.

[59] CR/PR at Table II-9. The domestic like product was deemed superior to imports from each subject country on delivery time. Majorities or pluralities of purchasers reported the domestic like product was inferior to imports from three subject countries concerning branding. *Id*.

[60] *Compare* CR/PR Table III-5 (with Progressive data included) to Table IV-5, and CR/PR Table III-5A (with Progressive excluded) to Table IV-5.

[61] CR/PR at Table II-1.

[62] CR/PR at Table II-1.

[63] CR/PR at Table II-2.

[64] CR/PR at Tables IV-7 and IV-9.

[65] For purposes of the determination in the countervailing duty investigation concerning steel nails from Vietnam, we are cumulating dumped and subsidized imports from Vietnam with dumped imports from Korea, Malaysia, Oman, and Taiwan. *See generally CSPV II*, USITC Pub. 4519 at 24 n.124 (discussing cross-cumulation of dumped and subsidized imports). No party in these investigations argued against cross-cumulation.

V. Material Injury by Reason of Subject Imports[66]

Based on the record in the final phase of these investigations, we find that an industry in the United States is materially injured by reason of imports of steel nails from Korea, Malaysia, Oman, Taiwan, and Vietnam that Commerce has found to be sold in the United States at less than fair value, and by reason of imports of steel nails from Vietnam that Commerce has found to be subsidized by the government of Vietnam.

A. Legal Standards

In the final phase of antidumping and countervailing duty investigations, the Commission determines whether an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.[67] In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[68] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[69] In assessing whether the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[70] No single factor is dispositive, and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[71]

Although the statute requires the Commission to determine whether the domestic industry is "materially injured or threatened with material injury by reason of" unfairly traded imports,[72] it does not define the phrase "by reason of," indicating that this aspect of the injury analysis is left to the Commission's reasonable exercise of its discretion.[73] In identifying a

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[66] Chairman Broadbent does not join the remainder of these views as they concern material injury by reason of subject imports. She joins the discussion below concerning the legal standards for material injury and the pertinent conditions of competition, sections VA-B. She writes separately to explain why she finds that the domestic industry is not materially injured or threatened with material injury by reason of subject imports from Korea, Malaysia, Oman, Taiwan, and Vietnam. *See* Separate and Dissenting Views of Chairman Meredith M. Broadbent.

[67] 19 U.S.C. §§ 1671d(b), 1673d(b).

[68] 19 U.S.C. § 1677(7)(B). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each {such} factor ... and explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[69] 19 U.S.C. § 1677(7)(A).

[70] 19 U.S.C. § 1677(7)(C)(iii).

[71] 19 U.S.C. § 1677(7)(C)(iii).

[72] 19 U.S.C. §§ 1671d(a), 1673d(a).

[73] *Angus Chemical Co. v. United States*, 140 F.3d 1478, 1484-85 (Fed. Cir. 1998) ("{T}he statute does not 'compel the commissioners' to employ {a particular methodology}."), *aff'g,* 944 F. Supp. 943, 951 (Ct. Int'l Trade 1996).

causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the "by reason of" standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.[74]

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include nonsubject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.[75] In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.[76] Nor does the

[74] The Federal Circuit, in addressing the causation standard of the statute, observed that "{a}s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement." *Nippon Steel Corp. v. USITC*, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was further ratified in *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867, 873 (Fed. Cir. 2008), where the Federal Circuit, quoting *Gerald Metals, Inc. v. United States*, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that "this court requires evidence in the record 'to show that the harm occurred "by reason of" the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.'" *See also Nippon Steel Corp. v. United States*, 458 F.3d 1345, 1357 (Fed. Cir. 2006); *Taiwan Semiconductor Industry Ass'n v. USITC*, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

[75] SAA at 851-52 ("{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports."); S. Rep. 96-249 at 75 (1979) (the Commission "will consider information which indicates that harm is caused by factors other than less-than-fair-value imports."); H.R. Rep. 96-317 at 47 (1979) ("in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;" those factors include "the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry"); *accord Mittal Steel*, 542 F.3d at 877.

[76] SAA at 851-52 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports."); *Taiwan Semiconductor Industry Ass'n,* 266 F.3d at 1345 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports ... . Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports." (emphasis in original)); *Asociacion de Productores de Salmon y Trucha de Chile AG v. United States*, 180 F. Supp. 2d 1360, 1375 (Ct. Int'l Trade 2002) ("{t}he Commission is not required to isolate the effects of subject imports from other factors contributing to injury" or make "bright-line distinctions" between the effects of subject imports and other causes.); *see also Softwood Lumber from Canada*, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that "{i}f an alleged other factor is found not to have or threaten to have

Continued on next page.

"by reason of" standard require that unfairly traded imports be the "principal" cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as nonsubject imports, which may be contributing to overall injury to an industry.[77] It is clear that the existence of injury caused by other factors does not compel a negative determination.[78]

Assessment of whether material injury to the domestic industry is "by reason of" subject imports "does not require the Commission to address the causation issue in any particular way" as long as "the injury to the domestic industry can reasonably be attributed to the subject imports" and the Commission "ensure{s} that it is not attributing injury from other sources to the subject imports."[79] [80] Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[81]

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injurious effects to the domestic industry, *i.e*., it is not an 'other causal factor,' then there is nothing to further examine regarding attribution to injury"), *citing Gerald Metals,* 132 F.3d at 722 (the statute "does not suggest that an importer of LTFV goods can escape countervailing duties by finding some tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.").

[77] S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

[78] *See Nippon Steel Corp*., 345 F.3d at 1381 ("an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the 'dumping' need not be the sole or principal cause of injury.").

[79] *Mittal Steel*, 542 F.3d at 877-78; *see also id.* at 873 ("While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured 'by reason of' subject imports, the Commission is not required to follow a single methodology for making that determination ... {and has} broad discretion with respect to its choice of methodology.") *citing United States Steel Group v. United States*, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75.

[80] Vice Chairman Pinkert does not join this paragraph or the following three paragraphs. He points out that the Federal Circuit, in *Bratsk*, 444 F.3d 1369, and *Mittal Steel*, held that the Commission is *required*, in certain circumstances when considering present material injury, to undertake a particular kind of analysis of nonsubject imports, albeit without reliance upon presumptions or rigid formulas. *Mittal Steel* explains as follows:

> What *Bratsk* held is that "where commodity products are at issue and fairly traded, price competitive, non-subject imports are in the market," the Commission would not fulfill its obligation to consider an important aspect of the problem if it failed to consider whether nonsubject or non-LTFV imports would have replaced LTFV subject imports during the period of investigation without a continuing benefit to the domestic industry. 444 F.3d at 1369. Under those circumstances, *Bratsk* requires the Commission to consider whether replacement of the LTFV subject imports might have occurred during the period of investigation, and it requires the Commission to provide an explanation of its conclusion with respect to that factor.
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> 542 F.3d at 878.

[81] *Nucor Corp. v. United States*, 414 F.3d 1331, 1336, 1341 (Fed. Cir. 2005); *see also Mittal Steel*, 542 F.3d at 879 ("*Bratsk* did not read into the antidumping statute a Procrustean formula for determining whether a domestic injury was 'by reason' of subject imports.").

The Federal Circuit's decisions in *Gerald Metals, Bratsk*, and *Mittal Steel* all involved cases where the relevant "other factor" was the presence in the market of significant volumes of price-competitive nonsubject imports. The Commission interpreted the Federal Circuit's guidance in *Bratsk* as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive nonsubject imports.[82] The additional "replacement/benefit" test looked at whether nonsubject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the *Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago* determination that underlies the *Mittal Steel* litigation.

Mittal Steel clarifies that the Commission's interpretation of *Bratsk* was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have "evidence in the record" to "show that the harm occurred 'by reason of' the LTFV imports," and requires that the Commission not attribute injury from nonsubject imports or other factors to subject imports.[83] Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to *Bratsk*.

The progression of *Gerald Metals, Bratsk*, and *Mittal Steel* clarifies that, in cases involving commodity products where price-competitive nonsubject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.[84]

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence standard.[85] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[86]

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[82] *Mittal Steel*, 542 F.3d at 875-79.

[83] *Mittal Steel*, 542 F.3d at 873 (quoting from *Gerald Metals*, 132 F.3d at 722), 875-79 & n.2 (recognizing the Commission's alternative interpretation of *Bratsk* as a reminder to conduct a non-attribution analysis).

[84] To that end, after the Federal Circuit issued its decision in *Bratsk*, the Commission began to present published information or send out information requests in final phase investigations to producers in nonsubject countries that accounted for substantial shares of U.S. imports of subject merchandise (if, in fact, there were large nonsubject import suppliers). In order to provide a more complete record for the Commission's causation analysis, these requests typically seek information on capacity, production, and shipments of the product under investigation in the major source countries that export to the United States. The Commission plans to continue utilizing published or requested information in final phase investigations in which there are substantial levels of nonsubject imports.

[85] We provide in our respective discussions of volume, price effects, and impact a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

[86] *Mittal Steel*, 542 F.3d at 873; *Nippon Steel Corp*., 458 F.3d at 1350, *citing U.S. Steel Group*, 96 F.3d at 1357; S. Rep. 96-249 at 75 ("The determination of the ITC with respect to causation is ... complex and difficult, and is a matter for the judgment of the ITC.").

B. Conditions of Competition and the Business Cycle

The following conditions of competition inform our analysis of whether there is material injury by reason of subject imports.

1. Demand Considerations

As stated earlier, the steel nails covered by the scope of these investigations are used primarily in residential construction and industrial applications such as pallet manufacture.[87] Demand for steel nails is thus driven primarily by activity in the construction market, particularly the residential construction market.[88] The majority of industry participants reported that demand for steel nails increased over the POI and attributed this increased demand to an increase in construction and new home starts, industrial production, and improvement in the U.S. economy.[89] U.S. housing starts, a major factor influencing overall U.S. demand for nails, increased from 723,000 housing units in January 2012 to over 1 million housing units in December 2014.[90] Apparent U.S. consumption of steel nails also increased from 584,957 short tons in 2012 to 633,415 short tons in 2013, and then to 674,510 short tons in 2014.[91]

2. Supply Considerations

Nails are supplied to the U.S. market by domestic producers, producers of subject imports, and producers of nonsubject imports. Over the POI, nonsubject imports accounted for the largest share of the market, followed by subject imports, and then domestic production.

Petitioner Mid Continent is the largest domestic producer, accounting for *** percent of domestic production in 2014. There are two mid-size domestic producers that individually accounted for *** percent of domestic production in 2014. The remaining domestic producers that submitted questionnaire responses are small producers.[92] The capacity of the domestic industry fluctuated over the POI.[93] Domestic capacity was nonetheless always lower than

[87] CR at I-14-17, PR at I-12.

[88] CR at II-20, PR at II-12.

[89] CR at II-23-24, PR at II-14; CR/PR at Table II-3. *See also* Oman Fasteners Prehearing Brief at 44 ("U.S. demand grew by 15.34 percent by volume over the ***.").

[90] CR/PR at Figure II-1.

[91] CR/PR at Table IV-8.

[92] CR/PR at Table III-1. These data include ***. With *** excluded, none of the remaining small producers accounts for more than *** percent of domestic production. With *** included, none of the remaining small producers accounts for more than *** percent of domestic production. *Id*.

[93] With *** excluded, capacity decreased from *** short tons in 2012 to *** short tons in 2013, and then increased to *** in 2014. CR/PR at Table C-3. With *** included, capacity decreased from 328,414 short tons in 2012 to 326,761 short tons in 2013, and then increased to 343,108 short tons in 2014. CR/PR at Table III-3.

apparent U.S. consumption while domestic capacity utilization was flat and remained at less than *** percent throughout the POI.[94]

The composition of the domestic industry changed throughout the POI as some domestic producers ceased operations and other firms began production. *** reported that it ***, and ***.[95] In 2012, *** began production of steel nails and in 2014 *** began production operations, although it reported that ***.[96]

Subject imports were present in the U.S. market throughout the POI. They held 34.1 percent of apparent U.S. consumption by volume in 2012, 34.9 percent in 2013, and 37.4 percent in 2014.[97] Of the subject sources, Taiwan was the largest, holding *** percent of the U.S. market in 2014. Oman emerged over the POI as the subject country with the greatest increase in volume and ended the POI as the second largest subject source, holding 7.2 percent of the U.S. market in 2014.[98]

Nonsubject steel nails from China and the United Arab Emirates ("UAE") are subject to U.S. antidumping duty orders. Steel nails from China have been subject to an antidumping duty order since 2008, but remain present in the U.S. market and held a relatively steady share of the U.S. market over the POI.[99] Steel nails from UAE became subject to an antidumping duty order in 2012. After imposition of duties, their presence in the U.S. market rapidly declined.[100] Other nonsubject sources of steel nails include Canada and the nail producers in Taiwan and Korea that received *de minimis* dumping margins from Commerce in its final determinations.[101]

3. Substitutability and Other Considerations

Steel nails are produced to industry specifications and the parties agreed that steel nails from subject sources can be substituted for domestically produced steel nails, especially when they are produced to the same specification.[102] Nails from subject and domestic sources are present in a broad range of nail categories, and are particularly concentrated in the bright

[94] CR/PR at Table III-3.

[95] CR at III-5, PR at III-3.

[96] CR at III-5, PR at III-3.

[97] CR/PR at Table IV-9. These data are the same regardless of whether *** is included in the domestic industry. *See* CR/PR at Table C-3.

[98] CR/PR at Table IV-9. These data are the same regardless of whether *** is included in the domestic industry. *See* CR/PR at Table C-3.

[99] *Certain Steel Nails from the People's Republic of China: Notice of Antidumping Duty Order*, 73 Fed. Reg. 44961 (Aug. 1, 2008); CR/PR at Table IV-9. Steel nails from China held 24.8 percent of the U.S. market in 2012, 21.7 percent in 2013, and 22.8 percent in 2014. CR/PR at Table IV-9.

[100] *Certain Steel Nails from the United Arab Emirates: Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order*, 77 Fed. Reg. 27421 (May 10, 2012); CR/PR at Table IV-9. Steel nails from UAE held 8.0 percent of the U.S. market in 2012, 5.5 percent in 2013, and 0.2 percent in 2014. CR/PR at Table IV-9.

[101] CR at II-19, PR at II-11; Commerce Final AD Determination, 80 Fed. Reg. at 28955.

[102] CR/PR at Table II-5 n.1; CR at II-32, PR at II-20.

unfinished category.[103] Most purchasers reported that price was one of the most important factors in their purchasing decisions, along with quality and availability, and that steel nails were comparable between subject and domestic sources in terms of product range.[104] We find that there is a moderate-to-high degree of substitutability between the domestic like product and subject imports.

Domestic producers indicated that they are capable of producing the full range of nail products.[105] [106] Respondents, however, argue that the domestic industry and *** refuse to supply privately labeled nails to the five major brands.[107] As a preliminary matter, we note that the domestic industry provides private label products, though not to the same extent as the subject imports. Domestic producers indicate that they are willing to produce private label products when the purchasing contracts are for a sufficiently long time and the order volume is large enough to be profitable.[108] Respondents acknowledge that the domestic industry is willing to produce private label contracts under certain conditions.[109] Domestic producers shipped *** short tons of private label nails into the U.S. market in 2014, which was more than the amount of privately labeled subject merchandise from Korea or Malaysia shipped by importers into the U.S. market.[110]

Responding purchasers generally indicated that private labeling was not an important factor in purchasing decisions. Forty one purchasers reported that private labeling was not an important factor, 19 reported it was somewhat important, and 20 reported it was very

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[103] *Compare* Table III-6 to Table IV-6; *compare* Table III-5 to Table IV-5. Respondents have emphasized that the domestic industry focuses on subject pallet nails. Tr. at 15 (Marshak). In fact, there is substantial overlap even in this nail category. U.S. importers' U.S. shipments of pallet nails (***) were substantial in relation to domestic producers' U.S. shipments of pallet nails (55,898 short tons with *** excluded and 55,983 short tons with *** included). *Compare* CR/PR Table III-6 to Table IV-6; *see also* *** U.S. Producer Questionnaire Response at Question II-14.

[104] CR/PR at Tables II-5-6.

[105] Tr. at 44 (Miller).

[106] Chairman Broadbent does not join the following two paragraphs concerning the domestic industry's private label sales and the importance of private label sales. *See* Separate and Dissenting Views of Chairman Broadbent for her views concerning the importance of private label sales as a factor limiting competition between subject imports and the domestic like product for sales to certain major purchasers.

[107] Taiwan Respondents Prehearing Brief at 20-22.

[108] *See, e.g.*, CR at II-31 nn.44-45, PR at II-19-20 nn.44-45; Tr. at 43 (Miller) ("we have significant available capacity and would be happy to use *** if the market allowed us a fair return on our investment."). Domestic producers maintain that that the limited number of purchasers that reported difficulty obtaining private label production were unwilling or unable to meet minimum quantity purchase requirements. Mid Continent Prehearing Brief at 81.

[109] Oman Fasteners Posthearing Brief at 7-8 (quoting domestic producers).

[110] Private label products accounted for *** percent of U.S. producers' U.S. commercial shipments in 2014; *** percent of U.S. commercial shipments of subject imports from Korea; *** percent of such shipments from Malaysia; *** percent of such shipments from Oman; *** percent of such shipments from Taiwan; and *** percent of such shipments from Vietnam. CR/PR at Table N-17. *** did not respond to this particular question in its questionnaire response, so its data are not included.

important.[111] Given that the domestic industry provides private labeling, particularly under certain conditions, and that a majority of purchasers do not find that it is an important factor in purchasing decisions, we do not find that private labeling is a significant constraint on competition between the domestic industry and subject imports.

Respondents assert that brand was an important factor in purchasing decisions during the POI. Respondents argue that there are five major nail gun brands, that each brand of nail guns is designed to be used with collated nails of the same brand, and that customers overwhelmingly choose nails that are of the same brand as their nail guns.[112] They contend that brand name is more important to purchasers than country of origin.[113]

Petitioner argues that price, not brand, is the determining factor that a customer considers when selecting which nails to use in a nail gun.[114] It asserts that most end users of collated steel nails, such as those employed in residential construction, do not have any control over what nails are purchased for use by their employers on the construction site and that so long as a nail meets the specifications required by a particular nail gun, it may be used in that nail gun regardless of brand.[115]

Evidence on the record indicates that end users do not generally seek out specific brands of collated nails for use in the same brand of nail gun. Industry witnesses for both petitioner and respondents testified at the hearing that many nail guns are used by professional contractors who are aware that nails of any brand can be used in a nail gun provided they meet the nail gun specifications.[116] They also testified that generic nails can be and are used in brand name nail guns.[117] Indeed, some nail gun manufacturers do not sell nails under their brand, so the end users who use such nail guns purchase nails of different brands.[118] We find on this

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[111] CR/PR at Table II-6.

[112] Oman Fasteners Prehearing Brief at 28.

[113] Oman Fasteners Prehearing Brief at 28

[114] Mid Continent Posthearing Brief at 4, 10.

[115] Mid Continent Posthearing Brief at 10-11; Tr. at 42, 70 (Miller). A U.S. producer stated that many steel nails are marketed as being compatible with more than one brand of nail gun because the nails are identical and that steel nail producers do not want to limit their potential customers to just owners of their brand of nail guns. Tr. at 42-43, 71 (Miller) ("***hen we manufacture private label for various companies, we put exactly the same nail in exactly the same box with a different label.").

[116] Tr. at 95 (Cronin), 172 (Karaga) ("they use generic product with the highest volume end users, that are most price sensitive").

[117] Tr. at 172 (Karaga).

[118] Mid Continent Posthearing Brief at 11; Mid Continent Final Comments at 7. Data provided by Home Depot indicate that *** percent of its professional customers and approximately *** percent of its non-professional customers surveyed purchase nails that match the brand of the nail gun all or most of the time. CR at II-32, PR at II-20; Home Depot Posthearing Br. at Exh. 2. Petitioner, on the other hand, has provided four declarations addressing the issue of brand loyalty as it is observed in the market outside of the big box stores, which indicate that most users have no control over the nails they use, and that most purchasers of collated nails have no knowledge of the brand of the nailers in which the nails they purchase are actually used. Mid Continent Posthearing Brief at Exh. 6 (declarations concerning brand loyalty). Significantly, the parties estimated that big box stores accounted for approximately *** percent of apparent U.S. consumption during the POI. *See, e.g.*, Taiwan Respondents Posthearing Brief

Continued on next page.

record that, while some nail purchasers are brand-loyal, competition exists between brands, and between branded and non-branded products, in this market.

Wire rod is the main raw material used to produce steel nails.[119] Wire rod prices decreased irregularly during the POI.[120] Prices for domestically produced wire rod declined slightly in mid-2013, but began to increase until mid-2014 when they declined again. Prices for imported wire rod, which was generally lower priced, showed similar fluctuating and downward trends. Overall, according to American Metal Market, prices for domestically produced wire rod decreased by 26.3 percent over the POI, and prices for imported wire rod decreased by 27.7 percent over the same period.[121]

Distributors of steel nails sometimes provide additional services to their customers. Certain big box retailers such as Home Depot seek out suppliers that can provide them with a wide range of stock keeping units ("SKUs") of nails. *** has supplied a wide range of SKUs to these big box retailers over the POI.[122] A Home Depot representative testified at the hearing that in addition to a broad distribution network, it seeks distributors that can provide additional in-store and localized services. These services include providing staff that ensure retail shelves are stocked and cleaned, providing immediate delivery, and having backup inventory and additional staff on hand to assist with increased sales at the retail level in the event of a natural disaster.[123] *** has 36 distribution centers in 28 U.S. states with over *** employees available to provide services to Home Depot and Lowe's with respect to all of its products, including nails. Indeed, the full-time job of *** employees is to maintain the Grip-Rite nail displays in Home Depot stores alone.[124]

C. Volume of Subject Imports

Section 771(7)(C)(i) of the Tariff Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[125]

We first briefly discuss an issue regarding the data we have used as the basis for our determination. The Commissioners who have joined this part of these Views are equally divided on the question of whether to exclude domestic producer Progressive under the

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at 10 n.20; Mid Continent Posthearing Brief at 13. In light of this, the Home Depot data appear more representative of so-called "do-it-yourselfers" and contractors that source from big box stores and the declarations from industry witnesses describe the larger part of the market serviced outside of the big box stores.

[119] CR at I-17, PR at I-13.

[120] CR/PR at Figure V-1.

[121] CR at V-1, PR at V-1.

[122] Tr. at 200 (Bressler); Taiwan Respondents Prehearing Brief at 10. A SKU is a retailer's or catalog's product identification code, often tracked with a machine readable bar code.

[123] Tr. at 121-22 (Bressler); Taiwan Respondents Prehearing Brief at 19-20.

[124] Taiwan Prehearing Brief at 19. Other than this *** arrangement with Home Depot and Lowe's, however, no other companies reported similar arrangements.

[125] 19 U.S.C. § 1677(7)(C)(i).

statute's related party provision.[126] The inclusion or exclusion of Progressive affects the measurement of domestic market share as well as various indicia in the section on Impact to follow. For those affected factors, we reference data alternately with Progressive excluded and with Progressive included. In all but a few instances, the trends over the POI were the same whether Progressive is excluded or included, and the same reasoning applies equally under either set of data.

Cumulated subject imports had a significant and increasing presence in the U.S. market throughout the POI. They increased by 37 percent over the POI, from 105,954 short tons in 2012 to 145,832 short tons in 2103, and then to 170,765 short tons in 2014.[127] Although apparent U.S. consumption increased during the POI, cumulated subject imports increased at a faster rate and grew in market share.[128] This market share gain occurred while nonsubject imports were losing market share. Over the POI nonsubject imports from UAE, which became subject to an antidumping duty order in May 2012, decreased significantly, from 46,633 short tons in 2012 to 34,669 short tons in 2013, and then to 1,396 in 2014.[129] Although the volume of nonsubject imports from sources other than UAE increased over the POI, the market share held by aggregated nonsubject imports decreased over the POI.[130] U.S. producers' market share was flat throughout the POI.[131]

The ratio of volume of subject imports to domestic production was high and increased throughout the POI.[132]

We find that the volume of cumulated subject imports, and the increase in that volume, are significant, both in absolute terms and relative to apparent U.S. consumption and production.[133]

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[126] Vice Chairman Pinkert and Commissioner Schmidtlein exclude Progressive; Commissioners Williamson and Johanson do not.

[127] CR/PR at Table IV-2.

[128] Subject imports' market share rose from *** percent in 2012 to *** percent in 2013, and then to *** percent in 2014. CR/PR at Tables C-1 and C-3. These data are the same with or without ***.

[129] CR/PR at Table IV-3. The decline in imports of nails from UAE from 2011 to 2014 was even more precipitous, from 110,395 short tons in 2011 to 1,396 short tons in 2014. *See* INV-MM-065 (preliminary phase staff report) at Table IV-7. The petition that resulted in the antidumping duty order on nails from UAE was filed on March 31, 2011. CR at I-11, PR at I-8.

[130] Nonsubject imports' market share declined from *** percent tin 2012 to *** percent in 2013, and then to *** percent in 2014. CR/PR at Tables C-1 and C-3. These data are the same with or without ***.

[131] With *** excluded, domestic producers' market share was *** percent in 2012, *** percent in 2013, and *** percent in 2014. CR/PR at Table C-3. With *** included, it was *** percent throughout the POI. CR/PR at Table IV-9.

[132] With *** excluded, the ratio was 162.3 percent in 2012, 181.2 percent in 2013, and 187.1 percent in 2014. CR/PR at Table IV-10 alternate. With *** included, the ratio increased from 155.5 percent in 2012 to 165.0 percent in 2013, and then to 176.7 percent in 2014. CR/PR at Table IV-10.

[133] Commissioner Johanson does not find that the increase in cumulated subject imports relative to apparent U.S. consumption is significant insofar as subject imports increased *** percentage points overall, nonsubject share decreased *** percentage points, and the domestic industry's share remained stable. CR/PR at Table C-1.

D. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Tariff Act provides that in evaluating the price effects of the subject imports, the Commission shall consider whether (i) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (ii) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[134]

As explained in Section V.B.3 above, the record indicates that there is a moderate-to-high degree of substitutability between subject imports and the domestic like product, particularly when they are produced to the same specifications, and price is an important factor in purchasing decisions. The Commission collected quarterly pricing data on 12 steel nail products.[135] Six U.S. producers and 17 importers provided usable pricing data for sales of the requested products.[136] Consistent with how nails are sold in the market, the Commission collected data on some of the products in units of 1,000 nails and data on other products in units of short tons.[137]

We first discuss several issues pertaining to the data we have used. As is our practice, the Commission requested prices for the first arms-length sale in the United States. Numerous domestic producers and importers provided such data, which are included in our data set. One such importer whose data we have included is ***. *** sells nails commercially to other parties, and there is customer overlap between it and at least one domestic producer.[138] We have not included the subsequent resale prices of ***, which is *** largest customer. ***

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[134] 19 U.S.C. § 1677(7)(C)(ii).

[135] The pricing products were: Product 1 -- Nominal 3" x 0.131" (10.25 gauge), bright smooth shank, 20-22 degree plastic-strip collated nails; Product 2 -- Nominal 3" x 0.120" (11 gauge), bright smooth shank, 20-22 degree plastic-strip collated nails; Product 3 -- Nominal 2 3/8" x 0.113" (11.5 gauge), bright smooth shank, 20-22 degree plastic-strip collated nails; Product 4 -- Nominal 3 1/4" x 0.131" (10.25 gauge), bright smooth shank, 20-22 degree plastic-strip collated nails; Product 5 -- Nominal 3" X 0.148" (9 gauge), bright smooth shank, 20-22 degree plastic-strip collated nails; Product 6 -- Nominal 2 ½" x 0.131" (10.25 gauge), bright smooth shank, 20-22 degree plastic-strip collated nails; Product 7 -- Nominal 2" x 0.113" (11.5 gauge), bright drive screw (threaded) shank, machine grade bulk nails; Product 8 -- Nominal 2" x 0.099" (12. 5 gauge), bright screw (threaded), 15 degree wire coil collated nails; Product 9 -- Nominal 2 ¼" x 0.113" (11.5 gauge), bright drive screw (threaded) shank, machine grade bulk nails; Product 10 -- Nominal 3" (nail shaft length)10 x 0.162" (8 gauge) bright smooth shank nail, double-headed or duplex head, 50 pound bulk box; Product 11 -- Nominal 1 ½" x 0.131" (10.25 gauge), bright smooth shank, 30-33 degree paper strip collated nails; and Product 12 -- Nominal 2 ½" x 0.148" (9 gauge), bright smooth shank, 30-33 degree paper strip collated nails. CR at V-6-7, PR at V-6-7.

[136] CR at V-7, PR at V-5. Not all firms reported pricing for all products for all quarters. *** did not provide pricing data.

[137] *See* CR/PR at Tables V-3-14 (Pricing Products 1-6, 8, 11, 12 are in 1,000 nails; Pricing Products 7, 9, and 10 are in short tons).

[138] For example, *** and Mid Continent share a top 10 customer (Blue Linx Corporation). *See* *** Importer Questionnaire at Question III-21; Mid Continent U.S. Producer Questionnaire at Question IV-21.

resales do not represent the first arms-length transaction in the United States, and are thus not comparable to other pricing data.[139] Accordingly, we reject respondents' argument that the Commission should exclude pricing data of *** and include data of ***.[140]

The circumstances concerning a second importer and reseller of subject merchandise – *** – are more complicated. *** are sister companies with common ownership. *** imports nails from subject and nonsubject sources and sells them to *** at a *** mark-up. As a result of their relationship, the transaction between *** is similar to an internal transfer; it is *** subsequent sale of nails imported by *** that is the first arms-length transaction in the U.S. market. We therefore have considered the data of *** in our pricing data. Because *** data were reported on a delivered basis, the Commission has had to adjust the data to subtract out delivery costs and put the data on an f.o.b. basis consistent with the data of other producers and importers, per the questionnaire instructions.[141] The inclusion of the *** data in our analysis provides for consideration of the pricing activity of the U.S. market participant that was identified as the price leader more often than any other supplier.[142]

Even after making the adjustment for delivery costs, however, an additional issue remains with regard to the *** data. *** is a distributor that provides additional services to at least certain major customers described in section V.B.3.[143] *** represents that this is a distinctive aspect of its business, and has not indicated that it charges customers separately for these services.[144] Thus, it appears that *** price offers, at least to these major customers, come with the understanding that it would provide valuable distribution, inventory, and in-store services not necessarily provided by producers and other importers. In light of its additional services, it is not clear that *** pricing data are fully comparable with pricing data of other producers and importers.

In light of these considerations, in making pricing comparisons we have not given sole consideration to the data that include *** prices; we have also considered data that exclude ***.[145]

The data that include *** indicate mixed underselling and overselling. We have considered the price comparison data both on the basis of the number of individual quarterly

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[139] Both *** and a domestic producer sell nails to ***; thus *** pricing data address a relevant and comparable level of trade for price comparisons. *See, e.g.*, Mid Continent Posthearing Brief at 10.

[140] *See* Taiwan Respondents Prehearing Brief at 39-40; Oman Fasteners Prehearing Brief at 3.

[141] In making the adjustment for delivery costs, we have used the six percent figure provided by *** in its questionnaire for transportation costs for steel nails from subject countries. *See* *** Importer Questionnaire Response at Question III-9(a).

[142] CR at V-5-6, PR at V-3-4.

[143] Taiwan Respondents Prehearing Brief at 20.

[144] Taiwan Respondents Prehearing Brief at 20 ("*** employs a team of over 100 full time merchandisers and managers whose only job is to service *** stores – making sure shelves are downstocked, clean & tidy . . . . *** reacts on literally 24 hours notice bringing emergency nail deliveries and providing their own people to help *** support any communities that are hard hit.").

[145] The data that exclude *** are set out in Tables V-3 through V-14 of the Staff Report. *** data are set out in Tables E-1 through E-12 of the Staff Report. Additional Tables N-1 through N-15 add the *** data to Tables V-3 through V-14.

price comparisons and on the basis of the quantity of subject imports that undersold and oversold the domestic like product. Cumulated subject imports undersold the domestic like product in *** price comparisons and oversold the domestic like product in *** price comparisons. Cumulated subject imports undersold the domestic like product in quarterly comparisons involving *** nails and *** short tons of nails and oversold in quarterly comparisons involving *** billion nails and *** short tons of nails.[146] We have given more weight to the data by quantity as these data better reflect the competitive impact of subject imports in the U.S. market.[147]

The data excluding *** show considerably more underselling than overselling. Using these data, subject imports undersold the domestic like product in *** price comparisons and oversold the domestic like product in *** price comparisons.[148] Subject nails undersold the domestic like product in quarterly comparisons involving *** billion subject nails and *** short tons of nails, whereas subject nails oversold the domestic like product in quarterly comparisons involving only *** subject nails and *** short tons of subject nails.[149] Considering all the pricing data on the record, which includes the data provided by ***, we find underselling to be significant.[150]

We have also considered trends in prices over the POI. Prices for the domestic like product were lower at the end of the POI than at the beginning for 11 of 12 pricing products.[151] Respondents have argued that declining raw material prices caused this decline in overall domestic prices.[152] Although declining wire rod prices likely contributed to declining prices,[153]

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[146] CR/PR at Tables N-13 and N-14. As noted above, data for some pricing products were requested in units of 1,000 nails, and data for other pricing products were requested in units of short tons.

[147] We have not relied on respondents' analysis purporting to measure underselling and overselling using the quantities of domestic nail products. *See* Taiwan Respondents Prehearing Brief at Exh. 1. Respondents' analysis appears to use domestic production and not the quantities of domestic nails reported for the pricing products. Moreover, respondents do not explain how quantities could be used without counting the same domestic nails multiple times. *See* Mid Continent Posthearing Brief at 39-41.

[148] CR/PR at Table V-16.

[149] CR/PR at Table V-17.

[150] Confirmation that subject imports were generally priced lower than the domestic like product is provided by purchasers. *** responding purchasers indicated that the domestic like product was "comparable" to imports from an individual subject country in terms of price, *** purchasers stated that the domestic like product was priced higher, and only *** responding purchasers indicated that the domestic like product was priced lower than subject imports in terms of price. CR/PR at Table II-8. These data indicate that domestically produced nails tend not to be priced lower than subject imports and instead are either overselling subject imports or priced comparably.

[151] CR/PR at Tables V-3-14; CR/PR at Table V-15. Domestic prices decreased by *** to *** percent for Pricing Products 1-11 over the POI, and domestic prices for Pricing Product 12 increased by *** percent. CR at V-33, PR at V- 7. In the one pricing product where domestic prices increased (Product 12), subject imports were priced higher than the domestic like product in every price comparison, even in the data excluding ***. CR/PR at Tables V-14 and N-12.

[152] Taiwan Respondents Prehearing Brief at 54.

[153] The actual raw material costs incurred by the domestic industry during the POI indicate that its raw material cost declines do not adequately explain its price declines. Excluding ***, raw material

Continued on next page.

this occurred in an environment of robust increases in demand, and there is not a strong indication of correlation between wire rod pricing and steel nail pricing.[154] We find instead that the significant and increasing volumes of subject imports, which were good substitutes for the domestic like product and were frequently sold at lower prices, played a significant role in causing the magnitude of the observed price declines.[155] We find that the subject imports depressed prices for the domestic like product to a significant degree.

For the foregoing reasons, we find that the subject imports had significant effects on prices for the domestic like product.

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costs for the domestic industry declined $*** per short ton during the POI, from $*** in 2012 to $*** in 2014. CR/PR at Table VI-1 adjusted by *** U.S. Producer Questionnaire Response at III-9a. Including ***, raw material costs for the domestic industry declined $169 per short ton during the POI, from $981 in 2012 to $812 in 2014. CR/PR at Table VI-1. The industry's unit sales values, however, declined by a much greater amount. Excluding ***, unit sales values declined $***, from $*** in 2012 to $*** in 2014. CR/PR at Table C-3. Including ***, unit sales values declined $323, from $1,812 in 2012 to $1,489 in 2014. CR/PR at Table VI-1.

Nor do declines in total COGS explain the price declines evidenced on this record. Excluding ***, the industry's average COGS declined by $*** per short ton, from $*** in 2012 to $*** in 2014. CR/PR at Table C-3. Including ***, the industry's average COGS declined by $228 per short ton, from $1,457 in 2012 to $1,229 in 2014. CR/PR at Table VI-1. As a result, the COGS/net sales ratio for the domestic industry excluding *** increased overall, from *** percent in 2012 to *** percent in 2014, notwithstanding improving demand conditions and declining costs. CR/PR at Table C-3. With *** included in the domestic industry, the COGS/net sales ratio increased overall from 80.4 percent in 2012 to 82.5 percent in 2014. CR/PR at Table VI-1.

[154] *Compare* CR/PR Figure V-1 to Figure V-3; Mid Continent Posthearing Brief, Answers to Commissioner Questions at 63-64 & Exh. 15 (showing that domestic prices and wire rod prices do not consistently exhibit the same price trends). We further note that the data provided by Taiwan Respondents in their prehearing brief show a broad range of correlation among the pricing products surveyed and wire rod costs, ranging from ***. Taiwan Respondents Prehearing Brief at Exh. One, Table 11C.

[155] Purchasers confirmed certain lost sales and revenue allegations, denied others, and did not respond to other allegations. CR at V-37-38, PR at V- 9. Five of the 23 responding purchasers reported that they had shifted purchases from domestic producers to subject imports since 2012 and reported that price was the reason for the shift. Seven purchasers reported that domestic producers had reduced their prices in order to compete with the prices of subject imports since 2012. CR/PR at Table V-22.

E. Impact[156]

Section 771(7)(C)(iii) of the Tariff Act provides that in examining the impact of subject imports, the Commission "shall evaluate all relevant economic factors which have a bearing on the state of the industry."[157] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."

During a period of increasing demand, although the domestic industry increased its output, its capacity utilization remained low, its market share was stagnant, the number of its

[156] The statute instructs the Commission to consider the "magnitude of the dumping margin" in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii)(V). At the time the record closed, in its final determinations of sales at less than fair value, Commerce found dumping margins of 2.61 to 39.35 percent for imports from Malaysia, 9.10 percent for imports from Oman, and 323.99 percent for imports from Vietnam. With respect to subject imports from Korea, Commerce found that the dumping margin for producer/exporter Jinhueng Steel Corp. and its affiliates Jinsco International Corp. and Duo-Fast Korea Co. Ltd. was *de minimis*; hence, these imports are no longer subject. Commerce found a dumping margin of 11.80 percent for producer/exporter Daejin Steel and for all others. With respect to subject imports from Taiwan, Commerce found that the dumping margin for producer/exporter Quick Advance Inc. was *de minimis*; hence, these imports are no longer subject. Commerce found a dumping margin of 2.24 percent for producer/exporter PT Enterprise, Inc. and for all others. *See Certain Steel Nails From the Republic of Korea: Final Determination of Sales at Less Than Fair Value*, 80 Fed. Reg. 28955 (May 20, 2015); *Certain Steel Nails From Taiwan: Final Determination of Sales at Less Than Fair Value*, 80 Fed. Reg. 28959 (May 20, 2015); *Certain Steel Nails From Malaysia: Final Determination of Sales at Less Than Fair Value*, 80 Fed. Reg. 28969 (May 20, 2015); *Certain Steel Nails From the Sultanate of Oman: Final Determination of Sales at Less Than Fair Value*, 80 Fed. Reg. 28972 (May 20, 2015); and *Certain Steel Nails From the Socialist Republic of Vietnam: Final Determination of Sales at Less Than Fair Value*, 80 Fed. Reg. 29622 (May 22, 2015).

Additionally, in its final countervailing duty determination regarding imports from Vietnam, Commerce identified 27 countervailable subsidy programs in Vietnam which are available to Vietnamese producers of steel nails. These programs include preferential lending, tax exemptions, import duty exemptions for imported raw materials and production machinery, land rent exemptions, and various export promotion programs. Commerce assigned subsidy rates of 288.56-313.97 percent to individually investigated companies and 301.27 percent to all others. *Certain Steel Nails from the Socialist Republic of Vietnam: Final Affirmative Countervailing Duty Determination*, 80 Fed. Reg. 28958 (May 20, 2015), and accompanying Issues and Decision Memorandum.

[157] 19 U.S.C. § 1677(7)(C)(iii); *see also* SAA at 851 and 885 ("In material injury determinations, 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 also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.").

production workers declined substantially, and its financial performance was lackluster. We now discuss the various indicators of industry performance in more detail.

As discussed above in the section on Volume, because the Commissioners who have joined this part of these Views are equally divided on the question of whether to exclude domestic producer Progressive under the statute's related party provision, we discuss the industry's performance indicia alternately with Progressive excluded and with Progressive included. In the analysis that follows, we discuss the trends in the body of these Views, and set out the data with Progressive excluded and included in footnotes. The same reasoning applies equally under either set of data.

The capacity of the domestic industry increased slightly and irregularly over the POI.[158] Production increased over the POI.[159] Capacity utilization increased slightly, but was at consistently low levels.[160]

Domestic producers' U.S. shipments increased over the POI.[161] Notwithstanding this increase in shipment volume, the value of U.S. shipments declined.[162] The domestic industry's U.S. shipments as a share of apparent U.S. consumption (by quantity) changed modestly if at all over the POI;[163] domestic producers' share by value decreased.[164] Domestic industry inventories decreased absolutely and as a share of total shipments over the POI.[165]

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[158] With *** excluded, capacity was *** in 2012, *** in 2013, and *** in 2014. CR/PR at Table C-3. With *** included, it was *** short tons in 2012, *** short tons in 2013, and *** short tons in 2014. CR/PR at Table III-3.

[159] With *** excluded, production was *** short tons in 2012, *** short tons in 2013, and *** short tons in 2014. CR/PR at Table C-3. With *** included, it was *** short tons in 2012, *** short tons in 2013, and *** short tons in 2014. CR/PR at Table III-3.

[160] With *** excluded, capacity utilization was *** percent in 2012, *** percent in 2013, and *** percent in 2014. CR/PR at Table C-3. With *** included, it was 39.0 percent in 2012, 41.0 percent in 2013, and 41.6 percent in 2014. CR/PR at Table III-3.

[161] With *** excluded, shipments were *** short tons in 2012, *** short tons in 2013, and *** short tons in 2014. CR/PR at Table C-3. With *** included, they were *** short tons in 2012, *** short tons in 2013, and *** short tons in 2014. CR/PR at Table III-4.

[162] With *** excluded, the value of U.S. shipments declined from $*** in 2012 to $*** in 2013, and then to $*** in 2014. CR/PR at Table C-3. With *** included, the value of U.S. shipments declined from $*** in 2012 to $*** in 2013, and then to $*** in 2014. CR/PR at Table IV-9.

[163] With *** excluded, the domestic industry's U.S. shipments as a share of apparent U.S. consumption was *** percent in 2012, *** percent in 2013, and *** percent in 2014. CR/PR at Table C-3. With *** included, it was *** percent throughout the POI. CR/PR at Table C-1.

[164] With *** excluded, the domestic industry's share was *** percent in 2012, *** percent in 2013, and *** percent in 2014. CR/PR at Table C-3. With *** included, the domestic industry's share was *** percent in 2012, *** percent in 2013, and *** percent in 2014. CR/PR at Table C-1.

[165] With *** excluded, inventories decreased from *** short tons in 2012 to *** short tons in 2013, and then to *** short tons in 2014. CR/PR at Table C-3. With *** included, inventories decreased from *** short tons in 2012 to *** short tons in 2013, and then to *** short tons in 2014. CR/PR at Table C-1. With *** excluded, inventories as a share of shipments was *** percent in 2012, *** percent in 2013, and *** percent in 2014. CR/PR at Table C-3. With *** included, it was *** percent in 2012, *** percent in 2013, and *** percent in 2014. CR/PR at Table C-1.

As discussed earlier, the composition of the domestic industry changed during the POI. *** ceased production, *** and *** began production, and on March 31, 2015, after the POI but before the record closed, Davis Wire ceased production.[166] The number of domestic production workers decreased substantially over the POI.[167] Petitioner Mid Continent accounted for the majority of the decline. A Mid Continent representative testified that it added a third shift in anticipation of increased business following the imposition of an antidumping duty order on LTFV imports from UAE, only to have to reverse course as the current subject imports grew in volume and market share.[168] Hours worked also decreased, but wages paid and productivity increased.[169]

With regard to financial performance, the domestic industry's net sales quantities increased during each year of the POI.[170] By contrast, net sales values declined overall from 2012 to 2014.[171] The decline in sales revenues was greater than the decline in cost of goods sold; consequently the ratio of COGS to sales increased overall.[172] Operating income fluctuated and rose overall during the POI.[173] The ratio of operating income to net sales, however, was at

[166] CR at VI-1, PR at VI-1.

[167] With *** excluded, the number of production workers decreased from *** in 2012 to *** in 2013, and then to *** in 2014. CR/PR at Table C-3. With *** included, the number of production workers decreased from *** in 2012 to *** in 2013, and then to *** in 2014, for an overall decline of 19.5 percent. CR/PR at Table C-1.

[168] Tr. at 29 (Villanueva). In addition to Mid Continent, two other domestic producers --Independent Nail and Davis Wire -- cited employment reduction or facility closures due to the subject imports. *See* CR at VI-10, PR at VI-5; Tr. at 34-35 (Cronin).

[169] With *** excluded, production workers worked for *** hours in 2012 for $*** an hour, and for *** hours in 2014 for $*** an hour. Their productivity, measured in short tons produced per 1,000 hours, increased from *** in 2012 to *** in 2013, and then to *** in 2014. CR/PR at Table C-3. With *** included, production workers worked for *** hours in 2012 for $*** an hour and for *** hours in 2014 for $*** an hour. Their productivity, measured in short tons produced per 1,000 hours, increased from 87.1 in 2012, to 91.4 in 2013, and then to 100.1 in 2014. CR/PR at Table C-1.

[170] With *** excluded, net sales quantities increased *** percent. CR/PR at Table C-3. With *** included, it increased *** percent. CR/PR at Table C-1.

[171] With *** excluded, the decline was *** percent. CR/PR at Table C-3. With *** included, the decline was *** percent. CR/PR at Table C-1.

[172] With *** excluded, the ratio increased from *** percent in 2012 to *** percent in 2014. CR/PR at Table C-3. With *** included, it increased from *** percent in 2012 to *** percent in 2014. CR/PR at Table C-1.

[173] With *** excluded, operating income was $*** in 2012, $*** in 2013, and $*** in 2014. CR/PR at Table C-3. With *** included, it rose from $*** in 2012 to $*** in 2013 and then declined to $*** in 2014. CR/PR at Table C-1.

modest levels throughout the POI.[174] The industry's capital expenditures increased somewhat with Progressive excluded, and fluctuated but decreased overall with Progressive included.[175]

Notwithstanding that the domestic industry was able to maintain and increase production during a period of increasing demand, the significant volume of low-priced subject imports caused significant price depression as reflected in both the pricing data the Commission collected and the decreasing unit value of shipments during the POI. Additionally, the domestic industry was unable to increase its market share, even as nonsubject imports reduced their presence in the U.S. market, as imports from UAE retreated from the market following imposition of an antidumping duty order on those imports. As a result, the domestic industry's revenues did not increase commensurately with output, the number of industry workers declined, and financial performance was stagnant. Additionally, two domestic producers closed. While the parties dispute the reasons for *** cessation of operations, the closure of *** appears to be due to the presence of low-priced subject imports.[176] In light of the foregoing, we find that cumulated subject imports had a significant adverse impact on the domestic industry.

We have also considered whether there are other factors that may have had an adverse impact on the domestic industry during the POI to ensure that we are not attributing injury from such other factors to subject imports. Respondents contend that the reason for the domestic industry's performance, particularly its stagnant market share, during the POI is that purchasers will not purchase from domestic producers because they have limited product range and do not offer the desired types of merchandise, specifically, steel nails for private label accounts. The record does not support this premise. Domestic producers have produced and shipped nails of virtually all types and finishes over the POI.[177] A significant majority of responding purchasers indicated that domestic sources were comparable to subject sources in terms of product range.[178] In any event, any issue of product range or private labeling cannot

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[174] With *** excluded, it was *** percent in 2012 and remained at *** percent in 2013 and 2014. CR/PR at Table C-3. With *** included, it was *** percent in 2012, *** percent in 2013, and *** percent in 2014. CR/PR at Table VI-1.

[175] With *** excluded, capital expenditures were $*** in 2012, $*** in 2013, and $*** in 2014. CR/PR at Table C-3. With *** included, capital expenditures were $*** in 2012, $*** in 2013, and $*** in 2014. ***.

[176] Tr. at 34-36 (Cronin). We have not relied on parties' assertions comparing the financial performance of the nails industry to industries producing other products. *See* Mid Continent Prehearing Brief at 69-70; Taiwan Respondents Prehearing Brief at 49-52.

[177] CR/PR at Table III-5. The only categories of nails for which questionnaire data were collected in which subject imports were present without competition from the domestic like product were finishing and flooring nails. *Compare* CR/PR Table III-6 with Table IV-4. However, the quantities of such nails that were provided by subject sources is minute and therefore cannot explain the domestic industry's financial performance. CR/PR at Table IV-4. Subject imports were present in these categories in market shares ranging from *** percent to *** percent. *Id*.

[178] CR/PR at Table II-8. We observe that purchaser/importer *** has testified that it obtains private label production from a domestic source. Tr. at 136 (Leffler). Beginning in 2012, *** switched a major source of its supply of nails from UAE *** Oman ***.

Continued on next page.

explain our findings of underselling, price depression, and reduced domestic industry sales revenues.

We have also examined the role of nonsubject imports. These were present, but lost market share during the POI. The pricing data including and excluding the *** data both show that prices for nonsubject imports were most often higher than subject import and domestic prices.[179] [180] Because nonsubject imports were not gaining market share and were generally priced higher than the domestic like product, their presence in the U.S. market does not explain the significant depression of domestic prices and the domestic industry's consequent failure to improve its financial indicators in an environment of robust demand.

Respondents also claim that domestic producers' own increased imports and purchases of nails from affiliates in nonsubject countries suppressed the industry's performance over the POI.[181] We do not agree. An official of one of the producers cited by respondents indicated that the company was forced to increase imports from a nonsubject country because depressed U.S. prices made it unprofitable to produce more in the United States.[182] After being purchased by a foreign producer of nails in a nonsubject country, a second U.S. producer began purchasing and distributing non-subject product that the owner had previously imported and distributed

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In fact, *** in 2012 when the latter company ceased production due to the antidumping duty order issued in 2012 on imports of nails from UAE. Oman Fasteners Prehearing Brief at 43. *** prices to *** undersold domestic prices in a significant majority of instances and accounted for the vast majority of the volume of imports of nails from Oman. CR/PR at Tables IV-1, V-16-17. Although *** has indicated that it continued to purchase imported nails because no domestic producer was willing or able to meet its need for supply of nails for its *** brand, the low prices offered by *** offer a persuasive explanation for ***'s decision to source subject imports.

[179] Including the *** data, prices for nonsubject imports from China and Korea were higher than subject import prices in *** price comparisons and lower in *** price comparisons; they were higher than domestic prices in *** price comparisons and lower in *** price comparisons. CR/PR at Tables N-15 and N-16; CR/PR at Tables D-2 and D-3.

Excluding the *** data, prices for nonsubject imports from China and Korea were higher than subject import prices in *** price comparisons and lower in *** price comparisons; they were higher than domestic prices in *** price comparisons and lower in *** price comparisons. CR/PR at Tables N-15 and N-16.

[180] Based on the evidence in these investigations, Vice Chairman Pinkert finds that price-competitive nonsubject imports were a significant factor in the U.S. market for steel nails during the period of investigation. He also finds, however, that regardless of whether steel nails constitute a commodity product, nonsubject imports would not have replaced the subject imports without benefit to the domestic industry had the subject imports exited the market during the period. As discussed in the text, steel nails imported from subject sources were generally priced lower than steel nails from nonsubject sources. Thus, any replacement of the subject imports by nonsubject imports would generally have been at higher prices, which would have benefitted the domestic industry.

[181] Taiwan Respondents Posthearing Brief at 32-35.

[182] Mid Continent Posthearing Brief at Exh. 18 (Declaration of ***).

on its own.[183] In any event, as explained above, higher priced nails from nonsubject countries could not explain the underselling and price depression we have found.

VI. Conclusion

For the reasons stated above, we determine that an industry in the United States is materially injured by reason of subject imports of steel nails from Korea, Malaysia, Oman, Taiwan, and Vietnam that are sold in the United States at less than fair value and by reason of subject imports of steel nails from Vietnam that are subsidized by the government of Vietnam.

[183] Mid Continent Posthearing Brief at 75-76.

Separate and Dissenting Views of Chairman Meredith M. Broadbent

Based on the record in the final phase of these investigations, I find that an industry in the United States is neither materially injured nor threatened with material injury by reason of imports of certain steel nails ("steel nails") from Korea, Malaysia, Oman, Taiwan, and Vietnam that the U.S. Department of Commerce ("Commerce") has determined are sold in the United States at less than fair value and imports of steel nails that Commerce has determined are subsidized by the government of Vietnam.

My finding that there is no material injury by reason of subject imports reflects: 1) the fact that subject imports did not gain market share at the expense of the domestic industry over the period of investigation ("POI"); 2) the fact that subject imports did not consistently undersell the domestic like product and did not have significant price-depressing or suppressing effects during the period; and 3) the lack of adverse impact on the domestic industry by reason of subject imports.

I. No Material Injury by Reason of Subject Imports

I join the Views of the Commission in its discussion of the legal standards relevant to material injury and the conditions of competition in the U.S. market for steel nails. In addition to that discussion, I note the following additional conditions of competition.

U.S. producers generally did not compete for sales to the largest branded distributors of subject imports, Hitachi and PrimeSource,[1] ***.[2] U.S. producers reported making only minimal sales under private label,[3] compared to subject imports, which were predominantly privately

[1] Oman Fasteners, which reported that *** percent of its sales were made to ***, accounted for *** percent of responding U.S. importers' imports from Oman. Itochu, which reported that *** percent of its imported nails were shipped to ***, accounted for *** percent of responding U.S. importers' imports from Korea, *** percent of imports from Malaysia, *** percent of imports from Oman, *** percent of imports from Taiwan, and *** percent of imports from Vietnam. CR/PR at Table IV-1; U.S. Importer Questionnaires of Oman Fasteners and Itochu, Questions III-21-22.

[2] Hitachi and PrimeSource sell under the Hitachi and Grip Rite brand labels, respectively. Tr. at 137 (Leffler). Hitachi reported that *** percent of their total 2014 purchases of certain steel nails were private labeled, while PrimeSource reported that *** percent of their total purchases were private labeled. U.S. Purchaser Questionnaires of Hitachi and PrimeSource, Question III-20. Twenty purchasers including *** reported that private labeling was a "very important" factor in their purchasing decisions for certain steel nails. CR/PR at Table II-6; U.S. Purchaser Questionnaires of ***, Question III-21.

[3] U.S. producers other than Mid Continent reported that they made only *** percent of their U.S. commercial shipments under private label in 2014. Mid Continent reported that *** percent of its U.S. shipments of domestically produced steel nails were private label in 2014. CR/PR at Table N-17; U.S. Producer Questionnaire of Mid Continent, Question IV-18. However, thirteen purchasers, including ***, reported that Mid Continent had declined to private label for a variety of reasons, including large minimum order requirements for private labeled product, longer lead time for private labeled product, and "a desire to promote their own brand." CR at II-31, PR at II-19; Purchaser Questionnaire of ***, Question III-20. Witnesses for Mid Continent and Tree Island at the hearing testified that their (Continued…)

labeled.[4] In particular, the largest producers with their own brands such as Mid Continent, Senco, Tree Island, ITW, and Stanley,[5] ***.[6]

Therefore, while the U.S. producers representing the vast majority of U.S. production competed with the distributors Hitachi and PrimeSource for sales to many of the same downstream purchasers during the POI,[7] U.S. producers did not appear willing to compete with importers for sales to those distributors themselves.[8] Despite U.S. producers making 253 lost sales allegations and 521 lost revenue allegations, neither Hitachi nor PrimeSource were listed in a single allegation as a purchaser, further indicating that U.S. producers did not seek to sell to these distributors during the POI.[9] As discussed below, the apparent unwillingness of large

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(…Continued)
willingness to sell under another firm's label were conditional on the customer, the duration of the contract, and the amount of work required to set up production under the contract. Tr. at 85-87 (Miller, Villanueva).

[4] Private label sales accounted for *** percent of U.S. shipments of subject imports from Korea, *** percent of U.S. shipments of subject imports from Malaysia, *** percent of U.S. shipments of subject imports from Oman, *** percent of U.S. shipments of subject imports from Taiwan, and *** percent of U.S. shipments of subject imports from Vietnam. CR/PR at Table N-17.

[5] These five firms accounted for the vast majority (*** percent) of reported U.S. production in 2014. Mid Continent, ITW, and Stanley sell under the Magnum, Paslode, and Bostitch brand labels, respectively. Tr. at 137 (Leffler).

[6] ***

***, and sourced *** percent of its total purchases in 2014 from ***, as well as an additional *** percent of its total purchases from ***. U.S. Purchaser Questionnaire of *** at II-4; CR/PR at Table III-1. As discussed in the Views of the Commission, part III, I do not include *** in my definition of the domestic industry. However, I note that *** reported selling all of its steel nails to ***, making it very similar in structure to the other large branded U.S. producers, which had substantial importing operations as well as internal U.S. production. CR/PR at Table III-8. As for the small volume purchased from Maze, PrimeSource reported that no source of imports could compete with Maze's specialized product, and it purchased from Maze in order to fill out its product line. Tr. at 129 (Zinman). Likewise, Hitachi sourced *** percent of its total 2014 purchases from ***, which it referred to as a longtime supplier of private label steel nails. U.S. Purchaser Questionnaire of *** at II-4. However, *** did not respond to the U.S. producer questionnaire, and I therefore have limited information regarding this company.

[7] *See* Responses to U.S. Producer Questionnaire, Question IV-21 (showing individual firms' largest U.S. customers as distributors and retailers); U.S. Purchaser Questionnaires of Hitachi, Questions III-2 and III-3 (***; U.S. Importer Questionnaire of Itochu, Question III-21 (***).

[8] Tree Island stated that it had done private label sales for Hitachi, and provided ***. Tr. at 43 (Miller); Petitioner Answers to Commission Questions at 51; Petitioner Posthearing Brief at Exhibit 13. Hitachi acknowledged that Tree Island had approached them to discuss a potential private label relationship after the preliminary conference, but only offered a volume that was less than one day usage for what Hitachi would use. Tr. at 136-137 (Leffler); Oman Respondents Posthearing Brief at 8. Tree Island reported making *** percent of its 2014 sales under private label, ***. U.S. Producer Questionnaire of Tree Island, Question IV-18.

[9] CR/PR at Tables V-18-21.

branded U.S. producers to sell to the two largest branded distributors of subject merchandise affects how I interpret the volume and pricing trends of subject imports.

A. Volume of Subject Imports

Section 771(7)(C)(i) of the Tariff Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[10]

Cumulated subject imports increased from *** short tons in 2012 to *** short tons in 2013, and then increased further to *** short tons in 2014.[11] Rather than displacing domestic sales, subject imports gained market share from 2012 to 2014 at the expense of nonsubject imports. The market share (by quantity) of subject imports increased from *** percent in 2012 to *** percent in 2013, and then to *** percent in 2014,[12] while the market share held by nonsubject imports declined from *** percent in 2012 to *** percent in 2013, and then to *** percent in 2014.[13] The gain in subject imports relative to nonsubject imports would not have occurred without a rapid decline in imports from the UAE over the POI following the imposition of the antidumping duty order on the UAE in April 2012,[14] and the coincident increase in subject imports from Oman.[15] This shift was largely due to a change in sourcing decisions by U.S. purchaser ***,[16] and as discussed above, the record does not indicate that responding U.S. producers attempted to make sales to *** in order to gain this business.

Despite the increase in subject imports during the POI, the domestic industry's market share remained essentially stable, with market share being *** percent in 2012, *** percent in 2013, and *** percent in 2014.[17] Subject imports were equivalent to *** percent of U.S. production in 2012, *** percent of U.S. production in 2013, and *** percent of U.S. production in 2014.[18] I find that the volume of cumulated subject imports, and the increase in that volume, is significant both in absolute terms and relative to consumption and production in the United States. However, for reasons I discuss below, I do not find significant price effects or a significant adverse impact on the domestic industry by reason of the subject imports.

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[10] 19 U.S.C. § 1677(7)(C)(i).

[11] CR/PR at Table IV-8.

[12] CR/PR at Table C-3.

[13] CR/PR at Table C-3.

[14] *Certain Steel Nails from the United Arab Emirates: Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order*, 77 Fed. Reg. 27421 (May 10, 2012); CR/PR at Table IV-9. Steel nails from UAE held 8.0 percent of the U.S. market in 2012, 5.5 percent in 2013, and 0.2 percent in 2014.

[15] CR/PR at Table IV-9. Steel nails from Oman held 1.3 percent of the market in 2012, 6.1 percent in 2013, and 7.2 percent in 2014.

[16] After the order was imposed on the UAE in 2012, ***. Oman Fasteners Prehearing Brief at 43.

[17] CR/PR at Table C-3.

[18] CR/PR at Table C-3.

B. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Tariff Act provides that in evaluating the price effects of the subject imports, the Commission shall consider whether

> (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and
>
> (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[19]

I find that there is a moderate-to-high degree of substitutability between cumulated subject imports and the domestic like product and that price is an important consideration in purchasing decisions. As explained in section V.B.3 of the Views of the Commission, which I join, all U.S. producers and most responding importers and purchasers reported that steel nails produced in the United States and all five subject countries were "always" or "frequently" interchangeable with each other.[20] The majority of responding purchasers indicated that price was a "very important" purchase factor, and listed price in their top three factors used in purchasing decisions.[21]

The Commission sought quarterly pricing data for twelve types of nails.[22] In most comparisons, subject imports were priced higher than the price of the domestic like product.[23]

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[19] 19 U.S.C. § 1677(7)(C)(ii).

[20] CR/PR at Table II-9.

[21] CR/PR at Tables II-5-6.

[22] The pricing products were: Product 1 -- Nominal 3" x 0.131" (10.25 gauge), bright smooth shank, 20-22 degree plastic-strip collated nails; Product 2 -- Nominal 3" x 0.120" (11 gauge), bright smooth shank, 20-22 degree plastic-strip collated nails; Product 3 -- Nominal 2 3/8" x 0.113" (11.5 gauge), bright smooth shank, 20-22 degree plastic-strip collated nails; Product 4 -- Nominal 3 1/4" x 0.131" (10.25 gauge), bright smooth shank, 20-22 degree plastic-strip collated nails; Product 5 -- Nominal 3" X 0.148" (9 gauge), bright smooth shank, 20-22 degree plastic-strip collated nails; Product 6 -- Nominal 2 ½" x 0.131" (10.25 gauge), bright smooth shank, 20-22 degree plastic-strip collated nails; Product 7 -- Nominal 2" x 0.113" (11.5 gauge), bright drive screw (threaded) shank, machine grade bulk nails; Product 8 -- Nominal 2" x 0.099" (12. 5 gauge), bright screw (threaded), 15 degree wire coil collated nails; Product 9 -- Nominal 2 ¼" x 0.113" (11.5 gauge), bright drive screw (threaded) shank, machine grade bulk nails; Product 10 -- Nominal 3" (nail shaft length)10 x 0.162" (8 gauge) bright smooth shank nail, double-headed or duplex head, 50 pound bulk box; Product 11 -- Nominal 1 ½" x 0.131" (10.25 gauge), bright smooth shank, 30-33 degree paper strip collated nails; and Product 12 – Nominal 2 ½" x 0.148" (9 gauge), bright smooth shank, 30-33 degree paper strip collated nails. CR at V-6-7, PR at V-4-5.

[23] The Commission's practice is to request prices from U.S. producers and importers for their first "arms-length" sales – or sales between independent, unrelated parties – in the United States. Numerous domestic producers and importers provided such data.

In addition, U.S. importer *** provided pricing data sold by its sister company ***. *** imports nails from subject and nonsubject sources and sells 100 percent of them to *** at a ***. U.S. Importer (Continued…)

Cumulated subject imports oversold the domestic like product in *** out of *** quarterly comparisons, by margins ranging from *** percent to *** percent, and undersold the domestic like product in the remaining *** comparisons, with margins ranging from *** percent to *** percent.[24] Subject imports that undersold the domestic like product totaled *** nails and *** short tons, while subject imports that oversold the domestic like product totaled *** nails and *** short tons.[25] While a majority of the volume of subject imports reported in our pricing data on a quantity of nails basis was priced lower than the domestic like product, these lower-priced subject imports were primarily those sold by importer *** to the distributor ***.[26] As discussed above, these sales did not compete with the vast majority of U.S. producers' shipments due to U.S. producers' apparent unwillingness to sell to ***.[27] As a result of the greater frequency of overselling and the U.S. industry's lack of direct competition with subject imports accounting for a large amount of the underselling data, I do not find the underselling by subject imports to be significant.

(…Continued)
Questionnaire of ***, Question III-22. As a result of their relationship, the transactions between *** are similar to internal transfers; it is *** subsequent sale of nails imported by *** that is the first arms-length transaction in the U.S. market. I therefore have considered the data of *** within my analysis of the price of U.S. shipments of U.S. imports. I note that, in the prior two investigations on steel nails, data provided by *** was included within the Commission's analysis of pricing trends and comparisons. *Certain Steel Nails from the United Arab Emirates*, Inv. No. 731-TA-1185 (Final), USITC Pub. 4321 (May 2012); *Certain Steel Nails from China*, Inv. No. 731-TA-1114 (Final), USITC Pub. 4022 (July 2008). Because *** data was reported here on a delivered basis, I have adjusted its data to subtract out delivery costs (***) in order to adjust the data to an f.o.b. basis consistent with the data of other producers and importers. U.S. Importer Questionnaire of ***, Question III-2g, III-5b, and III-9a.

Including the *** data has the benefit of including the largest source of subject imports as well as the U.S. market participant that was identified as the price leader more often than any other supplier. CR/PR at Table IV-1; CR at V-5-6; PR at V-5. Petitioner considers *** to be a direct competitor as well as the price leader in the market. Petitioner Answers to Commission Questions at 52-57; Tr. at 25, 27 (Villanueva), 102 (Gordon). Therefore, inclusion of *** price data is critical for understanding whether there is a causal link between subject imports and any price effects experienced by the domestic industry.

[24] CR/PR at Table N-13.

[25] CR/PR at Table N-14.

[26] ***, which accounted for the vast majority of subject imports from Oman, reported that *** percent of its sales were made to ***. CR/PR at Table IV-1; U.S. Importer Questionnaires of Oman Fasteners, Question III-21. Subject imports from Oman that were priced lower than the price of the domestic like product accounted for *** out of *** instances of "underselling" of cumulated subject imports and *** percent of total volume of cumulated subject imports reported on a quantity of nails basis that were priced below the domestic like product. CR/PR at Tables N-13-14.

[27] While the distributor *** likely did compete directly with U.S. producers' shipments, its sales are not included within our pricing data for reasons discussed above in n. 23. However, *** did provide pricing data that indicates that its sales were priced higher than U.S. producers' prices in *** of *** instances. Oman Fasteners Prehearing Brief at Exhibit 8; CR/PR at Tables V-3-14. This greater preponderance of overselling indicates that *** did not use low-priced imports from *** to undersell competing U.S. producers.

Additionally, the instances of underselling that occurred did not result in a significant loss of market share by the domestic industry. As discussed above, the domestic industry's share of the U.S. market remained stable from 2012 to 2014, and subject imports' modest gain in market share over the POI came at the expense of nonsubject imports rather than the domestic industry.[28]

I do not find that subject imports depressed U.S. producers' prices to a significant degree. Prices for the domestic like product declined between January 2012 and December 2014 for eleven of twelve pricing products.[29] The decline in U.S. producers' prices during the POI for the eleven pricing products ranged from *** percent to *** percent, and for nine of eleven of the products the decline was between *** percent and *** percent.[30] However, the record indicates that the price of steel nails is affected by changes in prices of steel wire rod, the primary raw material input for steel nail production.[31] Many producers, importers, and purchasers indicated that the price of steel directly impacts the price of steel nails, and petitioner reported that steel nails and raw material costs generally moved in the same direction.[32] As shown in figure 1, the average price for steel wire rod decreased sharply over the period. Prices for domestically produced wire rod fell by 26.3 percent between January 2012 and December 2014, while imported wire rod prices fell by 27.7 percent over that period.[33] The ratio of the domestic industry's underlying raw material costs to net sales was stable at *** percent in 2012, *** percent in 2013, and *** percent in 2014, indicating that U.S. prices for steel nails declined proportionally with raw material costs.[34] Although I acknowledge that apparent U.S. consumption increased during the POI,[35] I do not find that the subject imports depressed U.S. prices to a significant degree in light of the magnitude of the decline in raw materials costs and the lack of significant underselling by subject imports.

[28] CR/PR at Table C-3.

[29] CR/PR at Table V-15. The price of the domestic like product for Product *** increased by *** percent. *Id*.

[30] CR/PR at Table V-15.

[31] CR/PR at Figure V-2; CR at V-1; PR at V-1.

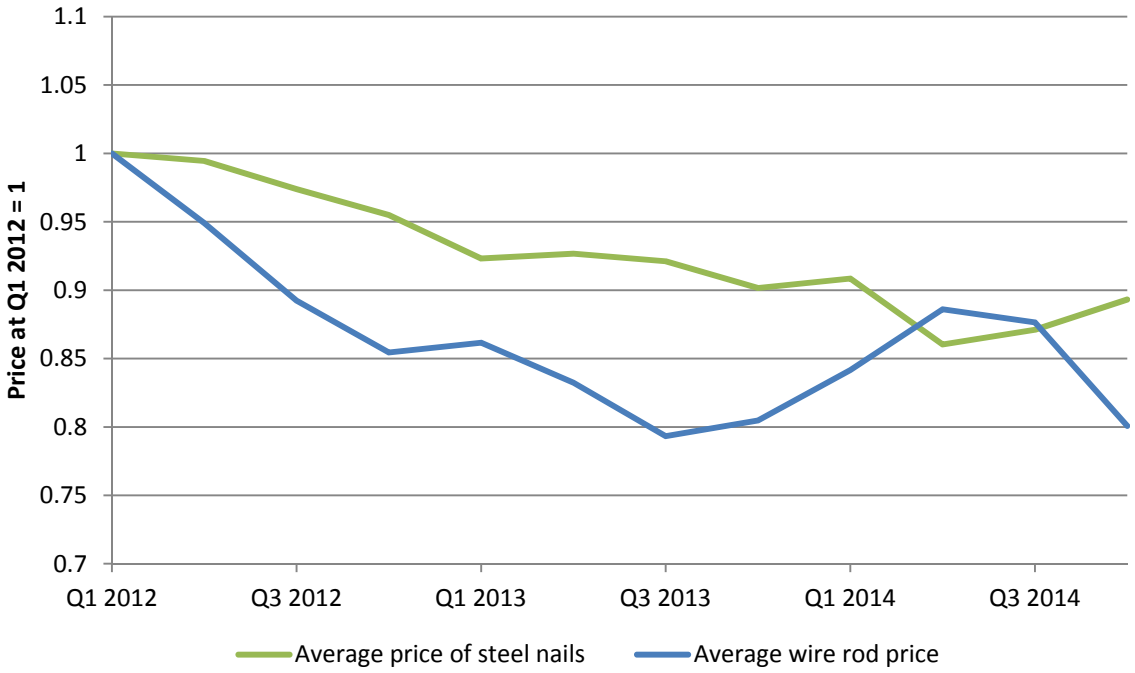
[32] CR at V-1, PR at V-1.

[33] CR/PR at Figure V-1; CR at V-1, PR at V-1.

[34] CR/PR at Table VI-1; U.S. Producer Questionnaire of ***, Question III-9a.

[35] CR/PR at Table C-3.

Figure 1: Average price indexes of U.S. wire rod and steel nails, January 2012 – December 2014



Source: American Metal Market; CR/PR at Tables V-3-13.

Average wire rod price is a simple quarterly average of the indexes of U.S.-produced industrial-quality wire rod and imported wire rod. Average price of steel nails is a simple average of price indexes for the domestic like product for products 1-11. ***

I also do not find that subject imports prevented price increases, which otherwise would have occurred, to a significant degree during the POI. The domestic industry's ratio of cost of goods sold ("COGS") to net sales fluctuated over the period, decreasing from *** percent in 2012 to *** percent in 2013, and then increasing to *** percent in 2014.[36] I find that, although the COGS to net sales ratio increased slightly over the period, this modest increase was of an insufficient magnitude to be significant, particularly given that unit costs were declining over the period. I therefore do not find significant price suppression.

In view of the foregoing, I find that the subject imports did not have the effect of depressing prices or preventing price increases that would otherwise have occurred to a significant degree. Where there are confirmed lost sales and revenues, they are of minor magnitude[37] and do not outweigh other data in the record showing the lack of significant

[36] CR/PR at Table C-3.

[37] In the preliminary and final phases of these investigations, U.S. producers made 253 lost sales allegations involving approximately $***, *** nails, and *** short tons. U.S. producers also made 521 lost revenue allegations involving approximately $***, *** nails, and *** short tons. CR at V-37-38, PR at V-9. Purchasers agreed with allegations totaling $*** of lost sales, as well as $*** in lost revenues. *Id*. The limited confirmed lost sales and revenue do not detract from my analysis, as there were no shifts in market share or observable price effects, as discussed above.

underselling and lack of significant price effects. Accordingly, I do not find significant price effects by reason of subject imports.

C. Impact of the Subject Imports[38]

Section 771(7)(C)(iii) of the Tariff Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry." These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."

Many of the domestic industry's trade and employment indicators improved or remained stable during the POI. As discussed above, the U.S. producers' share of the U.S. market remained stable during the POI, and was *** percent in 2012, *** percent in 2013, and *** percent in 2014.[39] The domestic industry's production increased by *** percent overall between 2012 and 2014, starting at *** short tons in 2012, falling slightly to *** short tons in 2013, and then increasing to *** short tons in 2014.[40] The domestic industry's U.S. shipments increased from *** short tons in 2012 to *** short tons in 2013, and then increased further to

[38] The statute instructs the Commission to consider the "magnitude of the dumping margin" in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii)(V). In its final antidumping duty determinations, Commerce found dumping duty margins of 2.61 to 39.35 percent for imports from Malaysia, 9.10 percent for imports from Oman, and 323.99 percent for imports from Vietnam. With respect to subject imports from Korea, Commerce found that the dumping margin for producer/exporter Jinhueng Steel Corp. and its affiliates Jinsco International Corp. and Duo-Fast Korea Co. Ltd. was *de minimis*; hence, these imports are no longer subject. Commerce found a dumping margin of 11.80 percent for producer/exporter Daejin Steel and for all others. With respect to subject imports from Taiwan, Commerce found that the dumping margin for producer/exporter Quick Advance Inc. was *de minimis*; hence, these imports are no longer subject. Commerce found a dumping margin of 2.24 percent for producer/exporter PT Enterprise, Inc. and for all others. 80 Fed. Reg. 28955 (May 20, 2015) ("Commerce Final AD Determination").

Additionally, in its final countervailing duty determination regarding imports from Vietnam, Commerce identified 27 countervailable subsidy programs in Vietnam which are available to Vietnamese producers of steel nails. These programs include preferential lending, tax exemptions, import duty exemptions for imported raw materials and production machinery, land rent exemptions, and various export promotion programs. Commerce assigned subsidy rates of 288.56-313.97 percent to individually investigated companies and 301.27 percent to all others. *Certain Steel Nails from the Socialist Republic of Vietnam: Final Affirmative Countervailing Duty Determination*, 80 Fed. Reg. 28958 (May 20, 2015), and accompanying Issues and Decision Memorandum.

[39] CR/PR at Table C-3.

[40] CR/PR at Table C-3.

*** short tons in 2014, representing an overall increase of *** percent.[41] The domestic industry's end-of-period inventories decreased both on an absolute basis and relative to production and shipments from 2012 to 2014.[42] The domestic industry's production capacity increased *** percent overall from 2012 to 2014, while capacity utilization increased by *** percentage points, from *** percent in 2012 to *** percent in 2013 and *** percent in 2014.[43] While employment of production workers and total hours worked declined over the POI,[44] this decline was accompanied by an increase in productivity and hourly wages.[45] As discussed above, the domestic industry's production and U.S. shipments increased over the period, so the decrease in employment is likely tied to the industry's improvement in productivity as opposed to any output-related factors.

The domestic industry's financial condition experienced both improvements and declines during the POI. The industry's quantity of net sales increased, while the value of net sales declined over the POI.[46] This decline in the value of net sales was driven by a decline in U.S. prices, which as discussed above, fell as a result of sharply declining raw material costs. As such, the unit value of net sales and unit COGS both declined during the POI.[47] The ratio of COGS to net sales fluctuated during the POI, declining from *** percent in 2012 to *** percent in 2013, and then rising to *** percent in 2014.[48] However, the domestic industry's aggregate operating income improved from $*** in 2012 to $*** in 2013, and then declining slightly to $*** in 2014.[49] The domestic industry's ratio of operating income to net sales increased from *** percent in 2012 to *** percent in 2013 and 2014.[50] The domestic industry's aggregate capital expenditures increased from $*** in 2012 to $*** in 2013, and then to $*** in 2014, while research and development expenses were $*** in 2012, $*** in 2013, and $*** in 2014.[51]

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[41] CR/PR at Table C-3.

[42] CR/PR at Table C-3.

[43] CR/PR at Table C-3.Two U.S. producers reported ceasing production of steel nails during and after the POI; however, it is unlikely that either firm ceased production as a result of being injured by subject imports. *** closed early in the period in 2012, which was prior to the increase in subject imports that occurred over the POI. *** closed its facility that produced steel nails in 2015. This facility had limited production of nails: certain steel nails only accounted for *** percent of this facility's sales, with other wire products accounting for the remaining ***. Only *** production workers per year worked at *** in production of steel nails, for a total of *** hours per year. U.S. Producer Questionnaire of ***, Questions II-9 and III-5.

[44] CR/PR at Table C-3.

[45] CR/PR at Table C-3.

[46] The quantity of net sales was *** short tons in 2012, *** short tons in 2013, and *** short tons in 2014. The value of net sales was $*** in 2012, $*** million in 2013, and $*** million in 2014. CR/PR at Table C-3.

[47] Per short ton net sales values were $*** in 2012, $*** in 2013, and $*** in 2014. Per unit COGS was $*** in 2012, $*** in 2013, and $*** in 2014. CR/PR at Table C-3.

[48] CR/PR at Table C-3.

[49] CR/PR at Table C-3.

[50] CR/PR at Table C-3.

[51] CR/PR at Table VI-4; U.S. Producer Questionnaire of ***, Question III-13a.

Most of the industry's trade indicators and the industry's profitability improved over the POI, and while certain performance indicators did not improve, the record does not indicate that subject imports caused any declines in the domestic industry's indicia. As discussed above, subject imports did not significantly undersell the price of the domestic like product, nor did they cause significant price depression or suppression. In addition, the domestic industry did not lose significant market share from 2012 to 2014; rather, subject imports' increase in market share came overwhelmingly at the expense of nonsubject imports.[52] Therefore, I do not attribute any adverse industry effects to subject imports.

I reject the argument raised by Petitioner that, with the antidumping duty order in place on imports from the UAE beginning in 2012, the U.S. industry should have been able to capture a greater portion of the increase in U.S. demand than it did.[53] Specifically, Petitioner argues that U.S. market share should have improved to *** percent in 2014 as opposed to remaining steady at 21.1 percent, and with this increased share, the industry should have experienced more substantial increases in capacity utilization, output, and by extension employment and profitability.[54] However, given that the U.S. industry was able to sustain a stable share of apparent U.S. consumption as it expanded, and was therefore able to increase its production, U.S. shipments, and capacity utilization, I do not find the inability of the U.S. industry to improve to an even greater extent to be indicative of material injury.[55] Moreover, when petitioner argues that the U.S. industry did not sufficiently recover from prior injury, they appear to be attributing to subject imports the same injurious effects that were previously caused by nonsubject imports from the UAE. In prior cases where the Commission has referenced recently imposed orders on nonsubject imports within the context of its material injury discussion, however, the Commission has relied primarily on evidence that subject imports themselves had caused an adverse impact during the POI.[56] Similarly, I am relying here

[52] CR/PR at Table C-3.

[53] Petitioner Posthearing Brief at 2; Petitioner Answers to Commissioner Questions at 27-29.

[54] Petitioner Posthearing Brief at 2, Exhibit 2, 16; Petitioner Answers to Commissioner Questions at 27-29, 69-70; Tr. at 27-28 (Villanueva), 36 (Cronin); 40 (Martin); 49-50, 53, 58 (Klett). Petitioner's estimate includes *** within the domestic industry.

[55] The Commission has frequently found no material injury where the domestic industry maintains market share or improves output despite a significant increase in subject imports. *See, e.g., Certain Steel Threaded Rod from Thailand,* Inv. No. 731-TA-1214 (Final), USITC Pub. 4462 (May 2014) at 19, 25; *Circular Welded Carbon-Quality Steel Pipe from India, Oman, the United Arab Emirates, and* Vietnam, Inv. Nos. 701-TA-482-484 and 731-TA-1191-1194 (Final), USITC Pub. 4362 (December 2012) at 22, 31.

[56] In *Certain Crystalline Silicon Photovoltaic Products from China and Taiwan*, the Commission reached material injury determinations based on the significant and growing volume of subject imports that undersold the domestic like product and took market share from the domestic industry, causing declines beyond the industry's poor performance at the beginning of the period. *Certain Crystalline Silicon Photovoltaic Products from China and Taiwan*, Inv. Nos. 701-TA-511 and 731-TA-1246-1247 (Final), USITC Pub. 4519 (February 2015) at 46. Likewise, in *Steel Wire Garment Hangers from Taiwan*, the Commission relied on findings of significant underselling and significant price depression as a basis for finding that increased subject imports had led to low levels of capacity utilization, reduced employment, and operating losses for domestic industry throughout the period. *Steel Wire Garment Hangers from Taiwan*, Inv. No. 731-TA-1297 (Final), USITC Pub. 4363 (November 2012) at 18.

on the record evidence relating to the current impact of subject imports on the industry during the POI in making my determination.

I also reject the argument raised by Petitioner that the current investigation is sufficiently similar to the two prior investigations on steel nails to warrant an affirmative determination here as well.[57] Prior findings are not binding on the Commission due to the fact-specific and *sui generis* nature of the Commission's determinations, even when the same industry is being examined in a subsequent investigation.[58] I note that in both of the two prior investigations on steel nails, subject imports captured substantial levels of market share, and took market share primarily at the expense of the domestic industry.[59] As a result, in both prior investigations, the domestic industry's U.S. shipments and financial performance declined.[60] These trends are the opposite of what occurred during the current period, in which the domestic industry's market share remained stable as the market was improving, and the industry's output and financial indicia generally improved.

Therefore, I find that cumulated subject imports have not had a significant impact on the domestic industry, and I conclude that the industry is not materially injured by reason of cumulated subject imports.

II. No Threat of Material Injury by Reason of Subject Imports

A. Legal Standard

Section 771(7)(F) of the Tariff Act directs the Commission to determine whether the domestic industry is threatened with material injury by reason of the subject imports by analyzing whether "further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted."[61] The Commission may not make such a determination "on the basis of mere conjecture or supposition," and considers the threat factors "as a whole" in making its determination whether dumped or subsidized imports are imminent and whether material injury by reason of subject imports would occur unless an order is issued.[62] In making my

[57] Tr. at 8-11 (Gordon); Petitioner Prehearing Brief at 1-2.

[58] See *Celanese Chemicals Ltd. v. United States*, F. Supp. 2d, Slip Op. 07-16 (Ct. Int'l Trade January 29, 2007) at 45-47 ("The causation analysis in an earlier investigation thus does not set a precedent for causation analysis in a latter investigation of the same product.")

[59] In its determinations on steel nails from China, the domestic industry's market share fell from *** percent in 2005 to *** percent in 2007, while subject imports' market share increased from *** percent to *** percent. *Steel Nails from China* Views at 22-23. In its determinations on steel nails from the UAE, the domestic industry's market share fell from 22.8 percent in 2009 to 17.9 percent in 2011, while subject imports' market share increased from 14.3 percent to 20.4 percent. *Steel Nails from UAE* Views at 19-20, 28.

[60] *Steel Nails from China* Views at 28-30; *Steel Nails from UAE* Views at 28-29.

[61] 19 U.S.C. § 1677(7)(F)(ii).

[62] 19 U.S.C. § 1677(7)(F)(ii).

determination, I consider all statutory threat factors that are relevant to these investigations.[63]

B. Cumulation for Threat

Under section 771(7)(H) of the Tariff Act, the Commission may "to the extent practicable" cumulatively assess the volume and price effects of subject imports from all countries as to which petitions were filed on the same day if the requirements for cumulation in the material injury context are satisfied.[64] Accordingly, for purposes of my analysis of threat of material injury by reason of subject imports, subject imports from Korea, Malaysia, Oman, Taiwan, and Vietnam are eligible for cumulation.

As discussed in the Views of the Commission with respect to cumulation for present material injury, a section which I join, there is a reasonable overlap of competition among subject imports from all five countries and between subject imports from each country and the domestic like product. I also consider whether subject imports from Korea, Malaysia, Oman,

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[63] These factors are as follows:

(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement) and whether imports of the subject merchandise are likely to increase,

(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,

(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,

(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices and are likely to increase demand for further imports,

(V) inventories of the subject merchandise,

(VI) 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,…

(VIII) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).

19 U.S.C. § 1677(7)(F)(i). To organize my analysis, I discuss the applicable statutory threat factors using the same volume/price/impact framework that applies to my material injury analysis. Statutory threat factors (I), (II), (III), (V), and (VI) are discussed in the analysis of subject import volume. Statutory threat factor (IV) is discussed in the analysis of subject import price effects. Statutory factors (VIII) and (IX) are discussed in the analysis of impact. Statutory (VII) concerning agricultural products is inapplicable to these investigations.

[64] 19 U.S.C. § 1677(7)(H).

Taiwan, and Vietnam exhibited similar volume and price trends during the POI that would justify exercising my discretion to cumulate these imports for my threat analysis. Where there are some variations in the trends for the volume of subject imports from the five subject countries, I do not find that differences in these trends are meaningful in this context.[65] Moreover, I find that while the price trends of these imports fluctuated and varied depending on the product, they generally decreased overall and were sufficiently similar to support cumulation for my threat analysis.[66] Accordingly, based on an evaluation of the relevant criteria as well as the Commission's analysis regarding cumulation in the context of assessing present material injury, which I join, I exercise my discretion to cumulate subject imports from Korea, Malaysia, Oman, Taiwan, and Vietnam for the purposes of my threat analysis.

C. Analysis

1. Likely Volume[67]

I find that the increases in cumulated subject imports and market share during the POI do not indicate a likelihood of substantially increased imports in the imminent future. As detailed above, although cumulated subject imports increased over the POI, they increased their market share at the expense of nonsubject imports. This shift, as discussed above, occurred primarily because of ***.[68] The evidence on the record indicates that U.S. producers did not compete for *** business. Despite the increase in subject imports, the domestic industry maintained a steady level of market share throughout the POI.[69] Moreover, the industry increased its production and U.S. shipments throughout the period as apparent consumption increased. There is no evidence that these factors will change in the imminent future.[70]

I find that increases in the subject industry's capacity, excess capacity, exports to the United States, and inventories over the POI mirror the significant increase in subject imports that occurred, but do not indicate the likelihood of substantially increased imports of the subject merchandise in the imminent future.[71] Responding foreign producers from the five

[65] CR/PR at Table C-3.

[66] CR/PR at Table N-19.

[67] In its final determinations, Commerce identified 27 countervailable subsidy programs in Vietnam that are available to Vietnamese producers of steel nails. These programs include preferential lending, tax exemptions, import duty exemptions for imported raw materials and production machinery, land rent exemptions, and various export promotion programs. Commerce Final CVD Determination, 80 Fed. Reg. 28958, and accompanying Issues and Decision Memoranda.

[68] Oman Fasteners Prehearing Brief at 43.

[69] CR/PR at Table C-3.

[70] U.S. demand for steel nails is derived primarily from construction activity and is strongly influenced by construction in residential housing. U.S. housing starts were highest during the final two months of the POI, November and December 2014. CR/PR at Figure II-1; CR at II-20, PR at II-12.

[71] The Commission received foreign producer questionnaires in the final phase of these investigations from foreign producers and exporters representing the large majority of imports from Korea, Malaysia, (Continued…)

subject countries reported that their production capacity increased each year and was *** short tons – or *** percent – higher in 2014 than in 2012.[72] Nearly *** of this increase in capacity occurred due to ***.[73] The total volume of excess capacity increased from *** short tons in 2012 to *** short tons in 2014.[74] Notwithstanding the cumulated subject industries' substantial excess capacity and increase in capacity during the POI, they maintained a stable, high capacity utilization rate of *** percent in 2012, *** percent in 2013, and *** percent in 2014.[75]

Similarly, while these industries were highly export oriented during the POI, they had little divertible capacity to ship to the United States from exports to third countries, as most of their shipments were already destined for the United States. Total exports accounted for *** percent of the subject industries' total shipments in 2012, *** percent in 2013, and *** percent in 2014.[76] Exports to the United States accounted for *** percent of total shipments in 2012, *** percent in 2013, and *** percent in 2014.[77] Therefore, because the subject industries' shipped a stable, high share of their total shipments to the United States over the POI, they are unlikely to divert additional significant volumes of shipments to the United States from third-country exports or home market shipments.[78]

Moreover, subject producers' inventories as a share of total shipments were very low throughout the POI.[79] While U.S. importers' end-of-period inventories of subject imports were higher than foreign producers' inventories, these inventories declined substantially relative to U.S. shipments of subject imports over the POI.[80]

In sum, I find that the subject industries' increased capacity and excess capacity, and directed a substantial proportion of their total shipments to the United States during the POI, in line with the significant increase in subject imports that occurred during the period. However, as discussed above, the significant increase in subject imports did not have adverse effects on

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(…Continued)
Oman, and Taiwan. CR at VII-4-VII-7, VII-9, PR at VII-3-5. While the Commission did not receive a foreign producer questionnaire from a foreign producer in Vietnam in the final phase, it did receive a questionnaire from a Vietnamese producer accounting for the majority of U.S. imports from Vietnam during the preliminary phase of these investigations, which the Commission has used in this final phase. CR at VII-11, PR at 5.

[72] CR/PR at Table VII-7.

[73] CR/PR at Table VII-4 and Table VII-7; Oman Fasteners Prehearing Brief at 43.

[74] CR/PR at Table VII-7.

[75] CR/PR at Table VII-7.

[76] CR/PR at Table VII-7.

[77] CR/PR at Table VII-7.

[78] No responding producer, importer, or foreign producer reported any countervailing or antidumping duty orders in any third-country market on steel nails from the five subject countries. CR at VII-17; PR at VII-7.

[79] Inventories as a share of total shipments were *** percent in 2012, *** percent in 2013, and *** percent in 2014. CR/PR at Table VII-7.

[80] U.S. importers' end-of-period inventories from subject countries were equivalent to *** percent of their U.S. shipments of subject imports in 2012, *** percent in 2013, and *** percent in 2014.

the domestic industry, and subject imports primarily replaced nonsubject imports. The cumulated subject industries have operated at a high and stable capacity utilization rate, and have limited ability to shift additional shipments to the United States from exports to third countries or existing inventories. Moreover, the significant increase in subject imports was largely the result of a one-time ***, an event that is unlikely to recur. I therefore find that it is not likely that cumulated subject imports will increase significantly in the imminent future. To the extent that subject imports may increase in the imminent future, any such increase is likely to be commensurate with increases in apparent consumption. As this occurs, the domestic industry is likely to continue to maintain its market share as it did during the POI.

2. Likely Price Effects

As detailed above, I have found that subject imports neither depressed nor suppressed prices for the domestic like product to a significant degree during the POI, nor have I found that there was there significant underselling by subject imports. Because the volume of subject imports will likely not increase significantly, and because conditions of competition will likely not change significantly, there is also no basis to find significant price effects in the imminent future. I consequently find that the subject imports are unlikely to enter at prices that would have significant depressing or suppressing effects on domestic prices, or that would likely increase demand for further imports.

3. Likely Impact

I have found above that, notwithstanding the significant and increased volume of subject imports, most domestic industry financial and trade indicators improved during the POI. Nothing in the record of these investigations gives me reason to believe that subject imports, which caused no material injury during the POI, would likely have a significant adverse impact on the condition of the domestic industry in the imminent future.

I further find that subject imports have had no significant actual or potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product.[81]

In view of the foregoing, I conclude that an industry in the United States is not threatened with material injury by reason of cumulated subject imports.

[81] The domestic industry's R&D expenditures remained stable during the POI, and were $*** in 2012, $*** in 2013, and $*** in 2014. CR/PR at Table VI-4. Petitioner has made no claim that they are pursuing "a derivative or more advanced version" of the domestic like product.

III. Conclusion

For the reasons stated above, I determine that an industry in the United States is not materially injured or threatened with material injury by reason of imports of steel nails from Korea, Malaysia, Oman, Taiwan, and Vietnam that are sold in the United States at less than fair value and imports of steel nails that are subsidized by the government of Vietnam.

PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed with the U.S. Department of Commerce ("Commerce") and the U.S. International Trade Commission ("USITC" or "Commission") by Mid Continent Nail Corporation ("Mid Continent"), Poplar Bluff, Missouri on May 29, 2014, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and less-than-fair-value ("LTFV") imports of certain steel nails [1] ("steel nails") from India, Korea, Malaysia, Oman, Taiwan, Turkey, and Vietnam.[2] The following tabulation provides information relating to the background of these investigations.[3] [4]

Effective date	Action
May 29, 2014	Petition filed with Commerce and the Commission; institution of Commission investigations (79 FR 32311, June 4, 2014)
June 25, 2014	Commerce's notice of CVD initiation (79 FR 36014, June 25, 2014)
June 25, 2014	Commerce's notice of AD initiation (79 FR 36019, June 25, 2014)
July 14, 2014	Commission's preliminary determinations (79 FR 42049, July 18, 2014)
December 29, 2014	Scheduling of final phase of Commission's investigations (80 FR 3622, January 23, 2015)
May 8, 2015	Commerce's final determination
May 14, 2015	Commission's hearing
May 20, 2015	Commerce's final CVD determinations (80 FR 28958 – 28969, May 20, 2015)
May 20, 2015	Commerce's final AD determinations (80 FR 28955 – 28974, May 20, 2015)
May 20, 2015	Commission's notice terminating CVD investigations on Korea, Malaysia, Oman, and Taiwan (80 FR 32606, June 9, 2015)
June 16, 2015	Commission's vote
July 2, 2015	Commission's views

[1] See the section entitled "The Subject Merchandise" in *Part I* of this report for a complete description of the merchandise subject to these investigation(s).

[2] In the preliminary phase of its investigations, the Commission determined that imports of steel nails from India and Turkey are negligible
pursuant to section 771(24) of the Act (19 U.S.C. 1677(24)). Consequently, the Commission, terminated its investigations concerning steel nails from India and Turkey (79 FR 42049, July 18, 2014).

[3] Pertinent *Federal Register* notices are referenced in appendix A, and may be found at the Commission's website (www.usitc.gov).

[4] A list of witnesses that appeared at the hearing is presented in app. B of this report.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

Section 771(7)(B) of the Tariff Act of 1930 (the "Act") (19 U.S.C. § 1677(7)(B)) provides that in making its determinations of injury to an industry in the United States, the Commission--

> *shall consider (I) the volume of imports of the subject merchandise, (II) the effect of imports of that merchandise on prices in the United States for domestic like products, and (III) the impact of imports of such merchandise on domestic producers of domestic like products, but only in the context of production operations within the United States; and. . . may consider such other economic factors as are relevant to the determination regarding whether there is material injury by reason of imports.*

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--

> *In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant.*
> *. . .*
> *In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether. . .(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.*
> *. . .*
> *In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to . . . (I) actual and potential decline in output, sales, market share, profits, productivity, return on investments, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the*

domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.

Organization of report

Part I of this report presents information on the subject merchandise, subsidy and dumping margins, and domestic like product. *Part II* of this report presents information on conditions of competition and other relevant economic factors. *Part III* presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. *Parts IV* and *V* present the volume of subject imports and pricing of domestic and imported products, respectively. *Part VI* presents information on the financial experience of U.S. producers. *Part VII* presents the statutory requirements and information obtained for use in the Commission's consideration of the question of threat of material injury as well as information regarding nonsubject countries.

MARKET SUMMARY

Steel nails are generally used in residential and commercial construction to join objects together. The leading U.S. producer of steel nails is petitioner Mid Continent; other large producers include Illinois Tool Works ("ITW"), Senco Products, Inc. ("Senco"), and Tree Island. Major responding producers of steel nails outside the United States include ***, who combined accounted for nearly half of reported exports from all subject countries in 2013. The leading U.S. importers of steel nails from subject sources are ***. *** are the leading importers of nails from nonsubject countries.

Apparent U.S. consumption of steel nails totaled approximately 674,510 short tons ($895.0 million) in 2014. Currently, 14 firms are known to produce steel nails in the United States. U.S. producers' U.S. shipments of steel nails totaled 141,844 short tons ($209.7 million) in 2014, and accounted for 21.0 percent of apparent U.S. consumption by quantity and 23.4 percent by value. U.S. imports from subject sources totaled 252,389 short tons ($304.6 million) in 2014 and accounted for 37.4 percent of apparent U.S. consumption by quantity and 34.0 percent by value. U.S. imports from nonsubject sources totaled 280,277 short tons ($380.8 million) in 2014 and accounted for 41.6 percent of apparent U.S. consumption by quantity and 42.5 percent by value.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in these investigations is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of 13 firms that accounted for nearly all of U.S. production of steel nails during 2014.[5] U.S. imports are based on official statistics.

PREVIOUS AND RELATED INVESTIGATIONS

On November 21, 1977, a complaint was filed by Armco Steel Corp. ("Armco"); Atlantic Steel Co. ("Atlantic Steel"); Bethlehem Steel Corp. ("Bethlehem"); CF & I Steel Corp. ("CF&I"); Keystone Steel & Wire Division of Keystone Consolidated Industries, Inc. ("Keystone"); Northwestern Steel & Wire Co. ("Northwestern"); and the Penn-Dixie Steel Corp. ("Penn Dixie"), alleging that certain steel wire nails from Canada were being sold at LTFV.[6] In November 1978, the Department of the Treasury ("Treasury") determined that certain steel wire nails from Canada, except those produced by Tree Island Steel Co., Ltd. and the Steel Co. of Canada, Ltd. ("Tree Island"), were being, or were likely to be, sold in the United States at LTFV.[7] In February 1979, the Commission determined that the domestic steel wire nails industry was not being, and was not likely to be, injured and was not prevented from being established, by reason of the importation of certain steel wire nails from Canada that were being, or were likely to be, sold at LTFV.[8]

On April 20, 1979, Treasury, in conjunction with its administration of a "Trigger Price Mechanism," self-initiated an investigation to determine whether certain steel wire nails from Korea were being sold at LTFV. The investigation was subsequently terminated under the Antidumping Act, but was continued under section 731 of the Tariff Act of 1930, as amended. Commerce found that certain steel wire nails from Korea were being sold at LTFV.[9] However, the Commission determined that the domestic steel wire nails industry was not materially injured and was not threatened with material injury, and that the establishment of an industry in the United States was not materially retarded, by reason of imports of certain steel wire nails from Korea.[10]

On July 2, 1981, Commerce self-initiated antidumping investigations concerning imports of certain steel wire nails from Japan, Korea, and Yugoslavia pursuant to additional information developed under the trigger price mechanism.[11] Specifically, Commerce found that subject

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[5] Fox Valley, Pneu-Fast, and Specialty Nail did not submit questionnaire responses.

[6] 42 FR 64942, December 29, 1977.

[7] 43 FR 51743, November 6, 1978.

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

[9] 45 FR 34941, May 23, 1980.

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

[11] 46 FR 34613, July 2, 1981.

imports from these countries were likely being sold below trigger prices and, therefore, possibly at LTFV. Although the Commission made a negative determination with respect to certain steel wire nails from Korea in the previous year, the Commission found new evidence indicating that sales of Korean nails may be having an injurious effect on the domestic industry.[12] The investigation of imports from Japan was subsequently terminated, while the investigation of imports from Yugoslavia resulted in a negative determination by the Commission.[13] After a final affirmative material injury determination by the Commission, an antidumping duty order was issued against steel wire nails from Korea.[14] The order against Korea was revoked effective October 1, 1984, following a Voluntary Restraint Agreement[15] concerning imports of nails from Korea.[16]

On January 19, 1982, Armco Inc.; Tree Island; Atlantic Steel; Florida Wire and Nails ("Florida Wire"); New York Wire Mills; ("New York Wire") and Virginia Wire and Fabric ("Virginia Wire") filed a petition alleging that certain steel wire nails from Korea were being subsidized.[17] In September 1982, however, the countervailing duty investigation was terminated following a determination by Commerce that Korean producers and exporters of nails were not receiving benefits that constituted subsidies.[18]

On January 24, 1984, the United Steelworkers of America, AFL-CIO/CLC, and Bethlehem Steel Corp. filed a petition under section 201 of the Trade Act of 1974 alleging that carbon and certain alloy steel products, including steel wire nails, were being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported articles.[19] Following the Commission's affirmative determinations in July 1984 for several of the products, including steel wire nails, the United States negotiated various agreements to limit the importation of steel products into the United States, such as the VRAs.[20]

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[12] 46 FR 34615, July 2, 1981.

[13] 46 FR 41122, August 14, 1981; and *Certain Steel Wire Nails From Japan, The Republic of Korea, and Yugoslavia, Investigation Nos. 731-TA-45, 46, and 47 (Preliminary)*, USITC Publication 1175, August 1981.

[14] 47 FR 35266, August 13, 1982.

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

[16] 50 FR 40045, October 1, 1985.

[17] 47 FR 6458, February 8, 1982.

[18] 47 FR 39549, September 8, 1982.

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

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

On June 5, 1985, petitions were filed alleging that certain steel wire nails from China, Poland, and Yugoslavia were being, or were likely to be, sold in the United States at LTFV.[21] The petitions concerning imports from Poland and Yugoslavia were subsequently withdrawn following VRAs with Poland and Yugoslavia with respect to exports of steel wire nails to the United States. As a result, Commerce terminated the investigations with respect to Poland and Yugoslavia.[22] The investigation with respect to China led to a finding that the domestic steel wire nails industry was materially injured by reason of LTFV imports of certain steel wire nails from China.[23]

On April 20, 1987, a petition was filed alleging that certain steel wire nails from New Zealand and Thailand were receiving bounties or grants.[24] Commerce conducted a section 303 investigation and made affirmative findings with respect to both countries and issued countervailing duty orders against steel wire nails from Thailand and New Zealand in October 1987.[25] On August 9, 1995, the orders were revoked by Commerce as no domestic interested party requested a review.[26]

On March 22, 1989, a petition was filed alleging that certain steel wire nails from Malaysia were receiving bounties or grants.[27] Commerce, however, determined that no benefits which constitute bounties or grants were being provided to Malaysian producers or exporters.[28]

On November 26, 1996, a petition was filed alleging that collated roofing nails imported from China, Korea, and Taiwan were being sold at LTFV.[29] These investigations led to a finding that the domestic collated roofing nails industry was threatened with material injury by reason

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[21] The petitions were filed by Atlantic Steel Co.; Atlas Steel & Wire Corp.("Atlas Steel"); Continental Steel Corp. ("Continental Steel"); Dickson Weatherproof Nail Co.; Florida Wire; Keystone; Northwestern; Virginia Wire; and Wire Products Co. 50 FR 27479, July 3, 1985.

[22] 51 FR 4205, February 3, 1986, and 50 FR 35281, August 30, 1985.

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

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

[25] 52 FR 36987, October 2, 1987, and 52 FR 37196, October 5, 1987.

[26] 60 FR 40568, August 9, 1995.

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

[28] 54 FR 36841, September 5, 1989.

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

of LTFV imports of collated roofing nails from China and Taiwan.[30] The investigation with respect to collated roofing nails from Korea was terminated by the Commission following a negative determination by Commerce.[31] On November 19, 1997, Commerce issued antidumping duty orders against collated roofing nails from China and Taiwan.[32] These orders were revoked effective November 19, 2002, as no domestic interested party responded to Commerce's notice of initiation of five-year reviews.[33]

On July 3, 2001, following a request from the United States Trade Representative ("USTR") and subsequently a request from the Senate Finance Committee, a section 201 investigation was initiated by the Commission to determine whether certain steel products were being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry. The Commission, however, made a negative determination with respect to carbon and alloy steel nails.[34]

On May 29, 2007, following receipt of a petition filed with the Commission and Commerce by Davis Wire, Gerdau Ameristeel, Maze Nails, Mid Continent, and Treasure Coast Fasteners,[35] the Commission instituted antidumping duty investigations on steel nails from the UAE and China. The Commission determined that an industry in the United States was materially injured by reason of imports from China of steel nails, found by Commerce to be sold in the United States at LTFV.[36] [37] [38] On August 1, 2008, Commerce issued an antidumping order on steel nails from China with margins from 0.0 percent (Paslode) to 21.24 percent for "named firms," and 118.04 percent for all others.[39] On April 26, 2011, Commerce issued amended final

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

[31] 62 FR 51420, October 1, 1997, and 62 FR 53799, October 16, 1997.

[32] 62 FR 61729, November 19, 1997, and 62 FR 61730, November 19, 1997.

[33] 67 FR 70578, November 25, 2002.

[34] *Steel, Investigation No. TA-201-73*, USITC Publication 3479, December 2001.

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

[36] The petition alleged that an industry in the United States was materially injured or threatened with material injury by reason of LTFV imports of certain steel nails from the UAE. On June 16, 2008, Commerce found that certain steel nails from the UAE are not being, or are not likely to be, sold in the United States at LTFV. 73 FR 33985 (June 16, 2008). Accordingly, the Commission terminated its final phase of the investigation regarding the UAE. 73 FR 39041 (July 8, 2008).

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

[38] Commerce conducted a changed-circumstances review concerning the antidumping duty order on certain steel nails from China that address the exclusion of roofing nails. See *Certain Steel Nails from the People's Republic of China: Final Results of Antidumping Duty Changed Circumstances Review*, 76 FR 30101, May 24, 2011.

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

administrative review margins for 23 Chinese exporters of 10.63 percent.[40] Commerce issued a determination in its second review on March 1, 2012.[41]

On March 31, 2011, following receipt of a petition filed with the Commission and Commerce by Mid Continent the Commission instituted an antidumping investigation on steel nails from the UAE. The Commission determined that the domestic industry producing steel nails was materially injured by reason of subject imports from the UAE that Commerce found were sold in the U.S. market at LTFV.

NATURE AND EXTENT OF SUBSIDIES AND SALES AT LTFV

Nature of the subsidies

On May 20, 2015, Commerce published a notice in the *Federal Register* of its final determinations of countervailable subsidies for producers and exporters of steel nails from Korea, Malaysia, Oman, Taiwan, and Vietnam.[42] Table I-1 presents Commerce's findings of subsidization of steel nails in Korea, Malaysia, Oman, Taiwan, and Vietnam.

Table I-1
Steel nails: Commerce's final subsidy determinations with respect to imports from Korea, Malaysia, Oman, Taiwan, and Vietnam

Entity	Final countervailable subsidy margin (*percent*)
Korea:	
Daejin Steel Company	0.14 (de minimis)
Jinheung Steel Corporation	0.18 (de minimis)
Malaysia:	
Inmax Sdn. Bhd. and Inmax Industries Sdn. Bhd.	0.01 (de minimis)
Region International Co., Ltd. and Region System Sdn. Bhd.	0.02 (de minimis)
Oman:	
Oman Fasteners LLC	0.24 (de minimis)
Taiwan:	
PT Enterprise, Inc.	0.00 (de minimis)
Quick Advance, Inc.	0.00 (de minimis)
Vietnam:	
Region Industries Co., Ltd.	288.56
United Nail Products Co., Ltd.	313.97
All Others	301.27

Source: 80 FR 28958 – 28969, May 20, 2015.

[40] *Certain Steel Nails From the People's Republic of China: Amended Final Results of the First Antidumping Duty Administrative Review*, 76 FR 23279, April 26, 2011.

[41] *Certain Steel Nails From the People's Republic of China: Final Results and Final Partial Rescission of the Second Antidumping Duty Administrative Review*, 77 FR 12556, March 1, 2012.

[42] See Appendix A for all notices.

Sales at LTFV

On May 20, 2015 (Korea, Malaysia, Oman, and Taiwan) and May 22, 2015 (Vietnam), Commerce published a notice in the *Federal Register* of its final determinations of sales at LTFV with respect to imports from Korea, Malaysia, Oman, Taiwan, and Vietnam.[43] Table I-2 presents Commerce's dumping margins with respect to imports of product from Korea, Malaysia, Oman, Taiwan, and Vietnam.

Table I-2
Steel nails: Commerce's final weighted-average LTFV margins with respect to imports from Korea, Malaysia, Oman, Taiwan, and Vietnam

Exporter/Producer	Final dumping margin (*percent*)
Korea:	
Daejin Steel	11.80
Jinheung Steel Corporation	0.00
All others	11.80
Malaysia:	
Inmax Sdn. Bhd.	39.35
Region International Co. Ltd.and Region System Sdn. Bhd.	2.66
Tag Fasteners Sdn. Bhd.	39.35
All others	2.66
Oman:	
Oman Fasteners, LLC	9.10
All others	9.10
Taiwan:	
PT Enterprise Inc.	2.24
Quick Advance, Inc.	0.00
All others	2.24
Vietnam:	
Region International Co., Ltd./ Region International Co., Ltd	323.99
United Nail Products Co., Ltd./ United Nail Products Co., Ltd.	323.99
Kosteel Vina Limited Company/Kosteel Vina Limited Company	323.99
Vietnam-wide entity	323.99

Source: 80 FR 28955 – 28974, May 20, 2015.

[43] See Appendix A for all notices.

THE SUBJECT MERCHANDISE

Commerce's scope

Commerce has defined the scope of these investigations as follows:

> *The merchandise covered by this investigation is certain steel nails having a nominal shaft length not exceeding 12 inches.*[44] *Certain steel nails include, but are not limited to, nails made from round wire and nails that are cut from flat-rolled steel. Certain steel nails may be of one piece construction or constructed of two or more pieces. Certain steel nails may be produced from any type of steel, and may have any type of surface finish, head type, shank, point type and shaft diameter. Finishes include, but are not limited to, coating in vinyl, zinc (galvanized, including but not limited to electroplating or hot dipping one or more times), phosphate, cement, and paint. Certain steel nails may have one or more surface finishes. Head styles include, but are not limited to, flat, projection, cupped, oval, brad, headless, double, countersunk, and sinker. Shank styles include, but are not limited to, smooth, barbed, screw threaded, ring shank and fluted. Screw-threaded nails subject to this proceeding are driven using direct force and not by turning the nail using a tool that engages with the head. Point styles include, but are not limited to, diamond, needle, chisel and blunt or no point. Certain steel nails may be sold in bulk, or they may be collated in any manner using any material.*
>
> *Excluded from the scope of this investigation are certain steel nails packaged in combination with one or more non-subject articles, if the total number of nails of all types, in aggregate regardless of size, is less than 25. If packaged in combination with one or more non-subject articles, certain steel nails remain subject merchandise if the total number of nails of all types, in aggregate regardless of size, is equal to or greater than 25, unless otherwise excluded based on the other exclusions below. Also excluded from the scope are certain steel nails with a nominal shaft length of one inch or less that are (a) a component of an unassembled article, (b) the total number of nails is sixty (60) or less, and (c) the imported unassembled article falls into one of the following eight groupings: 1) builders' joinery and carpentry of wood that are classifiable as windows, French-windows and their frames; 2) builders' joinery and*

[44] The shaft length of certain steel nails with flat heads or parallel shoulders under the head shall be measured from under the head or shoulder to the tip of the point. The shaft length of all other certain steel nails shall be measured overall.

carpentry of wood that are classifiable as doors and their frames and thresholds; 3) swivel seats with variable height adjustment; 4) seats that are convertible into beds (with the exception of those classifiable as garden seats or camping equipment); 5) seats of cane, osier, bamboo or similar materials; 6) other seats with wooden frames (with the exception of seats of a kind used for aircraft or motor vehicles); 7) furniture (other than seats) of wood (with the exception of i) medical, surgical, dental or veterinary furniture; and ii) barbers' chairs and similar chairs, having rotating as well as both reclining and elevating movements); or 8) furniture (other than seats) of materials other than wood, metal, or plastics (e.g., furniture of cane, osier, bamboo or similar materials). The aforementioned imported unassembled articles are currently classified under the following Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 4418.10, 4418.20, 9401.30, 9401.40, 9401.51, 9401.59, 9401.61, 9401.69, 9403.30, 9403.40, 9403.50, 9403.60, 9403.81 or 9403.89.

Also excluded from the scope of this investigation are steel nails that meet the specifications of Type I, Style 20 nails as identified in Tables 29 through 33 of ASTM Standard F1667 (2013 revision).

Also excluded from the scope of this investigation are nails suitable for use in powder-actuated hand tools, whether or not threaded, which are currently classified under HTSUS subheadings 7317.00.20.00 and 7317.00.30.00.

Also excluded from the scope of this investigation are nails having a case hardness greater than or equal to 50 on the Rockwell Hardness C scale (HRC), a carbon content greater than or equal to 0.5 percent, a round head, a secondary reduced-diameter raised head section, a centered shank, and a smooth symmetrical point, suitable for use in gasactuated hand tools.

Also excluded from the scope of this investigation are corrugated nails. A corrugated nail is made up of a small strip of corrugated steel with sharp points on one side.

Also excluded from the scope of this investigation are thumb tacks, which are currently classified under HTSUS subheading 7317.00.10.00. Certain steel nails subject to this investigation are currently classified under HTSUS subheadings 7317.00.55.02, 7317.00.55.03, 7317.00.55.05, 7317.00.55.07, 7317.00.55.08, 7317.00.55.11, 7317.00.55.18, 7317.00.55.19, 7317.00.55.20, 7317.00.55.30, 7317.00.55.40, 7317.00.55.50, 7317.00.55.60, 7317.00.55.70, 7317.00.55.80,

7317.00.55.90, 7317.00.65.30, 7317.00.65.60 and 7317.00.75.00. Certain steel nails subject to this investigation also may be classified under HTSUS subheading 8206.00.00.00 or other HTSUS subheadings.

While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this investigation is dispositive.[45]

Tariff treatment

Based upon the scope set forth by Commerce, information available to the Commission indicates that the subject goods currently are classifiable in subheadings 7317.00.55, 7317.00.65, and 7317.00.75 of the Harmonized Tariff Schedule of the United States ("HTS"). The current general rate of duty for the subject steel nails is free.

THE PRODUCT

Description and applications

Although most steel nails are produced of low-carbon steel, nails are also produced of stainless steel (to resist corrosion) and of hardenable medium- to high-carbon steel.[46] Nails are packaged for shipment in bulk, that is, loose in a carton or other container, or collated, that is, joined with wire, paper strips, plastic strips, or glue into coils or straight strips for use in pneumatic nailing tools. Although most nails are produced from a single piece of steel, some nails are produced from two or more pieces. Examples include a nail with a decorative head, such as an upholstery nail; a masonry anchor that comprises a zinc anchor and a steel wire nail; a nail with a large thin attached head (for nailing roofing felt, for example); and a nail with a rubber or neoprene washer assembled over its shaft (to seal the nail-hole in metal or fiberglass roofing, or siding).

[45] *Certain Steel Nails from the Republic of Korea: Final Determination of Sales at Less Than Fair Value,* 80 FR 28955, May 20, 2015.

[46] According to petitioner, all steel nails share the same basic physical characteristics, consisting of a head, shaft, and point; are produced to the same industry-wide standards; and although woodworking nails may have smaller heads and may differ in length and diameter, the differences are minor and do not delineate separate domestic like products. Petition, pp. 7-10.

Manufacturing Processes

Most steel nails are produced from steel wire, although a small proportion of steel nails are produced from steel sheet or plate and referred to as "cut nails." Non-integrated producers of wire nails use purchased steel wire as a starting raw material, whereas integrated producers utilize their own facilities to produce wire for nails, using steel wire rod as their starting material. Some producers are further integrated through the steelmaking process, and produce steel wire rod from raw materials such as scrap, pig iron, and ferroalloys.[47] Figure I-1 shows the general process for producing steel wire nails.

To produce nails, wire is fed from a large coil into a nail machine that automatically straightens the wire, forms the head of the nail, and cuts the nail from the wire, simultaneously forming the point and ejecting the finished nail. Nail machines are of two general types: the first, known as a "cold-heading machine," holds the wire near its end in gripper dies and forms the head by striking the leading end of the wire, forcing the end of the wire to fill a die cavity of the desired shape. The wire is fed through the grippers, and shape cutters form the point and cut the nail free from the wire coming off of the coil. The process is repeated for each individual nail produced by the cold-heading process. In the second type of nail machine, known as a "rotary heading machine," the wire is fed continuously and cutting rollers cut individual nail blanks, simultaneously forming the point. The nail blanks are then inserted into a die ring and the heads are formed by compression of the end of the nail between the rotating ring and a heading roller. The completed nails are then ejected from the machine. Both types of nail machines are used to produce all styles of nails, and some manufacturers have both types in their facilities. These automatic machines are capable of producing a range of nail sizes and head and point styles by changing tooling and adjustment.[48]

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

After forming, nails are tumbled on themselves in rotating drums to remove particles of head flash and the whiskers, which often remain on the cut and pointed ends. The same drum may contain a medium (such as sawdust) which effects cleaning and polishing of the nails during tumbling, otherwise the tumbled nails can be transferred to units that clean the nails with solvents or vapor degreasers.

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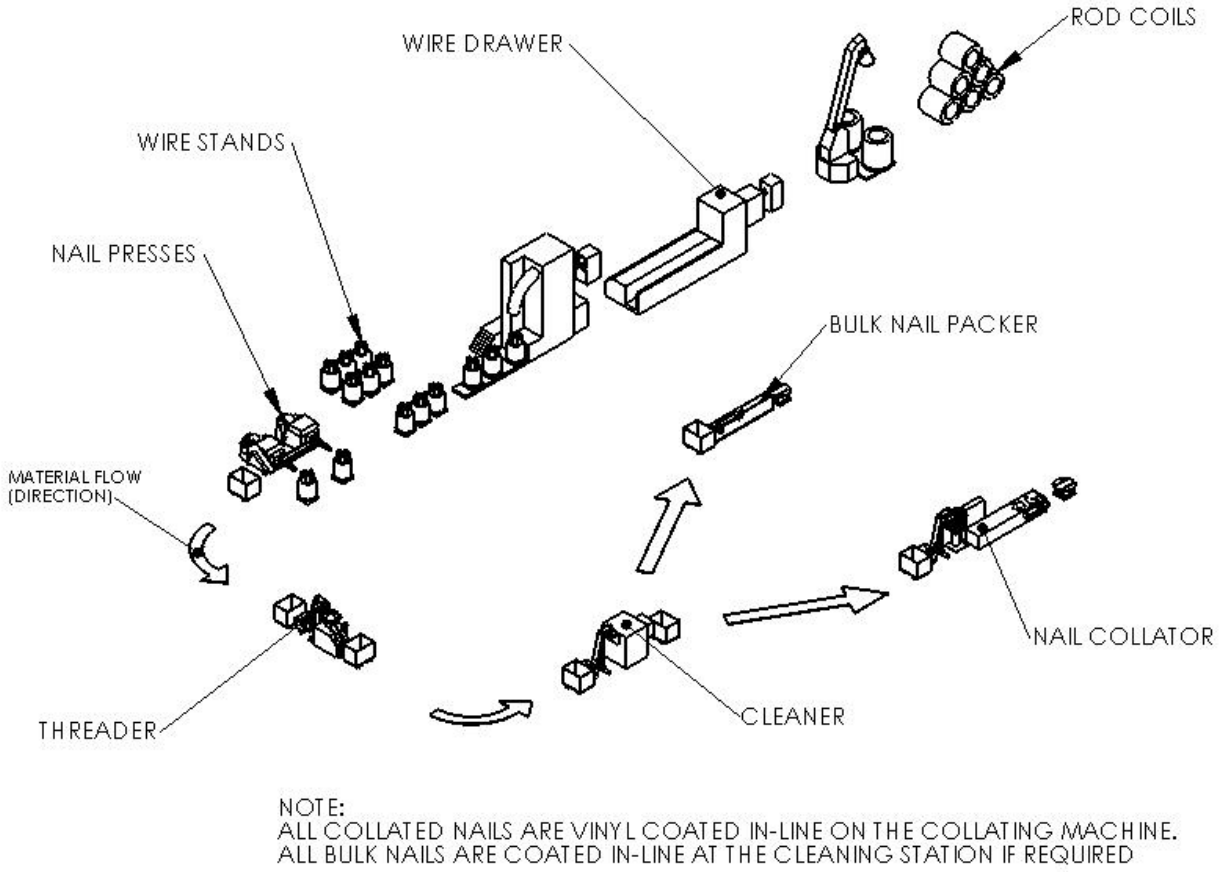
[47] All current producers in the United States and in the subject countries use either purchased rod or purchased wire as starting material.

[48] For the U.S. market, the vast majority of nails are produced to comply with ASTM F 1667 Standard Specification for Driven Fasteners: Nails, Spikes, and Staples. For other markets, other specifications apply, including DIN specifications for Europe, but the same nail-making equipment may be used for any specification.

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



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

Nails are produced with a number of finishes, depending upon the intended use: uncoated,[49] zinc-coated (galvanized), vinyl-resin and cement-coated are the most common finishes. Nails with galvanized coatings are intended for uses where corrosion and staining resistance are important.[50] Resin coatings are used to aid in driving the nail. Cement coating is used to increase the resistance of the nail to withdrawal by increasing the friction between the

[49] Uncoated nails are also called "bright," a term that refers to nails that have not undergone treatments affecting finish, such as hardening, bluing, coating, plating, etching, painting, etc. ASTM F 547: Standard Terminology of Nails for Use with Wood and Wood-Base Materials.

[50] Forest Products Society, Wood Handbook 2010 Edition, p. 8-3.

nail and the wood into which it has been driven.[51] Zinc-coated, or galvanized, nails are produced by several methods: (1) produced using zinc-coated (galvanized) wire; (2) produced by a process of dipping formed nails in molten zinc then spinning them in a centrifuge-like apparatus to throw off excess molten zinc; (3) electroplated with zinc after forming. Nails for driving into concrete or other hard substances may be hardened by heat treatment. Nails for use in hand-held pneumatic nailing tools are processed through automatic equipment to collate the nails using paper strips, plastic strips, fine steel wire, or adhesive. Nails for use in nailing tools in some industrial applications—for the production of wooden pallets in particular—are packaged in bulk and fed to the nailing tools via automatic hopper-feeding systems. Nails for hand-driving are packaged in bulk (loose) in cartons or in smaller count boxes, including one- and five-pound boxes for mass merchandise retail repair and remodeling customers.

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

DOMESTIC LIKE PRODUCT ISSUES

Petitioner contends that there is a single domestic like product that is coextensive with the scope of the case, and further argues that the minor variations in nail features do not justify segmenting various types of nails into separate domestic like products.[52] No other party has proposed an alternative like product.

[51] Forest Products Society, Wood Handbook 2010 Edition, p. 8-3.
[52] Petition, p. 15, and postconference brief of petitioner, p. 3.

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

U.S. MARKET CHARACTERISTICS

Steel nails are predominantly manufactured from steel wire rod, but may also be produced from steel plate or strip.[1] Different types of steel nails are sold for housing construction, constructing pallets and shipping crates, and making furniture, cabinets, or flooring. Steel nails are packaged in different sized boxes and containers with smaller packages normally purchased by big box retailers and larger containers sold to lumberyards and wholesale distributors.[2] They are sold in bulk or in paper- or plastic-collated strips to end users and distributors. The construction industry is the single largest end user of steel nails.[3] Therefore, demand for steel nails is primarily driven by the U.S. construction industry, and is strongly influenced by residential housing construction.[4] Prices for steel nails are determined by a number of factors, including type of nail, physical dimensions of the nails, whether the nail is galvanized or coated, whether it is sold as a bulk or collated product, and shank style.[5]

There are five major brands that compete in the U.S. market: Paslode (ITW), Hitachi (Hitachi Koki USA), Bostitch (Stanley), Senco (Senco), and Grip Rite (Prime Source).[6] U.S. producer Mid Continent's Magnum brand also competes in the U.S. market, but respondents equate the Magnum brand to a generic brand.[7] Certain types of nails are dominated by certain brands. Different types of collated construction nails are dominated by certain brands. Hitachi, for example, is known for certain plastic strip nailers, Paslode is known for paper tape, and Stanley is known for wire coil nails. Taiwan respondents equate Petitioner's Magnum brand to a generic brand that competes on the lower end of the construction nails market but leads in the pallet nail market.[8]

Apparent U.S. consumption of steel nails increased steadily during 2012-14. Overall, apparent U.S. consumption in 2014 was 15.3 percent higher than in 2012, increasing from 584,957 short tons in 2012 to 674,510 short tons in 2014.

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[1] Petition, Vol. 1, p. 9.

[2] Taiwan respondents' postconference brief, p. 7.

[3] Taiwan respondents' postconference brief, p. 6.

[4] Petition, Vol. 1, pp. 18-19; Petitioner's postconference brief, p. 17; Hearing transcript, p. 27 (Villanueva).

[5] Petition, Vol. 2, pp. 2-3 ; Vol. 3, pp. 2-3; Vol. 4, pp. 2-3; Vol. 5, pp. 2-3; Vol. 6, pp. 2-3; Vol. 7, pp. 2-3; and Vol. 8, pp. 2-3.

[6] Taiwan respondents' prehearing brief, p. 18; Oman Fasteners' prehearing brief, p. 24; Hearing transcript, pp. 138, 242 (Leffler, Christy); Taiwan respondents' posthearing brief, p. 8.

[7] Hearing transcript, pp. 16, 130, 137-38, 172(Marshak, Zinman, Leffler, Karaga, respectively).

[8] Hearing transcript, pp. 15, 128, 147, 171-72 (Marshak, Zinman, Ippoliti, Karaga, respectively); Taiwan respondents' posthearing brief, p. 9, 11; Oman Fasteners' posthearing brief, p. 7, Exhibit 1, p. 38.

U.S. PURCHASERS

The Commission issued 232 purchasers' questionnaires and received 80 usable questionnaire responses from firms that bought steel nails during 2012-14.[9] Forty-three responding purchasers are distributors,[10] 16 are industrial end users, 14 are wholesalers, 6 are mass retailers, 4 are construction end users,[11] and 11 identified themselves as "other."[12] The responding purchasers represented firms in a variety of domestic industries, including residential and commercial construction, pallet or crate manufacturing, and retail. The largest purchasers of steel nails in 2014 were ***. ***.[13]

CHANNELS OF DISTRIBUTION

Overall, steel nails are primarily sold to distributors.[14] U.S. producers reported that two-thirds or more of their U.S. commercial shipments went to distributors during 2012-14 (table II-1). The vast majority of U.S. commercial shipments of steel nails imported from Malaysia, Taiwan, and Vietnam, and *** U.S. commercial shipments of steel nails from Oman were also sold to distributors. U.S. commercial shipments of steel nails imported from Korea were sold to both end users and distributors during 2012-13, with an increase in shipments to distributors in 2014. While there is an overlap in channels of distribution, some major importers and distributors do not share a customer base with the domestic industry.[15] According to

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[9] Of the 80 responding purchasers, 50 purchased domestically produced steel nails, 35 purchased imports of the subject merchandise from Korea, 22 from Malaysia, 23 from Oman, 24 from Taiwan, and 16 from Vietnam. Fifty-one purchasers purchased imports of steel nails from other sources, and 13 purchasers indicated that they were unable to identify the sources of the certain steel nails they purchased.

[10] The majority of responding purchasers stated that they did not compete with their supplying manufacturers or importers. However, 23 of 60 purchasers reported that they do compete directly with their suppliers, with at least 12 purchasers reporting direct competition with Mid Continent (or Deacero USA) and Prime Source. Distributors identified a wide range of customers, including residential and commercial construction contractors, retail lumber yards, pallet manufacturers, drywall or roofing yards, furniture construction, large retailers, and "do-it-yourself, weekend handymen."

[11] This count includes one purchaser *** identified as "other" in the questionnaire (III-1), but manufactures hardwood floors.

[12] *** purchasers were part of a cooperative that buys nails on behalf of its members, but does not take full ownership of the product, *** purchasers identified themselves as pallet and specialty crate manufacturers, *** purchasers were furniture or upholstery manufacturers, and ***.

[13] ***

[14] Petitioner states that because there are few producers (domestic or foreign) that are able to provide a full range of SKUs, distributors act as consolidators, purchasing steel nails from multiple manufacturers to enable them to offer a more comprehensive product line. Petitioner's posthearing brief, Answers to Commission Questions, p. 31.

[15] Oman Fasteners' prehearing brief, p. 40.

respondents, most domestically produced steel nails are either pallet nails (collated and not collated), or other collated nails. Taiwan respondents report that there is little direct competition between importer Itochu and Mid Continent's brands since Itochu's sales of pallet nails are *** and Mid Continent's sales of hand drive construction nails are also ***. Taiwan respondents assert that hand-drive non-pallet nails are not produced in *** quantities in the United States.[16]

Taiwan respondents' argue that servicing a major retailer (such as Home Depot or Lowe's) requires sophisticated distribution systems. Respondents argue that sales to these purchasers are not based on price by rather reliability and support of the supplier. Taiwan respondents assert that most U.S. producers do not have the size, product diversity, or distribution systems required to sell to mass retailers.[17] The Petitioner responded that there is no competitive disadvantage to the domestic industry merely because some domestic producers do not have their own national distribution capabilities.[18]

Table II-1
Steel nails: U.S. producers' and importers' U.S. commercial shipments, by sources and channels of distribution, 2012-14

* * * * * * *

GEOGRAPHIC DISTRIBUTION

U.S. producers and importers reported selling steel nails to all regions in the contiguous United States (table II-2). For U.S. producers, 7.5 percent of sales were within 100 miles of their production facility, 78.3 percent were between 101 and 1,000 miles, and 14.2 percent were over 1,000 miles. Importers of steel nails from all subject countries sold 51.2 percent within 100 miles of their U.S. point of shipment, 44.1 percent between 101 and 1,000 miles, and 4.7 percent over 1,000 miles. A significant portion of subject imports from Taiwan (*** percent) and Vietnam (*** percent) is shipped within 100 miles of the U.S. point of shipment.

[16] Taiwan respondents' prehearing brief, pp. 24, 32.

[17] Taiwan respondents' prehearing brief, pp. 19, 32. Ms. Bressler of Home Depot testified that Home Depot made arrangements with U.S. producer Maze to use Prime Source's distribution and service network because Maze did not have the distribution and in-store services needed by Home Depot. Hearing transcript, pp. 202-03 (Bressler). Home Depot's agreement with Maze was because Maze supplies specialty nails. Its normal sourcing situations involving most nails that it can and does purchase from suppliers who provide the product range, distribution and in-store services Home Depot needs. Home Depot posthearing statement, p. 3.

[18] Petitioner's posthearing brief, Answers to Commission Questions, pp. 58-59.

Table II-2
Steel nails: Geographic market areas in the United States served by U.S. producers and importers

Region	U.S. producers	U.S. imports from				
		Korea	Malaysia	Oman	Taiwan	Vietnam
Northeast	9	8	8	2	7	4
Midwest	10	12	8	3	6	7
Southeast	9	13	11	4	11	6
Central Southwest	10	11	6	3	9	5
Mountains	10	10	7	4	7	6
Pacific Coast	8	11	6	4	9	7
Other[1]	5	5	2	1	3	1
All regions (except Other)	8	8	5	2	4	4
Reporting firms	11	14	11	5	12	8

[1] All other U.S. markets, including AK, HI, PR, and VI.

Source: Compiled from data submitted in response to Commission questionnaires.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Domestic production

Based on available information, U.S. producers of steel nails have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of domestically produced steel nails to the U.S. market. The main contributing factor to this degree of responsiveness of supply is the availability of unused capacity. Factors constraining the ability of domestic producers to respond to changes in demand are limited alternative markets, relatively small inventories, and a limited ability to produce alternative products.

Industry capacity

Domestic industry capacity increased overall from 328,414 short tons in 2012 to 343,108 short tons in 2014, and production increased steadily over the same period. Domestic capacity utilization increased from 39.0 percent in 2012 to 41.6 percent in 2014. This relatively low level of capacity utilization suggests that U.S. producers may have substantial ability to increase production of steel nails in response to an increase in prices.

Alternative markets

Domestic producers' exports, as a percentage of total shipments, remained relatively constant at *** percent during 2012-14 suggesting that U.S. producers may have a very limited ability to shift shipments between the U.S. market and other markets in response to price changes.

Inventory levels

Domestic producers' inventories as a share of total shipments declined from *** percent in 2012 to *** percent in 2014. These inventory levels suggest that U.S. producers may have limited ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

All responding U.S. producers stated that they could not switch production from steel nails to other products.

Supply constraints

Most U.S. producers reported that they had not refused or been unable to supply steel nails to purchasers. However, U.S. producer *** reported that it had declined to supply small volume nail packages due to an increase in imports from subject countries.

Most U.S. purchasers reported that no firm had refused or been unable to supply steel nails since 2012. However, 21 of 79 responding purchasers cited various instances in which they had been declined sales. Six purchasers reported that *** had declined to sell them steel nails, and three of these purchasers attributed *** refusals to their requests for private labeled nails. U.S. purchaser *** reported that ***. U.S. purchaser *** reported that *** could not supply *** and had declined *** requests. Purchaser *** reported that within *** ***[19] has extended lead times and has been unable to meet requested shipping dates. Purchaser *** stated that availability has been the primary supply constraint because there are few domestic producers.

Purchaser *** reported that ***, and ***. Purchaser *** reported that *** was unable to *** because *** ***[20] and purchaser *** reported that *** stopped ***. Other firms identified as unable to supply U.S. purchasers were *** because of its extended lead times and inability to meet requested ship dates, and *** because it was unable to supply steel nails in the necessary time. One purchaser each also listed *** and *** as unable to supply steel nails. Two purchasers (*** and ***) reported that antidumping investigations have dissuaded some suppliers from supplying steel nails. Purchasers cited production bottlenecks, limited capacity to meet demand, and long lead times for delivery as other supply constraints.

Taiwan respondents reported that domestic mills produce limited quantities of certain types of nails, including galvanized nails and hand drive construction nails.[21] Omani respondents contended that several U.S. producers *** to meet U.S. demand.[22]

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[19] *** ***'s U.S. producer questionnaire, I-4, I-6, and III-7.

[20] Email from ***, March 20, 2014.

[21] Taiwan respondents' prehearing brief, p. 29.

[22] Oman Fasteners' posthearing brief, p. 33.

Subject imports from Korea[23]

Based on available information, producers of steel nails from Korea have the ability to respond to changes in demand with small-to-moderate changes in the quantity of shipments of steel nails to the U.S. market. The main contributing factor to this degree of responsiveness of supply is some availability of unused capacity. Supply responsiveness is constrained by limited ability to shift shipments to other markets, a limited availability of inventories, and a limited ability to produce alternative products.

Industry capacity

The two responding Korean producers of steel nails, NailTech and Daejin Steel, reported that capacity utilization *** from *** percent in 2012 to *** percent in 2014. Responding Korean producers' total capacity *** short tons during 2012-14, and production increased only slightly, by *** percent.

Alternative markets

Korean producers ship *** of their export shipments to the United States. Korean exports to the United States dropped from *** percent in 2012, to *** percent in 2014, while exports to other markets increased slightly from *** percent in 2012 to *** percent in 2014. Korean producers shipments to their home market fluctuated during 2012-14, increasing from *** percent in 2012 to *** percent in 2014.

Inventory levels

Responding Korean producers reported that the ratio of end-of-period inventories to total shipments *** from *** percent in 2012 to *** percent in 2013, and then *** to *** percent in 2014.

Production alternatives

Responding Korean producers reported that they *** shift production between steel nails and other products. NailTech reported that its equipment *** and that it ***.

Subject imports from Malaysia[24]

One questionnaire response from Malaysian producer Inmax was received during the final phase of these investigations. Based on available information, Malaysian producers have

[23] The Commission received two questionnaire responses from Korean producers. These firms' exports to the United States accounted for *** percent of U.S. imports of steel nails from Korea during 2012-14.

[24] The Commission received one questionnaire response from Malaysian producers. The exports to the United States accounted for *** percent of U.S. imports of steel nails from Malaysia during 2012-2014.

the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of steel nails to the U.S. market. Supply responsiveness is increased by the availability of unused capacity and the ability to divert shipments from alternative markets, but is constrained by limited availability of inventories and limited ability to produce alternative products.

Industry capacity

Malaysian producers have available capacity with which they could increase shipments of steel nails to the United States in the event of a price change. The responding Malaysian producer's capacity utilization *** during 2012-14, *** from *** percent in 2012 to *** percent in 2013, then *** to *** percent in 2014.[25] The one responding Malaysian producer's production of steel nails increased by *** percent from 2012 to 2014, and capacity increased by *** percent during that time.

Alternative markets[26]

Malaysian producers' exports to the United States *** from *** of their total shipments in 2012 to *** percent of their total shipments in 2013, and then decreased to *** percent in 2014. Malaysian producers' exports to all other markets[27] increased from *** percent in 2012 to *** percent in 2014. Malaysian producers' shipments to their home market decreased from *** percent of total shipments in 2012 to *** percent in 2014.

Inventory levels

Malaysian producers' inventories as a share of total shipments decreased from *** percent in 2012 to *** percent in 2014. U.S. purchaser *** stated that *** has stopped exporting nails to the United States.

Production alternatives

All responding Malaysian producers reported that they are not able to switch production between steel nails and other products.

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[25] The four Malaysian firms that responded during the preliminary investigation reported estimates for 2014.

[26] U.S. purchaser *** stated that *** has stopped exporting nails to the United States. Purchaser ***'s questionnaire response, III-11.

[27] Malaysian producers identified their major other exports markets as: Australia, Bahrain, Brunei, Canada, Indonesia, Japan, Korea, Myanmar, New Zealand, Oman, Singapore, Taiwan, Thailand, United Arab Emirates, United Kingdom, and Venezuela.

Subject imports from Oman[28]

Based on available information, producers of steel nails from Oman have the ability to respond to changes in demand with moderate changes in the quantity of shipments of steel nails to the U.S. market. The main contributing factor to this degree of responsiveness of supply is the availability of unused capacity. Factors limiting the degree of responsiveness are a limited availability of inventories, a limited existence of alternative markets, and a limited ability to produce alternative products.

Industry capacity

Omani producers' production capacity for steel nails ***, from *** tons in 2012 to *** tons in 2014. Capacity utilization *** slightly over the same period, from *** percent in 2012 to *** percent in 2014, consistent with *** in production.

Alternative markets

Omani producers reported exporting almost *** of their steel nails to the United States during 2012-14. Exports to the United States as a share of total exports of steel nails *** slightly from *** percent in 2012 to *** percent in 2014. Exports to other markets *** from *** percent in 2012 to *** percent in 2014, and shipments to home markets *** from *** percent in 2012 to *** percent in 2014.[29]

Inventory levels

Omani producers' inventories as a share of total shipments *** from *** percent in 2012 to *** percent in 2014.

Production alternatives

Both responding Omani producers reported that they are unable to shift production to alternative products. Omani producer Oman Fasteners stated that the firm's equipment is ***.

Subject imports from Taiwan[30]

Based on available information, producers of steel nails from Taiwan have the ability to respond to changes in demand with small-to-moderate changes in the quantity of shipments of steel nails to the U.S. market. The main contributing factor to this degree of responsiveness of

[28] The Commission received two questionnaire responses from Oman producers. These firms' exports to the United States accounted for *** percent of U.S. imports of steel nails from Oman during 2012-14.

[29] The remaining *** percent of 2014 shipments are internally consumed or transferred.

[30] The Commission received eight questionnaire responses from producers in Taiwan. These firms' exports to the United States accounted for *** percent of U.S. imports of steel nails from Taiwan during 2012-14.

supply is the availability of unused capacity. Factors limiting the degree of responsiveness are a limited availability of inventories, a limited existence of alternative markets, and a limited ability to produce alternative products.

Industry capacity

Production capacity reported by producers in Taiwan has fluctuated during 2012-14, starting at *** short tons in 2012, falling to *** tons in 2013, and reaching *** tons in 2014. Capacity utilization has also fluctuated, decreasing overall from *** percent in 2012 to *** percent in 2014.

Alternative markets

Exports of steel nails by producers in Taiwan to the United States decreased from *** percent of their total shipments in 2012 to *** percent in 2014. These producers' exports to other markets increased from *** percent in 2012 to *** percent in 2014, and their home market shipments decreased from *** percent in 2012 to *** percent in 2014.[31]

Inventory levels

Inventories held by producers in Taiwan *** from *** tons in 2012 to *** tons in 2014, with a ratio of inventories-to-total shipments fluctuating between *** and *** percent during the same period.

Production alternatives

All responding producers in Taiwan reported that they were unable to shift production between steel nails and other products. *** producers cited specialized equipment as the reason for their inability to switch. Producer *** reported it is also able to produce ***, but that it was not profitable enough to merit shifting production away from steel nails.[32]

[31] In addition to home market shipments, internal consumption and transfers fluctuated during 2012-14. In 2012 internal consumption/transfers accounted for *** percent of total shipments. In 2013, that share increased to *** percent, and decreased in 2014 to *** percent.

[32] Roofing nails are produced on the same equipment and are collated in the same way as subject steel nails. Production can be shifted from roofing nails to subject nails by changing the dyes and tooling in the nail heading machines. Hearing transcript, p. 23 (Gordon). Roofing nails are not in scope of this investigation.

Subject imports from Vietnam[33]

No questionnaire responses were received from Vietnamese producers of steel nails in the final phase of these investigations. However, the Commission received three questionnaire responses from steel nails producers in Vietnam during the preliminary phase of these investigations. Based on available information from the preliminary phase of these investigations, Vietnamese producers have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of steel nails to the U.S. market. Supply responsiveness is increased by the availability of unused capacity and some ability to divert shipments from alternative markets. Supply responsiveness is constrained by limited availability of production alternatives and limited inventories.

Industry capacity

Vietnamese producers have somewhat limited available capacity with which they could increase shipments of steel nails to the United States in the event of a price change. Vietnamese producers' capacity utilization increased from *** percent in 2012 to *** percent in 2013, and then to *** percent in 2014. Vietnamese producers' production of steel nails increased by *** percent during 2012 to 2014. Capacity increased by *** percent during the same period.

Alternative markets

Vietnamese producers' exports to the United States increased from *** percent of their total shipments in 2012 to *** percent in 2013, and then decreased to *** percent in 2014. Vietnamese producers' exports to all other markets accounted for *** percent or less during 2012-14. Vietnamese producers' shipments to their home market fluctuated from *** percent of total shipments in 2012 to *** percent in 2013, and then to *** percent in 2014.

Inventory levels

Vietnamese producers' inventories as a share of total shipments fluctuated from *** percent in 2012, to *** percent in 2013, and then to *** percent in 2014.

Production alternatives

Two responding Vietnamese producers reported that they are not able to switch production between steel nails and other products. Vietnamese producer United Nail reported

[33] These data were reported during the preliminary phase of these investigations and accounted for *** percent of U.S. imports of steel nails from Vietnam. No additional information was provided in the final phase. The 2014 data are projections from the preliminary phase questionnaire responses.

that ***,[34] it is also able to produce *** on the same production equipment it uses to produce steel nails. United Nail reported that switching production involves ***.

Supply constraints

Most importers reported that they had not refused or been unable to supply steel nails. The importers that did face supply constraints cited pollution controls in Taiwan that have reduced the supply of electrogalvanized nails and delayed shipments; antidumping investigations that have driven some mills to export to other countries; the port strikes on the West coast of the United States; increased steel wire rod prices; and a decrease in overseas mill production. Importer *** reported that it cannot deliver foreign produced steel nails within its customers' desired time frame, and that it cannot meet its customers' price expectations based on the domestic competition's shorter lead times and often superior pricing position.

Three firms reported experiencing supply constraints specifically with suppliers from nonsubject country China. Importer *** reported pollution controls in China, and importers *** and *** also reported that Chinese firms frequently restrict quoting and production to stay within export guidelines.

Nonsubject imports

The largest sources of nonsubject imports during 2012-14 were China, the United Arab Emirates, and Canada. Combined, these countries accounted for 68.5 percent of nonsubject imports from in 2014. Oman Fasteners asserts that in the absence of imports from subject countries, U.S. producers are likely to increase their non-subject production and purchases, given the increase in nonsubject steel nail imports by *** during 2012-14.[35]

New suppliers

Twenty-seven of 79 purchasers indicated that new suppliers had entered the U.S. market since January 1, 2012. Purchasers cited Astrotech Steels in India (4 purchasers); mills in Turkey and India (3); and Velocity Fasteners (2). One purchaser each identified Direct Fasteners (U.S.), KO (Taiwan), Acar (Turkey), United Building Materials Factory (U.S.), and Akdeniz (Turkey) as new suppliers. Other purchasers reported new suppliers in Thailand, expansion in Turkey, a new company opening in Canada, and new suppliers in Poland.

U.S. demand

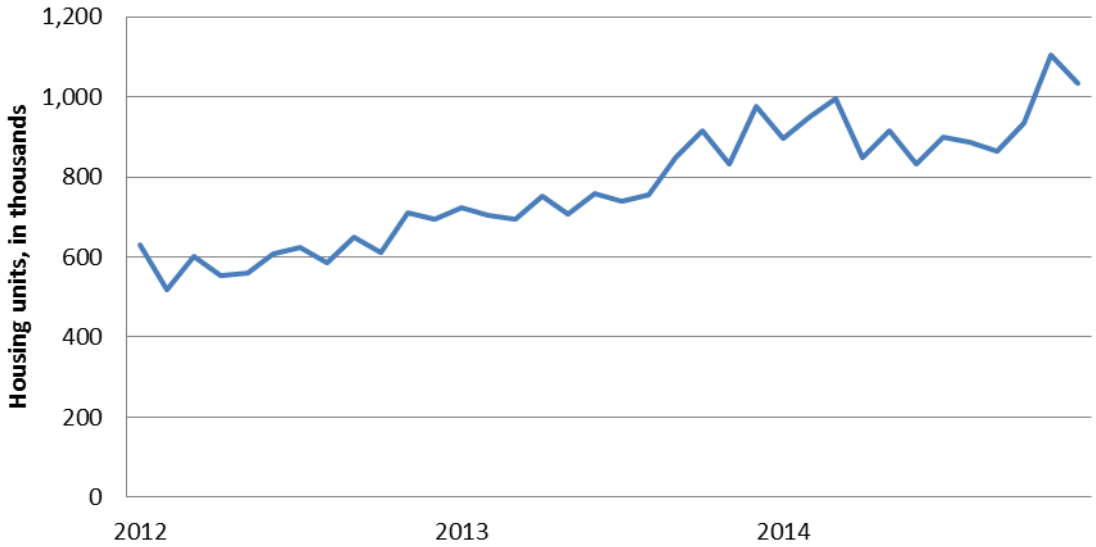
Based on available information, the overall demand for steel nails is likely to experience small changes in response to changes in price. The main contributing factors to this response

[34] Vietnamese respondents' postconference brief, p. 6.
[35] Oman Fasteners' prehearing brief, p. 55.

are the somewhat limited substitute products and the small cost share of steel nails in most of the end-use products.

Demand for steel nails is derived primarily from construction activity and is strongly influenced by construction in residential housing.[36] As shown in figure II-1, housing starts have increased by almost 35 percent during 2012-14. In December 2014, housing starts were over 1 million housing units, up from 723,000 housing units in January 2012.

Figure II-1
Housing starts: Monthly housing starts, seasonally adjusted annual rate, January 2012-December 2014

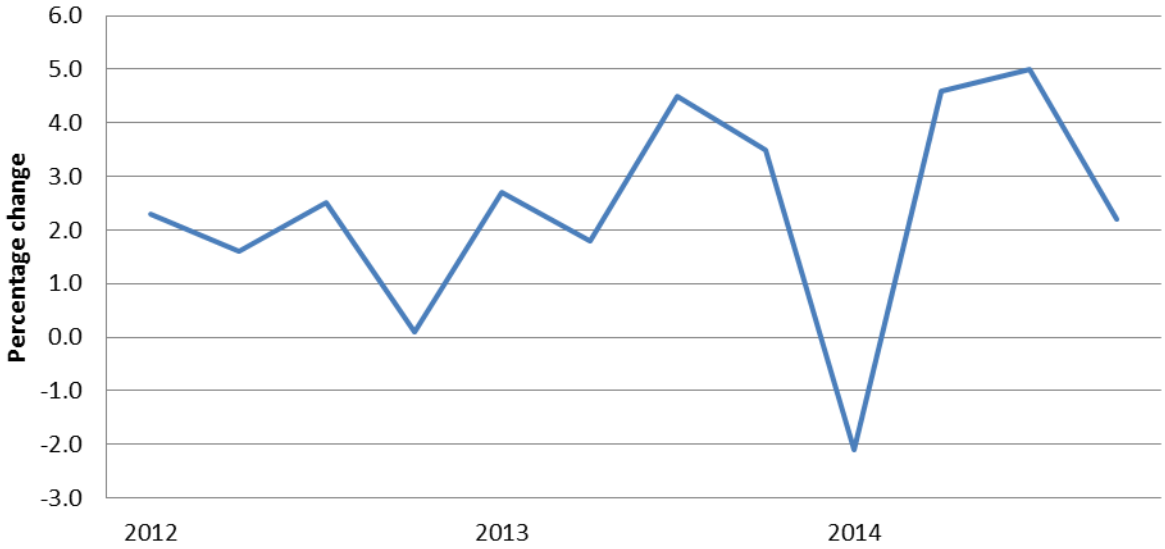


Source: U.S. Census Bureau, https://www.census.gov/construction/nrc/historical_data/, retrieved April 1, 2015.

The overall economy is also a good indicator of demand for steel nails, particularly on the retail market for big box stores and do-it-yourself projects.[37] As shown in figure II-2, real GDP growth in the United States fluctuated during 2012 to 2014. In the first quarter of 2012, GDP growth was at 2.3 percent and increased to 4.5 percent in the third quarter of 2013. GDP growth was high in the second and third quarter of 2013 at 4.6 percent and 5 percent growth respectively, and declined to 2.2 percent in the fourth quarter of 2014.

[36] Petition, Vol. 1, pp. 18-19; Taiwan respondents' prehearing brief, p. 17.
[37] Conference transcript, p. 59 (Miller); Taiwan respondents' prehearing brief, p. 17.

Figure II-2
Real U.S. GDP growth: Percentage change, quarterly, first quarter of 2011-fourth quarter of 2014



Source: National Income and Product Accounts, Table 1.1.1, Percent Change from Preceding Period in Real Gross Domestic Product, Bureau of Economic Analysis, http://www.bea.gov/itable, retrieved April 1, 2015**.**

End uses

Reported end uses include housing related construction and framing, flooring cleats, shipping pallets and crates, masonry and attaching cement, farm and ranch applications, furniture construction, and plastic clamps and garden tools. Many nails are designed for specific end-use applications, and purchasers will not use nails for an application other than the one for which they are made. For instance, pallet nails are produced with a different grade of steel than is generally used for construction nails and different sizes of wire collating material.[38]

Most responding U.S. purchasers reported that demand for their firm's final products incorporating steel nails had increased since 2012. Most U.S. purchasers reported that a change in demand of their end products corresponds directly to their demand for steel nails.

Cost share

Steel nails generally account for a small share of the cost of the end-use products in which they are used. Firms reported that steel nails accounted for less than 10 percent of the total cost of most end-use products. For example, reported cost shares for some end uses were as follows: general housing and construction (1-2 percent); furniture construction (1-3 percent); and pallets (2-7 percent). The end-use products for which steel nails account for a larger cost share are pipe supports (20 percent) and flooring cleats (90 percent) .

[38] Taiwan respondents' prehearing brief, pp. 9-10.

Business cycles

Six of 12 U.S. producers, 14 of 30 importers, and 51 of 74 responding purchasers indicated that the steel nails market was not subject to business cycles or conditions of competition. Of the firms that did report distinct business cycles, most firms tied them to construction, citing seasonal factors or the overall health of the economy. Firms involved in the production of pallets and crates also cited seasonality in the demand for their products used to transport agricultural products.

Most U.S. producers, importers, and purchasers reported that steel nails are not subject to distinct conditions of competition. However, Taiwan respondents suggest that the decision of U.S. producers *** to shift from domestic production to nonsubject imports as their primary source of nails is an important condition of competition.[39]

Of the U.S. importers reporting distinct conditions of competition, *** reported that Deacero purchased the assets of Mid Continent and began selling directly to pallet manufacturers and *** reported that shorter lead times have become a competitive factor. U.S. *** reported that as its demand for nails increases, it requires manufacturers that are able to deliver the product in the necessary timeframe. Two U.S. purchasers, ***, reported that brand name and private labeling are important conditions of competition, and two purchasers, ***, reported that the availability of wire rod is also a condition of competition. Some importers and purchasers also indicated that antidumping cases have affected competition recently, and that the housing market has improved since 2012.

Demand trends

Most firms reported an increase in U.S. demand for steel nails since January 1, 2012 (table II-3). Most U.S. producers, importers, and purchasers attributed the increased demand to the increase in construction and new home starts, industrial production, and an improvement in the economy. Most purchasers also reported an increase in demand for their final products, which increased their demand for steel nails.

[39] Taiwan respondents' prehearing brief, pp. 13, 26. ***.

Table II-3
Steel nails: Firms' responses regarding U.S. demand and demand outside the United States

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
Demand inside the United States: U.S. producers	8	1	2	2
Importers	16	7	1	6
Purchasers	37	19	2	10
Demand outside the United States: U.S. producers	1	2	2	1
Importers	2	4	1	4
Purchasers	4	13	5	2
Demand for purchasers' final products: Purchasers	15	7	2	4

Source: Compiled from data submitted in response to Commission questionnaires**.**

There were differing views regarding the change in demand outside of the United States by responding firms. However, a plurality of firms reported that demand for steel nails outside of the United States has not changed since January 1, 2012. There were differing views regarding the change in demand outside of the United States by responding firms. Several firms reported that global demand for steel nails has decreased, attributing the change to quality issues, increased purchases of U.S. product, and unfavorable exchange rates with Canada and Australia. Other firms reported increased demand outside of the United States due to improving market conditions.

Substitute products

Substitutes for steel nails are limited, depending on their applications. Most U.S. producers, importers, and purchasers reported that there were no substitutes. The firms that did report substitutes listed nuts and bolts, dowels, staples, and wire.. For decking, drywall, and flooring, some firms indicated that glue or screws may act as a substitute. Some purchasers noted that screws are a more expensive substitute and can be more time consuming to use, but according to U.S. purchaser ***, "the average owner has a screw gun, but not a nail gun."

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported steel nails depends upon such factors as relative prices, quality (e.g., grade standards, reliability of supply, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, steel nails services, etc.). Based on available data, staff believes that there is moderate-to-large degree of substitutability between domestically produced steel nails and steel nails imported from subject sources.

Lead times

Domestic steel nails are primarily sold from inventory. U.S. producers reported that 88.9 percent of their commercial shipments came from inventories with lead times averaging 3.5 days. The remaining 11.1 percent of their commercial shipments were produced-to-order with lead times averaging 26.7 days.

U.S. importers reported that the majority of certain steels nails from Korea (*** percent of sales) and Oman (*** percent of sales) are produced-to-order, while the majority of steel nails from Malaysia (*** percent), Taiwan (*** percent), and Vietnam (*** percent) are sold from U.S. inventories. Lead times for sales of imported product from U.S. inventories ranged from 2-90 days and averaged 10.5 days. Lead times for sales from foreign inventories ranged from 35-90 days and averaged 61 days, and lead times for sales produced-to-order ranged from 30-130 days and averaged 88 days.

Knowledge of country sources

Fifty-nine of 80 purchasers indicated they had marketing/pricing knowledge of domestic steel nails, 34 of Korean steel nails, 24 of Malaysian steel nails, 24 of Omani steel nails, 28 of Taiwan steel nails, 19 of Vietnamese steel nails, and 35 of nails from nonsubject countries. The nonsubject countries for which purchasers reported marketing/pricing knowledge were China (17 purchasers); Turkey (14); Canada (11); India (11); Austria (6); Poland (5); Thailand (5); Mexico (4); UAE (3); and Bulgaria, Chile, Dominican Republic, France, Germany, Saudi Arabia, Spain, and Lithuania (1 firm each).

As shown in table II-4, most purchasers and their customers sometimes or never make purchasing decisions based on the producer or the country of origin. Of the 25 purchasers that reported that they always or usually make decisions based the manufacturer, 11 purchasers said that the quality of product from specific producers is a determining factor. Other reasons cited include trusted relationships between producer and purchaser, reputation, availability, lead times, and pricing.

Table II-4
Steel nails: Purchasing decisions based on producer and country of origin

* * * * * * *

Factors affecting purchasing decisions

The most often cited top three factors that firms consider in their purchasing decisions for steel nails were price (68 firms), quality (62 firms), and availability (42 firms) as shown in table II-5. Quality was the most frequently cited first-most important factor (cited by 39 firms), followed by price (24 firms). Price and quality were evenly split as the most frequently reported second-most important factor (19 firms each). Price was the third-most important factor (25 firms), followed closely by availability (24 firms).

Table II-5
Steel nails: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by factor

Factor	First	Second	Third	Total
Quality[1]	39	19	4	62
Price	24	19	25	68
Availability	5	13	24	42
Other[2]	11	27	23	61

[1] Quality characteristics identified by purchasers were ASTM specifications, ICC approval, or other certifications (27 firms); hardness and strength of the steel (13); consistency (11); nails function well with equipment , size and gauge, and consistency and quality of collation (9 firms each); packaging (8); usability and customer feedback, and carbon content (5 firms each); consistency of nail head size and placement, and appearance (4 firms each); zinc coverage, heat treatments or galvanization to prevent rust (3); minimal defects or malformations, depth of the screw shank and ring shank, and color (1 firm each).
[2] Other factors include: Extension of credit; traditional supplier and a good reputation; delivery time; packaging; range of products available, and product mix; products work well with the equipment; service; terms; duty liability, documentation, and liability insurance; innovation; private labeling; availability of stock for fill-in orders; and inventory programs (extended terms or consignment).

Source: Compiled from data submitted in response to Commission questionnaires.

The majority of purchasers (61 of 80) reported that they usually or sometimes purchase the lowest-priced steel nails. Six purchasers reported that they always base their purchasing decisions on price, and 13 purchasers reported that they never base their purchasing decisions on price.

When asked if they purchased steel nails from one source although a comparable product was available at a lower price from another source, 57 purchasers reported doing so and cited reasons including: higher quality (22 purchasers); better terms of delivery or lead times (12); to maintain relationships with suppliers (7); availability (5); brand names,[40] better product range or product mix, ease of ordering or shipping, and to minimize supply chain or antidumping duties risks (4 firms each); smaller purchase requirements, and packaging (2 firms each); and value of "Made in USA" product, galvanization, and to avoid competing firms (1 firm each). Three purchasers specifically noted that they were willing to pay more for Korean product because of the high quality of the hardened, heat-treated product.

Eighteen of 69 responding purchasers reported that certain types of steel nails were only available from a single source. [41] Purchaser *** reported that Taiwan is the only source for ***, and *** stated that C1042 high carbon steel nails are only available from Korean

[40] Taiwan respondents stated that competition occurs between major brand names which source nails from a variety of sources, rather than between countries. Taiwan respondents' prehearing brief, p. 25.

[41] A very small purchaser of steel nails *** did not submit a purchaser questionnaire response but reported to staff that its decorative nail purchases are exclusively from Tremont Nail (a division of Acorn Manufacturing). These nails are ***. If Tremont stopped producing these specific nails, *** would stop its purchases of steel nails. Staff telephone interview with ***, March 31, 2015.

manufacturers. Several purchasers reported that hot dipped galvanized nails are only available from certain suppliers. Purchaser *** reported that its decorative nails are only available from Germany. Purchaser *** stated that stainless steel nails, aluminum nails, and high-end galvanized nails are not available everywhere.

Most purchasers stated that they and their customers did not specifically order steel nails from one country over other possible sources of supply. Of the 26 purchasers that reported country preferences, nine reported a preference for Korea because of quality, seven reported preferences for U.S. product because of lead times, product quality, longstanding relationships, and "Made in USA" stipulations, three preferred Canadian steel nails because of lead times, product quality, and longstanding relationships, two preferred Omani product because of quality, product range, and delivery, and two reported preferences for Taiwan product because of high quality standards.

Importance of specified purchase factors

Purchasers were asked to rate the importance of 16 factors in their purchasing decisions (table II-6). The factors rated as "very important" by more than half of responding purchasers were product consistency (75), availability (74), reliability of supply (69), price (64), quality meets industry standards (63), delivery time (58), and delivery terms (41).

Table II-6
Steel nails: Importance of purchase factors, as reported by U.S. purchasers, by factor

Factor	Number of firms reporting		
	Very	Somewhat	Not
Availability	75	4	1
Delivery terms	42	32	6
Delivery time	59	18	3
Discounts offered	20	41	18
Extension of credit	25	30	25
Minimum quantity requirements	12	41	27
Packaging	35	27	18
Price	65	14	1
Private labeling	20	19	41
Product consistency	76	3	1
Product range	33	39	8
Quality exceeds industry standards	27	42	11
Quality meets industry standards	64	13	2
Reliability of supply	70	7	1
Technical support/service	22	43	13
U.S. transportation costs	27	37	16

Source: Compiled from data submitted in response to Commission questionnaires.

Private labeling

Respondents assert that private labeling, or branding, is a significant element in the marketing of steel nails because it is important that major players have high visibility and acceptance by end users.[42] Suppliers that provide private labeling services sell steel nails that are already branded as their customers' brands. Private labeling allows firms to shift between steel nails manufacturers without making the change in sourcing obvious to their customers.[43]

Thirty-five of 80 responding purchasers reported that they required private labeled product for some of their certain steel nail purchases. Of those purchasers, eight firms reported that 90 to 100 percent of their 2014 purchases were private labeled, 15 firms reported that 50 to 80 percent of their purchases were private labeled, 12 firms reported 10 to 40 percent of their purchases were private labeled, and 3 firms reported that less than 10 percent of their 2014 purchases were private labeled. Fourteen of 75 responding purchasers reported that some suppliers were unable to supply their private labeling needs. Thirteen purchasers reported that U.S. producer *** declined to private label for a variety of reasons including large minimum order requirements for private labeled product, longer lead time for private labeled product, and "a desire to promote their own brand."[44] Two purchasers reported that *** and

[42] Conference transcript, p. 15 (Schutzman).
[43] Hearing transcript, p. 86 (Miller).
[44] U.S. purchaser *** reported that Mid Continent may agree to private label in 2015, and purchaser *** reported that Mid Continent started private labeling in 2013, but offerings are not significant.

Canadian *** were unable to supply purchasers with private labeled product, and one purchaser each reported that U.S. producer ***, [45] importer ***, and Canadian producers ***, ***, and *** were unwilling or unable to supply private labeled product.

Respondents state that a critical aspect of the market is that purchasers often rely on brand names when making their purchasing decisions particularly in the residential construction sector, and that ***. Major brands from *** have created supply chains to produce branded nails for their branded nail guns.[46] Substituting one brand for another is more common for professionals in the construction and pallet industries than it is for do-it-yourselfers.[47] End users that purchase large volumes of steel nails are the most price sensitive.[48] However, in certain market segments, brand is very important.[49] According to Home Depot, approximately *** percent of professional customers surveyed purchase nails that match the brand of the nail gun all or most of the time, and approximately *** percent of the non-pro consumers surveyed.[50]

Both parties agree to a certain extent that all brands of nails are interchangeable, as long as they meet the specifications of particular tools. Regardless of whether a nail is sold in a Grip Rite box or Hitachi box, if the nail has the correct specification, it can be used in any gun that takes that nail, regardless of brand.[51] The petitioner reports that in professional building trades, most users have little to no control over the selection of the nails they use. Employees of framing companies, for example, will purchase their own nail gun, without knowing the brand of nails that will be in the field.[52]

Five of 12 U.S. producers reported customer requests for private labeling since January 1, 2012, and reported a range of 1 to 16 percent of their 2014 U.S. commercial shipments that were private labeled. The petitioner reported that the domestic industry produces a full comparable product range as subject imports, and that it supplies private labeled product when requested.[53] However, the petitioner reported that private label production requires a producer to source and store customer-specific packaging, and unless the customer is willing to pay a premium for small volumes, customized packaging will involve minimum quantities and longer lead times.[54]Respondents argue that the domestic industry does not have the capability

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[45] U.S. producer *** reportedly requires large minimum orders for private labeled product.

[46] Oman Fasteners' prehearing brief, pp. 22, 24, 27-28.

[47] Hearing transcript, pp. 71-72, 74, 96 (Miller, Villanueva, Gordon, respectively).

[48] Hearing transcript, p. 172 (Karaga).

[49] Hearing transcript, p. 129, 142 (Zinman, Leffler, respectively).

[50] Home Depot posthearing statement, p. 4.

[51] Hearing transcript, pp. 42,70, 71 (Miller); Petitioner's posthearing brief, Answers to Commission Questions, p. 5. However, respondents argue that even if different brands of nails fit different tools, full performance cannot be guaranteed, and may require more maintenance of the tools. Hearing transcript, p. 165, 167 (Leffler, Ippoliti, respectively).

[52] Petitioner's posthearing brief, p. 10.

[53] Petitioner's prehearing brief, p. 14; Hearing transcript, p. 42 (Miller).

[54] Petitioner's prehearing brief, p. 81.

to supply major brands or the brands of other private label customers.[55] Only one producer, ***, reported refusing or being unable to supply private labeled product, indicating that the requested volumes did not justify the SKU set up.

Half of responding importers (15 of 30) reported that their customers have requested private labeled steel nails since January 1, 2012. Only one importer (***) reported refusing or declining its customers' private labeling requests because its suppliers prefer their brands over private labeled. Importer *** stated that the issue of private labeling speaks strongly to the relationship between manufacturers and distributors. The firm indicated that consumers do not necessarily want private labeled product, but that private label can act as an insurance policy against branded manufacturers, and that the only reason people would purchase nails that were not a big brand name would be because of a lower price.[56]

Half (5 of 10) of the responding importers for Korean product reported that 100 percent of their 2014 U.S. commercial shipments of steel nails from Korea were private labeled. Three of six responding importers of product from Malaysia reported that 100 percent of their 2014 U.S. commercial shipments were private labeled. Two of 5 importers of steel nails from Oman, 2 of 4 importers of steel nails from Taiwan, and 3 of 6 importers of steel nails from Vietnam reported that at least 95 percent of their 2014 U.S. commercial shipments were private labeled.

Supplier certification

Thirty-three of 80 responding purchasers require their suppliers to become certified or qualified to sell steel nails to their firm. Purchasers reported that the time to qualify a new supplier ranged from 5 to 180 days, but averaged about 77 days. Common certification factors include: trial runs for sample products (reported by 15 firms); quality (11); pricing (6); ICC certified, ASTM compliant and other certifications (5); custom packaging and delivery requirements (4); and references for quality and service, and mill inspections (3 firms each).

Six purchasers reported that a supplier had failed in its attempt to qualify steel nails, or had lost its approved status since 2012. U.S. purchaser *** reported that Mid Continent's steel nails failed qualification because there were more than the allowable number of jams per box during the trial run, and purchaser *** reported that Mid Continent's product did not meet the specifications for nail head size, nail count per coil, and had dirty cartons. Purchaser *** reported that Prime Source was disqualified because its nails were too soft. Two purchasers, *** and ***, reported that Akdeniz from Turkey did not qualify due to inconsistency of production, product quality, and material strength. Purchaser *** stated that it only uses ICC approved mills or brands with an ICC ESR number, which has limited its qualified suppliers, and purchaser *** reported that suppliers are prescreened before beginning the qualification process.

[55] Hearing transcript, p. 146 (Ippoliti).
[56] Email from ***, March 31, 2015.

Changes in purchasing patterns

Purchasers were asked about changes in their purchasing patterns from different sources since January 1, 2012 (table II-7). A plurality of purchasers reported their U.S. purchases remained constant for a variety of reasons including risk management strategies to maintain stable domestic sources; an unavailability of all needed products from U.S. sources; and that most U.S. manufacturers won't sell to all firms that want to purchase. Reasons reported for an increase in U.S. purchases since January 1, 2012 included a strong housing market and an improved business climate; tariff barriers on other regions; trying to buy more "Made in the USA" product; improved availability of products; more competitive pricing; and superior quality.

Table II-7
Steel nails: Changes in purchase patterns from U.S., subject, and nonsubject countries

* * * * * * *

The decisions of large distributors to change sources of imported steel nails may largely affect the overall increase in subject imports. For example, Oman Fasteners indicated that the increase in subject imports was *** due to a single change in ***.[57]

Twenty-nine of 80 responding purchasers reported that they had changed suppliers since January 1, 2012. Specifically, firms dropped or reduced purchases from *** because of quality issues; *** due to delivery issues; *** due to unavailability of needed SKUs; *** because of quality problems; *** because of availability issues; and *** because of pricing. One firm reported dropping ***. Purchaser *** reported that *** refused to supply the firm because of *** and *** reported that it dropped ***. One firm, ***, reported that it no longer purchases nails from China because of the antidumping duty order on steel nails from China.

Firms added or increased purchases from *** because of availability or pricing (5 purchasers); *** due to availability and pricing (2); *** due to availability and pricing, *** due to availability and pricing, and *** because of better quality (one each). One purchaser each also reported adding ***, ***, ***. Some firms reported only purchasing steel nails from one country. *** purchasers reported only purchasing from Korea because of the high carbon content of the nails, and high quality. Purchaser *** reported that it buys exclusively from the United States and Korea because these are the only two countries that produce quality machine grade bulk nails that function in its equipment. Purchaser *** reported that a majority of its purchases are from the United States because of better quality, shorter lead times, increased inventory turnover, lower inventory value, and an ability to respond immediately to shortages and customer service-related issues. *** reported purchasing only from U.S. companies to avoid antidumping duties from other countries. Purchaser *** stated that lead times, availability, an ability to mix various types of nails in one load, packaging, stock to fill in

[57] Oman Fasteners' prehearing brief, p. 44.

gaps, and branding are all more important considerations than country source when purchasing steel nails.

Importance of purchasing domestic steel nails

Forty-seven of 76 purchasers reported that 100 percent of their purchases did not require domestic product. Twenty-two purchasers reported that domestic steel nails were required by law (for up to 10 percent of their purchases), 27 reported they were required by their customers (for a range up to 100 percent of their purchases, but averaging 10 percent), and one purchaser *** reported other preferences for domestic steel nails being that it was the only source that supplied the steel nails it required.

Comparisons of domestic products, subject imports, and nonsubject imports

Purchasers were asked a number of questions comparing steel nails produced in the United States, subject countries, and nonsubject countries. First, purchasers were asked for a country-by-country comparison on the same 16 factors (table II-8) for which they were asked to rate the importance.

In general, purchasers reported that steel nails are comparable across all sources. At least 12 purchasers reported that they are unable to identify the sources of their certain steel nail purchases, which may suggest that the products are generally comparable across sources. U.S. purchaser *** *** stated that U.S. product when compared to other countries can be "superior," "comparable," or "inferior" depending on the mill, rather than the country source.[58] Two exceptions to the comparability of steel nails across all sources are price[59] and private labeling. While not the majority, many purchasers reported that steel nails from the United States are inferior to steel nails from subject countries in terms of both price and private labeling. Additionally, Oman Fasteners suggests that with the exception of Vietnam, every subject country has a wider product range than the U.S. industry. [60]

When comparing U.S. product with steel nails from Korea, most purchasers reported that products were comparable for all factors with a few exceptions. Twenty-two of 39 purchasers reported that U.S. producers had superior delivery time. Price and private labeling were the other exceptions, in which purchasers were almost evenly split in reporting that U.S. product was comparable or inferior to Korean steel nails.

When comparing steel nails from the United States with steel nails from Malaysia, the majority of responding purchasers reported that they are comparable on most factors. Purchasers ranked domestically produced steel nails as superior or comparable to steel nails

[58] Email from ***, March 24, 2015.

[59] Petitioner argues that while purchasers' responses are qualitative assessments of price relationships in the market, these responses have an advantage over the pricing product data of potentially controlling for possible differences in level of trade. Petitioners' posthearing brief, Answers to Commission Questions, p. 35.

[60] Oman Fasteners' prehearing brief, p. 47.

produced in Malaysia in terms of availability and delivery terms. They ranked domestically produced steel nails as superior, comparable, and inferior to Malaysian steel nails in terms of U.S. transportation costs.

Most purchasers reported that U.S. steel nails were comparable to Omani steel nails on most factors. Purchasers were divided over whether U.S. product was superior or comparable to steel nails from Oman on certain factors. Eleven purchasers reported that U.S. product had superior availability, and ten purchasers reported that U.S. product was superior on delivery terms and U.S. transportation costs. Purchasers were also divided over price and private labeling, with the majority of purchasers reporting that U.S. product was either comparable or inferior. Thirteen purchasers reported that U.S. product was inferior in terms of price, and 12 reported that U.S. product was inferior in terms of private labeling.

When comparing steel nails produced in the United States with steel nails produced in Taiwan, most purchasers reported that the two products were comparable on all factors, with the exception of delivery time, for which 21 of 30 responding purchasers reported that domestically produced steel nails are superior to steel nails produced in Taiwan. Price and private labeling also showed a division in responses. Fourteen purchasers reported U.S. product was inferior in price, and 13 purchasers reported that U.S. product was inferior in private labeling.

A majority of purchasers reported that U.S. steel nails are comparable to Vietnamese product on most factors. When comparing availability, product consistency, product range, and reliability of supply, purchasers were divided, almost equally ranking U.S. superior or comparable to Vietnamese product. When comparing steel nails from the two countries on private labeling, 9 purchasers reported the two products comparable, and 10 reported that U.S. producers were inferior to Vietnamese producers.

Most purchasers reported that domestically produced steel nails and steel nails from nonsubject country China were comparable on most factors. When compared to China, the majority of purchasers reported that U.S. produced nails are superior to Chinese steel nails for delivery time (16). Most purchasers reported that U.S. and nonsubject steel nails from all other countries were comparable on most factors. Many purchasers reported that U.S. product was superior to product from other nonsubject countries for delivery time (22).

Most purchasers reported that Korean steel nails were comparable on all factors to product from Malaysia, Oman, Taiwan, China, and all other nonsubject sources. When comparing Korean steel nails with product from Vietnam, purchasers were divided, reporting that Korea is superior or comparable to Vietnam. Most purchasers reported that Malaysian product is comparable to subject and nonsubject countries on all 16 factors.

Purchasers reported that Omani steel nails are comparable on all factors to product from Taiwan, China, and all other sources, but when comparing steel nails from Oman to steel nails from Vietnam, purchasers reported comparable products on all factors except price, where most purchasers reported that Oman prices were either comparable or inferior to Vietnam prices.

Purchasers reported that steel nails from Taiwan were comparable to Vietnamese product on most factors, but reported that steel nails from Taiwan are superior in product consistency, product range, and that its quality exceeds industry standards. When comparing Taiwan product to all other sources, purchasers reported that steel nails were comparable on

all factors. Similarly, when comparing Vietnamese product to product from China and all other sources, purchasers reported that steel nails were comparable on all factors.

Table II-8

Steel nails: Purchasers' comparisons between U.S.-produced and imported steel nails

	Number of firms reporting								
	United States vs. Korea			United States vs. Malaysia			United States vs. Oman		
Factor	S	C	I	S	C	I	S	C	I
Availability	10	26	4	13	11	3	11	13	5
Delivery terms	10	26	2	11	12	3	10	13	5
Delivery time	22	14	3	19	3	4	18	6	4
Discounts offered	2	31	4	2	20	3	2	22	3
Extension of credit	5	33	1	5	20	0	4	22	1
Minimum quantity requirements	5	26	6	6	15	3	4	18	4
Packaging	7	28	5	3	18	5	5	17	6
Price	2	19	18	0	11	15	1	14	13
Private labeling	1	16	15	2	9	13	3	11	12
Product consistency	6	23	12	5	18	5	5	19	5
Product range	5	24	10	4	15	7	2	18	7
Quality exceeds industry standards	7	22	8	6	17	3	4	22	2
Quality meets industry standards	5	29	3	5	22	2	3	27	1
Reliability of supply	14	19	8	10	16	2	9	17	4
Technical support/service	13	23	5	10	14	3	9	17	3
U.S. transportation costs	9	23	9	8	10	7	10	11	6
	United States vs. Taiwan			United States vs. Vietnam			United States vs. China (Nonsubject)		
Factor	S	C	I	S	C	I	S	C	I
Availability	10	16	6	9	10	4	9	13	9
Delivery terms	7	21	1	8	12	2	8	18	4
Delivery time	21	7	2	18	2	2	16	10	4
Discounts offered	1	26	2	2	16	3	2	22	4
Extension of credit	2	27	0	3	16	2	3	25	1
Minimum quantity requirements	5	20	5	9	11	1	9	16	5
Packaging	4	20	6	5	13	4	4	22	5
Price	1	16	14	1	8	13	0	13	18
Private labeling	1	15	13	2	9	10	1	11	16
Product consistency	5	19	6	7	10	4	8	20	3
Product range	2	20	7	8	8	6	3	17	11
Quality exceeds industry standards	6	20	4	8	13	1	7	20	2
Quality meets industry standards	4	28	2	6	18	1	5	26	1
Reliability of supply	10	19	4	10	10	4	10	19	3
Technical support/service	12	18	1	11	11	1	14	18	0
U.S. transportation costs	6	17	9	5	14	4	6	20	6

Table continued.

Table II-8 --*Continued*
Steel nails: Purchasers' comparisons between U.S.-produced and imported steel nails

Factor	Number of firms reporting								
	United States vs. All other sources			Korea vs. Malaysia			Korea vs. Oman		
	S	C	I	S	C	I	S	C	I
Availability	13	18	4	3	10	1	2	13	0
Delivery terms	11	20	3	4	10	0	0	14	1
Delivery time	22	11	1	4	10	0	1	14	0
Discounts offered	3	28	2	0	14	0	0	14	1
Extension of credit	4	29	0	0	14	0	1	14	0
Minimum quantity requirements	7	20	6	0	14	0	1	12	2
Packaging	4	24	5	1	12	1	0	13	2
Price	4	18	14	0	12	2	3	9	3
Private labeling	4	16	13	1	13	0	1	13	1
Product consistency	8	22	4	1	12	1	1	13	1
Product range	8	19	7	4	10	1	2	11	2
Quality exceeds industry standards	7	26	2	3	10	0	3	11	0
Quality meets industry standards	6	29	2	1	13	0	1	14	0
Reliability of supply	11	22	3	3	11	0	2	13	0
Technical support/service	13	21	1	4	10	0	2	11	2
U.S. transportation costs	11	20	3	2	12	0	2	13	0
	Korea vs. Taiwan			Korea vs. Vietnam			Korea vs. China (nonsubject)		
Factor	S	C	I	S	C	I	S	C	I
Availability	3	13	4	8	9	0	3	17	2
Delivery terms	0	18	1	4	13	0	0	21	0
Delivery time	2	18	0	4	13	0	1	20	0
Discounts offered	1	18	0	1	14	1	0	18	1
Extension of credit	0	19	0	2	15	0	1	18	1
Minimum quantity requirements	1	17	1	1	16	0	1	21	0
Packaging	0	18	2	4	13	0	2	20	0
Price	4	15	1	1	10	6	4	13	5
Private labeling	0	19	0	1	16	0	1	19	1
Product consistency	1	17	1	8	9	0	8	14	0
Product range	0	15	4	8	9	0	3	14	5
Quality exceeds industry standards	3	16	1	7	9	0	3	18	0
Quality meets industry standards	2	17	0	4	13	0	4	18	0
Reliability of supply	1	18	1	5	12	0	5	17	0
Technical support/service	1	18	1	7	10	0	4	18	0
U.S. transportation costs	0	20	0	2	14	0	1	20	0

Table continued.

Table II-8 --*Continued*
Steel nails: Purchasers' comparisons between U.S.-produced and imported steel nails

Factor	Number of firms reporting								
	Korea vs. All other sources			Malaysia vs. Oman			Malaysia vs. Taiwan		
	S	C	I	S	C	I	S	C	I
Availability	4	20	2	2	13	2	1	11	4
Delivery terms	2	23	1	1	13	2	1	12	2
Delivery time	4	19	3	3	11	2	1	12	2
Discounts offered	0	26	0	0	15	1	1	14	0
Extension of credit	1	25	0	2	13	1	2	12	1
Minimum quantity requirements	2	22	2	0	15	1	2	12	1
Packaging	2	24	0	2	14	0	1	14	0
Price	6	18	2	0	16	0	3	12	0
Private labeling	2	24	0	3	13	0	1	14	0
Product consistency	4	22	0	2	13	1	1	12	2
Product range	2	21	3	1	12	3	0	10	5
Quality exceeds industry standards	3	21	1	0	14	1	0	11	4
Quality meets industry standards	2	24	0	0	17	0	0	16	0
Reliability of supply	3	22	1	2	15	0	1	14	1
Technical support/service	2	21	3	0	15	1	1	11	3
U.S. transportation costs	1	22	2	1	14	0	0	14	1
	Malaysia vs. Vietnam			Malaysia vs. China (nonsubject)			Malaysia vs. All other sources		
Factor	S	C	I	S	C	I	S	C	I
Availability	6	10	0	0	12	4	1	15	1
Delivery terms	2	13	0	0	15	1	1	14	1
Delivery time	3	12	0	0	15	1	3	12	1
Discounts offered	1	13	1	0	15	1	0	15	1
Extension of credit	3	12	0	0	16	0	0	16	0
Minimum quantity requirements	0	15	0	0	15	1	0	16	0
Packaging	3	12	0	2	14	0	1	15	0
Price	0	10	5	2	11	3	3	13	0
Private labeling	1	14	0	1	15	0	2	14	0
Product consistency	4	11	0	2	14	0	0	15	1
Product range	3	12	0	0	12	4	0	14	2
Quality exceeds industry standards	2	12	0	0	14	1	1	13	1
Quality meets industry standards	3	13	0	1	14	1	1	15	1
Reliability of supply	5	11	0	1	15	0	1	16	0
Technical support/service	3	12	0	1	14	1	0	14	2
U.S. transportation costs	1	14	0	0	15	1	1	14	0

Table continued.

Table II-8 --*Continued*
Steel nails: Purchasers' comparisons between U.S.-produced and imported steel nails

	Number of firms reporting								
	Oman vs. Taiwan			Oman vs. Vietnam			Oman vs. China (nonsubject)		
Factor	S	C	I	S	C	I	S	C	I
Availability	2	12	4	4	14	0	2	14	2
Delivery terms	1	15	1	1	14	1	2	15	1
Delivery time	1	13	3	1	14	1	3	12	3
Discounts offered	2	15	0	1	14	1	2	14	1
Extension of credit	1	15	1	1	15	0	1	16	1
Minimum quantity requirements	1	16	0	1	15	0	1	13	4
Packaging	0	14	3	4	13	0	2	16	1
Price	4	13	0	1	9	7	2	12	5
Private labeling	0	13	3	1	14	1	3	13	2
Product consistency	1	13	3	5	11	1	2	17	0
Product range	0	12	5	5	9	3	1	13	5
Quality exceeds industry standards	0	14	3	4	11	1	3	15	0
Quality meets industry standards	0	17	1	3	14	1	1	17	1
Reliability of supply	0	15	3	2	14	2	3	15	1
Technical support/service	1	13	3	3	14	0	4	15	0
U.S. transportation costs	0	14	3	0	14	1	1	15	1
	Oman vs. All other sources			Taiwan vs. Vietnam			Taiwan vs. China (nonsubject)		
Factor	S	C	I	S	C	I	S	C	I
Availability	3	16	2	8	10	0	3	15	2
Delivery terms	1	19	0	2	14	1	0	18	1
Delivery time	1	17	2	4	12	1	1	16	2
Discounts offered	2	17	0	1	14	2	0	17	1
Extension of credit	1	19	0	1	16	0	0	18	1
Minimum quantity requirements	2	16	1	5	12	0	2	17	1
Packaging	4	16	1	6	11	0	3	17	0
Price	5	15	1	0	9	8	4	11	5
Private labeling	2	16	1	3	13	0	2	17	0
Product consistency	3	18	0	9	8	0	9	11	0
Product range	3	15	3	9	8	0	2	16	2
Quality exceeds industry standards	3	16	1	10	7	0	6	13	1
Quality meets industry standards	2	19	1	5	13	0	4	16	0
Reliability of supply	2	19	1	6	12	0	6	14	0
Technical support/service	4	16	1	6	11	0	7	13	0
U.S. transportation costs	2	16	1	2	14	1	3	16	1

Table continued.

Table II-8 --*Continued*
Steel nails: Purchasers' comparisons between U.S.-produced and imported steel nails

Factor	Number of firms reporting								
	Taiwan vs. All other sources			Vietnam vs. China			Vietnam vs. All other sources		
	S	C	I	S	C	I	S	C	I
Availability	5	19	1	0	12	7	1	15	4
Delivery terms	2	22	0	0	17	2	2	15	2
Delivery time	4	19	1	0	15	4	2	14	3
Discounts offered	0	22	1	1	16	1	1	16	1
Extension of credit	1	22	1	0	19	0	0	17	2
Minimum quantity requirements	3	19	2	0	16	3	0	19	0
Packaging	3	21	0	0	15	4	0	16	3
Price	3	20	1	7	9	3	8	11	0
Private labeling	3	21	0	0	16	2	1	17	0
Product consistency	7	17	0	1	12	6	1	14	4
Product range	4	16	4	0	11	8	1	15	3
Quality exceeds industry standards	4	18	1	1	13	4	0	13	5
Quality meets industry standards	2	23	0	1	16	2	1	17	2
Reliability of supply	4	21	0	0	14	5	1	16	2
Technical support/service	4	20	0	0	19	0	1	15	3
U.S. transportation costs	3	19	2	0	17	2	1	14	2

Note.-- S=first listed country's product is superior; C=both countries' products are comparable; I=first listed country's product is inferior.

Source: Compiled from data submitted in response to Commission questionnaires.

Comparison of U.S.-produced and imported steel nails

To determine whether U.S.-produced steel nails can generally be used in the same applications as subject imports from Korea, Malaysia, Oman, Taiwan, and Vietnam, U.S. producers, importers, and purchasers were asked whether steel nails can "always," "frequently," "sometimes," or "never" be used interchangeably. Most purchasers reported that steel nails are "always" or "frequently" interchangeable for all country pairs. As shown in table II-9, all U.S. producers reported that products from all country sources could "always" or "frequently" be used interchangeably. Similarly, most U.S. importers reported that steel nails could "always" or "usually" be used interchangeably, and a few importers reported that product from the United States and Korea could not be used interchangeably. Likewise, the majority of U.S. purchasers reported that product from all country pairs could be used interchangeably, with a small number of firms reporting that steel nails from all country pairs could only "sometimes" or "never" be used interchangeably.

Table II-9
Steel nails: Interchangeability between steel nails produced in the United States and in other countries, by country pairs

Country pair	U.S. Producers				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
United States vs. Korea	7	3	0	0	8	8	***	***	28	14	5	0
United States vs. Malaysia	7	3	0	0	7	7	***	***	18	13	2	1
United States vs. Oman	6	3	0	0	5	5	***	***	20	14	2	1
United States vs. Taiwan	7	4	0	0	6	11	***	***	23	15	2	1
United States vs. Vietnam	6	3	0	0	3	7	***	***	16	16	3	1
Korea vs. Malaysia	6	2	0	0	5	5	***	***	14	12	0	0
Korea vs. Oman	6	2	0	0	5	4	***	***	16	12	0	0
Korea vs. Taiwan	6	2	0	0	5	5	***	***	19	12	1	0
Malaysia vs. Vietnam	6	2	0	0	2	6	***	***	12	12	2	0
Malaysia vs. Oman	6	2	0	0	4	6	***	***	16	12	0	0
Malaysia vs. Taiwan	6	2	0	0	5	7	***	***	15	11	1	0
Vietnam vs. Oman	0	0	0	0	0	0	***	***	0	0	0	0
Vietnam vs. Taiwan	0	0	0	0	0	0	***	***	0	0	0	0
Oman vs. Taiwan	6	2	0	0	4	6	***	***	17	11	0	0
United States vs. China	7	5	0	0	5	10	***	***	22	17	7	2
United States vs. Other	7	5	0	0	6	8	***	***	19	19	5	1
Korea vs. China	6	2	0	0	5	5	***	***	17	13	3	1
Korea vs. Other	6	2	0	0	6	4	***	***	14	13	4	0
Malaysia vs. China	6	2	0	0	4	7	***	***	15	14	1	0
Malaysia vs. Other	6	2	0	0	5	6	***	***	14	10	1	0
Oman vs. China	6	2	0	0	4	6	***	***	17	14	1	0
Oman vs. Other	6	2	0	0	5	6	***	***	14	14	0	0
Taiwan vs. China	6	2	0	0	5	7	***	***	18	14	2	0
Taiwan vs. Other	6	2	0	0	6	6	***	***	15	14	2	0
Vietnam vs. China	6	2	0	0	3	8	***	***	16	16	1	0
Vietnam vs. Other	6	2	0	0	4	7	***	***	11	15	1	0
China vs. Other	5	2	0	0	6	5	***	***	16	14	2	0

Note.—A=Always, F=Frequently, S=Sometimes, N=Never.

Source: Compiled from data submitted in response to Commission questionnaires.

As seen in table II-10, 31 of 73 responding purchasers reported that domestically produced steel nails "always" meet minimum quality specifications, and 26 reported that domestically produced steel nails "usually" meet minimum quality standards. Responding purchasers reported that steel nails "always" or "usually" met minimum quality specifications from Korea (42 firms), Malaysia (27), Oman (30), Taiwan (33), Vietnam (23), China (34), and all other sources (31). A large portion of responding purchasers reported not knowing about minimum quality specifications for product from certain countries.

Table II-10

Steel nails: Ability to meet minimum quality specifications, by source[1]

Source	Always	Usually	Sometimes	Rarely or never	Don't Know
United States	31	26	4	1	12
Korea	29	13	2	1	25
Malaysia	13	14	2	2	33
Oman	13	17	1	1	35
Taiwan	14	19	1	1	31
Vietnam	5	18	5	1	33
China	13	21	6	3	22
All other sources[2]	15	16	3	1	16

[1] Purchasers were asked how often domestically produced or imported steel nails meet minimum quality specifications for their own or their customers' uses.
[2] Includes Bulgaria, Canada, Egypt, Germany, India, Indonesia, Mexico, Poland, Thailand, Turkey, and UAE.

Source: Compiled from data submitted in response to Commission questionnaires.

In addition, producers, importers, and purchasers were asked to assess how often differences other than price were significant in sales of steel nails produced in the United States, subject, or nonsubject countries. As seen in table II-11, U.S. producers, importers, and purchasers were divided in their responses. For many firms, price is not the only difference between steel nails produced in Korea, Malaysia, Oman, Taiwan, or Vietnam. Most U.S. producers reported that differences other than price were only "sometimes" significant across all country pairs, but importers and purchasers were much more evenly split.

When asked to describe the significant factors other than price, purchasers reported delivery, quality of packaging, functionality, product mix and range, quality of the product, freight cost, payment terms, lead times, and the willingness of manufacturer to private label. U.S. purchaser *** reported that price is never the sole factor, and that it works with suppliers that are able to provide reliability, transportation, service, and tool support. One purchaser (***) reported that a producer's *** is an important factor other than price.

Hitachi testified that product consistency and product range are critical, so as to avoid extra costs of maintaining an unnecessarily large number of suppliers.[61] Home Depot reported that a major consideration for its sourcing decisions is whether a supplier can provide a broad range of quality localized products, can supply the required volumes, maintains backup inventory, and can provide in-store services like stocking shelves. It is important that the supplier offers a broad product mix of quality products that they can reliably supply at a good price, with the needed support services.[62] A major U.S. distributor, Prime Source, states quality, product range, local inventory, customer service, and delivery are the determining factors in its

[61] Hearing transcript, p. 138 (Leffler).
[62] Hearing transcript, pp. 122-23, 199-201 (Bressler); Home Depot's posthearing brief, p. 1.

sales, rather than price.[63] Prime Source reports that it charges identical prices for all identical products, regardless of source.[64]

Several purchasers reported that U.S. suppliers have insufficient capacity and product range to provide the necessary quantity for certain firms, and purchaser *** stated that U.S. producer ***was dropped due to unresolved quality issues. Purchasers also noted that their purchasing decisions are more specific to manufacturers or mills rather than country of origin.

Table II-11

Steel nails: Significance of differences other than price between steel nails produced in the United States and in other countries, by country pairs

Country pair	U.S. Producers				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
United States vs. Korea	***	***	7	2	5	4	9	2	14	10	11	10
United States vs. Malaysia	***	***	7	2	5	7	4	3	7	10	9	7
United States vs. Oman	***	***	7	2	4	4	5	3	6	8	12	9
United States vs. Taiwan	***	***	7	2	5	4	8	3	9	6	14	10
United States vs. Vietnam	***	***	7	2	5	5	3	2	8	6	14	6
Korea vs. Malaysia	***	***	5	2	2	4	4	2	4	6	6	6
Korea vs. Oman	***	***	5	2	***	***	***	***	4	5	9	5
Korea vs. Taiwan	***	***	5	2	2	3	6	2	6	4	9	7
Malaysia vs. Vietnam	***	***	5	2	***	***	***	***	6	6	8	4
Malaysia vs. Oman	***	***	5	2	***	***	***	***	4	6	10	3
Malaysia vs. Taiwan	***	***	5	2	***	***	***	***	5	7	10	4
Vietnam vs. Oman	***	***	0	0	0	0	0	0	0	0	0	0
Vietnam vs. Taiwan	***	***	0	0	0	0	0	0	0	0	0	0
Oman vs. Taiwan	***	***	5	2	***	***	***	***	5	7	8	6
United States vs. China	***	***	8	2	5	5	7	2	9	12	16	9
United States vs. Other	***	***	8	2	3	4	8	2	8	10	18	6
Korea vs. China	***	***	5	2	2	3	6	2	6	8	11	3
Korea vs. Other	***	***	5	2	***	***	***	***	6	7	11	3
Malaysia vs. China	***	***	5	2	***	***	***	***	4	10	8	4
Malaysia vs. Other	***	***	5	2	***	***	***	***	4	7	10	3
Oman vs. China	***	***	5	2	***	***	***	***	4	8	9	4
Oman vs. Other	***	***	5	2	***	***	***	***	4	7	11	3
Taiwan vs. China	***	***	5	2	2	2	8	3	5	8	10	5
Taiwan vs. Other	***	***	5	2	***	***	***	***	5	8	11	3
Vietnam vs. China	***	***	5	2	***	***	***	***	6	8	9	3
Vietnam vs. Other	***	***	5	2	***	***	***	***	6	7	8	2
China vs. Other	***	***	5	2	***	***	***	***	4	8	13	3

Note.--A = Always, F = Frequently, S = Sometimes, N = Never.

Source: Compiled from data submitted in response to Commission questionnaires.

[63] Hearing transcript, p. 132 (Zinman).

[64] Hearing transcript, p. 133 (Zinman).

ELASTICITY ESTIMATES

U.S. supply elasticity

The domestic supply elasticity[65] for steel nails measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of steel nails. The elasticity of domestic supply depends on several factors including the moderate-to-large level of excess capacity, and the ease with which producers can alter capacity. Producers' limited ability to shift to production of other products, the existence of small inventories, and the limited availability of alternate markets for U.S.-produced steel nails limit the elasticity of supply. Analysis of these factors earlier indicates that the U.S. industry has the ability to somewhat increase or decrease shipments to the U.S. market; an estimate in the range of 3 to 5 is suggested. Parties did not comment on supply elasticity.

U.S. demand elasticity

The U.S. demand elasticity for steel nails measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of steel nails. This estimate depends on factors discussed earlier such as the limited availability and commercial viability of substitute products, as well as the small component cost share of the steel nails in the production of any downstream products. Based on the available information, the aggregate demand for steel nails is likely to be inelastic; a range of -0.25 to -0.5 is suggested. Parties did not comment on demand elasticity.

Substitution elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported steel nails.[66] Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (e.g., availability, sales terms/ discounts/ promotions, etc.). Based on available information, the differing perceptions of quality, and the differing needs for private labeling and special treated nails, suggests the elasticity of substitution between U.S.-produced steel nails and imported steel nails is likely to be in the range of 3 to 5. Parties did not comment on substitution elasticity.

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[65] A supply function is not defined in the case of a non-competitive market.

[66] The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.

PART III: U.S. PRODUCERS' PRODUCTION, SHIPMENTS, AND EMPLOYMENT

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the subsidies and dumping margins was presented in *Part I* of this report and information on the volume and pricing of imports of the subject merchandise is presented in *Part IV* and *Part V*. Information on the other factors specified is presented in this section and/or *Part VI* and (except as noted) is based on the questionnaire responses of thirteen firms that accounted for the nearly all of U.S. production of steel nails during 2014.

U.S. PRODUCERS

The Commission issued a U.S. producer questionnaire to 16 firms based on information contained in the petition and prior cases, and 13 firms provided useable data on their productive operations. Staff believes that these responses represent the vast majority of U.S. production of steel nails.[1]

Table III-1 lists U.S. producers of steel nails, their production locations, positions on the petition, total production, and shares of total production in 2014. As indicated in table III-1, three U.S. producers are related to foreign producers of nonsubject steel nails and four U.S. producers are related to U.S. importers of the steel nails. In addition, as discussed in greater detail below, three U.S. producers directly import the subject merchandise.

[1] Fox Valley is not included in the data presented in this section or elsewhere within the report. It manufactures direct drawn industrial wire, all hand driven nails (no collated), wire nails, upholstery nails, drive pins, brads, finishing nails, masonry nails, roofing nails, iron rods, and steel rods. Fox Valley did not respond in the preliminary phase or the final phase of these investigations. It is estimated that the company produces approximately 5,000 tons of steel nails per year.

Specialty Nail Company ***. In its declaration to the Commission (dated May 18, 2015), its capacity to produce steel nails was *** short tons and its production of steel nails was *** short tons in 2014. In addition, Specialty Nail Company ***.

Pneu-Fast (Evanston, IL) did not respond to the Commission's questionnaire in the preliminary or final phase of these investigations. It is estimated that the company produces approximately 5,000 tons of steel nails per year.

Table III-1
Steel nails: U.S. producers of steel nails, their positions on the petition, ownership, production locations, production, and shares of reported production, 2014

Firm	*Position on petition*	*Firm ownership*	*U.S. plant location(s)*	*2014 U.S. production*	
				Quantity (short tons)	*Share (percent)*
Acorn	***	None	Mansfield, MA	***	***
Davis Wire	***	Heico Wire Group, Irwindale, CA (100%)	Pueblo, CO	***	***
Fuzion	***	The Hahn Companies, LLC	Indianapolis, IN	***	***
ITW[1]	***	Illinois Tool Works Glenview, IL (100%)	Vernon Hills, IL; Schaumburg, IL; Glendale Heights, IL	***	***
Independent Nail[2]	***	Division of WH Maze Co., Peru, IL (100%)	Taunton, MA	***	***
Mar-Mac	***	None	McBee, SC	***	***
Maze[3]	***	None	Peru, IL	***	***
Mid Continent	Petitioner	Deacero Mexico	Poplar Bluff, MO; Ontario, CA	***	***
Powernail	***	None	Lake Zurich, IL	***	***
Progressive[4]	***	PrimeSource Building Products, Inc.	Dallas, TX	***	***
Senco	***	Senco Holdings, Inc., Newport, KY (100%)	Cincinnati, OH	***	***
Stanley	***	None	North Kingstown, RI; Clinton, CT; East Greenwich, RI; Greenfield, IN	***	***
Tree Island	***	Tree Island Industries, Ltd. Richmond, BC (100%)	Ontario, CA; Rancho Cucamonga, CA	***	***
Total				142,840	100.0

[1] ***.
[2] ***.
[3] ***.
[4] "***." PrimeSource (inclusive of PSW)was sold by Itochu to Platinum Equity Group on May 11, 2015.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-2 gives the reporting firms hours worked per week and weeks operating per year and how they calculated capacity. Table III-3 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. *** reported plant capacity for ***. No other producer reported other capacity.

Table III-2
Steel nails: U.S. producers' production, capacity, and capacity utilization, 2012-14

Firm	Hours per week	Weeks per year	Discussion of method to calculate capacity
Acorn	***	***	"***."
Davis Wire	***	***	"***."
Fuzion	***	***	"***."
ITW	***	***	"***."
Independent Nail	***	***	"***."
Mar-Mac	***	***	"***."
Maze	***	***	"***."
Mid Continent	***	***	"***."
Powernail	***	***	"***."
Progressive	***	***	"***."
Senco	***	***	"***."
Stanley	***	***	"***."
Tree Island	***	***	"***."

[1] Not reported.

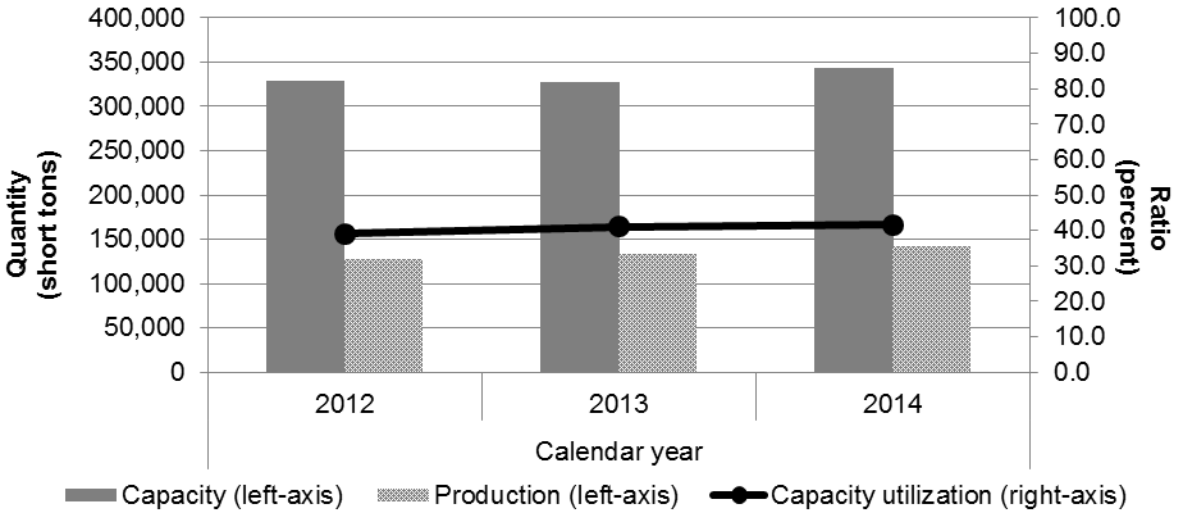
Source: Compiled from data submitted in response to Commission questionnaires.

Table III-3
Steel nails: U.S. producers' production, capacity, and capacity utilization, 2012-2014

Item	Calendar year		
	2012	2013	2014
	Quantity (*short tons*)		
Capacity	328,414	326,761	343,108
Production	128,085	133,902	142,840
	Ratio (*percent*)		
Capacity utilization	39.0	41.0	41.6

Source: Compiled from data submitted in response to Commission questionnaires.

Figure III-1
Steel nails: U.S. producers' capacity, production, and capacity utilization, 2012-14



Source: Compiled from data submitted in response to Commission questionnaires.

Producers were asked to report any changes in their operations (producers' questionnaire question II-2) and their responses are reported in the following tabulation:

Firm	Changes in operations
Acorn	***
Davis Wire	"***."
Fuzion	'***."
ITW	"***."
Independent Nail	"***."
Mar-Mac	"***."
Maze	"***."
Mid Continent	"***".
Powernail	***
Progressive	"***."
Senco	***
Stanley	"***."
Tree Island	***

Producers were asked if they were in a toll agreement regarding production of nails (Producers' questionnaire II-4a) and *** indicated that ***. The Commission additionally asked the U.S. nail producers if they have the in-house capability to perform certain production processes for manufacturing steel nails and did they actually perform these production processes in-house (Producers' questionnaire II-4b and 4c). *** all stated that they had the

capability and actually performed the "complete nail making process." *** stated they had the capability and all but *** actually performed the "packing process for small packaged nails (1 & 5 lb boxes)."

U.S. PRODUCERS' U.S. SHIPMENTS AND EXPORTS

Table III-4 presents U.S. producers' U.S. shipments and value, export shipments and value, and total shipments and value. Five U.S. producers reported exporting steel nails, which made up a minimal share of the quantity of U.S. producers' shipments of steel nails.[2] Table III-5 presents U.S. producers' U.S. shipments by type and finish. The collated category was nearly 3-times as large as uncollated, and "bright" (no finish) was the overwhelming finish of shipped nails. Table III-6 presents U.S. producers' U.S. shipments of nails by type and form. More than 67 percent of the shipments of uncollated nails were pallet nails.

[2] U.S. producers of steel nails reported exporting to Australia, Canada, Denmark, "Europe," France, "Latin America," and New Zealand.

Table III-4
Steel nails: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2012-14

Item	Calendar year		
	2012	2013	2014
		Quantity (*short tons*)	
Commercial U.S. shipments	117,504	121,192	131,801
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Subtotal, U.S. shipments	123,091	133,283	141,844
Export shipments	***	***	***
Total shipments	124,785	134,973	143,670
		Value (*1,000 dollars*)	
Commercial U.S. shipments	215,682	209,135	198,734
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Subtotal, U.S. shipments	224,160	223,221	209,705
Export shipments	***	***	***
Total shipments	227,430	226,663	214,002
		Unit value (*dollars per short ton*)	
Commercial U.S. shipments	$1,836	$1,726	$1,508
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Subtotal, U.S. shipments	1,821	1,675	1,478
Export shipments	***	***	***
Total shipments	1,823	1,679	1,490
		Share of quantity (*percent*)	
Commercial U.S. shipments	94.2	89.8	91.7
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Subtotal, U.S. shipments	***	***	***
Export shipments	***	***	***
Total shipments	100.0	100.0	100.0
		Share of value (*percent*)	
Commercial U.S. shipments	94.8	92.3	92.9
Internal consumption	***	***	***
Transfers to related firms	***	***	***
Subtotal, U.S. shipments	***	***	***
Export shipments	***	***	***
Total shipments	100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

Table III-5
Steel nails: U.S. producers' U.S. shipments by type and finish, 2014

Type and finish	Quantity (*short tons*)	Value (*$1,000*)	Unit Value (*dollars per short ton*)	Share of quantity (*percent*)
Collated: Bright (no finish)	91,597	123,578	$1,349	64.6
Collated: Galvanized	***	***	***	***
Collated: Other	***	***	***	***
Collated: Subtotal, all collated	104,427	154,178	1,476	73.6
Uncollated: Bright (no finish)	33,452	37,482	1,120	23.6
Uncollated: Galvanized	***	***	***	***
Uncollated: Other	***	***	***	***
Uncollated: Subtotal, all uncollated	37,417	55,527	1,484	26.4
Both collated and uncollated: Bright (no finish)	125,049	161,060	1,288	88.2
Both collated and uncollated: Galvanized	***	***	***	***
Both collated and uncollated: Other	***	***	***	***
Total U.S. shipments	142,080	209,941	1,478	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

Table III-6
Steel nails: U.S. producers' U.S. shipments by type and form, 2014

Type and form	Quantity (*short tons*)	Value (*$1,000*)	Unit Value (*dollars per short ton*)	Share of quantity (*percent*)
Collated: Common nail	68,573	95,128	1,387	48.3
Collated: Finishing nail	2,659	11,059	4,159	1.9
Collated: Drywall nail	***	***	***	***
Collated: Flooring nail	***	***	***	***
Collated: Pallet nail	30,788	41,512	1,348	21.7
Collated: Concrete/masonry nail	***	***	***	***
Collated: All other products	***	***	***	***
Collated: Subtotal, all collated	104,427	154,178	1,476	73.6
Uncollated: Common nail	9,961	24,155	2,425	7.0
Uncollated: Finishing nail	0	0	0	0.0
Uncollated: Drywall nail	0	0	0	0.0
Uncollated: Flooring nail	0	0	0	0.0
Uncollated: Pallet nail	25,195	27,964	1,110	17.8
Uncollated: Concrete/masonry nail	***	***	***	***
Uncollated: All other products	***	***	***	***
Uncollated: Subtotal, all uncollated	37,417	55,527	1,484	26.4
Both collated and uncollated: Common nail	78,534	119,283	1,519	55.4
Both collated and uncollated: Finishing nail	2,659	11,059	4,159	1.9
Both collated and uncollated: Drywall nail	***	***	***	***
Both collated and uncollated: Flooring nail	***	***	***	***
Both collated and uncollated: Pallet nail	55,983	69,476	1,241	39.5
Both collated and uncollated: Concrete/masonry nail	345	938	2,719	0.2
Both collated and uncollated: All other products	2,791	4,341	1,555	2.0
Total U.S. shipments	141,844	209,705	1,478	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. PRODUCERS' INVENTORIES

Table III-7 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments.

Table III-7
Steel nails: U.S. producers' inventories, 2012-14

Item	Calendar year		
	2012	2013	2014
	Quantity (*short tons*)		
U.S. producers' end-of-period inventories	14,131	13,064	12,117
	Ratio (*percent*)		
Ratio of inventories to.--			
U.S. production	11.0	9.8	8.5
U.S. shipments	11.5	9.8	8.5
Total shipments	11.3	9.7	8.4

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. PRODUCERS' IMPORTS AND PURCHASES

U.S. producers' direct imports of steel nails are presented in table III-8 with explanations for such imports if listed. ***. "***." ***. This was done "***."

Table III-8
Steel nails: U.S. producers' direct imports, 2012-14

* * * * * * *

U.S. employment, wages, and productivity

Table III-9 shows U.S. producers' employment-related data during 2012-14.

Table III-9
Steel nails: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2012-14

Item	Calendar year		
	2012	2013	2014
Production-related workers (PRWs) (*number*)	927	885	746
Total hours worked (*1,000 hours*)	1,470	1,465	1,427
Hours worked per PRW (*hours*)	1,586	1,655	1,913
Wages paid *($1,000*)	24,686	24,787	25,400
Hourly wages (*dollars per hour*)	$16.79	$16.92	$17.80
Productivity (*short tons per 1000 hours*)	87.1	91.4	100.1
Unit labor costs (*dollars per short tons*)	$192.73	$185.11	$177.82

Source: Compiled from data submitted in response to Commission questionnaires.

PART IV: U.S. IMPORTS, APPARENT U.S. CONSUMPTION, AND MARKET SHARES

U.S. IMPORTERS

The Commission issued importer questionnaires to 50 firms believed to be importers of subject steel nails, as well as to all U.S. producers of steel nails.[1] Usable questionnaire responses were received from 31 companies, representing 67.7 percent of U.S. imports from subject countries and 46.5 percent of all imports in 2014.[2] Table IV-1 lists all responding U.S. importers of steel nails from all five subject countries and other sources, their locations, and their shares of U.S. imports, in 2014. The 18 reporting importers of nonsubject imports accounted for 27.5 percent of officially reported nonsubject imports in 2014, and reported imports from Austria, Bulgaria, Canada, China, Italy, Indonesia, Japan, Korea (Jinheung Steel Corp.), Mexico, Poland, Spain, Thailand, Taiwan (Quick Advance, Inc.), and United Arab Emirates.[3]

[1] The Commission issued questionnaires to those firms identified in the preliminary phase of these investigations, the petition, along with firms that, based on a review of data provided by U.S. Customs and Border Protection ("Customs") were believed to import steel nails (in the preliminary phase 200 firms were identified and contacted).

[2] Firms reporting subject imports from subject countries accounted for the following percentages of official Commerce import statistics in 2014: Korea –32.8 percent; Malaysia – 50.4 percent; Oman – 102.6 percent; Taiwan – 78.0 percent; Vietnam – 64.2 percent; non subject sources – 27.5 percent. Table IV-2 presents the percentage of steel nails, as reported by U.S. importers, compared to official Commerce import statistics.

[3] Korean data were adjusted by removing nonsubject Jinheung and related firms, ***, were accounted for by zeroing out data reported by them in their Korea grids. Taiwan data were adjusted by removing Quick Advance's exports to the United States as provided in its foreign producer questionnaire response. Since we did not have a way to break out the Taiwan data in *** importer's questionnaire submission based on whether its imports were from Quick Advance or from other Taiwanese producers, all of its original questionnaire submission was kept.

Table IV-1
Steel nails: U.S. importers by source and share, 2014

Firm	Headquarters	Share of imports by source (*percent*) in 2014					
		Korea	Malaysia	Oman	Taiwan	Vietnam	All other sources
A. Lyons	Manchester, MA	***	***	***	***	***	***
Boise Cascade	Boise, ID	***	***	***	***	***	***
Building Material Distributors	Galt, CA	***	***	***	***	***	***
Building Products	Tampa, FL	***	***	***	***	***	***
Chair City Supply Co.	Thomasville, NC	***	***	***	***	***	***
Crane Point	Forest Grove, OR	***	***	***	***	***	***
DC International	Wilsonville, OR	***	***	***	***	***	***
Duo-Fast	East Hartford, CT	***	***	***	***	***	***
ET&F	Solon, OH	***	***	***	***	***	***
Garnett Co.	West Plains, MO	***	***	***	***	***	***
Hahn	Indianapolis, IN	***	***	***	***	***	***
Hughes Tool	Lutz, FL	***	***	***	***	***	***
Illinois Tool Works	Vernon Hills, IL	***	***	***	***	***	***
Itochu	New York, NY	***	***	***	***	***	***
Jomedoba	Buxton, OR	***	***	***	***	***	***
Mar-Mac	Mcbee, SC	***	***	***	***	***	***
Maverick	Batavia, OH	***	***	***	***	***	***
Numax	New Windsor, NY	***	***	***	***	***	***
Oman	Sohar,	***	***	***	***	***	***
PalletOne	Bartow, FL	***	***	***	***	***	***
Peace	Rolling Meadows, IL	***	***	***	***	***	***
Senco	Cincinnati, OH	***	***	***	***	***	***
Stanley		***	***	***	***	***	***
Star Sales Baltimore	Baltimore, MD	***	***	***	***	***	***
T.C. International	Whittier, CA	***	***	***	***	***	***
Tree Island	Walnut, CA	***	***	***	***	***	***
UFP Purchasing	Union City, GA	***	***	***	***	***	***
Uniquely X-Cell	Seattle, WA	***	***	***	***	***	***
Uniwire	New York, NY	***	***	***	***	***	***
Viking	Fridley, MN	***	***	***	***	***	***
Youngwoo	Santa Fe Springs, CA	***	***	***	***	***	***
Total		100.0	100.0	100.0	100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. IMPORTS

Table IV-2 presents the percentage of steel nails, as reported by U.S. importers, compared to official Commerce import statistics.

Table IV-2
Steel nails: U.S. imports by source, and collection method, 2012-14

Item	Calendar year		
	2012	2013	2014
	Quantity (*short tons*)		
Questionnaire data			
Korea, subject	***	***	***
Malaysia	***	***	***
Oman	***	***	***
Taiwan, subject	***	***	***
Vietnam	***	***	***
Subject sources	105,954	145,832	170,765
All other sources	77,022	90,242	77,164
Total U.S. imports	182,976	236,074	247,929
	Quantity (*short tons*)		
Official Commerce statistics			
Korea, subject	***	***	***
Malaysia	31,941	33,451	35,656
Oman	7,445	38,887	48,296
Taiwan, subject	***	***	***
Vietnam	28,904	43,875	47,718
Subject sources	199,202	220,933	252,389
All other sources	262,664	279,199	280,277
Total U.S. imports	461,866	500,132	532,666
	Share of importers imports to official reported statistics (*percent*)		
Korea, subject	***	***	***
Malaysia	***	***	***
Oman	***	***	***
Taiwan, subject	***	***	***
Vietnam	***	***	***
Subject sources	53.2	66.0	67.7
All other sources	29.3	32.3	27.5
Total U.S. imports	39.6	47.2	46.5

Source: Compiled from data submitted in response to Commission questionnaires and official Commerce statistics.

Table IV-3 and figure IV-1 presents data for U.S. imports of steel nails from subject countries and all other sources based on official Commerce statistics.

Table IV-3
Steel nails: U.S. imports by source, 2012-14

Item	Calendar year		
	2012	2013	2014
	Quantity (*short tons*)		
U.S. imports from.--			
Korea, subject	***	***	***
Malaysia	31,941	33,451	35,656
Oman	7,445	38,887	48,296
Taiwan, subject	***	***	***
Vietnam	28,904	43,875	47,718
Subject sources	199,202	220,933	252,389
Korea, nonsubject	***	***	***
Taiwan, nonsubject	***	***	***
China	144,969	137,669	153,743
UAE	46,633	34,626	1,396
All other sources	67,844	83,143	99,679
Nonsubject sources	262,664	279,199	280,277
Total U.S. imports	461,866	500,132	532,666
	Value (*1,000 dollars*)		
U.S. imports from.--			
Korea, subject	***	***	***
Malaysia	38,964	35,266	36,458
Oman	9,356	55,046	75,884
Taiwan, subject	***	***	***
Vietnam	28,927	39,158	41,524
Subject sources	261,346	266,012	304,577
Korea, nonsubject	***	***	***
Taiwan, nonsubject	***	***	***
China	207,292	186,008	196,152
UAE	64,288	43,252	1,610
All other sources	115,640	135,896	151,015
Nonsubject sources	391,596	399,706	380,754
Total U.S. imports	652,941	665,718	685,331

Table continued on next page.

Table IV-3 --*Continued*
Steel nails: U.S. imports by source, 2012-14

Item	Calendar year		
	2012	2013	2014
	Unit value (*dollars per short ton*)		
U.S. imports from.--			
Korea, subject	$***	$***	$***
Malaysia	1,220	1,054	1,023
Oman	1,257	1,416	1,571
Taiwan, subject	***	***	***
Vietnam	1,001	892	870
Subject sources	1,312	1,204	1,207
Korea, nonsubject	***	***	***
Taiwan, nonsubject	***	***	***
China	1,430	1,351	1,276
UAE	1,379	1,249	1,153
All other sources	1,705	1,634	1,515
Nonsubject sources	1,491	1,432	1,358
Total U.S. imports	1,414	1,331	1,287
	Share of quantity (*percent*)		
U.S. imports from.--			
Korea, subject	***	***	***
Malaysia	6.9	6.7	6.7
Oman	1.6	7.8	9.1
Taiwan, subject	***	***	***
Vietnam	6.3	8.8	9.0
Subject sources	43.1	44.2	47.4
Korea, nonsubject	***	***	***
Taiwan, nonsubject	***	***	***
China	31.4	27.5	28.9
UAE	10.1	6.9	0.3
All other sources	14.7	16.6	18.7
Nonsubject sources	56.9	55.8	52.6
Total U.S. imports	100.0	100.0	100.0

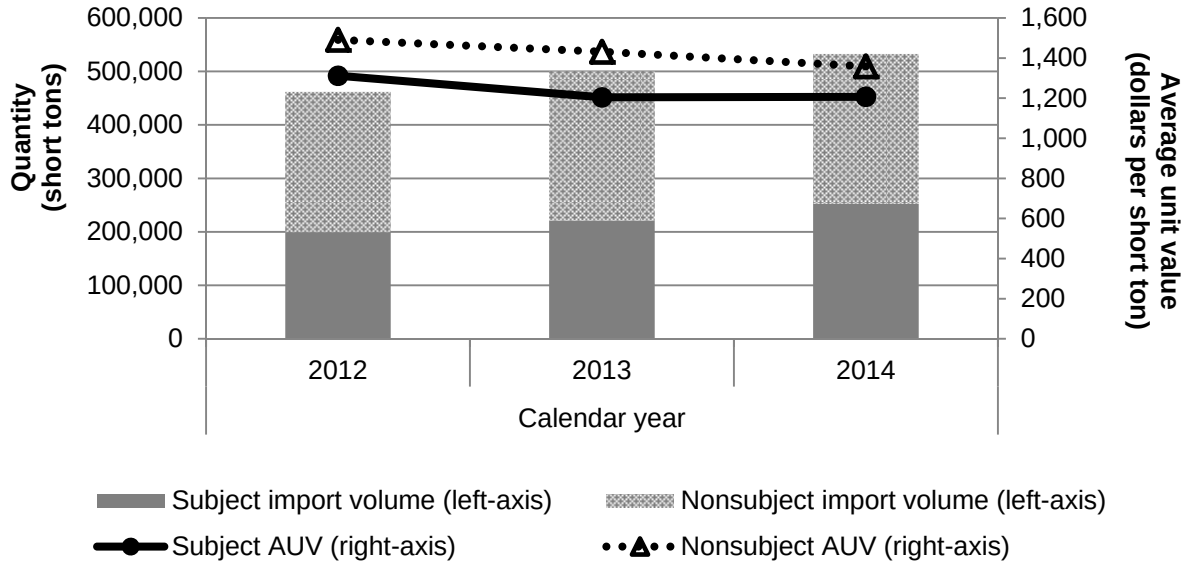
Table continued on next page.

Table IV-3 --*Continued*
Steel nails: U.S. imports by source, 2012-14

Item	Calendar year		
	2012	2013	2014
	Share of value (*percent*)		
U.S. imports from.--			
Korea, subject	***	***	***
Malaysia	6.0	5.3	5.3
Oman	1.4	8.3	11.1
Taiwan, subject	***	***	***
Vietnam	4.4	5.9	6.1
Subject sources	40.0	40.0	44.4
Korea, nonsubject	***	***	***
Taiwan, nonsubject	***	***	***
China	31.7	27.9	28.6
UAE	9.8	6.5	0.2
All other sources	17.7	20.4	22.0
Nonsubject sources	60.0	60.0	55.6
Total U.S. imports	100.0	100.0	100.0

Source: Compiled from official Commerce statistics.

Figure IV-1
Nails: U.S. import volumes and prices, 2012-14



Source: Table IV-3.

Table IV-4 presents U.S. importers' reported subject U.S. shipments from subject sources by type, finish and form. The uncollated category was more than 1½ -times as large as collated category with "bright" (no finish) ads the overwhelming finish of shipped nails.

Table IV-4
Steel nails: U.S. importers' U.S. shipments by type, finish, and form, 2014

Item	2014					
	Korea	Malaysia	Oman	Taiwan	Vietnam	All other sources
	Quantity (*short tons*)					
U.S. importers' U.S. shipments.--						
Collated--						
Bright (unfinished)	***	***	***	***	***	***
Galvanized	***	***	***	***	***	***
Other	***	***	***	***	***	***
Subtotal, collated	6,114	14,474	49,036	37,408	3,090	69,871
Uncollated--						
Bright (unfinished)	***	***	***	***	***	***
Galvanized	***	***	***	***	***	***
Other	***	***	***	***	***	***
Subtotal, uncollated	9,500	2,456	403	23,917	30,146	13,685
Total U.S. shipments in 2014	15,614	16,930	49,439	61,325	33,236	83,556
U.S. importers' U.S. shipments.--						
Collated--						
Common nail	***	***	***	***	***	***
Finishing nail	***	***	***	***	***	***
Drywall nail	***	***	***	***	***	***
Flooring nail	***	***	***	***	***	***
Pallet nail	***	***	***	***	***	***
Concrete/masonry	***	***	***	***	***	***
All other products	***	***	***	***	***	***
Subtotal, collated	6,113	14,474	49,036	37,440	3,089	69,869
Uncollated--						
Common nail	***	***	***	***	***	***
Finishing nail	***	***	***	***	***	***
Drywall nail	***	***	***	***	***	***
Flooring nail	***	***	***	***	***	***
Pallet nail	***	***	***	***	***	***
Concrete/masonry	***	***	***	***	***	***
All other products	***	***	***	***	***	***
Subtotal, uncollated	9,501	2,456	403	23,885	30,147	13,687
Total U.S. shipments in 2014	15,614	16,930	49,439	61,325	33,236	83,556

Table continued on next page.

Table IV-4--*Continued*
Nails: U.S. importers' U.S. shipments by type, finish, and form, 2014

Item	2014					
	Korea	Malaysia	Oman	Taiwan	Vietnam	All other sources
	Share of quantity (percent)					
U.S. importers' U.S. shipments.--						
Collated--						
Bright (unfinished)	***	***	***	***	***	***
Galvanized	***	***	***	***	***	***
Other	***	***	***	***	***	***
Subtotal, collated	***	***	***	***	***	***
Uncollated--						
Bright (unfinished)	***	***	***	***	***	***
Galvanized	***	***	***	***	***	***
Other	***	***	***	***	***	***
Subtotal, uncollated	60.8	14.5	0.8	39.0	90.7	16.4
Total U.S. shipments in 2014	100.0	100.0	100.0	100.0	100.0	100.0
U.S. importers' U.S. shipments.--						
Collated--						
Common nail	***	***	***	***	***	***
Finishing nail	***	***	***	***	***	***
Drywall nail	***	***	***	***	***	***
Flooring nail	***	***	***	***	***	***
Pallet nail	***	***	***	***	***	***
Concrete/masonry	***	***	***	***	***	***
All other products	***	***	***	***	***	***
Subtotal, collated	39.2	85.5	99.2	61.1	9.3	83.6
Uncollated--						
Common nail	***	***	***	***	***	***
Finishing nail	***	***	***	***	***	***
Drywall nail	***	***	***	***	***	***
Flooring nail	***	***	***	***	***	***
Pallet nail	***	***	***	***	***	***
Concrete/masonry	***	***	***	***	***	***
All other products	***	***	***	***	***	***
Subtotal, uncollated	60.8	14.5	0.8	38.9	90.7	16.4
Total U.S. shipments in 2014	100.0	100.0	100.0	100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

Table IV-5 presents U.S. importers' U.S. shipments of nails from subject sources by type and finish and table IV-6 presents U.S. importers' U.S. shipments of nails from subject sources by type and form.

Table IV-5
Steel nails: U.S. importers' subject U.S. shipments by type and finish, 2014

Type and finish	Quantity (*short tons*)	Value (*$1,000*)	Unit value (dollars *per short ton*)	Share of quantity (*percent*)
Collated: Bright (no finish)	***	***	$***	***
Collated: Galvanized	***	***	***	***
Collated: Other	***	***	***	***
Collated: Subtotal, all collated	110,122	167,864	1,524	62.4
Uncollated: Bright (no finish)	***	***	***	***
Uncollated: Galvanized	***	***	***	***
Uncollated: Other	***	***	***	***
Uncollated: Subtotal, all uncollated	66,422	106,080	1,597	37.6
Both collated and uncollated: Bright (no finish)	***	***	***	***
Both collated and uncollated: Galvanized	***	***	***	***
Both collated and uncollated: Other	***	***	***	***
Total U.S. shipments	176,544	273,944	1,552	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

Table IV-6
Steel nails: U.S. importers' U.S. shipments by type and form, 2014

Type and form	Quantity (*short tons*)	Value (*$1,000*)	Unit value (dollars *per short ton*)	Share of quantity (*percent*)
Collated: Common nail	***	$***	***	***
Collated: Finishing nail	***	***	***	***
Collated: Drywall nail	***	***	***	***
Collated: Flooring nail	***	***	***	***
Collated: Pallet nail	***	***	***	***
Collated: Concrete/masonry nail	***	***	***	***
Collated: All other products	***	***	***	***
Collated: Subtotal, all collated	***	***	***	***
Uncollated: Common nail	***	***	***	***
Uncollated: Finishing nail	***	***	***	***
Uncollated: Drywall nail	***	***	***	***
Uncollated: Flooring nail	***	***	***	***
Uncollated: Pallet nail	***	***	***	***
Uncollated: Concrete/masonry nail	***	***	***	***
Uncollated: All other products	***	***	***	***
Uncollated: Subtotal, all uncollated	***	***	***	***
Both collated and uncollated: Common nail	***	***	***	***
Both collated and uncollated: Finishing nail	***	***	***	***
Both collated and uncollated: Drywall nail	***	***	***	***
Both collated and uncollated: Flooring nail	***	***	***	***
Both collated and uncollated: Pallet nail	***	***	***	***
Both collated and uncollated: Concrete/masonry nail	***	***	***	***
Both collated and uncollated: All other products	***	***	***	***
Total U.S. shipments	176,544	273,946	1,552	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

NEGLIGIBILITY

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[4] Negligible imports are generally defined in the Tariff Act of 1930, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.[5] Imports from Korea (11.0 percent), Malaysia (6.8 percent), Oman (8.7 percent), Taiwan (14.3 percent), and Vietnam (8.8 percent), as reported by non-adjusted official Commerce statistics, collectively accounted for 49.6 percent of total imports of steel nails by quantity from May 2013 – April 2014.

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. Issues concerning fungibility and channels of distribution are addressed in *Part* II of this report. Additional information concerning fungibility, geographical markets, and simultaneous presence in the market is presented below. Official Commerce statistics, as shown in the following tabulation, show that U.S. imports from the subject countries did enter the United States through geographically dispersed U.S. ports of entry in 2014.

[4] Sections 703(a)(1), 705(b)(1), 733(a)(1), and 735(b)(1) of the Act (19 U.S.C. §§ 1671b(a)(1), 1671d(b)(1), 1673b(a)(1), and 1673d(b)(1)).

[5] Section 771 (24) of the Act (19 U.S.C § 1677(24)).

Source and district of entry	Quantity (*short tons*)	Share of quantity (*percent*)
U.S. imports from subject sources.--		
Los Angeles, CA	41,410	14.9
Houston-Galveston, TX	32,385	11.7
New York, NY	18,163	6.5
Seattle, WA	17,993	6.5
Chicago, IL	17,670	6.4
All other districts	150,227	54.1
Subtotal, imports from subject sources	277,848	100.0

With regard to geographical markets and presence in the market, the petitioners argue that imported steel nails from subject countries compete without regard to geographical location in the United States and that these imports have been simultaneously present in the U.S. market during the period of investigation.[6] Table IV-7 shows the monthly presence of subject and nonsubject imports in the U.S. market.

Table IV-7
Steel nails: Monthly presence of U.S. imports, 2012-14

Item	Calendar year		
	2012	2013	2014
	Months present (*number*)		
Korea	12	12	12
Malaysia	12	12	12
Oman	10	12	12
Taiwan	12	12	12
Vietnam	12	12	12
Subtotal, subject countries	12	12	12
All other sources	12	12	12
All sources	12	12	12

Source: Compiled from official Commerce statistics.

Both U.S. producers and U.S. importers reported distributing steel nails geographically throughout the United States.[7] As discussed in *Part V* of this report, steel nails produced in the United States and subject countries were sold in each quarter between January 2012 and December 2014. In the preliminary phase of these investigations, Taiwan respondents argued that the Commission should not cumulate imports from Taiwan for purposes of the threat analysis.[8] No other respondent commented on cumulation.

[6] Petitioners' postconference brief, pp. 15, 38; answers to staff questions pp, 10-13.
[7] *See Part* II of this report.
[8] Postconference case brief of Taiwan respondents, p. 1, fn 2, and pp. 32-36.

APPARENT U.S. CONSUMPTION

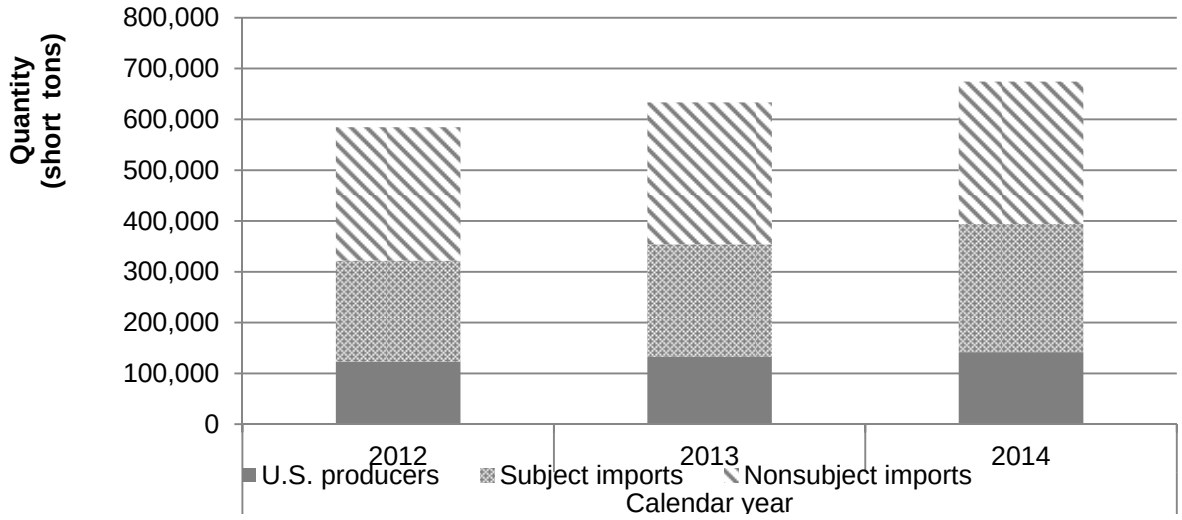
Table IV-8 and figure IV-2 presents data on apparent U.S. consumption and U.S. market shares for steel nails.

Table IV-8
Steel nails: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2012-14

Item	Calendar year		
	2012	2013	2014
	Quantity (*short tons*)		
U.S. producers' U.S. shipments	123,132	133,501	142,080
U.S. imports from.--			
Korea, subject	***	***	***
Malaysia	31,941	33,451	35,656
Oman	7,445	38,887	48,296
Taiwan, subject	***	***	***
Vietnam	28,904	43,875	47,718
Subtotal	199,202	220,933	252,389
Korea, nonsubject	***	***	***
Taiwan, nonsubject	***	***	***
China	144,969	137,669	153,743
UAE	46,633	34,626	1,396
All other sources	67,844	83,143	99,679
Nonsubject sources	262,664	279,199	280,277
Total U.S. imports	461,866	500,132	532,666
Apparent U.S. consumption	584,957	633,415	674,510
	Value (*1,000 dollars*)		
U.S. producers' U.S. shipments	224,160	223,221	209,705
U.S. imports from.--			
Korea, subject	***	***	***
Malaysia	38,964	35,266	36,458
Oman	9,356	55,046	75,884
Taiwan, subject	***	***	***
Vietnam	28,927	39,158	41,524
Subtotal	261,346	266,012	304,577
Korea, nonsubject	***	***	***
Taiwan, nonsubject	***	***	***
China	207,292	186,008	196,152
UAE	64,288	43,252	1,610
All other sources	115,640	135,896	151,015
Nonsubject sources	391,596	399,706	380,754
Total U.S. imports	652,941	665,718	685,331
Apparent U.S. consumption	877,101	888,939	895,036

Source: Compiled from data submitted in response to Commission questionnaires and official Commerce statistics.

Figure IV-2
Steel nails: Apparent U.S. consumption, 2012-14



Source: Table IV-8.

U.S. MARKET SHARES

U.S. market share data are presented in table IV-9.

Table IV-9
Steel nails: U.S. market shares, 2012-14

Item	Calendar year		
	2012	2013	2014
	Share of quantity (*percent*)		
U.S. producers' U.S. shipments	21.0	21.0	21.0
U.S. imports from.--			
Korea, subject	***	***	***
Malaysia	5.5	5.3	5.3
Oman	1.3	6.1	7.2
Taiwan, subject	***	***	***
Vietnam	4.9	6.9	7.1
Subtotal	34.1	34.9	37.4
Korea, nonsubject	***	***	***
Taiwan, nonsubject	***	***	***
China	24.8	21.7	22.8
UAE	8.0	5.5	0.2
All other sources	11.6	13.1	14.8
Nonsubject sources	44.9	44.1	41.6
Total U.S. imports	79.0	79.0	79.0
	Share of value (*percent*)		
U.S. producers' U.S. shipments	25.6	25.1	23.4
U.S. imports from.--			
Korea, subject	***	***	***
Malaysia	4.4	4.0	4.1
Oman	1.1	6.2	8.5
Taiwan, subject	***	***	***
Vietnam	3.3	4.4	4.6
Subtotal	29.8	29.9	34.0
Korea, nonsubject	***	***	***
Taiwan, nonsubject	***	***	***
China	23.6	20.9	21.9
UAE	7.3	4.9	0.2
All other sources	13.2	15.3	16.9
Nonsubject sources	44.6	45.0	42.5
Total U.S. imports	74.4	74.9	76.6

Source: Compiled from data submitted in response to Commission questionnaires and official Commerce statistics.

RATIO OF IMPORTS TO U.S. PRODUCTION

Table IV-10 presents data on the ratio of U.S. imports to U.S. production.

Table IV-10
Steel nails: Ratio of U.S. imports to U.S. production, 2012-14

Item	Calendar year		
	2012	2013	2014
	Quantity (*short tons*)		
U.S. production	128,085	133,902	142,840
U.S. imports from.--			
Korea, subject	***	***	***
Malaysia	31,941	33,451	35,656
Oman	7,445	38,887	48,296
Taiwan, subject	***	***	***
Vietnam	28,904	43,875	47,718
Subtotal	199,202	220,933	252,389
Korea, nonsubject	***	***	***
Taiwan, nonsubject	***	***	***
China	144,969	137,669	153,743
UAE	46,633	34,626	1,396
All other sources	67,844	83,143	99,679
Nonsubject sources	262,664	279,199	280,277
Total U.S. imports	461,866	500,132	532,666
	Ratio of imports to production (*percent*)		
U.S. imports from.--			
Korea, subject	***	***	***
Malaysia	24.9	25.0	25.0
Oman	5.8	29.0	33.8
Taiwan, subject	***	***	***
Vietnam	22.6	32.8	33.4
Subtotal	155.5	165.0	176.7
Korea, nonsubject	***	***	***
Taiwan, nonsubject	***	***	***
China	113.2	102.8	107.6
UAE	36.4	25.9	1.0
All other sources	53.0	62.1	69.8
Nonsubject sources	205.1	208.5	196.2
Total U.S. imports	360.6	373.5	372.9

Source: Compiled from data submitted in response to Commission questionnaires and official statistics.

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

Raw materials account for a substantial portion of the final cost of steel nails. U.S. producers' raw material costs as a share of cost of goods sold decreased from *** percent in 2012 to *** percent in 2013, and increased to *** percent in 2014. Steel nails are predominantly manufactured from steel wire, but may also be produced from steel plate or strip.[1] As shown in figure V-1, prices for steel wire rod, which is the raw material from which steel wire is produced, decreased overall from 2012 to 2014. Domestically produced wire rod prices dipped slightly mid-2013, but recovered until mid-2014, when prices dropped again. Imported wire rod prices followed the same pattern, but showed greater decreases in price during those periods. Overall, U.S.-produced industrial-quality wire rod decreased by 26.3 percent from 2012-14, and imported wire rod prices decreased by 27.7 percent over the same period.

Half of responding U.S. producers (6 of 12) and importers (14 of 29) reported that raw material costs have fluctuated from 2012-14, and many indicated that the price of steel directly impacts the price of steel nails.[2] U.S. producer and importer *** reported that the high antidumping margins assigned to wire rod from foreign countries inflates the cost of this primary raw material cost.[3]

Oman Fasteners indicated that as a result of recent antidumping and countervailing duties on wire rod from China, U.S. producers have in some cases *** and made other attempts to limit the impact of the duties on their operations.[4] Taiwan respondents argue that the decline in sales prices of steel nails was principally caused by the declining costs of wire rod.[5]

---

[1] Petition, Vol.1, p. 9.

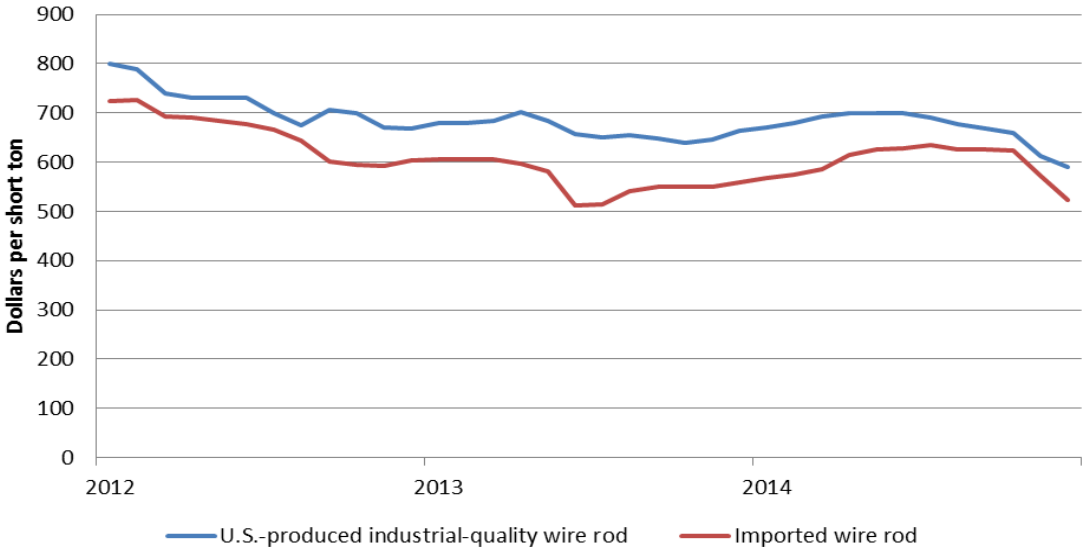
[2] Petitioner reports that steel nail prices and raw material costs general move in the same direction. Petitioner's posthearing brief, Answers to Commission Questions, p. 62.

[3] *** importer questionnaire, *II-4.*

[4] Oman Fasteners' prehearing brief, pp. 22, 49.

[5] Taiwan respondents' posthearing brief, p. 7.

Figure V-1
Wire rod: Prices for U.S.-produced industrial-quality wire rod and imported wire rod, monthly, January 2012-December 2014



Source: American Metal Market.

U.S. inland transportation costs

Almost all responding U.S. producers and importers reported that they typically arrange transportation to their customers. U.S. producer *** reported that transportation is arranged by the purchaser, and U.S. importer *** reported that transportation arrangements are made either by the firm or the purchaser. U.S. producers reported U.S. inland transportation costs ranged from 4 to 15 percent and averaged 8 percent, while importers reported costs ranging from 2 to 15 percent and averaging 5 percent. Ten of 25 responding importers reported that transportation is arranged from the point of importation, and 16 importers reported arranging transportation from storage facilities.

PRICING PRACTICES

Pricing methods

As presented in table V-1, a plurality of U.S. producers reported using a set price list, and the majority of importers reported setting prices on a transaction-by-transaction basis. Other pricing methods reported by U.S. producers and importers include: monthly pricing based on cost factors; *** as well as discounts to meet competitor prices; and pricing agreements and negotiations based on inquiries, demand, competition, and cost.

Table V-1
Steel nails: U.S. producers and importers reported price setting methods, by number of responding firms[1]

* * * * * * *

U.S. producers and importers reported selling the vast majority of steel nails on the spot market. As shown in table V-2, U.S. producers reported that 83.9 percent of their 2014 U.S. commercial shipments were spot sales, and 7.3 percent were sold by short-term contract. Similarly, importers reported that over 90 percent of imports from Korea, Malaysia, and Oman and over 80 percent of imports from Taiwan and Vietnam were also sold on the spot market. Most of the remaining sales of imported product were through short-term contracts. U.S. producers and importers reported that short-term contracts generally last from 1 to 3 months.

Table V-2
Steel nails: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2014

* * * * * * *

Eleven responding purchasers reported that they purchase steel nails daily, 39 purchase weekly, 22 purchase monthly, and 6 purchase quarterly. A few purchasers reported making purchases on an as-needed basis. Thirteen of 79 responding purchasers reported that their purchasing patterns had changed since 2012, reporting that an improved economy has increased demand which required more frequent purchases. Most (69 of 77) purchasers contact 1 to 3 suppliers before making a purchase.

Sales terms and discounts

The majority of U.S. producers (7 of 12) and importers (16 of 25) reported quoting prices on a delivered basis. Many U.S. producers reported offering quantity (4 firms) and total volume (5) discounts. Importers also reported a variety of discounts offered, but 17 of 30 importers reported offering no discounts. Other discounts reported by U.S. producers and importers include discounts based on account, total annual volume, early payment, and negotiations to remain competitive. U.S. *** *** reported payment terms discounts based on distribution channel.

Four of 12 producers and 18 of 24 responding importers reported sales terms of net 30 days. U.S. producer *** reported that sales terms vary based on the customer and can range between net 30 days and net 60 days. Producer *** also reported variation based on customer type (***, but stated that most of its sales are variations of net 60 days. U.S. producer *** reported sales terms of net 10 days. Importers *** and *** reported net 7 days and net 10 days sales terms, respectively.

Price leadership

Purchasers most commonly reported Prime Source (24 purchasers), Mid-Continent (18), Hitachi (9), and ITW Paslode (8) as price leaders because of their market share and competitive pricing. Other firms identified as price leaders were BlueLinx, Boise Cascade, Building Material Distributors, Garnett Company, Inmax, Hillman, Home Depot, Lowe's, Menards, National Nail, Pneufast, STO (Canadian firm, Fanaco Fasteners), Senco, Stanley, Viking, and White Cap.

Parties agree that Prime Source and Mid Continent are the two price leaders in the U.S. market.[6] The petitioner argued that Mid Continent is a price leader in raising prices.[7] In contrast, Oman Fasteners' argued that Mid Continent's Magnum brand nails are priced as a generic nail brand and as such, often lead prices downward.[8] The petitioner stated that prices for steel nails are not published and are not fully transparent, rather if a sale is lost, sometimes suppliers will get feedback from that customer that it was being offered a lower price from a competitor.[9]

PRICE DATA[10]

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following steel nails shipped to unrelated U.S. customers during 2012-14.

Product 1.-- Nominal 3" x 0.131" (10.25 gauge), bright smooth shank, 20-22 degree plastic-strip collated nails

Product 2.-- Nominal 3" x 0.120" (11 gauge), bright smooth shank, 20-22 degree plastic-strip collated nails

Product 3.-- Nominal 2 3/8" x 0.113" (11.5 gauge), bright smooth shank, 20-22 degree plastic-strip collated nails

Product 4.-- Nominal 3 1/4" x 0.131" (10.25 gauge), bright smooth shank, 20-22 degree plastic strip collated nails

Product 5.-- Nominal 3" X 0.148" (9 gauge), bright smooth shank, 20-22 degree plastic strip collated nails

Product 6.-- Nominal 2 ½" x 0.131" (10.25 gauge), bright smooth shank, 20-22 degree plastic strip collated nails

Product 7.-- Nominal 2" x 0.113" (11.5 gauge), bright drive screw (threaded) shank, machine grade bulk nails

Product 8.-- Nominal 2" x 0.099" (12. 5 gauge), bright screw (threaded), 15 degree wire coil collated nails

Product 9.-- Nominal 2 ¼" x 0.113" (11.5 gauge), bright drive screw (threaded) shank,

[6] Taiwan respondents' posthearing brief, p. 4.

[7] Hearing transcript, p. 23 (Gordon); Petitioner's posthearing brief, Answers to Commission Questions, p. 54.

[8] Oman Fasteners' posthearing brief, Exhibit 1, p. 39.

[9] Petitioner's posthearing brief, Answers to Commission Questions, pp. 38-39.

[10] The price data do not include imports from the nonsubject Korea and Taiwan sources.

machine grade bulk nails.

Product 10.-- Nominal 3" (nail shaft length)[11] x 0.162" (8 gauge) bright smooth shank nail, double-headed or duplex head, 50 pound bulk box

Product 11.-- Nominal 1 ½" x 0.131" (10.25 gauge), bright smooth shank, 30-33 degree paper strip collated nails

Product 12.-- Nominal 2 ½" x 0.148" (9 gauge), bright smooth shank, 30-33 degree paper strip collated nails

Six U.S. producers and 17 importers[12] provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[13] Pricing data reported by these firms accounted for approximately *** percent of U.S. producers' commercial shipments of steel nails, by value. The pricing data reported by importers accounted for approximately *** percent of U.S. commercial shipments, by value, of steel nails from Korea, *** percent of steel nails from Malaysia, *** percent of steel nails from Oman, *** percent of steel nails from Taiwan, and *** percent of steel nails from Vietnam.

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[11] The length of the duplex nail shaft is measured from the bottom of the lower shoulder to the point, rather than from the head on top of the nail.

[12] Some price data provided by importers *** and *** were excluded from the pricing analysis in this section of the report. *** pricing data *** for all pricing products and all subject countries. As stated in its questionnaire response "***." Staff telephone interview with ***, March 4, 2015.

Respondents also argued that in addition to ***'s prices, the Commission should replace ***'s reported price data with the prices of ***. Oman Fasteners argued that by including ***'s data and excluding *** pricing data "the Commission would be comparing *** input costs to the U.S. industry's output prices." Oman Fasteners' prehearing brief, p. 41; Taiwan respondents' prehearing brief, pp. 39-40.

***'s pricing data were not included because ***. These sales are arms-length transactions, but are not the first sale in the United States. Sales to *** accounted for *** percent of ***'s total sales in 2014. ***'s importer questionnaire, III-21.

*** submitted a purchaser questionnaire in the final phase of these investigations. The Commission does not collect *** data but respondents provided the data. Oman Fasteners' prehearing brief, Exhibit 8.

Another hearing witness suggested excluding the pricing of Mid Continent's sales to end users because Hitachi, Building Material Distributors, and Prime Source do not sell at the end user level. Hearing transcript, p. 158 (Ippoliti).

Price data provided by importer *** for pricing products *** from *** were for *** nails. This difference was not defined in the pricing product definitions, however the prices reported by *** are ***. Email from ***, April 16, 2015. These pricing data reported by *** and *** are presented in Appendix E.

[13] Per-unit pricing data are calculated from total quantity and total value data provided by U.S. producers and importers. The precision and variation of these figures may be affected by rounding, limited quantities, and producer or importer estimates.

Price data for products 1-12 are presented in tables V-3 to V-14 and figure V-2. Nonsubject country prices are presented in Appendix D.

Table V-3
Steel nails: Weighted-average f.o.b. prices and quantities of domestic and imported product 1[1] and margins of underselling/(overselling), by quarters, January 2012-December 2014

* * * * * * *

Table V-4
Steel nails: Weighted-average f.o.b. prices and quantities of domestic and imported product 2[1] and margins of underselling/(overselling), by quarters, January 2012-December 2014

* * * * * * *

Table V-5
Steel nails: Weighted-average f.o.b. prices and quantities of domestic and imported product 3[1] and margins of underselling/(overselling), by quarters, January 2012-December 2014

* * * * * * *

Table V-6
Steel nails: Weighted-average f.o.b. prices and quantities of domestic and imported product 4[1] and margins of underselling/(overselling), by quarters, January 2012-December 2014

* * * * * * *

Table V-7
Steel nails: Weighted-average f.o.b. prices and quantities of domestic and imported product 5[1] and margins of underselling/(overselling), by quarters, January 2012-December 2014

* * * * * * *

Table V-8
Steel nails: Weighted-average f.o.b. prices and quantities of domestic and imported product 6[1] and margins of underselling/(overselling), by quarters, January 2012-December 2014

* * * * * * *

Table V-9
Steel nails: Weighted-average f.o.b. prices and quantities of domestic and imported product 7[1] and margins of underselling/(overselling), by quarters, January 2012-December 2014

* * * * * * *

Table V-10
Steel nails: Weighted-average f.o.b. prices and quantities of domestic and imported product 8[1] and margins of underselling/(overselling), by quarters, January 2012-December 2014

* * * * * * *

Table V-11
Steel nails: Weighted-average f.o.b. prices and quantities of domestic and imported product 9[1] and margins of underselling/(overselling), by quarters, January 2012-December 2014

* * * * * * *

Table V-12

Steel nails: Weighted-average f.o.b. prices and quantities of domestic and imported product 10[1] and margins of underselling/(overselling), by quarters, January 2012-December 2014

* * * * * * *

Table V-13

Steel nails: Weighted-average f.o.b. prices and quantities of domestic and imported product 11[1] and margins of underselling/(overselling), by quarters, January 2012-December 2014

* * * * * * *

Table V-14

Steel nails: Weighted-average f.o.b. prices and quantities of domestic and imported product 12[1] and margins of underselling/(overselling), by quarter, January 2012-December 2014

* * * * * * *

Figure V-3

Steel nails: Weighted-average prices and quantities of domestic and imported steel nails, by quarters, January 2012- December 2014

* * * * * * *

Price trends

Prices generally decreased during 2012-14. Table V-15 summarizes the price trends, by country and by product. As shown in the table, domestic price decreases ranged from *** percent to *** percent during 2012-14 for products 1-11, while domestic prices for product 12[14] increased by *** percent. Import price decreases ranged from *** to *** percent. However, Korea and Malaysia experienced some price increases over the period. Pricing products 1-4 from Korea showed a drop in price in late 2012 and early 2013, and exhibited large price increases in the first quarter of 2014 with prices for products 3 and 4 imported from Korea increasing overall by *** percent and *** percent, respectively. Products 5 and 6 imported from Malaysia also experience large price increases in the fourth quarter of 2012, increasing overall by *** and *** percent, respectively.

Table V-15

Steel nails: Summary of weighted-average f.o.b. prices for products 1-12 from the United States and Korea, Malaysia, Oman, Taiwan, and Vietnam

* * * * * * *

[14] This is a paper strip product that is a relatively small volume product. Hearing transcript, p. 117 (Klett).

Price comparisons

As shown in table V-16, prices for steel nails imported from subject countries Korea, Malaysia, Oman, Taiwan, and Vietnam were below those for U.S. produced steel nails in 219 of 403 instances with an average underselling margin of 12.1 percent. For the remaining 184 instances, overselling margins averaged about 17.8 percent.

Table V-16

Steel nails: Instances of underselling/overselling and the range and average of margins, by country, January 2012 through December 2014

Source	Underselling			
	Number of quarters	Average margin (percent)	Margin range (percent)	
			Min	Max
Korea	46	8.6	0.2	49.9
Malaysia	28	17.5	0.4	56.8
Oman	62	11.0	0.2	55.2
Taiwan	38	11.1	0.2	31.0
Vietnam	45	11.6	1.1	51.9
Total	219	12.1	0.2	91.4
Source	**(Overselling)**			
	Number of quarters	**Average margin (percent)**	**Margin range (percent)**	
			Min	**Max**
Korea	56	(33.1)	(0.4)	(87.0)
Malaysia	55	(11.1)	(0.0)	(33.2)
Oman	21	(16.5)	(0.0)	(47.2)
Taiwan	47	(8.4)	(0.1)	(29.8)
Vietnam	5	(14.1)	(6.9)	(20.3)
Total	184	(17.8)	(0.0)	(87.0)

[1]These data include only quarters in which there is a comparison between the U.S. and subject steel nails.

Source: Compiled from data submitted in response to Commission questionnaires.

For Korea, Malaysia, and Taiwan, most of the instances were overselling. For Oman and Vietnam, most of the instances were underselling. Steel nails from Oman accounted for *** percent of underselling by quantity measured in 1,000 count of nails, and Korean steel nails accounted for *** percent of underselling by quantity measured in short tons. Steel nails from Oman accounted for *** percent of overselling by quantity measured in 1,000 count of nails, and Korean steel nails accounted for *** percent of overselling by quantity measured in short tons. Approximately 14.2 billion nails and 7,859 short tons of steel nails were undersold and 1.7 billion nails and 563 short tons of steel nails were sold at prices higher than the U.S.-produced prices from 2012-14 (see table V-17).[15]

[15] Respondents argue that the Commission's overselling and underselling analysis should focus on the domestic industry's affected volume rather than the volume of imports. Hearing transcript, p. 196

(*continued*...)

Table V-17
Steel nails: Instances of underselling/overselling by quantity, January 2012 through December 2014

Source	Underselling		Overselling	
	1,000 nails	Short tons	1,000 nails	Short tons
Korea	***	***	***	***
Malaysia	***	***	***	***
Oman	***	***	***	***
Taiwan	***	***	***	***
Vietnam	***	***	***	***
Total	14,211,150	7,859	1,706,297	563

[1]These data include only quarters in which there is a comparison between the U.S. and subject steel nails.

Source: Compiled from data submitted in response to Commission questionnaires.

LOST SALES AND LOST REVENUE

The Commission requested U.S. producers of steel nails to report any instances of lost sales or revenue they experienced due to competition from imports of steel nails from Korea, Malaysia, Oman, Taiwan, and Vietnam during 2012-14. Five of 12 responding U.S. producers reported that they had to reduce prices, and 5 of 10 responding U.S. producers reported that they had to roll back announced price increases. The 253 lost sales allegations (table V-18) totaled $*** and involved *** nails, and *** short tons of steel nails. Two lost sales allegations were confirmed by the purchaser, totaling *** short tons of steel nails, and amounting to about $***.[16] The 521 lost revenue allegations (table V-19) totaled $*** and involved *** nails and *** short tons of steel nails.[17] Twenty-six allegations were confirmed by the purchaser, totaling *** nails and *** short tons, and amounting to almost $***.[18] Staff contacted the purchasers named in the allegations and a summary of the information obtained follows.[19]

(…*continued*)
(Becker); Oman Fasteners' posthearing brief, Exhibit 1, p. 14. Petitioner opposes respondents' proposed approach because of possible multiple-counting of U.S. volumes. Petitioner's posthearing brief, Answers to Commission Questions, p.39.

[16] Purchasers disagreed with 22 lost sales allegations. Eleven allegations were neither agreed nor disagreed with, purchasers reported no answer, or that they did not know. The remaining 215 allegations received no response.

[17] Nine lost revenue allegations for 1,000 count of nails were excluded because the accepted quote is higher than or equal to the rejected quote.

[18] Purchasers disagreed with 296 lost revenue allegations. Thirty-one allegations were neither agreed nor disagreed with, purchasers reported no answer, or that they did not know. The remaining 168 allegations received no response.

[19] U.S. producers submitted allegations for some companies without correct fax information during the preliminary phase of the investigations. Because of this, 97 allegations for 29 companies or self-employed contractors were not successfully sent. All submitted allegations during the final phase of the investigations were accompanied by complete contact and email information.

Table V-18
Steel nails: U.S. producers' lost sales allegations with quantity reported 1,000 COUNT OF NAILS

* * * * * * *

Table V-19
Steel nails: U.S. producers' lost sales allegations with quantity reported in SHORT TONS

* * * * * * *

Table V-20
Steel nails: U.S. producers' lost revenue allegations with quantity reported in 1,000 COUNT OF NAILS

* * * * * * *

Table V-21
Steel nails: U.S. producers' lost revenue allegations with quantity reported in SHORT TONS

* * * * * * *

Purchasers responding to the lost sales allegations were also asked whether they shifted their purchases of steel nails from U.S. producers to suppliers of steel nails from Korea, Malaysia, Oman, Taiwan, or Vietnam since 2012. In addition, they were asked whether U.S. producers reduced their prices in order to compete with suppliers of steel nails from Korea, Malaysia, Oman, Taiwan, or Vietnam. Purchasers' responses to these questions are shown in table V-22. Five of the 23 responding purchasers reported that they had shifted purchases of steel nails from U.S. producers to subject imports since 2012 and reported that price was the reason for the shift. Seven purchasers reported that the U.S. producers had reduced their prices in order to compete with the prices of subject imports since 2012.

Table V-22
Steel nails: Purchasers' responses regarding shifting supply and price reductions

* * * * * * *

†These purchasers have not submitted questionnaire responses. Staff is following up.

Purchasers' experiences with U.S. produced steel nails varied. Purchaser *** explained that *** would often price competitively, while ***, ***, and *** reported that domestic nail prices were *** percent higher than imports.

Additional comments from lost sales and lost revenue responses:

* * * * * * * [20] [21] [22]

[20] ***. Staff telephone interview with ***.
[21] ***. Staff telephone interview with ***.
[22] Staff telephone interview with ***.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

INTRODUCTION

Thirteen U.S. producers (Acorn, Davis Wire, Fuzion, Independent Nail, ITW, Mar-Mac, Maze Nails, Mid Continent, Powernail, Progressive, Senco, Stanley, and Tree Island) provided financial data on their operations on steel nails. These data are believed to account for nearly all U.S. production of steel nails in 2014. *** firms reported transfers to related firms that accounted for *** percent of total net sales quantity during the period examined, and are not shown separately in this section of the report. *** reported a fiscal year end other than December 31. ***.

During the period for which data were requested, one reporting firm, Independent Nail, ceased production and exited the industry and two reporting firms, Fuzion and Progressive, began production. In addition, Davis Wire exited the industry on March 31, 2015.

OPERATIONS ON STEEL NAILS

Income-and-loss data for U.S. producers of steel nails are presented in table VI-1, while selected financial data, by firm, are presented in table VI-2. The reported financial condition of the U.S. industry improved 2012-13, then declined from 2013-14. However, the overall operating income in 2014 was greater than in 2012. The reported aggregate net sales quantity increased by 15.7 percent from 2012 to 2014, while the aggregate net sales value declined by 4.9 percent during this time. Collectively, the aggregate cost of goods sold ("COGS") and selling, general, and administrative ("SG&A") expenses declined by 6.5 percent during this time. As a result of the larger decline in operating costs and expenses as compared to revenue, aggregate operating income improved from 2012 to 2014.[1]

On a per short ton basis, raw material costs declined from 2012 to 2014.[2] Other factory costs and SG&A expenses also declined on a per short ton basis during the period examined; however, direct labor increased. As a ratio to net sales, the components of COGS generally increased as revenue declined, while SG&A expenses declined.

[1] Reported operating income is impacted by the ***. Email from ***, May 19, 2015. ***.
[2] ***.

Table VI-1
Steel nails: Results of operations of U.S. producers, 2012-14

Item	Fiscal year		
	2012	2013	2014
		Quantity (short tons)	
Total net sales	124,133	134,927	143,636
		Value ($1,000)	
Total net sales	224,901	226,513	213,896
Cost of goods sold	180,857	180,112	176,559
Gross profit or (loss)	44,044	46,401	37,337
SG&A expense	40,689	37,844	30,630
Operating income or (loss)	3,355	8,557	6,707
Other income or (expense), net	1,195	721	(463)
Net income or (loss)	4,550	9,278	6,244
Depreciation	5,371	4,565	4,583
Cash flow	9,921	13,843	10,827
		Ratio to net sales (percent)	
Cost of goods sold.--			
Raw materials	54.2	52.2	54.5
Direct labor	4.3	5.2	5.9
Other factory costs	21.9	22.2	22.1
Average COGS	80.4	79.5	82.5
Gross profit or (loss)	19.6	20.5	17.5
SG&A expense	18.1	16.7	14.3
Operating income or (loss)	1.5	3.8	3.1
Net income or (loss)	2.0	4.1	2.9
		Unit value (per short ton)	
Total net sales	$1,812	$1,679	$1,489
Cost of goods sold.--			
Raw materials	981	876	812
Direct labor	78	87	88
Other factory costs	397	372	329
Average COGS	1,457	1,335	1,229
Gross profit or (loss)	355	344	260
SG&A expense	328	280	213
Operating income or (loss)	27	63	47
Net income or (loss)	37	69	43
		Number of firms reporting	
Operating losses	5	3	6
Data	12	11	12

Source: Compiled from data submitted in response to Commission questionnaires.

Table VI-2
Steel nails: Selected results of operations of U.S. producers, by firm, 2012-14

* * * * * * *

Raw material costs accounted for an average 66.4 percent of total COGS for the reporting period, and had the greatest impact on the increase or decrease in COGS during this time. Although SG&A expenses declined on a per-pound basis and as a ratio to net sales, they accounted for 16.9 percent of overall operating costs and expenses during the period examined and impacted the reported profitability of the industry.

Certain U.S. producers reported relatively greater profitability and/or relatively higher per short ton prices as compared to the average results for all firms. ***.[3] ***.[4] ***.[5] ***.[6] ***.[7] ***.[8]

Variance analysis

The variance analysis presented in table VI-3 is based on the data in table VI-1.[9] The analysis shows that the increase in operating income from 2012 to 2014 is attributable to higher favorable net cost/expense and volume variances despite an unfavorable price variance (that is, the effects of greater volume and decreasing costs outweighed the decline in prices).

[3] Email from ***, June 20, 2014.
[4] Email from ***, June 25, 2014.
[5] Email from ***, June 17, 2014.
[6] Email from ***, June 10, 2014.
[7] Email from ***, April 16, 2015.
[8] Email from ***, June 18, 2014.
[9] The Commission's variance analysis is calculated in three parts: sales variance, cost of sales variance (COGS variance), and SG&A expense variance. Each part consists of a price variance (in the case of the sales variance) or a cost variance (in the case of the COGS and SG&A expense variance), and a volume variance. The sales or cost variance is calculated as the change in unit price or unit cost/expense times the new volume, while the volume variance is calculated as the change in volume times the old unit price or unit cost. Summarized at the bottom of the table, the price variance is from sales; the cost/expense variance is the sum of those items from COGS and SG&A variances, respectively, and the volume variance is the sum of the volume components of the net sales, COGS, and SG&A expense variances.

Table VI-3
Steel nails: Variance analysis on the operations of U.S. producers, 2012-14

Item	Fiscal year		
	2012-14	2012-13	2013-14
	Value ($1,000)		
Total net sales:			
Price variance	(46,340)	(17,944)	(27,238)
Volume variance	35,335	19,556	14,621
Total net sales variance	(11,005)	1,612	(12,617)
Cost of sales:			
Cost variance	32,481	16,471	15,179
Volume variance	(28,415)	(15,726)	(11,626)
Total cost variance	4,066	745	3,553
Gross profit variance	(6,939)	2,357	(9,064)
SG&A expenses:			
Expense variance	16,452	6,383	9,657
Volume variance	(6,393)	(3,538)	(2,443)
Total SG&A variance	10,059	2,845	7,214
Operating income variance	3,120	5,202	(1,850)
Summarized as:			
Price variance	(46,340)	(17,944)	(27,238)
Net cost/expense variance	48,933	22,855	24,835
Net volume variance	527	292	552

Note--Unfavorable variances are shown in parenthesis; all others are favorable.

Source: Compiled from data submitted in response to Commission questionnaires.

Capital expenditures, research and development expenses, and total assets

The responding firms' aggregate data on capital expenditures, research and development ("R&D") expenses, and total assets are shown in table VI-4. Nine firms reported capital expenditure data, and *** firms reported research and development ("R&D") expenses. Aggregate capital expenditures irregularly declined from 2012 to 2014. The majority of reported capital expenditures reflect the data reported by ***. According to ***

*** [10] The capital expenditure data in 2012 and 2013 also largely reflect ***. ***.[11] The total assets utilized in the production, warehousing, and sale of steel nails declined irregularly from $104.2 million in 2012 to $97.3 million in 2014.

Table VI-4
Steel nails: Capital expenditures, R&D expenses, and total assets of U.S. producers, 2012-14

Item	Fiscal year		
	2012	2013	2014
	Value ($1,000)		
Capital expenditures	5,905	3,775	5,113
R&D expenses	***	***	***
Total assets	104,194	95,213	97,327

Source: Compiled from data submitted in response to Commission questionnaires.

Capital and investment

The Commission requested U.S. producers of steel nails to describe any actual or potential negative effects of imports of steel nails from the subject countries on their firms' growth, investment, ability to raise capital, development and production efforts, or the scale of capital investments. Responses by U.S. producers follow.

Actual Negative Effects:

* * * * * * *

Potential Negative Effects:

* * * * * * *

[10] E-mail from ***, June 16, 2014. ***. Mid Continent's reported $5 million investment is intended to reduce costs and increase productivity, and reflects upgrades that could no longer be delayed without negatively impacting the firm's operations. Hearing transcript (Villanueva), pp. 30-31.

[11] E-mail from ***, June 17, 2014.

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

Section 771(7)(F)(i) of the Act (19 U.S.C. § 1677(7)(F)(i)) provides that—

> *In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors*[1]*--*
>
> *(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,*
>
> *(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,*
>
> *(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,*
>
> *(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,*
>
> *(V) inventories of the subject merchandise,*

[1] Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that "The Commission shall consider {these factors} . . . as a whole in making a determination of whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition."

(VI) 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,

(VII) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),

(VIII) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).[2]

Information on the nature of the subsidies was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in *Parts IV* and *V*; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in *Part VI*. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject countries. In the final phase of these investigations no responses were received from Vietnam. Table VII-1 shows the responding firms in the final phase of these investigations by country and select data.

[2] Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other WTO member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

Table VII-1
Steel nails: Responding firms' production, export shipments to the United States, and total shipments from January 2012 through December 2014

Firms	Production (*short tons*)	Exports to the United States (*short tons*)	Share of reported exports to the United States (*percent*)	Total shipments (*short tons*)	Share of firm's total shipments exported to the United States (*percent*)
China Staple Enterprise Corp.-***Taiwan***	***	***	***	***	***
DAEJIN STEEL- ***Korea***	***	***	***	***	***
Hor Liang Industrial Corp.- ***Taiwan***	***	***	***	***	***
INMAX SDN. BHD. & INMAX INDUSTRIES SDN. BHD.--**Malaysia**	***	***	***	***	***
KO's Nail, Inc.- ***Taiwan***	***	***	***	***	***
Liang Chyuan Ind Co. Ltd- ***Taiwan***	***	***	***	***	***
Nailtech Co., Ltd-***Korea***	***	***	***	***	***
Oman Fasteners-***Oman***	***	***	***	***	***
Overseas International Steel Industry-***Oman***	***	***	***	***	***
Pro-Team Coil Nail Enterprise, Inc-***Taiwan***	***	***	***	***	***
Romp Coil Nail Ind, Inc- ***Taiwan***	***	***	***	***	***
Unicatch Industrial Co., Ltd-***Taiwan***	***	***	***	***	***
Zon Mon Co., Ltd- ***Taiwan***	***	***	***	***	***
Total	***	***	100.0	***	93.2

Source: Compiled from data submitted in response to Commission questionnaires.

THE INDUSTRY IN KOREA

The Commission issued foreign producers' or exporters' questionnaires to 15 firms believed to produce and/or export steel nails from Korea.[3] Useable responses to the Commission's questionnaire were received from 2 firms. These firms' exports to the United States accounted for approximately *** percent of official U.S. reported imports of steel nails from Korea during the period of investigation. Daejin Steel reported *** and NAILTECH reported ***. NAILTECH has ***." They state that, "***." Table VII- 2 presents information on the steel nails operations of the responding producers in Korea.

[3] Forty-two firms were identified in the preliminary phase of these investigations through a review of information submitted in the petition and contained in proprietary Customs records. Twelve responded and were contacted with three others in the final phase.

Table VII-2
Steel nails: Data for producers in Korea, 2012-14, and projected 2015 and 2016

* * * * * * *

THE INDUSTRY IN MALAYSIA

The Commission issued foreign producers' or exporters' questionnaires to five firms believed to produce and/or export steel nails from Malaysia.[4] One response (INMAX SDN. BHD. & INMAX INDUSTRIES SDN. BHD.) was received. Table VII-3 presents the data received from INMAX whose reported exports to the United States accounted for approximately 138.8 percent of official reported U.S. imports of steel nails from Malaysia during the period of investigation.

Table VII-3
Steel nails: Data for producers in Malaysia, 2012-14, and projected 2015 and 2016

* * * * * * *

THE INDUSTRY IN OMAN

The Commission issued foreign producers' or exporters' questionnaires to two firms believed to produce and/or export steel nails from Oman.[5] Useable responses to the Commission's questionnaire were received from two firms. These firms' exports to the United States started in 2012 and accounted for approximately *** percent of official reported U.S. imports of steel nails from Oman during the period of investigation. ***. Table VII-4 presents information on the steel nails operations of the responding producers and exporters in Oman.

Table VII-4
Steel nails: Data for producers in Oman, 2011-13, 2012-14, and projected 2015 and 2016

* * * * * * *

[4] Forty-six firms were identified in the preliminary phase of these investigations through a review of information submitted in the petition and contained in proprietary Customs records. Four firms responded and were contacted with one other in the final phase.

[5] Nine firms were identified in the preliminary phase of these investigations through a review of information submitted in the petition and contained in proprietary Customs records. Two firms responded and were contacted in the final phase.

THE INDUSTRY IN TAIWAN

The Commission issued foreign producers' or exporters' questionnaires to 15 firms believed to produce and/or export steel nails from Taiwan.[6] Useable responses to the Commission's questionnaire were received from 8 firms. These firms' exports to the United States accounted for approximately 92.7 percent of official reported U.S. imports of steel nails from Taiwan during the period of investigation. Nearly three-quarters of these nails were collated and uncollated common nails. Table VII-5 presents information on the steel nails operations of the responding producers and exporters in Taiwan.

Table VII-5
Steel nails: Data for producers in Taiwan, 2011-13, 2012-14, and projected 2015 and 2016

* * * * * * *

THE INDUSTRY IN VIETNAM

The Commission issued foreign producers' or exporters' questionnaires to 6 firms believed to produce and/or export steel nails from Vietnam.[7] No responses were received from the Vietnamese nail producers. As such, Table VII-6, presents the data received in the preliminary phase investigations from the one firm that responded in that phase. This firms' exports to the United States accounted for approximately 96.5 percent of official reported U.S. imports of steel nails from Vietnam during the period of investigation.

Table VII-6
Steel nails: Data for producers in Vietnam, 2012-14, and projected 2015 and 2016

* * * * * * *

FOREIGN INDUSTRY DATA FOR ALL SUBJECT COUNTRIES COMBINED

Table VII-7 cumulates data for all five subject countries from 2012 through 2015. Since no responses were received from Malaysian and Vietnamese producers, data cannot be presented for 2016. The responding firms accounted for 105.5 percent of the official import statistics during the period of investigation. Subject country producers were asked to report their firm's production of products made on the same equipment and machinery used to

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[6] One hundred thirty-seven firms were firms were identified in the preliminary phase of these investigations through a review of information submitted in the petition and contained in proprietary Customs records. Fifteen firms responded and were contacted in the final phase.

[7] Seventeen firms were firms were identified in the preliminary phase of these investigations through a review of information submitted in the petition and contained in proprietary Customs records. One firm responded and was contacted with five other in the final phase.

produce the subject product, and the combined production capacity on this shared equipment and machinery. The responding foreign producers reported *** of other products (all reported roofing nails) were produced on the same machinery.

Table VII-7
Steel Nails: Data for all five subject country producers, 2012-14, and projected 2015 and 2016

* * * * * * *

Table VII-8 presents reported subject foreign producers' export shipments by type and finish.[8] Collated accounted for 66.4 percent of reported exports and "Bright" (no finish) accounted for 51.1 percent of reported exports to the United States.

Table VII-8
Steel nails: Subject foreign producers' export shipments to the United States by type and finish, 2014

* * * * * * *

Table VII-9 presents subject foreign producers' export shipments by type and form. Common nails accounted for the preponderance of the exports of both collated and uncollated.

Table VII-9
Steel nails: Subject foreign producers' export shipments to the United States by type and form, 2014

* * * * * * *

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-10 presents data on U.S. importers' reported inventories of steel nails.

Table VII-10
Steel nails: U.S. importers' inventories, 2012-14

* * * * * * *

[8] Because Vietnam did not provide questionnaire responses in the final phase of these investigations the information shown for export shipments by type, finish, and form are for Korea, Malaysia, Oman and Taiwan.

U.S. IMPORTERS' OUTSTANDING ORDERS

The Commission requested that importers indicate whether they imported or arranged for the importation of steel nails after December 31, 2014; such data are provided in the following tabulation.

Item	*Short tons*
Imports arranged from Korea	***
Imports arranged from Malaysia	***
Imports arranged from Oman	***
Imports arranged from Taiwan	***
Imports arranged from Vietnam	***
Total arranged imports from subject countries	***
Imports arranged from all other sources	***
Total of all arranged imports	***

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

No producer, importer, or foreign producer reported any countervailing or antidumping duty orders on steel nails from third-country markets.

INFORMATION ON NONSUBJECT COUNTRIES

In assessing whether the domestic industry is materially injured or threatened with material injury "by reason of subject imports," the legislative history states "that the Commission must examine all relevant evidence, including any known factors, other than the dumped or subsidized imports, that may be injuring the domestic industry, and that the Commission must examine those other factors (including non-subject imports) 'to ensure that it is not attributing injury from other sources to the subject imports.'"[9]

Steel nails are produced in a number of countries. Table VII-11 presents global export data for the world for HTS heading 7317, which includes all steel nails and staples, including nonsubject roofing nails and other nonsubject products. Except for roofing nails, nonsubject product in the data is believed to be minimal. In the cases of the Canada, Oman, United Arab Emirates and Vietnam, for which export quantity data are not available, partner country import data (called "mirror exports") are included. Including subject countries, the top fifteen exporting countries for 2014 and the European Union as a single source are listed. In 2014, subject countries accounted for 17.2 percent of world exports of steel nails and staples. In

[9] *Mittal Steel Point Lisas Ltd. v. United States*, Slip Op. 2007-1552 at 17 (Fed. Cir. Sept. 18, 2008), quoting from Statement of Administrative Action on Uruguay Round Agreements Act, H.R. Rep. 103-316, Vol. I at 851-52; *see also Bratsk Aluminum Smelter v. United States*, 444 F.3d 1369 (Fed. Cir. 2006).

total, the listed countries and the European Union accounted for 96.7 percent of world exports in 2014; China alone accounted for 62.9 percent.[10]

Table VII-11
Steel nails and staples: Reporting countries' export statistics 2012-14

Reporting Country	Quantity (*short tons*)		
	2012	2013	2014
Subject countries:			
Taiwan	104,534	90,568	96,254
Korea	53,582	56,816	64,407
Malaysia	49,688	51,806	53,828
Vietnam	32,294	45,122	51,315
Oman	7,500	39,355	50,230
Total-subject countries	247,599	283,668	316,034
Nonsubject countries:			
China	1,090,517	1,092,021	1,158,688
EU28 (External Trade)	58,750	59,585	57,135
Belarus	60,734	59,255	56,581
Russia	16,603	17,089	44,262
Turkey	27,644	36,074	39,916
Mexico	18,854	19,520	25,753
United States	29,126	24,475	25,650
Canada	20,977	19,562	19,664
Thailand	12,335	13,944	19,464
India	2,604	7,079	16,207
United Arab Emirates	53,515	37,455	1,644
All other nonsubject countries	72,765	72,226	61,117
Total-nonsubject countries	1,464,423	1,458,285	1,526,079
Total	1,712,022	1,741,952	1,842,113

Note.-- Data are for HTS 7317, which includes both subject and nonsubject nails, including roofing nails, nails for powder-actuated handtools, thumb tacks, and staples. Includes reported import data by all countries ("mirror exports") for Canada, Oman, United Arab Emirates and Vietnam for all years. Data for all other nonsubject countries for 2014 includes estimates for a small number of countries for which reported data are not yet available.

Source: GTIS Global Trade Atlas

Certain producers in China, Canada and Mexico are related to U.S. producers of nails. In China, ITW Paslode operates a nail manufacturing plant, and imports of nails produced by Paslode in China have a zero dumping margin. In Canada, Tree Island Steel has a major wire processing plant, including manufacture of nails. Also in Canada, Sivaco, a sister company of

[10] Public data on nail production is limited; the last published data for Chinese firms responding to Commission queries appears in 2007. See *Certain Steel Nails from China and the United Arab Emirates, Investigation Nos. 731-TA-1114 and 1115 (Preliminary)*, USITC Publication 3939, August 2007.

Davis Wire in the Heico Wire Group has been a producer of nails, however, Sivaco exited nail production and sales in 2013, due, according to testimony, to the surge of imports in North America.[11] Finally, in Mexico, Deacero, the parent company (since 2012) of petitioner Mid Continent Nail, is a major producer of nails.

[11] Conference transcript, p. 39 (Mr. Cronin).

APPENDIX A

FEDERAL REGISTER NOTICES

The Commission makes available notices relevant to its investigations and reviews on its website, 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
79 FR 32311, June 4, 2014	*Certain Steel Nails From India, Korea, Malaysia, Oman Taiwan, Turkey, and Vietnam; Institution of Antidumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations*	http://www.gpo.gov/fdsys/pkg/FR-2014-06-04/pdf/2014-12854.pdf
79 FR 36014, June 26, 2014	*Certain Steel Nails From India, the Republic of Korea, Malaysia, the Sultanate of Oman, Taiwan, the Republic of Turkey, and the Socialist Republic of Vietnam: Initiation of Countervailing Duty Investigations*	http://www.gpo.gov/fdsys/pkg/FR-2014-06-25/pdf/2014-14870.pdf
79 FR 36019, June 26, 2014	*Certain Steel Nails From India, the Republic of Korea, Malaysia, the Sultanate of Oman, Taiwan, the Republic of Turkey, and the Socialist Republic of Vietnam: Initiation of Less- Than-Fair-Value Investigations*	http://www.gpo.gov/fdsys/pkg/FR-2014-06-25/pdf/2014-14858.pdf
79 FR 65178, November 3, 2014	*Certain Steel Nails From the Sultanate of Oman: Preliminary Negative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination*	http://www.gpo.gov/fdsys/pkg/FR-2014-11-03/pdf/2014-26071.pdf

Citation	Title	Link
79 FR 65179, November 3, 2014	*Certain Steel Nails From Malaysia: Preliminary Negative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination*	http://www.gpo.gov/fdsys/pkg/FR-2014-11-03/pdf/2014-26073.pdf
79 FR 65179, November 3, 2014	*Certain Steel Nails From Taiwan: Preliminary Negative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination*	http://www.gpo.gov/fdsys/pkg/FR-2014-11-03/pdf/2014-26072.pdf
79 FR 65184, November 3, 2014	*Certain Steel Nails From the Socialist Republic of Vietnam: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination*	http://www.gpo.gov/fdsys/pkg/FR-2014-11-03/pdf/2014-26076.pdf
79 FR 65187, November 3, 2014	*Certain Steel Nails From the Republic of Korea: Preliminary Negative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination*	http://www.gpo.gov/fdsys/pkg/FR-2014-11-03/pdf/2014-26070.pdf

Citation	Title	Link
79 FR 78034, December 29, 2014	*Certain Steel Nails From the Sultanate of Oman: Affirmative Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*	http://www.gpo.gov/fdsys/pkg/FR-2014-12-29/pdf/2014-30433.pdf
79 FR 78051, December 29, 2014	*Certain Steel Nails From the Republic of Korea: Affirmative Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*	http://www.gpo.gov/fdsys/pkg/FR-2014-12-29/pdf/2014-30432.pdf
79 FR 78053, December 29, 2014	*Certain Steel Nails From Taiwan: Negative Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*	http://www.gpo.gov/fdsys/pkg/FR-2014-12-29/pdf/2014-30430.pdf
79 FR 78055, December 29, 2014	*Certain Steel Nails From Malaysia: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination and Extension of Provisional Measures*	http://www.gpo.gov/fdsys/pkg/FR-2014-12-29/pdf/2014-30434.pdf
79 FR 78058, December 29, 2014	*Certain Steel Nails From the Socialist Republic of Vietnam: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination and Extension of Provisional Measures*	http://www.gpo.gov/fdsys/pkg/FR-2014-12-29/pdf/2014-30431.pdf

Citation	Title	Link
80 FR 3622, February 23, 2015	*Certain Steel Nails From Korea, Malaysia, Oman, Taiwan, and Vietnam; Scheduling of the Final Phase of Countervailing Duty and Antidumping Duty Investigations*	http://www.gpo.gov/fdsys/pkg/FR-2015-01-23/pdf/2015-01138.pdf
80 FR 28958, May 20, 2015	*Certain Steel Nails From the Sultanate of Oman: Final Negative countervailing Duty Determination*	http://www.gpo.gov/fdsys/pkg/FR-2015-05-20/pdf/2015-12263.pdf
80 FR 28962, May 20, 2015	*Certain Steel Nails From the Socialist Republic of Vietnam: Final Affirmative Countervailing Duty Determination*	http://www.gpo.gov/fdsys/pkg/FR-2015-05-20/pdf/2015-12278.pdf
80 FR 28964, May 20, 2015	*Certain Steel Nails From Taiwan: Final Negative Countervailing Duty Determination*	http://www.gpo.gov/fdsys/pkg/FR-2015-05-20/pdf/2015-12277.pdf
80 FR 28966, May 20, 2015	*Certain Steel Nails From the Republic of Korea: Final Negative Countervailing Duty Determination*	http://www.gpo.gov/fdsys/pkg/FR-2015-05-20/pdf/2015-12246.pdf
80 FR 28958, May 20, 2015	*Certain Steel Nails From Malaysia: Final Negative Countervailing Duty Determination*	http://www.gpo.gov/fdsys/pkg/FR-2015-05-20/pdf/2015-12252.pdf
80 FR 28955, May 20, 2015	*Certain Steel Nails From the Republic of Korea: Final Determination of Sales at Less Than Fair Value*	http://www.gpo.gov/fdsys/pkg/FR-2015-05-20/pdf/2015-12257.pdf
80 FR 28959, May 20, 2015	*Certain Steel Nails From Taiwan: Final Determination of Sales at Less Than Fair Value*	http://www.gpo.gov/fdsys/pkg/FR-2015-05-20/pdf/2015-12247.pdf
80 FR 28969, May 20, 2015	*Certain Steel Nails From Malaysia; Final Determination of Sales at Less Than Fair Value*	http://www.gpo.gov/fdsys/pkg/FR-2015-05-20/pdf/2015-12250.pdf

Citation	Title	Link
80 FR 28972, May 20, 2015	*Certain Steel Nails from the Sultanate of Oman: Final Determination of Sales at Less Than Fair Value*	http://www.gpo.gov/fdsys/pkg/FR-2015-05-20/pdf/2015-12248.pdf
80 FR 32606	*Certain Steel Nails from Korea, Malaysia, Oman, and Taiwan: Termination of investigations*	http://www.gpo.gov/fdsys/pkg/FR-2015-06-09/pdf/2015-14026.pdf
80 FR 34370	*Certain Steel Nails from Malaysia: Amended Final Determination of Sales at Less Than Fair Value*	http://www.gpo.gov/fdsys/pkg/FR-2015-06-16/pdf/2015-14767.pdf

APPENDIX B

LIST OF HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject:	Certain Steel Nails from Korea, Malaysia, Oman, Taiwan, and Vietnam
Inv. Nos.:	701-TA-516-519 and 521 and 731-TA-1252-1255 and 1257 (Final)
Date and Time:	May 14, 2015 - 9:30 am

Session were held in connection with these investigations in the Main Hearing Room (room 101), 500 E Street, S.W., Washington, DC.

In Support of the Imposition of
Antidumping and Countervailing Duty Orders:

Picard, Kentz & Rowe LLP
Washington, DC
on behalf of

Mid Continent Steel & Wire, Inc.

Fernando Villanueva, President and Chief Executive Officer, Mid Continent Steel & Wire, Inc.

Chris M. Pratt, Controller, Mid Continent Steel & Wire, Inc.

Peter M. Cronin, Corporate Vice President, Sales and Marketing, Heico Wire Group

James M. Miller, Vice President, Corporate Development, Tree Island Steel

John W. Martin III, Chief Executive Officer, Mar-Mac Inc.

Daniel W. Klett, Principal, Capital Trade Inc.

Adam H. Gordon)
David A. Yocis) – OF COUNSEL
Jordan C. Kahn)

In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders:

Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt LLP
Washington, DC
on behalf of

Taiwan Respondents

Mona Zinman, Consultant, Retired President, Itochu Building Products Co, Inc. Co-Chief Executive Officer, Prime Source Building Products, Inc. and Co-Chief Executive Officer of Progressive Steel & Wire, Inc.

Brian C. Becker, Ph.D., President, Precision Economics, LLC

Ben Grieser, Senior Consultant, Precision Economics, LLC

Andrew Mohrmann, Senior Consultant, Precision Economics, LLC

Jennifer A. Bressler, Department Merchandising Vice President, Hardware, The Home Depot

Marguerite Trossevin, of Counsel, Jochum Shore & Trossevin, PC

Max F. Schutzman)
Ned H. Marshak) – OF COUNSEL
Andrew T. Schutz)

In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders (continued):

Perkins Coie LLP
Washington, DC
on behalf of

Oman Fasteners LLC (Oman Fasteners)

Steve Karaga, President, Oman Fasteners

Aaron Joseph Leffler, Vice President, Sales and Marketing, Hitachi Power Tools

Michael P. House)
David S. Christy, Jr.) – OF COUNSEL
David J. Townsend)

Kutak Rock LLP
Washington, DC
on behalf of

Building Material Distributor, Inc. ("BMD")

Ken Ippoliti, National Affairs Manager, BMD

Lizbeth R. Levinson) – OF COUNSEL

APPENDIX C

SUMMARY DATA

Table C-1
Steel Nails: Summary data concerning the U.S. market, 2012-14
(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Reported data			Period changes		
	2012	2013	2014	2012-14	2012-13	2013-14
U.S. consumption quantity:						
Amount	584,998	633,633	674,746	15.3	8.3	6.5
Producers' share (fn1)	21.0	21.1	21.1	0.0	0.0	(0.0)
Importers' share (fn1):						
Korea, subject	***	***	***	***	***	***
Malaysia	5.5	5.3	5.3	(0.2)	(0.2)	0.0
Oman	1.3	6.1	7.2	5.9	4.9	1.0
Taiwan, subject	***	***	***	***	***	***
Vietnam	4.9	6.9	7.1	2.1	2.0	0.1
Subtotal sources	***	***	***	***	***	***
Korea, nonsubject	***	***	***	***	***	***
Taiwan, nonsubject	***	***	***	***	***	***
China	24.8	21.7	22.8	(2.0)	(3.1)	1.1
UAE	8.0	5.5	0.2	(7.8)	(2.5)	(5.3)
All others sources	11.6	13.1	14.8	3.2	1.5	1.7
Nonsubject sources	***	***	***	***	***	***
Total U.S. imports	79.0	78.9	78.9	(0.0)	(0.0)	0.0
U.S. consumption value:						
Amount	877,141	889,164	895,272	2.1	1.4	0.7
Producers' share (fn1)	25.6	25.1	23.4	(2.1)	(0.4)	(1.7)
Importers' share (fn1):						
Korea, subject	***	***	***	***	***	***
Malaysia	4.4	4.0	4.1	(0.4)	(0.5)	0.1
Oman	***	***	***	***	***	***
Taiwan, subject	***	***	***	***	***	***
Vietnam	3.3	4.4	4.6	1.3	1.1	0.2
Subtotal sources	***	***	***	***	***	***
Korea, nonsubject	***	***	***	***	***	***
Taiwan, nonsubject	***	***	***	***	***	***
China	23.6	20.9	21.9	(1.7)	(2.7)	1.0
UAE	7.3	4.9	0.2	(7.1)	(2.5)	(4.7)
All others sources	13.2	15.3	16.9	3.7	2.1	1.6
Nonsubject sources	***	***	***	***	***	***
Total U.S. imports	74.4	74.9	76.6	2.1	0.4	1.7
U.S. imports from:						
Korea, subject:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Malaysia:						
Quantity	31,941	33,451	35,656	11.6	4.7	6.6
Value	38,964	35,266	36,458	(6.4)	(9.5)	3.4
Unit value	1,220	1,054	1,023	(16.2)	(13.6)	(3.0)
Ending inventory quantity	***	***	***	***	***	***
Oman:						
Quantity	7,445	38,887	48,296	548.7	422.3	24.2
Value	9,356	55,046	75,884	711.1	488.3	37.9
Unit value	1,257	1,416	1,571	25.0	12.6	11.0
Ending inventory quantity	***	***	***	***	***	***
Taiwan, subject:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Vietnam:						
Quantity	28,904	43,875	47,718	65.1	51.8	8.8
Value	28,927	39,158	41,524	43.5	35.4	6.0
Unit value	1,001	892	870	(13.0)	(10.8)	(2.5)
Ending inventory quantity	***	***	***	***	***	***
Subtotal sources:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***

Table continued next page

Table C-1--Continued
Steel Nails: Summary data concerning the U.S. market, 2012-14
(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Reported data			Period changes		
	2012	2013	2014	2012-14	2012-13	2013-14
U.S. imports from:						
Korea, nonsubject:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Taiwan, nonsubject:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
China:						
Quantity	144,969	137,669	153,743	6.1	(5.0)	11.7
Value	207,292	186,008	196,152	(5.4)	(10.3)	5.5
Unit value	1,430	1,351	1,276	(10.8)	(5.5)	(5.6)
Ending inventory quantity	***	***	***	***	***	***
UAE:						
Quantity	46,633	34,626	1,396	(97.0)	(25.7)	(96.0)
Value	64,288	43,252	1,610	(97.5)	(32.7)	(96.3)
Unit value	1,379	1,249	1,153	(16.3)	(9.4)	(7.7)
Ending inventory quantity	***	***	***	***	***	***
All other sources:						
Quantity	67,844	83,143	99,679	46.9	22.6	19.9
Value	115,640	135,896	151,015	30.6	17.5	11.1
Unit value	1,705	1,634	1,515	(11.1)	(4.1)	(7.3)
Ending inventory quantity	***	***	***	***	***	***
Nonsubject sources:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Total U.S. imports:						
Quantity	461,866	500,132	532,666	15.3	8.3	6.5
Value	652,941	665,718	685,331	5.0	2.0	2.9
Unit value	1,414	1,331	1,287	(9.0)	(5.8)	(3.3)
Ending inventory quantity	***	***	***	***	***	***
U.S. producers':						
Average capacity quantity	328,414	326,761	343,108	4.5	(0.5)	5.0
Production quantity	128,085	133,902	142,840	11.5	4.5	6.7
Capacity utilization (fn1)	39.0	41.0	41.6	2.6	2.0	0.7
U.S. shipments:						
Quantity	123,091	133,283	141,844	15.2	8.3	6.4
Value	224,160	223,221	209,705	(6.4)	(0.4)	(6.1)
Unit value	1,821	1,675	1,478	(18.8)	(8.0)	(11.7)
Export shipments:						
Quantity	***	***	***	***	***	***
Value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***
Inventories/total shipments (fn1)	11.3	9.7	8.4	(2.9)	(1.6)	(1.2)
Production workers	927	885	746	(19.5)	(4.5)	(15.7)
Hours worked (1,000s)	1,470	1,465	1,427	(2.9)	(0.3)	(2.6)
Wages paid ($1,000)	24,686	24,787	25,400	2.9	0.4	2.5
Hourly wages (dollars)	$16.79	$16.92	$17.80	6.0	0.8	5.2
Productivity (short tons per 1,000 hour)	87.1	91.4	100.1	14.9	4.9	9.5
Unit labor costs	$192.73	$185.11	$177.82	(7.7)	(4.0)	(3.9)
Net sales:						
Quantity	124,133	134,927	143,636	15.7	8.7	6.5
Value	224,901	226,513	213,896	(4.9)	0.7	(5.6)
Unit value	$1,812	$1,679	$1,489	(17.8)	(7.3)	(11.3)
Cost of goods sold (COGS)	180,857	180,112	176,559	(2.4)	(0.4)	(2.0)
Gross profit or (loss)	44,044	46,401	37,337	(15.2)	5.4	(19.5)
SG&A expenses	40,689	37,844	30,630	(24.7)	(7.0)	(19.1)
Operating income or (loss)	3,355	8,557	6,707	99.9	155.1	(21.6)
Capital expenditures	5,905	3,775	5,113	(13.4)	(36.1)	35.4
Unit COGS	1,457	1,335	1,229	(15.6)	(8.4)	(7.9)
Unit SG&A expenses	328	280	213	(34.9)	(14.4)	(24.0)
Unit operating income or (loss)	27	63	47	72.8	134.6	(26.4)
COGS/sales (fn1)	80.4	79.5	82.5	2.1	(0.9)	3.0
Operating income or (loss)/sales (fn1)	1.5	3.8	3.1	1.6	2.3	(0.6)

Notes:
fn1.--Report data are in percent and period changes are in percentage points.
fn2.--Undefined.
fn3.--Data not gathered on inventories from individual nonsubject sources.

Source: Compiled from data submitted in response to Commission questionnaires and official Commerce statistics, and proprietary customs data.

Table C-2
Steel nails: Apparent consumption controlled by identified firms, 2012-14

Item	Apparent consumption			Identified firms[1]			Shares for identifiedfirms		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
	Quantity (short tons)			Quantity (short tons)			Share (percent)		
U.S. producers' U.S. shipments	123,091	133,283	141,844	***	***	***	***	***	***
U.S. imports from--									
Korea, subject	***	***	***	***	***	***	***	***	***
Malaysia	31,941	33,451	35,656	***	***	***	***	***	***
Oman	7,445	38,887	48,296	***	***	***	***	***	***
Taiwan, subject	***	***	***	***	***	***	***	***	***
Vietnam	28,904	43,875	47,718	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***	***	***	***
Korea, nonsubject	***	***	***	***	***	***	***	***	***
Taiwan, nonsubject	***	***	***	***	***	***	***	***	***
China	144,969	137,669	153,743	***	***	***	***	***	***
UAE	46,633	34,626	1,396	***	***	***	***	***	***
All other sources	67,844	83,143	99,679	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***	***	***	***
Total U.S. imports	***	***	***	***	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***	***	***	***	***

[1] The identified firms are ITW, Itochu/Progressive, Midcontinent, Omani Fasteners/Hitachi, Senco, and Stanley.

Source: Compiled from data submitted in response to Commission questionnaires, official imports statistics, and proprietary Customs data. See Part IV for HTS information.

APPENDIX D

NONSUBJECT COUNTRY PRICE DATA

Four importers reported price data for nonsubject country China for products 1, 2, 3, 4, 6, 8, 10, and 11. Price data reported by these firms accounted for *** percent of U.S. shipments of steel nails from China, by value. These price items and accompanying data are comparable to those presented in tables V-3 to V- 14. Price and quantity data for China are shown in table D-1 and in figure D-1 (with domestic and subject sources).

In comparing nonsubject country pricing data with U.S. producer pricing data, prices for product imported from China were lower than prices for U.S.-produced product in 9 instances and higher in 75 instances. In comparing nonsubject country pricing data with subject country pricing data, prices for product imported from China were lower than prices for product imported from subject countries in 46 instances and higher in 325 instances. A summary of margins of underselling and overselling is presented in table D-2.

Table D-1

Steel nails: Weighted-average f.o.b. prices and quantities of imported product 1, 2, 3, 4, 6, 8, 10, and 11[1] from China, by quarters, January 2012 – December 2014

* * * * * * *

Figure D-1

Steel nails: Weighted-average prices and quantities of domestic and imported certain steel nails, by quarters, January 2012-December 2014

* * * * * * *

Table D-2

Steel nails: Summary of underselling/(overselling) by China, by country, January 2012 - December 2014

	Number of comparisons	Underselling	Overselling
United States	84	9	75
Korea	64	28	36
Malaysia	57	6	51
Oman	61	1	60
Taiwan	61	2	59
Vietnam	44	0	44
Total	371	46	325

Source: Compiled from data submitted in response to Commission questionnaires.

APPENDIX E
***** PRICE DATA**

The following tables present price data as reported by two importers, *** and ***. *** for all pricing products and all subject countries. As stated in its questionnaire response "***."

The pricing data reported by *** were excluded from the pricing analysis in Part V of the report because these data are not consistent with the Commission's requested level of price data—first sale to an unrelated firm. These data are not arms-length transactions since all products are transferred directly from *** to *** at a standard *** markup, regardless of competitive market conditions, and are then sold by *** to major retailers. Since the reported data show prices at a different point along the distribution chain, the data are not comparable to other importers' reported price data. In addition, *** reported the data on a delivered basis rather than f.o.b., as requested in the questionnaire. The pricing data reported in *** importer questionnaire response are shown in tables E-1 to E-12.

The parties have differing views regarding to the treatment of ***'s reported pricing data. The petitioner supports the exclusion of ***'s reported prices for ***'s sales for the reasons indicated above.[1] Respondent parties argue that ***'s reported prices for ***'s sales should be included because it is the level of trade where the domestic industry faces competition.[2]

Price data provided by importer *** for pricing products *** from *** were for *** nails are presented in table E-13. The products for which *** provided data matched the specified product definitions in the questionnaire for products ***. However, since t the pricing product definitions did exclude *** nails, the prices reported by *** are ***. Therefore, these outlying data were excluded.[3]

Table E-1
Steel nails: Reported delivered price data for * for product 1, January 2012-December 2014**

* * * * * * *

Table E-2
Steel nails: Reported delivered price data for * for product 2, January 2012-December 2014**

* * * * * * *

Table E-3
Steel nails: Reported delivered price data for * for product 3, January 2012-December 2014**

* * * * * * *

[1] Petitioner's prehearing brief, pp. 29-34; Hearing transcript, pp. 106, 108 (Klett); Petitioner's posthearing brief, pp. 9, 12.
[2] Taiwan respondents' prehearing brief, pp. 38-39; Oman Fasteners' posthearing brief, p.11-12
[3] Email from ***, April 16, 2015.

Table E-4
Steel nails: Reported delivered price data for * for product 4, January 2012-December 2014**

* * * * * * *

Table E-5
Steel nails: Reported delivered price data for * for product 5, January 2012-December 2014**

* * * * * * *

Table E-6
Steel nails: Reported delivered price data for * for product 6, January 2012-December 2014**

* * * * * * *

Table E-7
Steel nails: Reported delivered price data for * for product 7, January 2012-December 2014**

* * * * * * *

Table E-8
Steel nails: Reported delivered price data for * for product 8, January 2012-December 2014**

* * * * * * *

Table E-9
Steel nails: Reported delivered price data for * for product 9, January 2012-December 2014**

* * * * * * *

Table E-10
Steel nails: Reported delivered price data for * for product 10, January 2012-December 2014**

* * * * * * *

Table E-11
Steel nails: Reported delivered price data for * for product 11, January 2012-December 2014**

* * * * * * *

Table E-12
Steel nails: Reported delivered price data for * for product 12, January 2012-December 2014**

* * * * * * *

Table E-13
Steel nails: Reported price data[1] for *, imports from Taiwan, by quarters, January 2012-December 2014**

* * * * * * *