Certain Collated Steel Staples from China

Investigation Nos. 701-TA-626 and 731-TA-1452 (Final)

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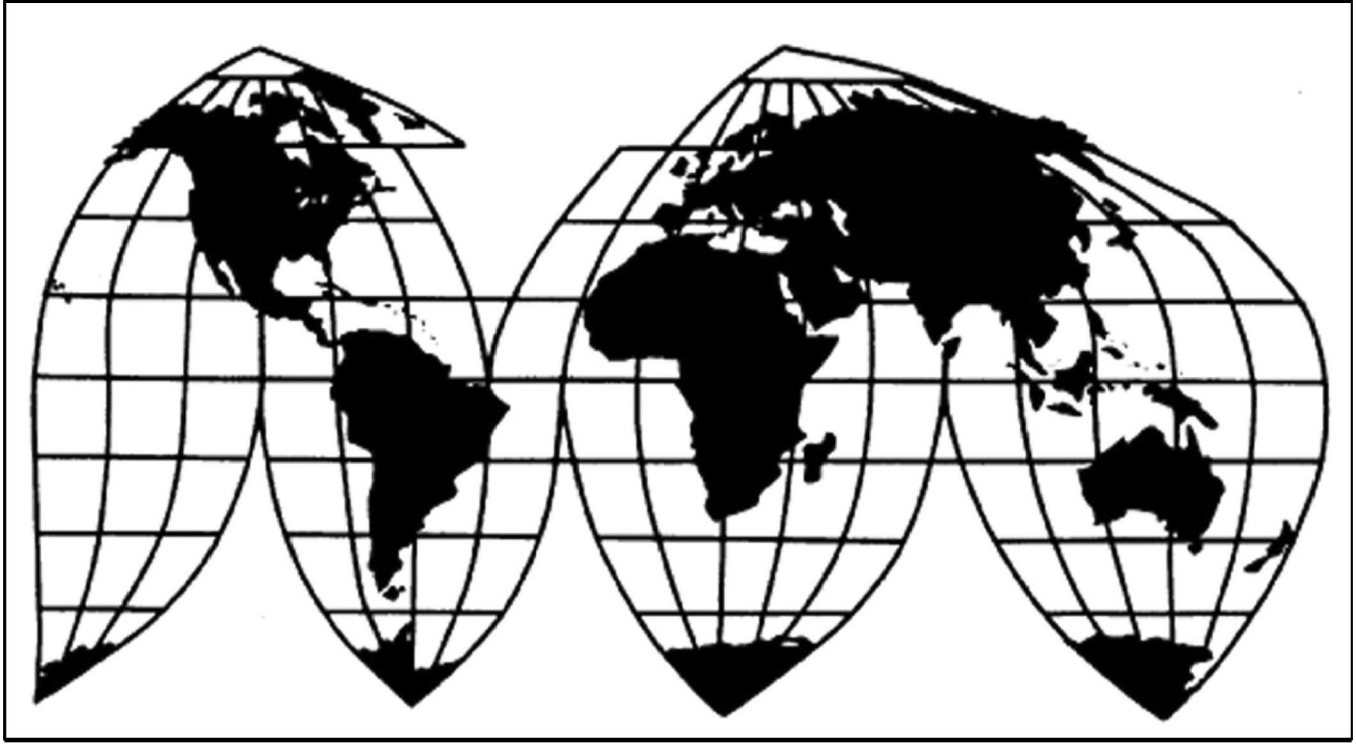
U.S. International Trade Commission



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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-626 and 731-TA-1452 (Final)

Certain Collated Steel Staples from China

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 collated steel staples from China, provided for in subheading 8305.20.0000 of the Harmonized Tariff Schedule of the United States, that have been found by the U.S. Department of Commerce ("Commerce") to be sold in the United States at less than fair value ("LTFV"), and to be subsidized by the government of China.[2]

BACKGROUND

The Commission instituted these investigations effective June 6, 2019, following receipt of petitions filed with the Commission and Commerce by Kyocera Senco Industrial Tools, Inc. ("Senco"), Cincinnati, Ohio. The final phase of the investigations was scheduled by the Commission following notification of preliminary determinations by Commerce that imports of certain collated steel staples from China were subsidized within the meaning of section 703(b) of the Act (19 U.S.C. 1671b(b)) and sold at LTFV within the meaning of 733(b) of the Act (19 U.S.C. 1673b(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 January 21, 2020 (85 FR 3417). In light of the restrictions on access to the Commission building due to the COVID-19 pandemic, and in accordance with 19 U.S.C. 1677c(a)(1), the Commission conducted its hearing via video conference on May 27, 2020; all persons who requested the opportunity were permitted to participate.

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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] The Commission also finds that imports subject to Commerce's affirmative critical circumstances determination are not likely to undermine seriously the remedial effect of the countervailing and antidumping duty orders on certain collated steel staples from China.

Views of the Commission

Based on the record in the final phase of these investigations, we determine that an industry in the United States is materially injured by reason of imports of certain collated steel staples ("CCS staples") from China found by the U.S. Department of Commerce ("Commerce") to be sold in the United States at less than fair value and subsidized by the government of China. We also find that critical circumstances do not exist with respect to imports of CCS staples from China subject to Commerce's affirmative critical circumstances determinations.

I. Background

Kyocera Senco Industrial Tools, Inc. ("Senco" or "Petitioner"), a U.S. producer of CCS staples, filed the petitions in these investigations on June 6, 2019.[1] Petitioner's representatives appeared at the hearing accompanied by counsel and submitted prehearing and posthearing briefs as well as final comments.[2] Two respondent parties participated actively in the final phase of these investigations. Counsel for PrimeSource Building Products, Inc. ("PrimeSource") and counsel for Fastening Solutions, Inc. ("FSI") (collectively referred to as "Respondents"), which are importers of subject merchandise, each submitted prehearing and posthearing briefs and FSI also submitted final comments.[3]

U.S. industry data are based on the questionnaire responses from three domestic producers that accounted for virtually all domestic production of CCS staples in 2019.[4] U.S. import data are based on questionnaire responses from 30 U.S. importers of CCS staples during the 2017-19 period of investigation ("POI"), supplemented by proprietary U.S. Customs and

[1] Senco also filed petitions alleging that imports of CCS staples from Korea and Taiwan were sold in the United States at less than fair value. In its preliminary determinations, the Commission found that such imports were negligible and accordingly terminated the antidumping duty investigations on imports of CCS staples from Korea and Taiwan. *Certain Collated Steel Staples from China, Korea, and Taiwan*, Inv. Nos. 701-TA-626 and 731-TA-1452–1454 (Preliminary), USITC Pub. 4939 (July 2019) ("Preliminary Determination") at 3.

[2] In light of restrictions on access to the Commission building due to the COVID-19 pandemic, the Commission conducted its hearing by video conference, as set forth in procedures provided to the parties.

[3] The briefs and comments submitted by PrimeSource and FSI address only the issue of critical circumstances.

[4] Confidential Report ("CR"), Memorandum INV-SS-069 at III-1; Public Report ("PR") at III-1. A fourth *** U.S. producer, Prebena North American Fastener Corp. ("Prebena") provided an untimely and incomplete questionnaire response. Accordingly, the Commission's trade, pricing, and financial data for the domestic industry do not include data from Prebena. CR/PR at III-1 n.1.

Border Protection data. The reported imports account for approximately four-fifths of U.S. imports from both China and nonsubject sources in 2019 under HTS statistical reporting number 8305.20.0000, a subheading that also contains imports of out-of-scope merchandise.[5] Data concerning the industry in China are based on questionnaire responses from four foreign producers. According to estimates provided by these producers, their combined reported production of CCS staples in China accounted for *** percent of production of subject merchandise in China in 2019. These firms' exports to the United States were equivalent to approximately one-half of reported U.S. imports of CCS staples from China in 2019.[6]

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."[7] 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."[8] 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."[9]

By statute, the Commission's "domestic like product" analysis begins with the "article subject to an investigation," *i.e.*, the subject merchandise as determined by Commerce.[10] Therefore, Commerce's determination as to the scope of the imported merchandise that is subsidized and/or sold at less than fair value is "necessarily the starting point of the

[5] CR/PR at IV-1.
[6] CR/PR at VII-3.
[7] 19 U.S.C. § 1677(4)(A).
[8] 19 U.S.C. § 1677(4)(A).
[9] 19 U.S.C. § 1677(10).
[10] 19 U.S.C. § 1677(10). The Commission must accept Commerce's determination as to the scope of the imported merchandise that is subsidized and/or sold at less than fair value. *See*, *e.g.*, *USEC, Inc. v. United States*, 34 Fed. App'x 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).

Commission's like product analysis."[11] The Commission then defines the domestic like product in light of the imported articles Commerce has identified.[12] The decision regarding the appropriate domestic like product(s) 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.[13] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[14] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[15]

B. Product Description

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

> {C}ertain collated steel staples subject to this investigation are made from steel wire having a nominal diameter from 0.0355 inch to 0.0830 inch, inclusive,

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[11] *Cleo Inc. v. United States*, 501 F.3d 1291, 1298 (Fed. Cir. 2007); *see also Hitachi Metals, Ltd. v. United States*, 949 F.3d 710, 714-15 (Fed. Cir. 2020) (the statute requires the Commission to start with Commerce's subject merchandise in reaching its own like product determination).

[12] *Cleo*, 501 F.3d at 1298 n.1 ("Commerce's {scope} finding does not control the Commission's {like product} determination."); *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); *Torrington*, 747 F. Supp. at 748–52 (affirming the Commission's determination defining six like products in investigations where Commerce found five classes or kinds).

[13] *See, e.g., Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *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).

[14] *See*, *e.g.*, S. Rep. No. 96-249 at 90-91 (1979).

[15] *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.").

and have a nominal leg length from 0.25 inch to 3.0 inches, inclusive, and a nominal crown width from 0.187 inch to 1.125 inch, inclusive.

Certain collated steel staples may be manufactured from any type of steel, and are included in the scope of the investigations regardless of whether they are uncoated or coated, and regardless of the type or number of coatings, including but not limited to coatings to inhibit corrosion.

Certain collated steel staples may be collated using any material or combination of materials, including but not limited to adhesive, glue, and adhesive film or adhesive or paper tape.

Certain collated steel staples are generally made to American Society for Testing and Materials (ASTM) specification ASTM F1667–18a, but can also be made to other specifications.

Excluded from the scope of these investigations are any carton-closing staples covered by the scope of the existing antidumping duty order on Carton-Closing Staples from the People's Republic of China. *See Carton-Closing Staples From the People's Republic of China: Antidumping Duty Order,* 83 FR 20792 (May 8, 2018).

Also excluded are collated fasteners commonly referred to as "C-ring hog rings" and "D-ring hog rings" produced from stainless or carbon steel wire having a nominal diameter of 0.050 to 0.081 inches, inclusive. C-ring hog rings are fasteners whose legs are not perpendicular to the crown, but curved inward resulting in the fastener forming the shape of the letter "C". D-ring hog rings are fasteners whose legs are straight but not perpendicular to the crown, instead intersecting with the crown at an angle ranging from 30 degrees to 75 degrees. The hog rings subject to the exclusion are collated using glue, adhesive, or tape. The hog rings subject to this exclusion have either a 90 degree blunt point or a 15-75 degree divergent point.

Certain collated steel staples subject to these investigations are currently classifiable under subheading 8305.20.0000 of the Harmonized Tariff Schedule of the United States (HTSUS). While the HTSUS subheading and ASTM specification are provided for convenience and for customs purposes, the written description of the subject merchandise is dispositive.[16]

[16] *Certain Collated Steel Staples From the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value and Final Affirmative Critical Circumstances*

A CCS staple is a type of fastener made from steel wire consisting of two same-size pointed or pointless legs connected by a crown located opposite from the staple-point ends.[17] While most CCS staples are produced from low-carbon steel, they also are produced from stainless steel (to resist corrosion) and other forms of alloy steel, both coated and uncoated. The principal use of a CCS staple is to fasten two or more pieces of material, including but not limited to wood or other solid building materials, typically used in structural applications such as furniture and building construction.[18] CCS staples are associated with a wire gauge range of 14 to 19 as defined by the American wire gauge; CCS staples produced with wire gauges of 14 to 17 are considered heavy wire staples while those produced with gauges of 18 to 19 are considered medium wire staples.[19]

C. Domestic Like Product Analysis

Based on the record in the final phase of these investigations, we define a single domestic like product consisting of CCS staples, coextensive with the scope. Petitioner contends that the domestic like product analysis remains the same in these final phase investigations as it was in the preliminary phase and that the Commission should define a single domestic like product conforming to the scope definition.[20] No respondent party opposes this domestic like product definition.

Determination, 85 Fed. Reg. 33623, 33625–26 (May 2, 2020); *Certain Collated Steel Staples From the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Critical Circumstances Determination*, 85 Fed. Reg. 33626, 33628 (May, 2, 2020).

[17] CR/PR at I-13; *see* CR/PR at Figure I-1.

[18] CR/PR at I-13.

[19] CR/PR at I-14. Heavy wire CCS staples are considered an engineering fastener and are often used to construct wall sheathing while medium wire CCS staples are primarily used in lower-scale construction applications such as in siding, cabinetry, and furniture construction. *Id*. Collated staples used in office or desktop staplers, typically to fasten paper, are outside the scope of these investigations. Carton-closing staples, used to secure the flaps of corrugated and solid paperboard cartons and boxes, are specifically excluded from the scope of these investigations. *See* Petition, Vol. 1 at 11; *Certain Collated Steel Staples From the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value and Final Affirmative Critical Circumstances Determination*, 85 Fed. Reg. 33623, 33625–26 (May 2, 2020); *Certain Collated Steel Staples From the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Critical Circumstances Determination*, 85 Fed. Reg. 33626, 33628 (May 2, 2020).

[20] Petitioner's Prehearing Brief, May 19, 2020 ("Senco's Prehr'g Br."), at 1; Petitioner's Posthearing Brief, June 3, 2020 ("Senco's Posthr'g Br."), Response to Commission Questions, at 43–44.

In the preliminary determinations the Commission defined a single domestic like product consisting of CCS staples, coextensive with the scope of the investigations. The Commission found that different types of CCS staples share common physical characteristics and uses. In particular, CCS staples are made from steel wire, most frequently of low-carbon steel, consisting of two same-size pointed or pointless legs connected by a crown located opposite the staple-point ends. They are primarily used to fasten two or more pieces of material, including but not limited to wood or other solid building materials, and they are typically used in structural applications such as furniture and building construction. By contrast, out-of-scope staples typically are made of thinner-gauge wire and are used in different applications.[21] The Commission further found that while CCS staples generally are interchangeable with other CCS staples of the same type and size, they are not interchangeable with out-of-scope staples.[22] Domestically produced CCS staples are shipped to contractors/builders, retailers, and distributors, while out-of-scope office staples are generally not marketed to the same channels.[23] Producers of CCS staples use the same basic manufacturing process, but there are variations in terms of whether steel wire or steel wire rod is used as the starting point, and whether CCS staples are produced using single or multiple strands of wire.[24] The Commission additionally found that producers perceive CCS staples to be distinct from other kinds of staples.[25]

The record in the final phase of these investigations concerning the Commission's domestic like product factors for domestically produced CCS staples is not materially different from that of the preliminary phase of these investigations.[26] In light of this and in the absence of any argument to the contrary, we again define a single domestic like product consisting of CCS staples, coextensive with the scope of these investigations.

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."[27] In defining the domestic

[21] Preliminary Determination, USITC Pub. 4939 at 7.
[22] Preliminary Determination, USITC Pub. 4939 at 7.
[23] Preliminary Determination, USITC Pub. 4939 at 8.
[24] Preliminary Determination, USITC Pub. 4939 at 7–8.
[25] Preliminary Determination, USITC Pub. 4939 at 8.
[26] *See generally* CR/PR at I-13–17, Table II-1.
[27] 19 U.S.C. § 1677(4)(A).

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 or which are themselves importers.[28] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.[29]

Petitioner Senco and former U.S. producer Stanley Black & Decker ("SBD") imported subject merchandise during the POI and are therefore subject to possible exclusion from the domestic industry under the related party provision, 19 U.S.C. § 1677(4)(B)(i).[30] In the preliminary determinations, the Commission found that appropriate circumstances existed to exclude SBD from the domestic industry as a related party.[31]

In the final phase of these investigations, Senco argues that appropriate circumstances do not exist to exclude any producer from the domestic industry. It contends that SBD's primary interest was in domestic production until SBD stopped producing CCS staples in ***

[28] *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).

[29] 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 (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);

(3) whether inclusion or exclusion of the related party will skew the data for the rest of the industry;

(4) the ratio of import shipments to U.S. production for the imported product; and

(5) whether the primary interest of the importing producer lies in domestic production or importation. *Changzhou Trina Solar Energy Co. v. USITC*, 100 F. Supp.3d 1314, 1326-31 (Ct. Int'l. Trade 2015); see *also Torrington Co. v. United States*, 790 F. Supp. at 1168.

[30] CR/PR at Table III-9.

[31] Preliminary Determination, USITC Pub. 4939 at 12. The Commission did not exclude from the domestic industry two other related party producers. *Id*. at 10–11. We observe that Acme, which was a related party during the preliminary phase, imported CCS staples during the POI from *** a nonsubject source. CR/PR at Table III-9.

and that SBD's importation of subject merchandise did not benefit its U.S. operations.[32] Furthermore, Senco asserts that SBD's inclusion in the domestic industry is necessary for an accurate assessment of the domestic industry's trade data.[33] No respondent takes a position on whether to exclude any related parties from the domestic industry. We discuss below whether appropriate circumstances exist for the exclusion of either of the related parties.

Senco. Petitioner Senco was the largest domestic producer of CCS staples in 2019, accounting for *** percent of reported domestic production.[34] Senco's imports of subject merchandise from China totaled *** pounds in 2017 (equivalent to *** percent of its domestic production), *** pounds in 2018 (equivalent to *** percent of its domestic production), and *** pounds in 2019 (equivalent to *** percent of its domestic production).[35] Senco reported that it imports ***.[36] Senco's operating performance was *** than the industry average in 2017, was *** than the industry average in 2018, and was *** the industry average in 2019.[37]

While Senco imported subject merchandise in each year of the POI, its primary interest is in domestic production as indicated by its *** ratio of direct imports of subject merchandise to domestic production and its status as Petitioner. Due to Senco's *** share of reported U.S. production, its exclusion would render an unrepresentative depiction of the domestic industry. In light of these considerations, we find that appropriate circumstances do not exist to exclude Senco from the domestic industry.

SBD. SBD was the *** domestic producer of CCS staples in 2017, the ***, accounting for *** percent of domestic production that year.[38] SBD ceased domestic production ***.[39] In its

[32] Senco's Prehr'g Br. at 3–4; Senco's Posthr'g Br. at 1–2.

[33] Senco's Prehr'g Br. at 4–8; Senco's Posthr'g Br. at 1–2.

[34] CR/PR at Table III-4.

[35] CR/PR at Table III-9. Senco was also under common ownership with importer SouthernCarlson, Inc. ("SouthernCarlson") during the POI. CR/PR at III-2. The 2019 data do not include imports of subject merchandise made between *** pounds of subject merchandise. *See* CR/PR at Table III-2; Article on Kyocera Acquisition of SouthernCarlson, EDIS Doc 712716; *** Importer Questionnaire (Final) at II-5d, EDIS Doc. 706615. Consideration of these additional imports does not change our conclusion below that Senco's primary interest is in domestic production. The ratio of combined subject imports by Senco and SouthernCarlson to Senco's domestic production in 2019 was *** percent; moreover, despite their common ownership, Senco and *** operate independently as entirely separate entities. *Calculated from* *** Importer Questionnaire (Final) at II-5d, EDIS Doc. 706615 and CR/PR at Table III-4; *See* CR/PR at III-2 n.3.

[36] CR/PR at Table III-9.

[37] CR/PR at Table VI-3. Senco's operating income to net sales ratio was *** percent in 2017, *** percent in 2018, and *** percent in 2019. *Id*.

[38] CR/PR at Table III-4.

[39] CR/PR at Table III-3; Hearing Transcript ("Hr'g Tr.") at 46–47 (Klett).

U.S. producer questionnaire response, SBD stated that the ***.[40] It subsequently elaborated that ***.[41]

SBD's imports of subject merchandise totaled *** pounds in 2017 (equivalent to *** percent of its domestic production), the last year it reported U.S. production of CCS staples in the United States; it also imported *** pounds in 2018 and *** pounds in 2019.[42] SBD reported that its reason for importing was ***.[43] SBD's operating income to net sales ratio was *** percent in 2017; which was ***.[44] However, its ratio of gross profit to net sales in 2017 was *** to the average of the other two U.S. producers. The record indicates that its *** operating income ratio that year was a function of *** selling, general, and administrative ("SG&A") expenses. There is no evidence on the record indicating that SBD's *** SG&A expenses are attributable to its importation of subject merchandise.[45] SBD, as a former U.S. producer, *** with respect to the petitions.[46]

While SBD imported subject merchandise in 2017, its domestic production was appreciably larger than its volume of subject imports. Moreover, the record in the final phase of these investigations does not indicate that SBD's domestic production operations benefited from its importation while it was a domestic producer. While SBD continued to import subject merchandise in 2018 and 2019, following its discontinuation of domestic CCS staple production, a shift from domestic production to importation of subject merchandise does not by itself warrant exclusion from the domestic industry.[47]

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[40] SBD's Domestic Producer Questionnaire (Final) at III-15 (EDIS Doc. 705676).

[41] SBD explained that its ***. SBD's April 14, 2020 Email to Investigator, EDIS Doc. 707737. Senco, relying on this reference to ***, contends that SBD's decision to cease domestic production was a function of import competition. Senco's Prehr'g Br. at 5–6. In addition, following staff requests for additional information on SBD's divestiture from CCS staple production, SBD responded:

***

SBD's June 9, 2020 Email to Investigator, EDIS Doc. 712473, June 11, 2020.

[42] CR/PR at Table III-9. In the final phase of these investigations, SBD reported no domestic production of CCS staples in 2018 and 2019. *Id*. In the preliminary phase, SBD ***, which is why the preliminary determination provides 2018 production data for the firm. *See* Preliminary Determination, USITC Pub. 4939 at 11; Confidential Preliminary Views at 17 (EDIS Doc. 683642). In the final phase SBD revised its questionnaire response by stating that ***. CR/PR at III-3 n.6.

[43] CR/PR at Table III-9.

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

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

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

[47] *See Polyester Textured Yarn from China and India*, Inv. Nos. 701-TA-612-613 and 731-TA-1429-1430 (Final), USITC Pub. 5007 (Jan. 2020) at 11 n.56; *see also Certain Large Residential Washers from Korea and Mexico*, Inv. Nos. 701-TA-488 and 731-TA-1199-1200 (Final), USITC Pub. 4378 (Feb. 2013), at 31 n.245 ("We recognize that Electrolux reports that it decided to close its U.S. production facility in

Moreover, as SBD accounted for *** percent of domestic CCS staple production in 2017, its exclusion from the industry would skew domestic industry data by masking certain changes and data trends, including with respect to capacity and production, relating to the domestic industry's performance during the POI.[48]

Given the above considerations and that no party has argued for its exclusion, we find that appropriate circumstances do not exist to exclude SBD from the domestic industry.

We consequently define the domestic industry to include all domestic producers of CCS staples during the POI.

IV. Material Injury by Reason of Subject Imports[49]

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 dumped and subsidized imports of CCS staples from China.

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.[50] 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

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2008 for reasons other than subject import competition… Nevertheless, we have found that circumstances do not warrant the exclusion of Electrolux from the domestic industry as a related party because Electrolux's U.S. operations were not shielded from subject import competition during the period of investigation. Accordingly, the domestic industry's loss of market share to subject imports was no less significant because the loss was sustained by Electrolux.") Although SBD had a subsidiary producer in China, this affiliate closed its CCS staples plant in April 2019. CR/PR at Table III-2; CR/PR at III-3.

[48] *See Large Residential Washers from Korea and Mexico*, USITC Pub. 4378, at 13.

[49] Section 771(24) of the Tariff Act, which defines "negligibility," generally provides that imports from a subject country that are 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 self-initiation, as the case may be, shall be deemed negligible. 19 U.S.C. § 1677(24)(A)(i). The exceptions to that general rule are not applicable here.

Subject imports from China accounted for *** percent of total imports of CCS staples in the 12-month period (June 2018 through May 2019) preceding the filing of the petition. CR/PR at Table IV-3. We consequently find that subject imports from China are not negligible.

[50] 19 U.S.C. §§ 1671d(b), 1673d(b).

like product, but only in the context of U.S. production operations.[51] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[52] 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.[53] 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."[54]

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,[55] 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.[56] In identifying a 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.[57]

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

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[51] 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).

[52] 19 U.S.C. § 1677(7)(A).

[53] 19 U.S.C. § 1677(7)(C)(iii).

[54] 19 U.S.C. § 1677(7)(C)(iii).

[55] 19 U.S.C. §§ 1671d(b), 1673d(b).

[56] *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'd,* 944 F. Supp. 943, 951 (Ct. Int'l Trade 1996).

[57] 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).

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.[58] In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.[59] Nor does the "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.[60] It is clear

[58] Uruguay Round Agreements Act Statement of Administrative Action ("SAA"), H.R. Rep. 103-136, vol. I at 851-52 (1994) ("{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.

[59] 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 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.").

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

that the existence of injury caused by other factors does not compel a negative determination.[61]

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."[62] The Commission ensures that it has "evidence in the record" to "show that the harm occurred 'by reason of' the LTFV imports," and that it is "not attributing injury from other sources to the subject imports."[63] The Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[64]

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.[65] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[66]

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[61] *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.").

[62] *Mittal Steel*, 542 F.3d at 876 &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. In its decision in *Swiff-Train v. United States*, 793 F.3d 1355 (Fed. Cir. 2015), the Federal Circuit affirmed the Commission's causation analysis as comporting with the Court's guidance in *Mittal*.

[63] *Mittal Steel*, 542 F.3d at 873 (quoting from *Gerald Metals*, 132 F.3d at 722), 877-79. We note that one relevant "other factor" may involve the presence of significant volumes of price-competitive nonsubject imports in the U.S. market, particularly when a commodity product is at issue. In appropriate cases, the Commission collects information regarding nonsubject imports and producers in nonsubject countries in order to conduct its analysis.

[64] *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.").

[65] We provide in our discussion below a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

[66] *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 Conditions

U.S. demand for CCS staples is driven by demand for U.S.-produced downstream products in which they are used and is primarily influenced by conditions in the home construction market and the economy more broadly.[67] Purchasers of CCS staples include distributors, builders/contractors, retailers, and other end users.[68] The record in the final phase of these investigations indicates that market participants generally do not perceive that other products can be substituted for CCS staples; *** responding U.S. producers, 14 of 22 responding importers, and *** responding purchasers reported there were no substitutes for CCS staples.[69]

Several market participants indicated that the market for CCS staples is subject to business cycles or conditions of competition.[70] Most of the firms responding affirmatively to this question indicated that there is seasonality to demand, noted by some to be specific to construction projects, which is highest in spring and early summer.[71]

Market participants provided mixed assessments of U.S. demand for CCS staples during the POI. *** domestic producer reported increasing demand while *** reported fluctuating demand; a plurality of importers reported there was no change in demand; and a majority of purchasers reported either an increase or no change in demand.[72] Apparent U.S. consumption for CCS staples increased from *** pounds in 2017 to *** pounds in 2018 before decreasing to *** pounds in 2019, which was *** percent below the 2017 level.[73]

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[67] CR/PR at II-9.

[68] CR/PR at I-4.

[69] CR/PR at II-11.

[70] CR/PR at II-8. This included *** responding U.S. producers, 11 of 28 responding importers, and *** purchasers. *Id*.

[71] CR/PR at II-8.

[72] CR/PR at Table II-5. Senco asserts that U.S. demand increased throughout the POI. Questionnaire responses of other market participants indicate mixed views regarding demand. *See* Senco's Prehr'g Br. at 30–31; Senco's Posthr'g Br. at 5–6.

[73] CR/PR at Tables IV-7 and C-1.

2. Supply Conditions

Subject imports were the largest source of supply in the U.S. market in each year of the POI; subject imports' share of apparent U.S. consumption by quantity was *** percent in 2017, *** percent in 2018, and *** percent in 2019.[74] U.S. producers' domestic shipments were the second largest source of supply in each year of the POI, accounting for *** percent of apparent U.S. consumption in 2017, *** percent in 2018, and *** percent in 2019.[75] Nonsubject imports accounted for *** percent of apparent U.S. consumption in 2017, *** percent in 2018, and *** percent in 2019.[76]

There were several changes in the domestic industry's production facilities during the POI. These include SBD's cessation of production of CCS staples, which was discussed in section III, above.[77] SBD ***. SBD's CCS staple *** SouthernCarlson; Senco ***.[78] As previously stated, upon SBD's cessation of production operations, Senco accounted for the *** percentage of domestic CCS staples production.[79] U.S. producer Acme Staple Company ("Acme") reported purchasing two band line staple presses and training workers to use them, but has not been able to put the equipment to use due to a lack of orders.[80]

3. Substitutability and Other Conditions

The record in the final phase of these investigations indicates a high degree of substitutability between the domestic like product and subject imports.[81] CCS staples are produced to certain industry specifications, including those of the ICC Evaluation Service and the American Society for Testing and Materials.[82] *** responding U.S. purchasers reported that the domestic like product and subject imports are always interchangeable, with an additional *** responding they are frequently interchangeable.[83] *** responding U.S. importers reported that the domestic like product and subject imports are always or frequently interchangeable

[74] CR/PR at Tables IV-7 and C-1.
[75] CR/PR at Tables IV-7 and C-1.
[76] CR/PR at Tables IV-7 and C-1.
[77] Hr'g Tr. at 46–47 (Klett).
[78] CR/PR at Table III-3. While ***. CR/PR at III-3 n.6.
[79] *See* CR/PR at Table III-1.
[80] CR/PR at III-5; *see* Hr'g Tr. at 18 (Gold), 23–24 (Klett). Acme reported that its unused capacity is a direct result of the company's inability to compete with imports from China. *Id.*
[81] CR/PR at II-11.
[82] CR/PR at I-14.
[83] CR/PR at Table II-11.

(with *** reporting they are always interchangeable).[84] Similarly, *** responding U.S. producers indicated that subject imports and the domestic like product are always interchangeable.[85] Majorities of U.S. purchasers report that the domestic like product and subject imports are comparable with respect to 13 of 15 purchasing factors.[86]

The record in the final phase of these investigations also indicates that price is an important factor in purchasing decisions. A large majority of U.S. purchasers (***) reported that price was a very important purchasing factor, and price was the factor purchasers identified most frequently as among the three most important in purchasing decisions.[87] Quality and availability were among other factors that large majorities of purchasers reported were very important.[88]

While both current domestic producers of CCS staples use the same basic manufacturing process, one uses steel wire and one uses steel wire rod as the raw material starting point.[89] Raw materials are the largest component of the cost of goods sold ("COGS") for CCS staples and wire rod consisted of *** of the domestic industry's overall COGS in 2019. The price for wire rod increased by *** percent from January 2017 to June 2018, remained stable through January 2019, and then decreased by *** percent through November 2019.[90]

The subject merchandise has been subject to additional duties under Section 301 of the Trade Act of 1974, as amended ("Section 301 tariffs") since September 2019.[91] Section 301 tariffs were originally set at 15 percent but were reduced to 7.5 percent *ad valorem* effective

[84] CR/PR at Table II-11.

[85] CR/PR at Table II-11.

[86] CR/PR at Table II-10. The exceptions were price (for which most purchasers reported U.S.-produced CCS staples as inferior to, meaning higher priced than, subject imports) and delivery time (for which most purchasers reported the U.S. product as superior). *Id*.

[87] CR/PR at Tables II-7 and II-8.

[88] CR/PR at Table II-8. Quality was the single factor identified as very important by the largest number of purchasers. *Id*. It was also the factor most frequently identified as the first most important factor in purchasing decisions; price was the factor most frequently identified as the second most important factor. CR/PR at Table II-7.

[89] CR/PR at I-17, V-1. Senco produces CCS staples starting with wire rod while Acme's production starts with steel wire. CR/PR at I-17.

[90] CR/PR at V-1, VI-10. Senco attributes the increases in the domestic industry's raw material costs, in part, to the imposition of antidumping and countervailing duty orders on wire rod imports from ten countries in 2018. Senco's Prehr'g Br. at 15; *see* CR/PR at V-3.

[91] 19 U.S.C. § 2411.

February 2020.[92] The subject merchandise has not been subject to additional duties pursuant to Section 232 of the Trade Expansion Act of 1962, as amended,[93] ("Section 232 tariffs").[94]

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."[95]

The volume of subject imports increased from 98.4 million pounds in 2017 to 122.9 million pounds in 2018, before declining to 98.1 million pounds in 2019.[96] As a share of apparent U.S. consumption, subject imports' market share increased from *** percent in 2017 to *** percent in 2018, before declining to *** percent in 2019, an overall increase of *** percentage points during the POI.[97] This increase in subject imports' market share came at the expense of the domestic industry, whose share of apparent U.S. consumption fell by *** percentage points over the POI.[98] The ratio of subject imports to U.S. production increased from *** percent in 2017 to *** percent in 2018, before decreasing to *** percent in 2019, an overall increase of *** percentage points during the POI.[99]

Accordingly, we find the volume of subject imports was significant in absolute terms and relative to apparent consumption and production in the United States. Furthermore, we find the increase in the volume of subject imports was significant relative to apparent U.S. consumption and U.S. production.

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

[92] CR/PR at I-12, II-6, V-2.
[93] 19 U.S.C. § 1862.
[94] CR/PR at I-12.
[95] 19 U.S.C. § 1677(7)(C)(i).
[96] CR/PR at Table IV-2.
[97] CR/PR at Tables IV-7 and C-1.
[98] CR/PR at Tables IV-7 and C-1.
[99] CR/PR at Table IV-2.

(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.[100]

As observed above in section IV.B.3., the record indicates that there is a high degree of substitutability between subject imports and the domestic like product and that price is an important factor in purchasing decisions for CCS staples. The Commission collected quarterly pricing data on six pricing products.[101] Domestic producer *** and 18 importers of subject merchandise provided usable pricing data for the six products, although not all firms reported pricing data for all products for all quarters.[102] Price data reported by these firms accounted for *** percent of U.S. producers' commercial shipments of CCS staples and *** percent of commercial U.S. shipments of subject imports in 2019.[103]

The pricing data indicate that subject imports pervasively undersold the domestic like product throughout the POI. Subject imports undersold the domestic like product in all 72 quarterly price comparisons, involving 35.9 billion subject import staples, with underselling margins that ranged from 9.9 to 53.3 percent and averaged 35.8 percent.[104]

In light of the importance of price in purchasing decisions for CCS staples, the high level of substitutability between the domestic like product and subject imports, and the pervasive underselling by subject imports at high margins throughout the POI, we find that underselling by subject imports was significant.

Due to their pervasive underselling, the subject imports gained market share at the expense of the domestic industry. As discussed above, the domestic industry lost *** percentage points of market share from 2017 to 2019. The bulk of this – *** percentage points

[100] 19 U.S.C. § 1677(7)(C)(ii).

[101] The pricing products are: **Product 1** — 18 gauge wire staples, ¼ inch crown, 1 inch leg length, chisel point, galvanized steel, collated with glue, adhesive or equivalent; **Product 2** — 18 gauge wire staples, ¼ inch crown, 1¼ inch leg length, chisel point, galvanized steel, collated with glue, adhesive or equivalent; **Product 3** — 16 gauge wire staples, 7/16 inch crown, 1½ inch leg length, chisel point, galvanized steel, collated with glue, adhesive, or equivalent; **Product 4** — 16 gauge wire staples, 7/16 inch crown, 1¾ inch leg length, chisel point, galvanized steel, collated with glue, adhesive, plastic or paper tape or equivalent; **Product 5** — 16 gauge wire staples, 1 inch crown, 5/8 inch length, chisel point, galvanized steel, collated with glue, adhesive, plastic or paper tape or equivalent; and **Product 6** — 16 gauge wire staples, 1 inch crown, 1 inch leg, chisel point, galvanized steel, collated with glue, adhesive, plastic or paper tape or equivalent. CR/PR at V-6.

[102] CR/PR at V-6.

[103] CR/PR at V-7.

[104] CR/PR at Table V-11.

– was gained by the subject imports.[105] Purchaser questionnaire responses also indicated that the low price of subject imports caused domestic producers to lose sales. Specifically, *** of *** responding purchasers reported that they had purchased subject imports instead of the domestic like product during the POI.[106] *** of *** purchasers reported that subject import prices were lower than those for the domestic like product and *** of *** reported price was a primary reason they had purchased subject imports instead of the domestic like product. These *** purchasers reported buying *** pounds of subject imports instead of the domestic like product.[107] The domestic industry was positioned in 2018 and 2019 to make additional sales (notwithstanding the exit of SBD) due to substantial unused production capacity,[108] Senco's ***, and Acme's acquisition of new band-line staple presses; however, it was constrained in its ability to do so by the significant volume of low-priced subject imports.[109]

We also examined pricing trends during the POI. Prices for each of the six domestically produced and subject import pricing products were higher in the fourth quarter of 2019 than in the first quarter of 2017.[110] Given the increases in domestic prices over the POI, we accordingly do not find that subject imports depressed domestic prices to a significant degree.

We have also considered whether subject imports prevented domestic price increases that otherwise would have occurred to a significant degree. The industry's total COGS to net sales ratio increased from *** percent in 2017 to *** percent in 2018 and *** percent in 2019, an increase of *** percentage points over the POI.[111] The domestic industry's raw material unit costs per pound for wire rod increased by *** (or *** percent) from 2017 to 2018 and by an additional *** (or *** percent) from 2018 to 2019, for an overall increase of *** (or *** percent) over the POI. The industry's total COGS increased by *** per pound (or *** percent) between 2017 and 2018 and by an additional *** (or *** percent) in 2019, for an overall increase of *** (or *** percent) over the POI. The industry's per pound net sales value

[105] CR/PR at Table IV-7.

[106] CR/PR at Table V-13.

[107] CR/PR at Table V-13.

[108] The industry's capacity utilization rate was *** percent in 2017 and it declined to *** percent in 2019. Senco's capacity utilization rate was *** percent in 2017 and *** percent in 2019, reflecting both a decline in shipments over the POI and ***. CR/PR at Table III-4.

[109] CR/PR at Tables III-3, IV-7, and C-1; Senco's Prehr'g Br. at 16–17; Hr'g Tr. at 16–17 (Gold), 23–24 (Klett); Senco's Posthr'g Br. at 4.

[110] CR/PR at Tables V-4–V-9.

[111] CR/PR at Tables VI-1.

increased by *** (or *** percent) between 2017 and 2018 and then declined by *** (or *** percent) between 2018 and 2019, an overall increase of *** (or *** percent) during the POI.[112]

We recognize that the domestic industry's trends are affected by the fact that *** produced CCS staples only in 2017 (other than *** as discussed above), while the other two producers were active throughout the POI, and *** reported certain *** the other producers'.[113] Examining just the producers for which annual comparisons are possible throughout the POI,[114] each had an increase in both unit raw material costs and unit COGS over the POI. Unit sales values for these producers, by contrast, did not increase consistently from year-to-year.[115] Specifically, these producers' combined unit raw material costs per pound increased by *** (or *** percent) between 2017 and 2018 and by another *** (or *** percent) in 2019; their unit COGS per pound increased by *** (or *** percent) from 2017 to 2018 and an additional *** (or *** percent) in 2019.[116] Meanwhile, their unit net sales value per pound increased by just *** (or *** percent) between 2017 and 2018 and then declined by *** (or *** percent) in 2019, thus remaining *** overall. As a result of these trends, their COGS to net sales ratio increased from *** percent in 2017 to *** percent in 2018 and *** percent in 2019.[117] We observe that while some of Senco's sales contracts indexed CCS staples prices to ***, such contracts accounted for *** of its overall sales and should not have significantly affected Senco's ability to raise prices on the *** of its sales in response to increasing costs.[118] Thus, the record shows that the domestic industry was unable to raise its prices commensurate with its increasing costs, including between 2017 and 2018 when apparent U.S. consumption increased.[119] We find that this cost-price squeeze was caused by the significant volume of low-priced subject imports present in the U.S. market throughout the POI.

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[112] CR/PR at Tables VI-1 and VI-2.

[113] ***. CR/PR at Table VI-3; *see also* CR/PR at VI-1 n.4 (noting what appeared to be ***).

[114] Year-to-year comparisons were available for Senco and Acme but not SBD given SBD's cessation of domestic production of CCS staples in early 2018.

[115] CR/PR at Table VI-3.

[116] CR/PR at Table VI-3.

[117] CR/PR at Table VI-3.

[118] Senco's Prehr'g Br. at 11–14, 31–32; Senco's Posthr'g Br. at 3, Response to Commission Questions at 24–26. Senco reports that the price used to index its CCS staples prices is the American Metal Market ("AMM") steel scrap price, and that from 2017 to 2018, AMM scrap prices increased by 11 percent, but Senco's average unit value for its CCS shipments increased by *** percent. Senco's Prehr'g Br. at 31.

[119] We acknowledge that apparent U.S. consumption declined somewhat in 2019, which may have affected the domestic producers' ability to pass through cost increases. *See* CR/PR at Table C-1. However, given the lack of substitutes for CCS staples, the fact that there are relatively few producers of the product, and the fact that CCS staples account for a small share of the cost of the end-use products

We consequently conclude that subject imports prevented price increases for the domestic like product that otherwise would have occurred to a significant degree. Additionally, pervasive underselling by subject imports caused the domestic industry to lose significant sales. We consequently find subject imports had significant adverse price effects on the domestic industry.

E. Impact of the Subject Imports[120]

Section 771(7)(C)(iii) of the Tariff Act provides that examining the impact of subject imports, the Commission "shall evaluate all relevant economic factors which have a bearing on the state of the industry."[121] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating

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for which they are used, suppliers would be expected to maintain some degree of price leverage. *See* CR/PR at II-11. Furthermore, as noted above, domestic producers were unable to sufficiently raise prices between 2017 and 2018 to cover increasing costs, despite the fact that apparent U.S. consumption increased during that time. *See* CR/PR at Tables VI-3 and C-1. Senco argues that apparent U.S. consumption does not accurately reflect changes in demand, partially due to underreporting of nonsubject imports and changes in industry capacity, and states that reported trends in downstream sectors (such as housing), as well as a majority of purchaser questionnaire responses, do not indicate a decline in demand for CCS staples over the POI. Senco's Prehr'g Br. at 30–31; Senco's Posthr'g Br. at 5–6. As noted above, market participants' perception of demand was mixed with a plurality of importers reporting that there was no change in demand and a majority of purchasers reporting either an increase or no change in demand. CR/PR at Table II-5.

[120] 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 determination of sales at less value, Commerce found dumping margins of 96.15 percent for six named exporters and 122.55 percent for one named exporter and the China-wide entity. *Certain Collated Steel Staples From the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value and Final Affirmative Critical Circumstances Determination*, 85 Fed. Reg. 33623, 33624 (June 2, 2020). Cash deposit rates, adjusted for subsidy offsets, ranged between 85.61 and 112.01 percent. *Id*. We take into account in our analysis the fact that Commerce has made final findings that all subject producers in China are selling subject imports in the United States at less than fair value. In addition to this consideration, our impact analysis has considered other factors affecting domestic prices. Our analysis of the significant underselling and adverse price effects of subject imports in these investigations, described in both the price effects discussion and below, is particularly probative to an assessment of the impact of the subject imports on the domestic industry.

[121] 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.").

profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debts, 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."[122]

Nearly all measures of the domestic industry's output declined over the POI. Its capacity declined from *** pounds in 2017 to *** pounds in 2018, a function of SBD's termination of production operations, and then increased to *** pounds in 2019, still well below the 2017 figure. Production declined from *** pounds in 2017 to *** pounds in 2018 and *** pounds in 2019, a decrease of *** percent over the POI. Capacity utilization declined from *** percent in 2017 to *** percent in 2018 and *** percent in 2019.[123] The industry's U.S. shipment quantities also fell each year, declining from *** pounds in 2017 to *** pounds in 2018 and *** pounds in 2019, a decrease of *** percent over the POI.[124] Its share of apparent U.S. consumption decreased from *** percent in 2017 to *** percent in 2018 and then increased to *** percent in 2019, an overall decrease of *** percentage points over the POI.[125] The domestic industry's end-of-period inventories decreased from *** pounds in 2017 to *** pounds in 2018 and *** pounds in 2019.[126]

The domestic industry's employment-related indicators all declined over the POI. The number of production related workers declined from *** in 2017 to *** in 2018 and *** in 2019 while hours worked declined from *** hours in 2017 to *** hours in 2018 and *** hours in 2019. Wages paid declined from $*** in 2017 to $*** in 2018 and $*** in 2019 while productivity in pounds per hour decreased from *** in 2017 to *** in 2018 then rose to *** in 2019, which was still below the 2017 level.[127]

Nearly all indicators of the domestic industry's financial performance also declined over the POI. Sales revenues declined from $*** in 2017 to $*** in 2018 and $*** in 2019. Reflecting the industry's cost-price squeeze, gross profit declined from $*** in 2017 to $*** in 2018 and $*** in 2019. Operating income declined from $*** in 2017 to $*** in 2018 and $*** in 2019; the industry's operating margin decreased from *** percent in 2017 to *** percent in 2018 and *** percent in 2019. Net income declined from $*** in 2017 to $*** in

[122] 19 U.S.C. § 1677(7)(C)(iii). This provision was amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

[123] CR/PR at Table III-4.

[124] CR/PR at Table III-6.

[125] CR/PR at Table IV-7.

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

[127] CR/PR at Table III-10.

2018 and $*** in 2019.[128] Capital investments fluctuated over the POI.[129] Additionally, two out of three domestic producers reported subject imports have had negative effects on investment and on growth and development since January 2017.[130]

Significant volumes of subject imports undersold and suppressed prices for the domestic like product and took market share from the domestic industry, preventing the domestic industry from obtaining sales it otherwise would have had during the POI. Due to its loss of market share, lost sales, and suppressed prices, the domestic industry's output and revenues were lower than they would have been otherwise. This was reflected in declining production, shipments, and employment – including from 2018 to 2019, when the data trends for the domestic industry were not affected by SBD's termination of domestic production in early 2018 – as well as declining financial performance. Accordingly, we find that subject imports had a significant adverse impact on the domestic industry.

We have considered whether there are other factors that may have had an impact on the domestic industry during the POI so as to not attribute injury from such other factors to subject imports.[131] While nonsubject imports were present in the U.S. market during the POI and gained some market share, they had a substantially smaller presence than the subject imports, accounting for between *** percent to *** percent of apparent U.S. consumption.[132] Furthermore, nonsubject imports were sold at substantially higher average unit values than subject imports throughout the POI.[133] Therefore, the presence of nonsubject imports in the U.S. market cannot explain the magnitude of the domestic industry's loss of market share to the subject imports, the sales that purchasers reported were lost by the domestic industry due to lower-priced subject imports, or the price suppression the industry experienced due to these imports.

[128] CR/PR at VI-3

[129] CR/PR at Table VI-4. The industry reported *** research and development expenses. *Id*.

[130] CR/PR at Table VI-6.

[131] As noted above, briefs and comments submitted by PrimeSource and FSI address only the issue of critical circumstances. These respondents did not raise any issues regarding other factors that may have had an impact on the domestic industry during the POI.

[132] CR/PR at Tables IV-2 and C-1.

[133] *See* CR/PR at Table IV-2. We view the average unit value data with caution as we recognize that differences in average unit values may reflect, at least in part, differences in product mix.

V. Critical Circumstances

A. Legal Standards and Party Arguments

In its final antidumping and countervailing duty determinations concerning CCS staples from China, Commerce found that critical circumstances exist with respect to all subject imports.[134] Because we have determined that the domestic industry is materially injured by reason of subject imports from China, we must further determine "whether the imports subject to the affirmative {Commerce critical circumstances} determination ... are likely to undermine seriously the remedial effect of the antidumping {and/or countervailing duty} order{s} to be issued."[135]

The SAA indicates that the Commission is to determine "whether, by massively increasing imports prior to the effective date of relief, the importers have seriously undermined the remedial effect of the order" and specifically "whether the surge in imports prior to the suspension of liquidation, rather than the failure to provide retroactive relief, is likely to seriously undermine the remedial effect of the order."[136] The legislative history for the critical circumstances provision indicates that the provision was designed "to deter exporters whose merchandise is subject to an investigation from circumventing the intent of the law by increasing their exports to the United States during the period between initiation of an investigation and a preliminary determination by {Commerce}."[137] An affirmative critical circumstances determination by the Commission, in conjunction with an affirmative determination of material injury by reason of subject imports, would normally result in the retroactive imposition of duties for those imports subject to the affirmative Commerce critical circumstances determination for a period of 90 days prior to the suspension of liquidation.

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[134] *Certain Collated Steel Staples From the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value and Final Affirmative Critical Circumstances Determination*, 85 Fed. Reg. 33623, 33624 (June 2, 2020); *Certain Collated Steel Staples From the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Critical Circumstances Determination*, 85 Fed. Reg. 33626, 33627 (June 2, 2020). Although Commerce's determinations do not state this succinctly, in each determination, Commerce made affirmative critical circumstances findings with respect to the examined exporter(s), all non-examined exporters, and all exporters subject to the all others rate; the affirmative findings consequently encompass the universe of possible exporters in each investigation.

[135] 19 U.S.C. §§ 1671d(b)(4)(A)(ii), 1673d(b)(4)(A)(ii).

[136] SAA at 877.

[137] *ICC Industries, Inc. v United States,* 812 F.2d 694, 700 (Fed. Cir. 1987), *quoting* H.R. Rep. No. 96-317 at 63 (1979), *aff'g* 632 F. Supp. 36 (Ct. Int'l Trade 1986). *See* 19 U.S.C. §§ 1671b(e)(2), 1673b(e)(2).

The statute provides that, in making this determination, the Commission shall consider, among other factors it considers relevant,

(I) the timing and the volume of the imports,

(II) a rapid increase in inventories of the imports, and

(III) any other circumstances indicating that the remedial effect of the {order} will be seriously undermined.[138]

In considering the timing and volume of subject imports, the Commission's practice is to consider import quantities prior to the filing of the petition with those subsequent to the filing of the petition using monthly statistics on the record regarding those firms for which Commerce has made an affirmative critical circumstances determination.[139]

B. Analysis

We first consider the appropriate period for comparison of pre-petition and post-petition levels of subject imports from China. While the Commission frequently relies on six-month comparison periods, it has relied on shorter periods when Commerce's preliminary determination applicable to the country at issue fell within the six-month post-petition period the Commission typically considers.[140] That situation arises here, as Commerce made its affirmative preliminary countervailing duty determination in the sixth month of the post-

[138] 19 U.S.C. §§ 1671d(b)(4)(A)(ii), 1673d(b)(4)(A)(ii).

[139] *See Lined Paper School Supplies from China, India, and Indonesia,* Inv. Nos. 701-TA-442-43, 731-TA-1095-97**,** USITC Pub. 3884 at 46-48 (Sept. 2006); *Carbazole Violet Pigment from China and India,* Inv*.* Nos. 701-TA-437 and 731-TA-1060-61 (Final), USITC Pub. 3744 at 26 (Dec. 2004); *Certain Frozen Fish Fillets from Vietnam,* Inv. No. 731-TA-1012 (Final), USITC Pub. 3617 at 20-22 (Aug. 2003).

[140] *Certain Hot-Rolled Steel Flat Products from Australia, Brazil, Japan, Korea, the Netherlands, Turkey, and the United Kingdom*, Inv. Nos. 701-TA-545-547, 731-TA-1291-1297 (Final), USITC Pub. 4638 at 49-50 (Sept. 2016); *Certain Corrosion-Resistance Steel Products from China, India, Italy, Korea, and Taiwan*, Inv. No. 701-TA-534-537 and 731-TA-1274-1278 (Final), USITC Pub. 4630 at 35-40 (July 2016); *Carbon and Certain Steel Wire Rod from China*, Inv. Nos. 701-TA-512, 731-TA-1248 (Final), USITC Pub. 4509 at 25-26 (Jan. 2015) (using five-month periods because preliminary Commerce countervailing duty determination was during the sixth month after the petition).

We note that the Commission is not required to examine the same periods that Commerce examined in performing the critical circumstances analysis. *See Certain Polyester Staple Fiber from China*, Inv. No. 731-TA-1104 (Final), USITC Pub. 3922 at 35 (June 2007); *Steel Concrete Reinforcing Bars from Turkey*, Inv. No. 731-TA-745 (Final), USITC Pub.3034 at 34 (Apr. 1997).

petition period, on November 12, 2019.[141] We have thus determined to compare the volume of subject imports in the five months prior (January 2019 – May 2019) to the filing of the petitions with the volume of subject imports in the five months after (June 2019 – October 2019) the filing of the petition for our critical circumstances analysis regarding subject imports from China.[142]

Subject imports from China increased from 44.0 million pounds in the pre-petition period to 50.8 million pounds in the post-petition period, an increase of 15.5 percent.[143] This would not indicate that subject imports had increased prior to the imposition of provisional measures to such a degree that it would seriously undermine the remedial effects of any orders that may be imposed. We also note that the greater share of the overall five-month increase came in the first three months of the post-petition period, *i.e.*, June, July and August 2019. However, in 2018, monthly subject imports also peaked in June, July, and August.[144] This is consistent with evidence in the record indicating a degree of seasonality in demand for CCS staples during the late spring/early summer period (*e.g.,* due to seasonality in construction projects).[145] The total monthly subject imports for these three months in 2019 was only 6.2 percent higher than for the same period in 2018.[146] U.S. importers' inventories of subject merchandise at the end of the pre-petition period were 22.9 million pounds and 24.1 million pounds at the end of the post-petition period, an increase of 5.6 percent.[147] Moreover, the inventory levels recorded at the end of October 2019 was just 2.6 percent above the levels recorded at the end of November 2018.[148]

Furthermore, for five of the six CCS staple products for which quarterly pricing data were collected, the margin of underselling by subject imports in the third quarter of 2019 was less than the margin of underselling in the third quarter of 2018. For all six products, the margin of underselling by subject imports in the third quarter of 2019 was either below the margin recorded during the second quarter or was very close to that margin. In addition, the

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[141] CR/PR at I-2; *Certain Collated Steel Staples From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination, and Alignment of Final Determination With Final Antidumping Duty Determination*, 84 Fed. Reg. 61021 (Nov. 12, 2019).

[142] The petitions were filed on June 6, 2019. CR/PR at I-1. Had we used six-month comparison periods, there would be an even lower percentage increase in subject imports between the pre-petition and post-petition periods, *see* CR/PR at Table IV-5, and our analysis would not change.

[143] CR/PR at Table IV-5.

[144] CR/PR at Table IV-4, Figure IV-2.

[145] CR/PR at II-8.

[146] *Compare* CR/PR Tables IV-4 and IV-5.

[147] CR/PR at Table IV-6.

[148] CR/PR at Table IV-6.

prices of subject imports increased across all six pricing products in the fourth quarter of 2019, after the imposition of preliminary countervailing duties. These data do not show a change in subject import pricing after the petitions were filed that would indicate serious undermining of the orders.[149]

In light of these considerations, we find that the increases in subject import volumes and inventory levels during the post-petition period are not of such a magnitude that would undermine seriously the remedial effect of the antidumping or countervailing duty orders, nor does the pricing behavior of subject imports indicate they would have such an undermining effect.[150] Consequently, we determine that critical circumstances do not exist with respect to subject imports covered by Commerce's affirmative critical circumstances findings in the antidumping and countervailing duty investigations.

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 CCS staples from China that are sold in the United States at less than fair value and subsidized by the government of China. We also find that critical circumstances do not exist with respect to these imports.

[149] CR/PR at Table IV-2, V-19.

[150] Commissioners Kearns and Karpel concur that the record in this investigation does not support a finding that the imports subject to Commerce's critical circumstance finding would undermine seriously the remedial effects of the order. Commissioner Kearns and Karpel observe that the statute directs the Commission to consider the following factors in making this determination: "the timing and volume the imports, a rapid increase in the inventories of the imports, and any other circumstances indicating that the remedial effect of the antidumping order will be seriously undermined." 19 U.S.C. § 1673d(b)(4)(A)(ii). In their analysis, they would therefore take into account a number of factors as appropriate to a given investigation (as directed by the statute) and do not necessarily give precedence to the pre- and post-petition subject import volumes. Among the factors they may consider, depending on the facts of the investigation and the parties' arguments, are subject import volumes relative to consumption or production, monthly changes in subject import volume, subject import inventories (both absolute and relative to imports or shipments of imports), purchaser inventories, pricing, and the domestic industry's performance. Their finding in these investigations is based on record evidence regarding factors including pre-and post-petition subject import volumes as well as monthly changes in subject import volumes, subject import inventories, and pricing trends.

Part I: Introduction

Background

These investigations result from petitions filed with the U.S. Department of Commerce ("Commerce") and the U.S. International Trade Commission ("USITC" or "Commission") by Kyocera Senco Industrial Tools, Inc. ("Senco"), Cincinnati, Ohio, on June 6, 2019, alleging that an industry in the United States is materially injured and threatened with material injury by reason of imports of certain collated steel staples ("CCS staples")[1] from China, Korea, and Taiwan that are sold at less-than-fair-value ("LTFV") and subsidized by the government of China. On July 22, 2019, the Commission determined that there was reasonable indication that an industry in the United States is materially injured by reason of imports of CCS staples from China sold at LTFV and subsidized by the government of China.[2] The Commission further determined that imports of CCS staples from Korea and Taiwan were negligible, and terminated the investigations on such imports.[3] The following tabulation provides information relating to the background of these investigations.[4] [5]

Effective date	Action
June 6, 2019	Petitions filed with Commerce and the Commission; institution of the Commission's investigations (84 FR 27803, June 14, 2019)
June 26, 2019	Commerce's notice of initiation of countervailing duty investigation (84 FR 31840, July 3, 2019) and antidumping duty investigations (84 FR 31833, July 3, 2019)
July 22, 2019	Commission's determinations in preliminary phase of investigations (affirmative with respect to imports from China, negligible and terminated with respect to imports from Korea and Taiwan) (84 FR 35884, July 25, 2019)
August 19, 2019	Commerce's postponement of preliminary countervailing duty determination (84 FR 42896)

[1] See the section entitled "The subject merchandise" in Part I of this report for a complete description of the subject merchandise in this proceeding.

[2] 84 FR 35884, July 25, 2019.

[3] Ibid.

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

[5] Appendix B presents the witnesses participating in the Commission's hearing.

Effective date	Action
October 29, 2019	Commerce's postponement of preliminary antidumping duty determination (84 FR 57845)
November 4, 2019	Commerce's preliminary affirmative determinations of critical circumstances in the antidumping and countervailing duty investigations (84 FR 59353)
November 12, 2019	Commerce's preliminary countervailing duty determination and alignment of final determination with final LTFV determination (84 FR 61021)
January 8, 2020	Commerce's preliminary antidumping duty determination, critical circumstances, and postponement of final determination (85 FR 882)
January 8, 2020	Scheduling of final phase of Commission investigations (85 FR 3417, January 21, 2020)
May 27, 2020	Commission's hearing
June 2, 2020	Commerce's final affirmative antidumping duty and critical circumstances determination (85 FR 33623)
June 2, 2020	Commerce's final affirmative countervailing duty and critical circumstances determination (85 FR 33626)
June 23, 2020	Commission's vote
July 13, 2020	Commission's views

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--[6]

> *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, gross profits, operating profits, net profits, ability to service debt, productivity, return on investments, return on assets, 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.*

[6] Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

In addition, Section 771(7)(J) of the Act (19 U.S.C. § 1677(7)(J)) provides that—[7]

> *(J) EFFECT OF PROFITABILITY.—The Commission may not determine that there is no material injury or threat of material injury to an industry in the United States merely because that industry is profitable or because the performance of that industry has recently improved.*

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

CCS staples are generally used to make strong wood-to-wood joints when making prefabricated homes, furniture, or cabinetry. The leading U.S. producer of CCS staples is Senco, while leading producers of CCS staples in China include A-JAX International Co., Ltd ("A-Jax") and Tianjin Jin Xin Sheng Long Metal Products Co., Ltd. ("Tianjin").

The leading U.S. importers of CCS staples from China are *** and ***. Leading importers of CCS staples from nonsubject countries include ***, and more recently, ***. U.S. purchasers of CCS staples include distributors, builders/contractors, retailers, and other end users. Large U.S. purchasers include ***.

[7] Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

Apparent U.S. consumption of CCS staples totaled approximately *** pounds ($***) in 2019. Currently, three firms account for all or virtually all production of CCS staples in the United States.[8] U.S. producers' reported U.S. shipments of CCS staples totaled *** pounds ($***) in 2019, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. importers' U.S. shipments from China totaled 95.3 million pounds ($84.3 million) in 2019 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. importers' U.S. shipments from nonsubject sources totaled *** pounds ($***) in 2019 and accounted for *** percent of apparent U.S. consumption by quantity and *** 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 three firms that accounted for the majority of U.S. production of CCS staples in 2019 and throughout the period for which data were collected. U.S. imports are based on questionnaire responses received from 30 companies that likewise account for the large majority of CCS staple imports from China and from nonsubject sources.[9] Purchaser questionnaire responses were received from 22 firms.

[8] Acme Staple Company Inc. ("Acme"), Prebena North American Fastener Corp. ("Prebena"), and Senco produced CCS staples in 2019. In November of 2017, Stanley Black and Decker ("SBD") ***.

Prebena submitted an incomplete U.S. producer questionnaire response in the final phase of investigations. Acme, SBD, and Senco provided complete U.S. producer questionnaire responses to the Commission. Prebena characterized itself as a *** U.S. producer located in West Virginia, producing *** pounds in 2019. Prebena's U.S. producer questionnaire response, II-6.

[9] In the final phase of investigations, staff utilized the preliminary U.S. importer questionnaire submission from *** and supplemented it with proprietary customs data available through November 2019. Data for *** is derived from the firm's responses to USITC staff and proprietary customs records. See email from ***, June 9, 2020.

Previous and related investigations

CCS staples have not been the subject of prior countervailing and antidumping duty investigations in the United States. However, there have been antidumping duty investigations of imports of other staple products.

ISM Enterprises ("ISM") filed a petition in December 1982 alleging that an industry in the United States was materially injured or threatened with material injury by reason of LTFV imports of carton-closing staples and nonautomatic carton-closing staple machines from Sweden.[10] In the previous investigation, staples in roll form were not included in the scope and petitioners did not advocate for their inclusion in the domestic like product.[11] Following notification of Commerce's final determination that imports of carton-closing staples and nonautomatic carton-closing staple machines from Sweden were being sold at LTFV, the Commission determined on November 8, 1983 that an industry in the United States was materially injured by reason of subject imports of carton-closing staples from Sweden.[12] Commerce issued an antidumping duty order on carton-closing staples from Sweden on October 5, 1983.[13] On June 7, 1994, Commerce published a notice of the revocation of the antidumping duty order on carton-closing staples and nonautomatic carton-closing staple machines from Sweden.[14]

[10] *Carton-Closing Staples and Nonautomatic Carton-Closing Staple Machines from Sweden, Inv. Nos. 731-TA-116 and 117 (Preliminary)*, USITC Publication 1342, February 1983.

[11] *Carton-Closing Staples and Nonautomatic Carton-Closing Staple Machines from Sweden, Inv. Nos. 731-TA-116 and 117 (Final)*, USITC Publication 1454, December 1983.

[12] In addition to its determination on carton-closing staples, the Commission also determined that an industry "in the United States was materially injured by reason of imports from Sweden of nonautomatic carton-closing staple machines." *Carton-Closing Staples and Nonautomatic Carton-Closing Staple Machines from Sweden, Inv. Nos. 731-TA-116 and 117 (Final)*, USITC Publication 1454, December 1983, p. 7.

[13] 48 FR 49323, October 25, 1983.

[14] 59 FR 29416, June 7, 1994.

On March 31, 2017, North American Steel & Wire, Inc./ISM filed petitions alleging that an industry in the United States was materially injured and threatened with further material injury by reason of LTFV imports of carton-closing staples from China.[15] On April 30, 2018, the Commission determined that an industry in the United States was materially injured by reason of imports of carton-closing staples from China that had been found by Commerce to be sold in the United States LTFV.[16] On May 8, 2018, Commerce issued an antidumping duty order on carton-closing staples from China.[17]

Nature and extent of subsidies and sales at LTFV

Subsidies

On November 12, 2019, Commerce published a notice in the *Federal Register* of its preliminary determination of countervailable subsidies for producers and exporters of CCS staples from China.[18] On June 2, 2020, Commerce published its noticed of final determination of countervailable subsidies based on facts otherwise available.[19] Table I-1 presents Commerce's findings of subsidization of CCS staples in China.

Table I-1
CCS staples: Commerce's subsidy determination with respect to imports from China

Entity	Preliminary countervailable subsidy margin (percent)	Final countervailable subsidy margin (percent)
Zhejiang Best Nail Industrial Co., Ltd.	12.38	12.32
Hai Sheng Xin Group Co., Ltd.	156.99	192.64
Ningbo Deli Stationery	156.99	192.64
All others	12.38	12.32

Source: 84 FR 61021, November 12, 2019 and 85 FR 33626, June 2, 2020.

[15] *Carton Closing Staples from China, Investigation No. 731-TA-1359* (*Preliminary*), USITC Publication 4694, May 2017.

[16] 82 FR 23064, May 19, 2017. *Carton Closing Staples From China, Investigation No. 731-TA-1359 (Final)*, USITC Publication 4778, April 2018.

[17] 83 FR 20792, May 8, 2018.

[18] 84 FR 61021, November 12, 2019.

[19] 85 FR 33626, June 2, 2020.

Commerce determined the following government programs in China to be countervailable:[20]

- *Export Buyer's Credit Program*
- *Provision of Electricity for LTAR*
- *Income Tax Deduction for Research and Development Expenses Under the Enterprise Income Tax Law*
- *Land-Use Rights in Industrial and Other Special Economic Zones for LTAR*
- *"Other" Subsidies*

Sales at LTFV

On January 8, 2020, Commerce published a notice in the *Federal Register* of its preliminary determination of sales at LTFV with respect to imports from China.[21] On June 2, 2020, Commerce published its notice of final determination of sales at LTFV with respect to imports of CCS staples from China.[22] Table I-2 presents Commerce's dumping margins with respect to imports of CCS staples from China.

[20] *Issues a*nd *Decision Memorandum for the Final Affirmative Determination of the Countervailing Duty Investigation of Certain Collated Steel Staples from the People's Republic of China,* Case C-570-113, May 22, 2020, pp. 6-7.

[21] 85 FR 882, January 8, 2020.

[22] 85 FR 33623, June 2, 2020.

Table I-2
CCS staples: Commerce's weighted-average LTFV margins with respect to imports from China

Exporter	Producer	Preliminary dumping margin (percent)	Final dumping margin (percent)
Tianjin Hweschun Fasteners Manufacturing Co., Ltd.	Tianjin Hweschun Fasteners Manufacturing Co., Ltd.	301.64	96.15
Tianjin Jin Xin Sheng Long Metal Products Co., Ltd	Tianjin Jin Xin Sheng Long Metal Products Co., Ltd	301.64	122.55
China Staple (Tianjin) Co., Ltd	China Staple (Tianjin) Co., Ltd	301.64	96.15
Shanghai Yueda Nails Co., Ltd.	Shanghai Yueda Nails Co., Ltd	301.64	96.15
Shijiazhuang Shuangming Trade Co., Ltd	Shijiazhuang Shuangming Trade Co., Ltd	301.64	96.15
Tianjin Jinyifeng Hardware Co., Ltd.	Tianjin Jinyifeng Hardware Co., Ltd.	301.64	96.15
Unicorn Fasteners Co., Ltd.	Unicorn Fasteners Co., Ltd.	301.64	96.15
Zhejiang Best Nails Industrial Co., Ltd.	Zhejiang Best Nails Industrial Co., Ltd.	301.64	96.15
China-Wide Entity		301.64	122.55

Note: The cash deposit rate with respect to imports of CCS staples from Tianjin Jin Xin Sheng Long Metal Products Co., Ltd. and the China-wide entity is 112.01 percent. The cash deposit rate with respect to imports of CCS staples from Tianjin Hweschun Fasteners Manufacturing Co., Ltd, China Staple (Tianjin) Co., Ltd., Shanghai Yueda Nails Co., Ltd., Shijiazhuang Shuangming Trade Co., Ltd., Tianjin Jinyifeng Hardware Co., Ltd., Unicorn Fasteners Co., Ltd., and Zhejiang Best Nails Industrial Co., Ltd. is 85.61 percent.

Source: 85 FR 882, January 8, 2020 and 85 FR 33623, June 2, 2020.

The subject merchandise

Commerce's scope

In the current proceeding, Commerce has defined the scope as follows:[23]

> *The merchandise covered by the scope of this investigation is certain collated steel staples. Certain collated steel staples subject to these investigations are made from steel wire having a nominal diameter from 0.0355 inch to 0.0830 inch, inclusive, and have a nominal leg length from 0.25 inch to 3.0 inches, inclusive, and a nominal crown width from 0.187 inch to 1.125 inch, inclusive. Certain collated steel staples may be manufactured from any type of steel, and are included in the scope of this investigation regardless of whether they are uncoated or coated, and regardless of the type or number of coatings, including but not limited to coatings to inhibit corrosion.*
>
> *Certain collated steel staples may be collated using any material or combination of materials, including but not limited to adhesive, glue, and adhesive film or adhesive or paper tape.*
>
> *Certain collated steel staples are generally made to American Society for Testing and Materials (ASTM) specification ASTM F1667-18a, but can also be made to other specifications.*
>
> *Excluded from the scope of this investigation are any carton-closing staples covered by the scope of the existing antidumping duty order on Carton-Closing Staples from the People's Republic of China. See Carton-Closing Staples from the People's Republic of China: Antidumping Duty Order, 83 FR 20792 (May 8, 2018).*

[23] 85 FR 33626, June 2, 2020.

Also excluded are collated fasteners commonly referred to as "C-ring hog rings" and "D-ring hog rings" produced from stainless or carbon steel wire having a nominal diameter of 0.050 to 0.081 inches, inclusive. C-ring hog rings are fasteners whose legs are not perpendicular to the crown, but are curved inward resulting in the fastener forming the shape of the letter "C". D-ring hog rings are fasteners whose legs are straight but not perpendicular to the crown, instead intersecting with the crown at an angle ranging from 30 degrees to 75 degrees. The hog rings subject to the exclusion are collated using glue, adhesive, or tape. The hog rings subject to this exclusion have either a 90 degree blunt point or 15-75 degree divergent point.

Certain collated steel staples subject to this investigation are currently classifiable under subheading 8305.20.0000 of the Harmonized Tariff Schedule of the United States (HTSUS). While the HTSUS subheading and ASTM specification are provided for convenience and for customs purposes, the written description of the subject merchandise is dispositive.

Tariff treatment

Based on the scope set forth by Commerce, CCS staples subject to these investigations are provided for in subheading 8305.20.00 of the Harmonized Tariff Schedule of the United States ("HTS").[24] Imports classifiable under subheading 8305.20.00 are free of duty when they are the product of normal trade relations (NTR) countries. The imports in this investigation are products of the NTR country China. Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

[24] *HTSUS (2020) Revision 12*, USITC Publication 5066, June 2020, ch. 83, p. 7.

Sections 232 and 301 tariff treatment

HTS subheading 8305.20.00 was not included in the enumeration of steel mill products that are subject to the additional 25 percent ad valorem Section 232 national-security duties under HTS chapter 99. See U.S. notes 16(a) and 16(b), subchapter III of chapter 99.[25] However, the raw material for making collated steel staples (steel wire rod) is subject to the additional 25 percent ad valorem Section 232 national-security duties. [26]

CCS staples classifiable under HTS subheadings 8305.20.00 and its raw material steel wire rod classifiable under HTS subheading 7213.91.30, 7221.00.00, and 7227.90.60 were included among the products imported from China subject to additional tariffs under Section 301 of the Trade Act of 1974. See U.S. notes 20(r) and 20(s), subchapter III of chapter 99 which discusses articles and products from China. For HTS subheading 9903.88.15, the ad valorem duty is 7.5-percent.[27]

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[25] *Imports of Steel Mill Articles (Steel Articles) Under Section 232 of the Trade Expansion Act of 1962, As Amended (19 U.S.C.1862), Presidential Proclamation 9705*, March 8, 2018, 83 FR 11625, March 15, 2018. *HTSUS (2020) Revision 12*, USITC Publication 5066, June 2020, pp. 99-III-5 - 99-III-6.

[26] *HTSUS (2020) Revision 12, USITC Publication 5066,* June 2020, ch. 72, pp. 20, 35, 43. "Steel wire rod" of nonalloy steel is classifiable under HTS heading 7213, or more specifically:

HTS heading 7213: Bars & rods, hot-rolled, in irregularly wound coils, of iron or nonalloy steel;

HTS subheading 7213.91.30: Of circular cross section measuring less than 14 mm in diameter, not tempered, not treated and not partly manufactured;

HTS statistical reporting number 7213.91.3093: Other (than tire cord-quality, cold-heading quality, or welding quality).

"Steel wire rod" of stainless steel is classifiable in HTS heading 7221, or more specifically: HTS heading 7221: Bars and rods, hot-rolled, in irregularly wound coils, of stainless steel.

"Steel wire rod" of alloy (other than stainless) steel is classifiable in HTS heading 7227, or more specifically:

HTS heading 7227: Bars & rods, hot-rolled, in irregularly wound coils, of other alloy steel;

HTS subheading 7227.90.60: Other than of tool steel (other than high-speed steel);

HTS statistical reporting number 7227.90.6030: Other, of circular cross section, with a diameter of less than 14 mm (0.55 inch).

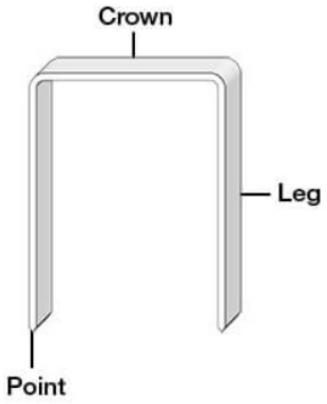
[27] USTR, Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation, 85 FR 3741, January 22, 2020. *HTSUS (2020), Revision 12*, USITC Publication 5066, June 2020, pp. 99-III-82 - 99-III-96.

The product

Description and applications

A CCS staple is a type of fastener made from steel wire consisting of two same-size pointed or pointless legs connected by a crown located opposite from the staple-point ends (figure I-1). Although most CCS staples are produced from low-carbon steel, CCS staples also are produced from stainless steel to prevent corrosion. They can be produced using other forms of alloy steel, whether coated or uncoated. The coating on a CCS staple typically consists of galvanization with zinc.[28]

Figure I-1
CCS staples: Components of a staple



Source: https://kihlberg.com/en/staple-guide-all-you-need-to-know-about-staples/, (accessed May 4, 2020).

The principal use of a CCS staple is to fasten two or more pieces of material, including but not limited to wood or other solid building materials. CCS staples are typically used in structural applications such as furniture and building construction.[29] CCS staples are made from a thicker steel wire than most other forms of staples to attain the necessary strength and holding power for the aforementioned applications.[30] CCS staples for the purpose of these investigations have a nominal diameter ranging from 0.0355 inch to 0.0830 inch, inclusive, a leg length ranging from 0.25 inch to 3.0 inches, inclusive, and a nominal crown width from 0.187 inch to 1.125 inches, inclusive.

[28] Petition, pp. 5-6.
[29] Petition, p. 5.
[30] Petition, p. 10.

CCS staples are often classified by their diameter into gauges (ga.) as defined by the American wire gauge (AWG), also known as the Brown and Sharpe wire gauge (table I-3). The ASTM International's specification for AWG is ASTM B258-18.[31] A CCS staple gauge range includes 14 – 19 ga. (as the number of the gauge increases, the diameter of the wire decreases). According to the Petitioner, a heavy wire CCS staple is associated with a gauge range of 14 – 17 and a medium wire staple is typically associated with a gauge range of 18 – 19.[32] Anything lighter than 18 – 19 gauge (20 ga. and higher) is considered light wire which is outside the scope of these investigations. Heavy wire (14 – 17 ga.) is considered an engineered fastener because it is mentioned in building codes and used to construct wall sheathing. Medium wire (18 – 19 ga.) is typically used in lower scale construction such as siding, cabinetry, and furniture construction. Light wire, which is not in the scope of these investigations, is typically used to fasten paper and upholstery. Carton-closing staples, used to secure the flaps of corrugated and solid paperboard cartons and boxes, are specifically excluded from the scope.[33]

Table I-3
CCS staples: Diameter of a gauge in inches

Gauge	14	15	16	17	18	19
Diameter (in.)	0.0641	0.0571	0.0508	0.0453	0.0403	0.0359

Source: Ohms Law Calculator, http://www.ohmslawcalculator.com/awg-wire-chart, retrieved June 4, 2020.

CCS staples are produced to certain industry specifications, notably those of the ICC Evaluation Service ("ICC-ES") and the American Society for Testing and Materials ("ASTM"). The ICC-ES does technical evaluation reports on building products, components, methods, and materials. The evaluation reports are used as evidence that the products and system are code-compliant. The most relevant evaluation report on CCS staples is ESR-1539.[34]

[31] ASTM International, Standard Specification for Standard Nominal Diameters and Cross-Sectional Areas of AWG Sizes of Solid Round Wires Used as Electrical Conductors, https://www.astm.org/Standards/B258.htm, retrieved May 4, 2020.

[32] Petitioner's Comments on Draft Final Phase Questionnaires, p. 7.

[33] Petition, p. 11.

[34] The ICC-ES performed the evaluation of steel nails in the report ESR-1539 for the International Staple, Nail, and Tool Association ("ISANTA") on the behalf of various fasteners associations and companies. ICC Evaluation Service, https://icc-es.org/report-listing/esr-1539/, retrieved various dates.

The ASTM is an international standards organization, and ASTM F1667- 18a[35] includes the technical specification for CCS staples.

CCS staples are packaged for shipment solely in a collated form, that is, joined by using a single material or combination of materials, including, but not limited to, adhesive, glue, adhesive film paper, or tape. CCS staples can also be packaged with pneumatic, electric, and gas-powered stapling tools as well as household tool kits and other devices designed for the CCS staples applications (tools are generally gauge-specific and used to join hard and dense surfaces).[36] U.S. producers typically use an automated process for packaging CCS staples, while producers in the subject countries typically pack the boxes of finish good by hand.[37] The Petitioner noted that the quantity of packaged CCS staples varies and can be made to order.[38] Figure I-2 shows the most common forms of CCS staples.

[35] The industry standard ASTM F1667-17 has been superseded by F1667-18a. ASTM International, Steel Standards, Standard Specification for Driven Fasteners: Nails, Spikes, and Staples, https://www.astm.org/Standards/F1667.htm, retrieved various dates.

[36] Conference transcript, p. 53 (Iker) and Petition, p. 5 and p. 12.

[37] Petition, p. 6.

[38] Conference transcript, pp. 75-77 (Iker).

Figure I-2

CCS staples: Common forms of CCS staples excluding gauge 14 staples

Source: Senco, https://www.senco.com/fasteners/staples/?sort=Gauge&searchKey=76d17e28f058f838721f6f71d53c04a7ab186fa3&, retrieved May 4, 2020.

Manufacturing processes

CCS staples are produced from steel wire whether coated or uncoated. Some producers of CCS staples use purchased steel wire as their starting raw material and are referred to as "nonintegrated producers," whereas other producers utilize their own facilities to produce wire for CCS staples by using steel wire rod as their starting material. These producers are considered "integrated producers."[39] Domestic producer Senco produces from rod, while Acme produces from wire and Prebena produces from wire or band.[40]

During the manufacturing process for CCS staples, bright or galvanized steel wire rod is drawn into wire. Production begins by drawing steel wire rod into steel wire of the desired diameter and then winding the wire onto spools. After the wire is wound onto spools, it is either fed into machines that produce and collate individual staples, or used to produce wire band, which is then used to produce collated strips of staples.

CCS staples can be produced by starting with either a single strand or multiple strands of wire. A single-wire machine forms individual staples from wire and continuously collates the staples with glue, adhesive, or paper tape.[41] The machine counts the number of staples needed for the collated strip, which is then severed, ejected, and packaged. By contrast, multiple strands of wire (with the number of wires equaling to the number of staples in the finish strip being produced) are pulled from a back stand (a large rack) holding multiple spools of wire. An adhesive or glue is applied that collates and bands the wires together to create a band which is dried using heat/and or infrared light. The band is coiled on a spool for processing through a staple-forming machine. The machine measures the number of staples needed to form a strip of finished staples, while simultaneously shearing and forming the strip of staples. Finally, the strip of staples is severed, ejected, and packaged.[42]

[39] Conference transcript, pp. 18-19 (Iker).

[40] Senco, https://www.senco.com/company/made-in-usa, retrieved June 4, 2020; Acme, https://www.acmestaple.com/products/, retrieved June 4, 2020; and Prebena, https://www.prebena-usa.com/our-goal, retrieved June 4, 2020.

[41] Conference transcript, p. 18 (Iker).

[42] Petition, p. 6.

Domestic like product issues

No issues with respect to domestic like product have been raised in these investigations. In the preliminary phase, the Commission defined a single domestic like product consisting of CCS staples, coextensive with the scope of the investigations.[43] In the beginning of the final phase investigations, petitioners requested that the Commission revise questions relating to shipments of CCS staples by gauge range to include gauges 14-19 to reflect more closely the nominal diameter specifications contained in the scope language.[44] No respondent party in the final phase of the investigations contested the petitioner's proposed definition of the domestic like product. Senco proposed that the Commission should continue to find that there is a single domestic like product consisting of CCS staples, co-extensive with the scope of these investigations, in the final phase.[45]

[43] Conference transcript, p. 63 (Iker).
[44] Petitioner's Comments on Draft Final Phase Questionnaires, p. 7.
[45] Petitioner's prehearing brief, p. 1.

Part II: Conditions of competition in the U.S. market

U.S. market characteristics

CCS staples are used in structural applications in the furniture, cabinet and pallet industries, manufactured and modular housing, recreational vehicles, and construction trades (i.e., to fasten roofing materials, siding, framing, subfloors, etc.).[1] CCS staples are packaged and sold by themselves and can also be packaged and sold in combination with other products such as pneumatic, electric, or gas-powered staple guns, hand tools, and household tool kits.[2] *** responding U.S. producers and all but two importers reported that there have been no changes in the product range, product mix, or marketing of CCS staples since January 1, 2017.[3]

Apparent U.S. consumption of CCS staples declined irregularly on a quantity basis during 2017-19, increasing by *** percent in 2018 before decreasing by *** percent, ending *** percent lower in 2019 than in 2017. On a value basis, apparent consumption followed the same yearly trend but increased by *** percent overall between 2017 and 2019.

U.S. purchasers

The Commission issued 63 purchaser questionnaires and received *** usable questionnaire responses from firms that had purchased CCS staples since 2017.[4] [5] Fourteen responding purchasers are distributors, 7 are retailers, 4 are contractors/builders, and 3 are other end users. Responding U.S. purchasers were located throughout the United States. Large

[1] Petition, vol. 1, p. 12.
[2] Petition, vol. 1, p. 5.
[3] ***.
[4] The following firms provided purchaser questionnaire responses: ***.
[5] Of the *** responding purchasers, *** purchased the domestic CCS staples, *** purchased imports of the subject merchandise from China, and *** purchased imports of CCS staples from other sources.

purchasers of CCS staples include ***. *** of 18 responding purchasers reported that they compete with their suppliers, importer *** and producer ***, for sales.

Channels of distribution

U.S. producers sold approximately *** percent to distributors throughout the period, while the share they sold to retailers declined by *** percentage points after 2017 and the share sold to contractors/builders increased by nearly the same amount.[6] Importers of CCS staples sold mainly to distributors; shares decreased 3.8 percent during 2017-19 for imports from China but increased *** percent for imports from all other sources. Shipments from importers to contractors/builders increased but were less than 5 percent (table II-1).[7]

Table II-1
CCS staples: U.S. producers' and importers' U.S. shipments, by sources and channels of distribution, 2017-19

	Calendar year		
	2017	2018	2019
	Share of reported shipments (percent)		
U.S. producers' U.S. shipments of CCS staples:			
Distributors	***	***	***
Retailers	***	***	***
Contractor/Builders	***	***	***
Other end users	***	***	***
U.S. importers' U.S. shipments of CCS staples from China:			
Distributors	54.5	55.6	50.7
Retailers	22.2	21.6	22.4
Contractor/Builders	3.5	3.8	4.6
Other end users	19.8	19.0	22.3
U.S. importers' U.S. shipments of CCS staples from all other sources:			
Distributors	***	***	***
Retailers	***	***	***
Contractor/Builders	***	***	***
Other end users	***	***	***
U.S. importers' U.S. shipments of CCS staples from all sources:			
Distributors	***	***	***
Retailers	***	***	***
Contractor/Builders	***	***	***
Other end users	***	***	***

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

[6] The majority of this change reflects ***.

[7] Shipments by importers reporting commercial shipments to "other end users" include sales to manufacturers of goods using staples for fastening such as furniture or pallet manufacturers.

Geographic distribution

U.S. producers reported selling CCS staples to ***, and most responding importers (17 of 24) reported selling to all regions in the contiguous United States (table II-2). For U.S. producers, *** percent of sales were within 100 miles of their production facility, *** percent were between 101 and 1,000 miles, and *** percent were over 1,000 miles. Importers sold 43.9 percent within 100 miles of their U.S. point of shipment, 43.4 percent between 101 and 1,000 miles, and 12.7 percent over 1,000 miles.

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

Region	U.S. producers	Importers
Northeast	***	19
Midwest	***	21
Southeast	***	23
Central Southwest	***	21
Mountain	***	19
Pacific Coast	***	19
Other	***	10
All regions (except Other)	***	17
Reporting firms	***	24

Note: 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

Table II-3 provides a summary of the supply factors regarding CCS staples from U.S. producers and those imported from China.

Table II-3
CCS staples: Supply factors that affect the ability to increase shipments to the U.S. market

Country	Capacity (1,000 pounds)		Capacity utilization (percent)		Ratio of inventories to total shipments (percent)		Shipments by market, 2019 (percent)		Able to shift to alternate products
	2017	2019	2017	2019	2017	2019	Home market shipments	Exports to non-U.S. markets	No. of firms reporting "yes"
United States	***	***	***	***	***	***	***	***	1 of 3
China	***	***	***	***	***	***	***	***	1 of 4

Note: Responding U.S. producers accounted for all or virtually all of U.S. production of CCS staples in 2019. Responding foreign producer/exporter firms accounted for more than 50 percent of U.S. imports of CCS staples from China during 2019. For additional data on the number of responding firms and their share of U.S. production and of U.S. imports from each subject country, please refer to Part I, "Summary Data and Data Sources."

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

Domestic production

Based on available information, U.S. producers of CCS staples have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced CCS staples to the U.S. market. The main contributing factor to this degree of responsiveness of supply is a *** capacity utilization. Some ability to shift shipments from non-U.S. markets and *** inventories may allow for some shipments as well.

Despite a decline in capacity of nearly *** percent following SBD's exit from CCS staple production, capacity utilization declined by *** percentage points, to *** percent in 2019. Between 2017 and 2019, inventory levels declined by more than *** percent (reflecting the liquidation of SBD's inventories), which, combined with decreasing shipments, led to a decline in the ratio of inventories to total shipments. Principal export markets noted by producers included ***. *** reported that it can produce ***.

Subject imports from China

Based on available information, producers of CCS staples from China have the ability to respond to changes in demand with moderate changes in the quantity of shipments of CCS staples to the U.S. market. The main contributing factors to this degree of responsiveness of supply are relatively high capacity utilization levels, a small and decreasing inventory ratio, but some ability to shift shipments from alternate markets or from production of alternate products.

Production capacity by producers in China for CCS staples increased by *** pounds; available unused capacity increased by *** pounds during 2017-19. Overall production capacity increased by ***, while production of out-of-scope products decreased by *** compared with an increase of *** pounds of CCS staples, leading to an overall decrease in production on the same equipment of ***. Export markets noted by foreign producers included Canada, Europe, Japan, and Korea. Other products that responding foreign producers reportedly can produce on the same equipment as CCS staples are staples of gauges outside the scope of the investigation like fine wire staples. Machinery and labor were factors affecting foreign producers' ability to change production levels.

Imports from nonsubject sources

Nonsubject imports accounted for *** percent of total U.S. imports of CCS staples in 2019 on a quantity basis (*** percent on a value basis). Nonsubject sources noted by multiple importers include Austria, Korea, Malaysia, Taiwan, Thailand, and Vietnam.

Supply constraints

*** responding purchasers reported some type of supply constraint in the U.S. market for CCS staples during 2017-19. Purchaser ***, which purchased mainly imported CCS staples from China was placed on allocation, *** noted that manufacturers in China stopped production after this case was filed, and purchaser *** reported there were "supply change distribution and challenges from Senco." *** also stated that most products are either not made in large enough quantities or not made at all the United States. Purchaser *** noted extremely long lead times for product made in the United States. Two purchasers reported that antidumping duties and tariffs have caused a change in supply availability for CCS staples from China, and one purchaser noted longer lead times for product from China. ***.

Several importers reported supply constraints. Importer *** has had to put customers on allocation since the filing of the petition, *** has been restricted in accepting new customers, and *** has been unable to source enough staples for the flooring industry. Importer *** noted that there is limited capacity both inside and outside the United States (excluding China). Importer *** stated that few factories can meet its quality control standards since production is "very technical." U.S. producers did not report any supply constraints.

New suppliers

*** indicated that a new supplier had entered the U.S. market since January 1, 2017; ***. One other purchaser (***) noted that Kyocera (the parent company of petitioner Senco and importer SouthernCarlson) had opened a new plant in the United States.

Inclusion of staples with staple equipment

Stapling tools and equipment were more frequently sold separately than as part of a combined product. One U.S. producer and 9 of 24 responding importers may include equipment (e.g., staple guns or staplers) used with the staples in at least some of the firms' sales of CCS staples. For some clients, *** reported that they will provide tools to customers as part of a service program which also includes repairs. Among those including equipment with CCS staples *** reported that it does not affect prices it charges for CCS staples, but a majority (5 of 8) of responding importers indicated that this inclusion does, with most of these noting that the cost of the staples has to cover equipment and repair costs.

Impact of the Section 301 investigations

CCS staples from China became subject to 15 percent tariffs as part of Section 301 implemented in tranche 4A, effective September 1, 2019, as detailed in Part I.[8] The 15 percent duty was reduced to 7.5 percent effective February 14, 2020.[9] U.S. producers, importers, and purchasers were asked if the implementation of the Section 301 tariffs had an impact on the CCS staple market. ***,[10] 14 of 19 importers and *** responding purchasers indicated that it had an impact on the market. Firms were asked specifically about the impact of the tariffs on the supply of CCS staples from the United States, China, and nonsubject countries, as well as the impact on prices of CCS staples, the demand for CCS staples, and raw material prices of CCS staples, as the Section 301 tariffs also applied to imports from China of the main CCS staple-making raw material, wire rod (table II-4).

***

[8] 84 FR 43304, August 20, 2019 and 84 FR 45821, August 30, 2019.
[9] 85 FR 3741, January 22, 2020.
[10] This U.S. producer indicated that ***.

***. A majority of responding importers also noted no change in domestic supply or overall demand in the market for CCS staples. At least half of responding importers indicated that supply from China had decreased while supply from nonsubject countries had increased. A majority of purchasers indicated that the tariffs caused no change in supply from any source or demand, while a plurality indicated that it also had no effect on raw material costs. A majority of both purchasers and importers indicated that the tariffs increased prices for CCS staples in the U.S. market.

Table II-4
CCS staples: Impact of the Section 301 investigations on the U.S. market

Item	Count of firms			
	Increase	No change	Decrease	Fluctuate
Supply: United States U.S. producers	***	***	***	***
Importers	3	13	---	4
Purchasers	***	***	***	***
Supply: China U.S. producers	***	***	***	***
Importers	1	5	10	4
Purchasers	***	***	***	***
Supply: Nonsubject U.S. producers	***	***	***	***
Importers	10	6	---	3
Purchasers	***	***	***	***
Prices: U.S. producers	***	***	***	***
Importers	13	3	1	3
Purchasers	***	***	***	***
Overall demand in market: U.S. producers	***	***	***	***
Importers	2	11	3	4
Purchasers	***	***	***	***
Raw materials costs: U.S. producers	***	***	***	***
Importers	5	8	1	3
Purchasers	***	***	***	***

Note: ***.

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

U.S. demand

Based on available information, the overall demand for CCS staples is likely to experience small changes in response to changes in price. The main contributing factors are the limited number of substitute products and the small cost share of CCS staples in most of its end-use products.

End uses and cost shares

U.S. demand for CCS staples depends on the demand for U.S.-produced downstream products. CCS staples account for a small share of the cost of the end-use products in which they are used, with most responding firms reporting a share of one to five percent. U.S. producers and importers reported the following end uses and cost shares:

- Housewrap fastening (15 percent)
- Bedding (5 percent)
- Wall sheathing (5 percent)
- Roof felt (3 percent)
- Crating (2 percent)
- Box packaging (1 percent)
- Fabric awning (1 percent)
- Lumber tagging (1 percent)
- Wooden pallet repair (1 percent)
- Recreational vehicles (0.2-1.0 percent)
- Furniture and cabinets (0.1-1.0 percent)
- Homes/Housing/Manufactured housing (0.1-1.0 percent)

Business cycles

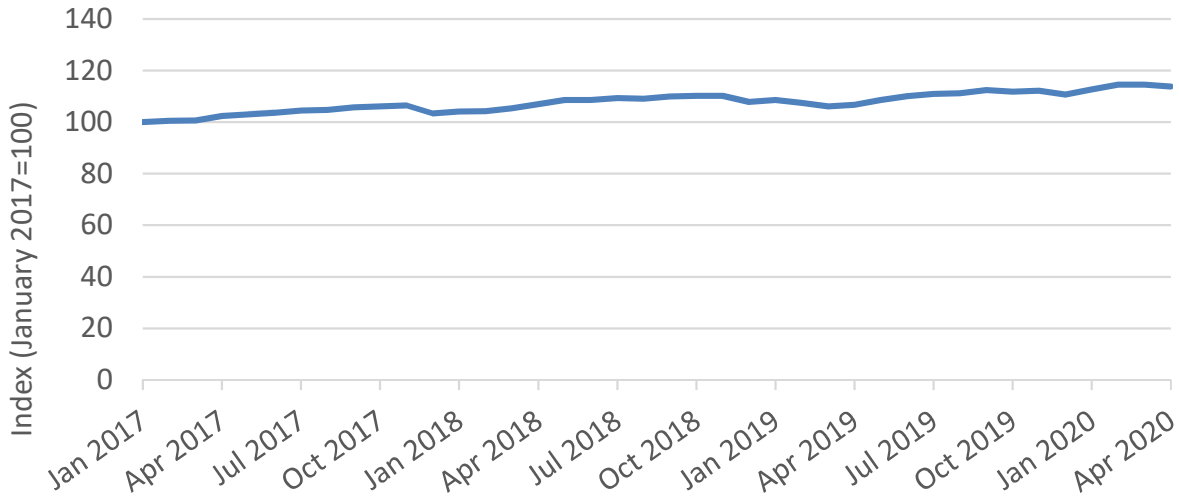
*** responding U.S. producers, 11 of 28 responding importers, and *** purchasers indicated that the market was subject to business cycles or conditions of competition. The majority of firms responding affirmatively indicated that there is seasonality to the demand for staples, noted by some to be specific to construction projects, with highest demand in spring and early summer. Other firms noted that certain industrial applications, such as hog ring staples for ice bags (popular in summer) and *** display seasonality, whereas other staples may not.

Demand trends

There are a variety of applications for CCS staples, but reportedly there is no single predominant end use.[11] Petitioners state that conditions in the home construction market, and the economy more broadly, influence U.S. demand for CCS staples.[12] [13] The home construction market includes construction of manufactured and modular homes, cabinets, and standard residential and commercial construction.

As shown in figure II-1, the quantity of new privately-owned housing units under construction has been generally increasing since January 2017. These data show slight seasonality of decreased construction during the winter months, but the number of units under construction in April 2020 (1.19 million units) was 13.8 percent higher than in January 2017 (1.05 million units).[14]

Figure II-1
Housing construction: New privately-owned housing units under construction, monthly, not seasonally adjusted, January 2017-April 2020



Source: United States Census Bureau, https://www.census.gov/construction/nrc/historical_data/index.html?sec_ak_reference=18.17aa3617.1588080038.b152b2, retrieved June 5, 2020.

[11] Conference transcript, p. 67 (Faron).

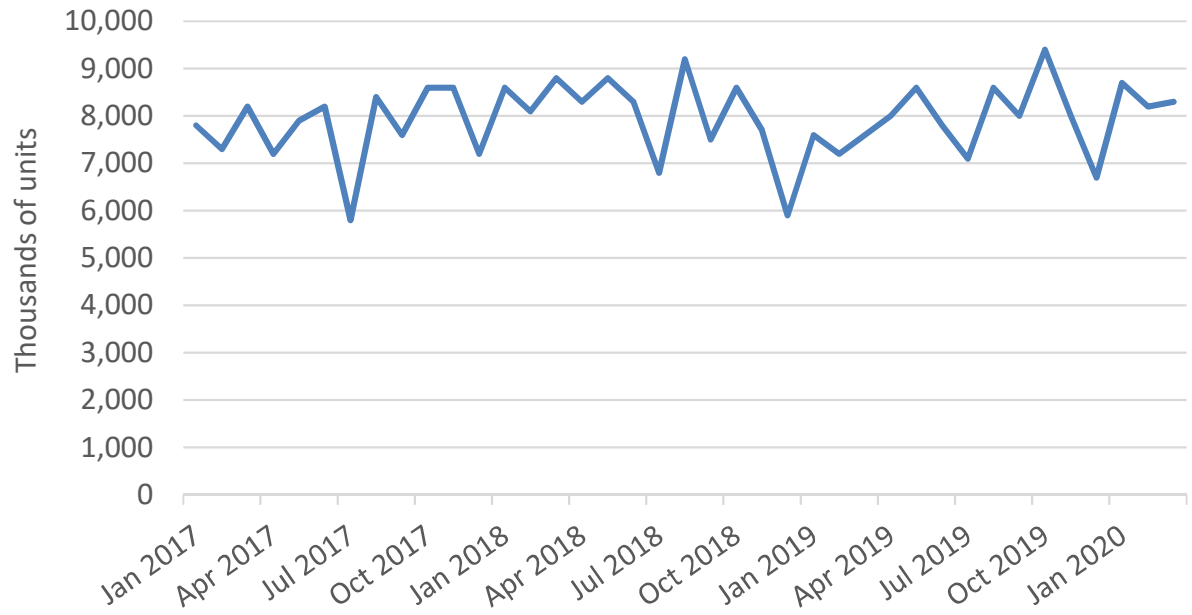
[12] Petition, vol. 1, p. 19.

[13] Petitioner believes demand is weakening due to a variety of factors, including challenging weather conditions affecting construction, and weakening demand overall. Petitioner's postconference brief, p. 21.

[14] In January 2020, this had increased to 1.18 million units, or 12.7 percent above January 2017 levels.

Monthly shipments of manufactured housing were somewhat volatile, but generally increased in 2017 and the first half of 2018, decreased in the second half of 2018, and increased through March 2020 (figure II-2).

Figure II-2
Manufactured homes: Shipments of new manufactured homes, monthly, not seasonally adjusted, January 2017-March 2020



Source: United States Census Bureau, https://www.census.gov/data/tables/time-series/econ/mhs/shipments.html, retrieved June 4, 2020.

The most frequent response given by importers and purchasers was that there no change in the demand for CCS staples both in and outside of the United States since January 1, 2017 (table II-5).[15] Among U.S. producers, ***. Two of 10 responding purchasers indicated that the demand for their downstream products (e.g., housing) affects demand for CCS staples. Retailer

[15] An equal number of purchasers reported an increase in demand and no change in demand. Questionnaire responses for this investigation were mostly received in March 2020, near the beginning of the economy responding to the COVID-19 pandemic. One exception to this was ***, which noted that shutdowns due to COVID-19 was a change to the conditions of competition in this market. Representatives for Senco also noted that due to the impacts of COVID-19, its business is "down tremendously" and that in May 2020 "demand is weak" in the market for CCS staples. Hearing transcript, p. 12 (Faron) and p. 41 (Smith).

*** stated that sales of staples has decreased since 2017. Purchaser *** noted that staples are no longer allowed in roofing applications.

Table II-5
CCS staples: Firms' responses regarding U.S. demand and demand outside the United States

Item	Increase	No change	Decrease	Fluctuate
Demand in the United States:				
U.S. producers	***	***	***	***
Importers	7	9	4	6
Purchasers	***	***	***	***
Demand outside the United States:				
U.S. producers	***	***	***	***
Importers	4	6	---	4
Purchasers	***	***	***	***
Demand for purchasers' end-use products:				
Purchasers	***	***	***	***

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

Substitute products

Substitutes for CCS staples are limited. *** U.S. producers, 14 of 22 responding importers, and *** responding purchasers reported that there were no substitutes for CCS staples. Most frequently listed substitutes listed included nails, finishing nails, screws, glue, and cleats, although importer *** noted that nails and screws have always cost more than staples. Three importers noted that the price of nails could at least possibly affect the price of staples.

Substitutability issues

The degree of substitution between domestic and imported CCS staples depends upon such factors as relative prices, quality (e.g., grade standards, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, reliability of supply, product services, etc.). Based on available data, staff believes that there is high degree of substitutability between domestically produced CCS staples and CCS staples imported from China.

Lead times

CCS staples are sold primarily from inventory. U.S. producers reported that *** percent of their commercial shipments were sold from inventory, with lead times ranging from *** days. The remaining *** percent of their commercial shipments were produced-to-order, with lead times averaging *** days. U.S. importers reported that 81.8 percent of their

commercial shipments were shipped from U.S. inventories, with lead times averaging 7 days. The majority of the remaining shipments were produced-to-order, with lead times averaging 96 days.

Knowledge of country sources

*** purchasers indicated they had marketing/pricing knowledge of domestic product, *** of product from China, and *** of product from nonsubject countries. Nonsubject countries mentioned by purchasers include Austria, Czech Republic, Dominican Republic, Italy, Korea, Malaysia, Mexico, Sweden, Taiwan, Thailand, Turkey, and Vietnam.

As shown in table II-6, most purchasers and their customers "never" make purchasing decisions based on the producer or country of origin. Of the purchasers that reported that they at least sometimes make decisions based the manufacturer or country, firms cited ***, lead times, multi-year indexed contracts, quality, ***, and reliability. *** purchasers noted that their customers purchase based on brand, with one adding that customers often like the same brand staple as their tool.

Table II-6
CCS staples: Purchasing decisions based on producer and country of origin

Purchaser/customer decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	***	***	***	***
Purchaser's customers make decision based on producer	***	***	***	***
Purchaser makes decision based on country	***	***	***	***
Purchaser's customers make decision based on country	***	***	***	***

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

Factors affecting purchasing decisions

The most often cited top three factors firms consider in their purchasing decisions for CCS staples were price (*** firms), quality (*** firms), and availability (*** firms) as shown in table II-7. Quality was the most frequently cited first-most important factor (cited by *** firms), followed by price (*** firms); price was the most frequently reported second-most important factor (*** firms) and third-most important factor (*** firms).

Table II-7
CCS staples: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by factor

Factor	First	Second	Third	Total
Quality	***	***	***	***
Price/net cost	***	***	***	***
Availability	***	***	***	***
Traditional supplier/contract	***	***	***	***
Minimum quantity	***	***	***	***
Customer service	***	***	***	***
Delivery/reliability	***	***	***	***
Credit/payment terms	***	***	***	***
Product range	***	***	***	***
Supplier capacity	***	***	***	***

Note: Some purchasers listed more than three factors. Other factors for these firms not in the top three included product range (noted by *** purchasers), delivery (***), supplier capacity (***) and credit terms (***).

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

The most frequently given response by purchasers in describing the quality of CCS staples was with respect to the consistent usability of the product, i.e., how well they work with the machines (staple guns) that use them. In addition, multiple purchasers also reported that the adherence to industry standard specifications, holding power, penetration/drive, and strength as helping to determine quality. A plurality of purchasers (***) reported that they "sometimes" purchase the lowest-priced product, while *** reported they "usually" do and *** reported they "never" do.[16]

Importance of specified purchase factors

Purchasers were asked to rate the importance of 15 factors in their purchasing decisions (table II-8). The factors rated as very important by more than half of responding purchasers were quality meets industry standards, availability, product consistency, price, reliability of supply, and delivery time.

[16] Purchaser *** indicated that it "sometimes" and "never" purchases the lowest-priced product.

Table II-8
CCS staples: Importance of purchase factors, as reported by U.S. purchasers, by factor

Factor	Very important	Somewhat important	Not important
Quality meets industry standards	***	***	***
Availability	***	***	***
Product consistency	***	***	***
Price	***	***	***
Reliability of supply	***	***	***
Delivery time	***	***	***
Delivery terms	***	***	***
Quality exceeds industry standards	***	***	***
Technical support/service	***	***	***
Product range	***	***	***
Packaging	***	***	***
Payment terms	***	***	***
Discounts offered	***	***	***
U.S. transportation costs	***	***	***
Minimum quantity requirements	***	***	***

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

Supplier certification

*** responding purchasers require their suppliers to become certified or qualified to sell CCS staples to their firm. Purchasers reported that the time to qualify a new supplier ranged from 14 to 120 days. *** reported that any domestic or foreign supplier had failed in their attempt to qualify CCS staples or had lost its approved status since January 1, 2017. ***.

Purchasers were asked about changes in their purchasing patterns from different sources since 2017 (table II-9). Purchases from the United States were decreasing for *** purchasers of U.S. product. A plurality of purchasers buying CCS staples imported from China reported constant purchases. The most frequent reasons given for decreasing purchases from any source was due to decreased sales or more competition. Of the *** purchasers indicating increased purchases from China, ***. *** purchasers reported that they have a preference for CCS staples from a certain country or countries: ***. *** purchasers reported that they had changed suppliers since January 1, 2017. Specifically, some firms dropped or reduced purchases from Senco due to price and service and Unicatch because it stopped selling CCS staples. ***

***. Firms added or increased purchases from Beck Fastener Group because of tariffs on Chinese CCS staples and Senco on items on which it was competitive. Purchaser *** stated that it has a corporate multi-sourcing strategy for many commodity fasteners and shifts purchases among multiple vendors as needed. Purchaser *** stated that it buys its CCS staples on a multi-year contract and does not specify the source of the staples. A representative from Senco stated that it purchased the CCS-staple producing assets of SBD from SouthernCarlson to prevent it from being sold overseas but also to sell CCS staples to SouthernCarlson because it had "expressed great interest in purchasing staples from us produced on these machines."[17] ***.

Table II-9
CCS staples: Changes in purchase patterns from U.S., subject, and nonsubject countries

Source of purchases	Increased	Constant	Decreased	Fluctuated	Did not purchase
United States	***	***	***	***	***
China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
Other	***	***	***	***	***

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

Importance of purchasing domestic product

*** responding purchasers reported that most or all of their purchases did not require purchasing U.S.-produced product. *** purchasers (***) reported that it was required by their customers (for *** percent of their purchases, respectively).

Comparisons of domestic products, subject imports, and nonsubject imports

Purchasers were asked a number of questions comparing CCS staples produced in the United States, subject countries, and nonsubject countries. First, purchasers were asked for a country-by-country comparison on the same 15 factors for which they were asked to rate the importance.

[17] Hearing transcript, p. 15 (Iker).

Most purchasers reported that U.S.-produced CCS staples were comparable to subject and nonsubject CCS staples on all but two factors: price, for which the U.S. was considered inferior, and delivery time, for which the U.S. was considered superior (table II-10). Both price and delivery time were considered very important by a majority of purchasers, as noted in table II-8. Purchasers' responses comparing the U.S. to nonsubject countries demonstrated the same pattern. Purchasers comparing CCS staples from China with that from nonsubject sources reported that comparability across all factors.

Table II-10
CCS staples: Purchasers' comparisons between U.S.-produced and imported product

Factor	U.S. vs. China			U.S. vs. nonsubject			China vs. nonsubject		
	S	C	I	S	C	I	S	C	I
Quality meets industry standards	***	***	***	***	***	***	***	***	***
Availability	***	***	***	***	***	***	***	***	***
Product consistency	***	***	***	***	***	***	***	***	***
Price	***	***	***	***	***	***	***	***	***
Reliability of supply	***	***	***	***	***	***	***	***	***
Delivery time	***	***	***	***	***	***	***	***	***
Delivery terms	***	***	***	***	***	***	***	***	***
Quality exceeds industry standards	***	***	***	***	***	***	***	***	***
Technical support/service	***	***	***	***	***	***	***	***	***
Product range	***	***	***	***	***	***	***	***	***
Packaging	***	***	***	***	***	***	***	***	***
Payment terms	***	***	***	***	***	***	***	***	***
Discounts offered	***	***	***	***	***	***	***	***	***
U.S. transportation costs	***	***	***	***	***	***	***	***	***
Minimum quantity requirements	***	***	***	***	***	***	***	***	***

Note: A rating of superior means that price/U.S. transportation cost is generally lower. For example, if a firm reported "U.S. superior," it meant that the U.S. product was generally priced lower than the imported product.
Note: S=first listed country's product is superior; C=both countries' products are comparable; I=first list country's product is inferior.

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

Domestic producers concentrated more heavily on thinner-gauge (18-19) CCS staples than importers did. On a weight basis, U.S. producers' U.S. shipments of thinner-gauge staples were more than *** percent in 2019, compared to importers' U.S. shipments of less than *** percent from both China and nonsubject sources.[18]

[18] See Parts III and IV for more detailed information.

Comparison of U.S.-produced and imported CCS staples

In order to determine whether U.S.-produced CCS staples can generally be used in the same applications as imports from China and nonsubject sources, U.S. producers, importers, and purchasers were asked whether the products can always, frequently, sometimes, or never be used interchangeably. As shown in table II-11, *** producers, a plurality of importers, and a majority of purchasers indicated that U.S.-produced CCS staples and those imported from China are always interchangeable. Comparing CCS staples from nonsubject sources to those from the United States and China, most firms also reported the products to be always interchangeable.

Table II-11
CCS staples: Interchangeability between CCS staples produced in the United States and in other countries, by country pair

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries: U.S. vs. China	***	***	***	***	12	9	4	1	***	***	***	***
Nonsubject countries comparisons: U.S. vs. nonsubject	***	***	***	***	10	9	4	---	***	***	***	***
China vs. nonsubject	***	***	***	***	10	5	4	---	***	***	***	***

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

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

As can be seen from table II-12, a majority of responding purchasers reported that domestically produced product and that imported from nonsubject countries usually met minimum quality specifications, but a majority reported that the CCS staples from China always met minimum quality specifications.

Table II-12
CCS staples: Ability to meet minimum quality specifications, by source

Source	Always	Usually	Sometimes	Rarely or never
United States	***	***	***	***
China	***	***	***	***
Nonsubject sources	***	***	***	***

Note: Purchasers were asked how often domestically produced or imported CCS staples meets minimum quality specifications for their own or their customers' uses.

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

In addition, U.S. producers, importers, and purchasers were asked to assess how often differences other than price were significant in sales of CCS staples from the United States, subject, or nonsubject countries. As seen in table II-13, *** reported that there are "never" differences other than price between the U.S. product and that imported from China. On the other hand, a plurality of importer indicated that there are "always" differences other than price. Equal numbers of purchasers noted that there are either "frequently," "sometimes," or "never" differences other than price between the two. Similar patterns were reported when comparing U.S. product to those imported from nonsubject countries, although fewer purchasers indicated "frequently." ***.

Table II-13
CCS staples: Significance of differences other than price between CCS staples produced in the United States and in other countries, by country pair

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries: U.S. vs. China	***	***	***	***	8	6	6	5	***	***	***	***
Nonsubject countries comparisons: U.S. vs. nonsubject	***	***	***	***	7	5	5	4	***	***	***	***
China vs. nonsubject	***	***	***	***	5	4	5	4	***	***	***	***

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

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

Elasticity estimates

This section discusses elasticity estimates. Parties were encouraged to comment on these estimates, but petitioner did not offer any alternative suggestions and used staff's suggested ranges in its briefs.

U.S. supply elasticity

The domestic supply elasticity for CCS staples measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of CCS staples. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced CCS staples. Analysis of these factors above indicates that the U.S. industry has the ability to substantially increase or decrease shipments to the U.S. market; an estimate in the range of 6 to 10 is suggested.

U.S. demand elasticity

The U.S. demand elasticity for CCS staples measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of CCS staples. This estimate depends on factors discussed above such as the existence, availability, and commercial viability of substitute products, as well as the component share of the CCS staples in the production of any downstream products. Based on the available information, the aggregate demand for CCS staples is likely to be highly inelastic; a range of -0.2 to -0.4 is suggested.

Substitution elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.[19] Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, gauge, appearance, etc.) and conditions of sale (e.g., availability, sales terms/discounts/promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced CCS staples and imported CCS staples is high, and likely to be in the range of 4 to 7.

[19] 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 three firms that accounted for the vast majority of U.S. production of CCS staples during 2019.

U.S. producers

The Commission issued U.S. producer questionnaires to four firms based on information contained in the petition. Three firms provided usable data on their operations and one firm provided an untimely and incomplete response.[1] Staff believes that these responses, including Prebena's incomplete response, represent all or virtually all U.S. production of CCS staples.

Table III-1 lists U.S. producers of CCS staples, their production locations, positions on the petition, and shares of total production.

[1] The fourth company, Prebena North American Fastener Corp. ("Prebena"), provided an incomplete U.S. producer questionnaire response in these final phase investigations and its data have not been incorporated into the dataset.

Prebena co-founded North American Fastener Corp. in 1987 and opened a new production facility in Bridgeport, West Virginia. The company successfully produced various types of fasteners until the housing crisis in 2007 and 2008. Afterwards, despite several attempts to stabilize the company, it faced difficult times and this led to a steep decline in the number of employees. In early 2013, Prebena purchased the outstanding shares and implemented new management. Prebena North American Fastener Corp., https://www.prebena-usa.com/, retrieved on May 5, 2020.

Prebena characterizes itself as a *** player in the CCS staples market with reported production of *** pounds in 2017, *** pounds in 2018, and *** pounds in 2019. U.S. producer questionnaire response and email from *** on April 28, 2020.

Table III-1
CCS staples: U.S. producers, their position on the petition, location of production, and share of reported production, 2019

Firm	Position on petition	Production location(s)	Share of production (percent)
Acme	***	Franklin, NH	***
Prebena[1]	***	Bridgeport, WV	***
SBD[1]	***	Greenfield, IN	***
Senco	Petitioner	Cincinnati, OH	***
Total			***

[1] Prebena is a U.S. producer of CCS staples but did not provide a complete questionnaire response. SBD was a U.S. producer of CCS staples but sold its CCS staples manufacturing equipment in November 2017 and is no longer a producer.

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

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

Table III-2 presents information on U.S. producers' ownership, related and/or affiliated firms. As indicated in table III-2, former U.S. producer SBD was related to former Chinese producer Stanley Works (Langfang) Fastening Company in China.[2] In addition, Kyocera, Senco's parent company, has common ownership of SouthernCarlson,[3] while former producer SBD, through the Stanley and Black & Decker merger in 2010, owns U.S. importer Black & Decker U.S.[4]

As discussed in greater detail below, Acme, SBD, and Senco imported CCS staples from ***. None of these three responding producers purchase CCS staples from U.S. importers.

[2] ***. SBD's U.S. producer questionnaire response, II-2.

[3] Kyocera's webpage, https://global.kyocera.com/news/2019/0501_toma.html, retrieved on May 5, 2020. Senco and SouthernCarlson operate as two independent companies and are not associated in any other relationship than as affiliates of Kyocera. These firms operate as entirely separate entities with separate financial and reporting systems, different business models, and separate management. Hearing transcript, p. 8 (Faron) and staff telephone interview with ***.

[4] SBD's webpage, https://www.stanleyblackanddecker.com/who-we-are/our-history/our-timeline, retrieved on May 5, 2020.

Prebena, the fourth known U.S. domestic producer of CCS staples, provided an incomplete U.S. producer questionnaire response in the final phase of these investigations. According to its website, Prebena co-founded North American Fastener Corp. in 1987 and opened a production facility in Bridgeport, West Virginia. In early 2013, Prebena purchased the outstanding shares of the firm. Prebena currently produces in the West Virginia location and imports CCS staples from China and Germany.[5]

Table III-2
CCS staples: U.S. producers' ownership, related and/or affiliated firms

Item / Firm	Firm Name	Affiliated/Ownership
Ownership:		
***	***	***
***	***	***
Related importers/exporters:		
***	***	***
***	***	***
***	***	***
***	***	***
Related producers:		
***	***	***

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

Table III-3 presents U.S. producers' reported changes in operations since January 1, 2017. *** reported two changes in operations, including the closure of *** in April 2019. *** reported that in November of 2017, its affiliate company, *** purchased SBD's *** CCS staples manufacturing equipment located in Greenfield, Indiana. In January 2018, *** acquired the *** CCS staples manufacturing equipment from ***.[6]

[5] Prebena's webpage, https://www.prebena-usa.com/our-goal, retrieved on May 11, 2020.
[6] ***. Email from ***, April 27, 2020. See also emails from ***, June 3 and 4, 2020.

Table III-3
CCS staples: U.S. producers' reported changes in operations, since January 1, 2017

Item / Firm	Reported changed in operations
Plant closings:	
***	***
Acquisitions:	
***	***
Other:	
***	***

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

U.S. production, capacity, and capacity utilization

Table III-4 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. Senco accounted for *** percent of reported production of CCS staples in 2019, while Acme accounted for the remaining *** percent.[7] Producers calculated their production capacities based on multiplying equipment capabilities by potential operating time.[8] *** reported that capacity remained constant during 2017-18 and then declined by *** percent in 2019, while *** capacity dropped to *** in 2018. Overall reported capacity decreased by *** percent from 2017 to 2018, and then increased *** percent in 2019.

[7] These figures are derived from usable U.S. producer questionnaire responses.
[8] ***. U.S. producer questionnaire responses, II-3c.

*** was the only U.S. producer that reported increased capacity in 2019.[9] Reported production between 2017 and 2019 declined for ***. *** was no longer producing CCS staples by 2019, *** production declined by *** percent during 2017-19, while *** production decreased by *** percent during the same period.

Overall capacity utilization for the CCS staples decreased year-on-year and declined from *** percent in 2017 to *** percent in 2019. *** consistently reported *** capacity utilization rates.[10] The firm has the production equipment and capacity to produce any of the staples that are covered by these investigations but has focused on *** due to the market conditions. *** capacity utilization declined *** percentage points from 2017 to 2019, decreasing to *** percent in 2019.

[9] *** capacity increased in 2019 after the purchase and installation of *** production equipment from ***. Email from ***, April 22, 2020.

[10] ***. Email from ***, April 23, 2020.

Table III-4
CCS staples: U.S. producers' capacity, production, and capacity utilization, 2017-19

Item	Calendar year		
	2017	2018	2019
	Capacity (1,000 pounds)		
Acme	***	***	***
SBD	***	***	***
Senco	***	***	***
All firms	***	***	***
	Production (1,000 pounds)		
Acme	***	***	***
SBD	***	***	***
Senco	***	***	***
All firms	***	***	***
	Capacity utilization (percent)		
Acme	***	***	***
SBD	***	***	***
Senco	***	***	***
All firms	***	***	***
	Share of production (percent)		
Acme	***	***	***
SBD	***	***	***
Senco	***	***	***
All firms	***	***	***

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

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

Figure III-1
CCS staples: U.S. producers' capacity, production, and capacity utilization, 2017-19

* * * * * * *

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

Alternative products

As shown in table III-5, *** percent of the U.S. domestic producers' production in 2019 consisted of CCS staples. *** firm that reported being able to switch production between CCS staples and non-CCS staples using the same equipment and/or labor. Overall capacity utilization, including non-CCS staples, decreased by *** percentage points from 2017 to 2018, and then decreased by *** percentage points in 2019 from the previous year. Between 2017 and 2019, overall capacity utilization decreased by *** percentage points.[11]

[11] ***.

Table III-5
CCS staples: U.S. producers' overall capacity and production on the same equipment as subject production, 2017-19

Item	Calendar year		
	2017	2018	2019
	Quantity (1,000 pounds)		
Overall capacity	***	***	***
Production: CCS staples	***	***	***
Other steel staples	***	***	***
Other products	***	***	***
Out-of-scope production	***	***	***
Total production on same machinery	***	***	***
	Ratios and shares (percent)		
Overall capacity utilization	***	***	***
Share of production: CCS staples	***	***	***
Other steel staples	***	***	***
Other products	***	***	***
Out-of-scope production	***	***	***
Total production on same machinery	***	***	***

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

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

U.S. producers' U.S. shipments and exports

Table III-6 presents U.S. producers' U.S. shipments, export shipments, and total shipments. U.S. producers' total shipment quantities decreased by *** percent between 2017 and 2019 and by *** percent by value. U.S. shipments experienced similar trends by quantity and value. However, the unit value of total shipments increased by *** percent in the same period. These data reflect, in part, quantities and values reported by *** in 2017 that yielded an average unit value *** the prevailing prices for CCS staples. *** further reported that the average unit values were driven down by a *** manufactured in its *** location in ***. These CCS staples were of different grades and applications. These shipments do not include SBD's liquidated inventory after 2017. See table III-6 and note 2.

Export shipments decreased by *** percent in quantity terms and by *** percent in value terms between 2017 and 2019. All U.S. producers reported lower quantities of U.S. shipments between 2017 and 2019, while *** reported increasing unit values from $*** per pound in 2017 to $*** per pound in 2019. Senco's unit values increased from $*** per pound in 2017 to $*** in 2018 and then decreased to $*** per pound in 2019. *** accounted for *** percent of U.S. shipments by quantity and *** percent by value in 2019.

Table III-6

CCS staples: U.S. producers' U.S. shipments, export shipments, and total shipments, 2017-19

Item	Calendar year		
	2017	2018	2019
	Quantity (1,000 pounds)		
Acme's U.S. shipments	***	***	***
SBD's U.S. shipments	***	***	***
Senco's U.S. shipments	***	***	***
U.S. shipments	***	***	***
Export shipments[1]	***	***	***
Total shipments	***	***	***
	Value (1,000 dollars)		
Acme's U.S. shipments	***	***	***
SBD's U.S. shipments	***	***	***
Senco's U.S. shipments	***	***	***
U.S. shipments	***	***	***
Export shipments[1]	***	***	***
Total shipments	***	***	***
	Unit value (dollars per pound)		
Acme's U.S. shipments	***	***	***
SBD's U.S. shipments[2]	***	***	***
Senco's U.S. shipments	***	***	***
U.S. shipments	***	***	***
Export shipments[1]	***	***	***
Total shipments	***	***	***
	Share of quantity (percent)		
Acme's U.S. shipments	***	***	***
SBD's U.S. shipments	***	***	***
Senco's U.S. shipments	***	***	***
U.S. shipments	***	***	***
Export shipments[1]	***	***	***
Total shipments	***	***	***
	Share of value (percent)		
Acme's U.S. shipments	***	***	***
SBD's U.S. shipments	***	***	***
Senco's U.S. shipments	***	***	***
U.S. shipments	***	***	***
Export shipments[1]	***	***	***
Total shipments	***	***	***

[1] *** accounts for virtually all reported export shipment quantities, while *** share was less than *** percent of the total during 2017-19.

[2] ***. Email from ***, April 27, 2020.

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

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

Table III-7 and figure III-2 present U.S. producers' U.S. shipments by product type. In 2019, the majority of U.S. shipments, *** percent, were of the 18 to 19 gauge CCS staples.[12]

Table III-7
CCS staples: U.S. producers' U.S. shipments, by product type, 2019

Item	Quantity (1,000 pounds)	Share of quantity (percent)
U.S. producers' U.S. shipments.-- 14 to 17 gauge	***	***
18 to 19 gauge	***	***
All product types	***	***

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

Figure III-2
CCS staples: U.S. producers' U.S. shipments, by product type, 2019

* * * * * * *

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

[12] The data presented above, like the trade data generally presented throughout Part III, are broad aggregations based on weight. Weight is largely determined by the dimensions of the staples (including diameter and length) and consists primarily of steel wire drawn from steel wire rod, the largest single cost component of CCS staples. There are six gauges included in the product range presented above; gauges 14-17 are considered heavy-weight and gauges 18-19 are considered medium-weight. In contrast, there are many varieties of individual staples reflecting the different options for legs, crowns, end points, and other features.

U.S. producers' inventories

Table III-8 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**.** U.S. producers' inventories decreased by *** percent in 2018 and then further by *** percent in 2019, with an overall inventory decrease of *** percent between 2017 and 2019. *** did not report inventory data for any of the periods while *** reported *** pounds of inventory in 2017 and *** for the remaining periods.[13]

The ratio of U.S. producers' inventories to total shipments decreased by *** percentage point between 2017 and 2018 and by *** percentage points in 2019. The ratio of inventories to U.S. production declined from *** percent in 2017 to *** percent in 2019.

Table III-8
CCS staples: U.S. producers' inventories, 2017-19

Item	Calendar year		
	2017	2018	2019
	Quantity (1,000 pounds)		
U.S. producers' end-of-period inventories	***	***	***
	Ratio (percent)		
Ratio of inventories to.--			
U.S. production	***	***	***
U.S. shipments	***	***	***
Total shipments	***	***	***

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

[13] U.S. producers' higher inventory levels reported in 2017 include year-end inventories from ***. Email from ***, April 27, 2020 and Staff telephone interview with ***, April 22, 2020.

U.S. producers' imports and purchases

U.S. producers' imports of CCS staples are presented in table III-9. With respect to the responding U.S. producers, SBD and Senco import CCS staples from ***, while Acme reported imports of CCS staples from ***. Senco, the largest U.S. producer, imported from *** the equivalent of *** percent of its U.S. production in 2017, *** percent in 2018, and *** percent in 2019. [14] Acme imported the equivalent of *** percent of its U.S. production in 2018 and *** percent in 2019 from Taiwan. [15] As previously mentioned, SBD ceased production of CCS staples. During its last full year of production, SBD imported the equivalent of *** percent of its U.S. production.[16] Finally, the fourth confirmed U.S. producer, Prebena, imports from Germany and China. According to Prebena's estimates and proprietary customs data, in 2019, the firm imported approximately ***, compared to its *** pounds of CCS staple production in the United States the same year.[17]

[14] Senco imports most of its private-label product due to lower prices. Conference transcript, p. 108 (Faron), p. 109 (Iker).

[15] Acme has the ability to produce the staples used on a tacker it developed and sells in Taiwan but it does not produce these staples because they are available from Taiwan delivered to the facility at a price below Acme's standard cost of production. Conference transcript, pp. 27-28 (Gold).

[16] SBD's U.S. production exceeded its imports by *** pounds in 2017.

[17] Prebena, https://www.prebena-usa.com/, retrieved on May 5, 2020. The estimated volumes of imports in 2019 are understated because they do not include data from December 2019. See email from ***, June 4, 2020.

Table III-9
CCS staples: U.S. producers' imports, 2017-19

Item	Calendar year		
	2017	2018	2019
	Quantity (1,000 pounds)		
***	***	***	***
***	***	***	***
	Ratio (percent)		
***	***	***	***
	Narrative		
***	***		
	Quantity (1,000 pounds)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
	Ratio (percent)		
***	***	***	***
***	***	***	***
***	***	***	***
	Narrative		
***	***		
	Quantity (1,000 pounds)		
***	***	***	***
***	***	***	***
	Ratio (percent)		
***	***	***	***
	Narrative		
***	***		

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

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

U.S. employment, wages, and productivity

Table III-10 shows U.S. producers' employment-related data.[18] The number of production and related workers ("PRWs") decreased by *** during 2017-19. Total hours worked, hours worked per PRWs, and wages paid also experienced a steady decline, likely driven by the cessation of production by *** and lower employment levels at ***.[19] Productivity (pounds per hour) decreased between 2017 and 2018 and then increased in 2019. Conversely, unit labor costs increased between 2017 and 2018 and then declined in 2019.

Table III-10
CCS staples: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2017-19

Item	Calendar year		
	2017	2018	2019
Production and related workers (PRWs) (number)	***	***	***
Total hours worked (1,000 hours)	***	***	***
Hours worked per PRW (hours)	***	***	***
Wages paid ($1,000)	***	***	***
Hourly wages (dollars per hour)	***	***	***
Productivity (pounds per hour)	***	***	***
Unit labor costs (dollars per pound)	***	***	***

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

[18] This data does not include Prebena North American Fasteners' U.S. questionnaire response.

[19] ***. According to witness testimony, "Senco has a steady employment workforce. The company is not in a position of laying people off and bringing them back. When some aspects of the industry are down, other aspects are up and when it is down, Senco builds inventory for busier times." Conference transcript, p. 81 (Iker).

Part IV: U.S. imports, apparent U.S. consumption, and market shares

U.S. importers

The Commission issued importer questionnaires to 39 firms believed to be importers of subject CCS staples, as well as to all U.S. producers of CCS staples.[1] Usable questionnaire responses were received from 30 companies, representing approximately four-fifths of U.S. imports from China and from nonsubject sources in 2019 under HTS statistical reporting number 8305.20.0000, a broad subheading that includes multiple products.[2] [3] Table IV-1 lists all responding U.S. importers of CCS staples from China and other sources, their locations, and their shares of U.S. imports, in 2019.

[1] The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by U.S. Customs and Border Protection ("Customs"), may have accounted for more than one percent of total imports under HTS subheading 8305.20.0000 in 2019.

[2] In these final phase investigations, the Commission used *** preliminary U.S. importer questionnaire and supplemented it with *** data available through November 2019.

*** stated they are not U.S. importers. *** provided an incomplete U.S. importer questionnaire response stating that the company has not imported staples from China since 2015. The firm reported importing from Europe 13 containers in 2017, 14 in 2018, and seven in 2019, mostly from Germany. The company is currently trying to sell through its old inventory. The following companies did not provide a U.S. importer questionnaire response: ***. *** did not provide a U.S. importer questionnaire response and stated the firm is now part of ***. *** was closed as of March 1, 2020 and will liquidate 95 percent of its inventory and the remainder will be scrapped. The company reported importing *** pounds from Malaysia in 2017, *** pounds in 2018, and *** pounds in 2019.

Data for nonsubject U.S. importer *** was derived from the firm's responses to Commission staff and ***.

[3] Import coverage was calculated by dividing the quantity in U.S. importer questionnaire responses (yes or no responses) by the total quantity of imports compiled from *** in 2019. The denominator in the estimated coverage calculation does not include imports from December 2019.

Table IV-1
CCS staples: U.S. importers, their headquarters, and share of total imports by source, 2019

Firm	Headquarters	Share of imports by source (percent)		
		China	Nonsubject sources	All import sources
ACCO	Lake Zurich, IL	***	***	***
Acme	Franklin, NH	***	***	***
Active Sales	Santa Fe Springs, CA	***	***	***
American Fastening	Maplewood, MN	***	***	***
Ample Supply	Sycamore, IL	***	***	***
BeA Fasteners	Greensboro, NC	***	***	***
Building Material	Galt, CA	***	***	***
Harbor Freight	Calabasas, CA	***	***	***
DC International	Tucson, AZ	***	***	***
Deacero USA	Houston, TX	***	***	***
Fastenal	Winona, MN	***	***	***
Fastening Solutions	Montgomery, AL	***	***	***
Grainger	Lake Forest, IL	***	***	***
Huttig	St. Louis, MO	***	***	***
ITW	Glenview, IL	***	***	***
Jomedoba	Buxton, OR	***	***	***
Josef Kihlberg	Hjo,	***	***	***
Markwell	Norwood, MA	***	***	***
Metro Staples	Springfield, NJ	***	***	***
Peace	Rolling Meadows, IL	***	***	***
PrimeSource	Irving, TX	***	***	***
Raimund Beck	Mauerkirchen, AT	***	***	***
SBD	New Britain, CT	***	***	***
STO Industries	Redmond, WA	***	***	***
Senco	Cincinnati, OH	***	***	***
SouthernCarlson	Omaha, NE	***	***	***
TC International	Whittier, CA	***	***	***
Uline	Pleasant Prairie, WI	***	***	***
Vertex	Des Plaines, IL	***	***	***
Youngwoo	Santa Fe Springs, CA	***	***	***
Total		***	***	***

[1] Prebena imports CCS staples from China and Germany, according to its website. However, the firm did not provide a U.S. importer questionnaire response in these final phase investigations. Prebena https://www.prebena-usa.com/our-goal, retrieved May 11, 2020.

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

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

U.S. imports

Table IV-2 and figure IV-1 present data for U.S. imports of CCS staples from China and all other sources. By quantity, U.S. imports from China accounted for the vast majority of all imports, specifically *** percent in 2017, *** percent in 2018, and *** percent in 2019.[4] Conversely, the quantity of reported U.S. imports from nonsubject sources accounted for *** percent, *** percent, and *** percent of all import sources in 2017, 2018, and 2019, respectively.[5]

[4] Out of the 30 responding U.S. importers, 25 firms reported importing from China in 2019. ***.

[5] Fifteen companies reported importing from nonsubject sources in 2019. *** reported the largest quantities accounting for approximately *** pounds of nonsubject CCS staples in 2019.

Table IV-2
CCS staples: U.S. imports by source, 2017-19

Item	Calendar year		
	2017	2018	2019
	Quantity (1,000s of pounds)		
U.S. imports from.--			
China	98,358	122,893	98,140
Nonsubject sources	***	***	***
All import sources	***	***	***
	Value (1,000 dollars)		
U.S. imports from.--			
China	51,455	71,627	54,893
Nonsubject sources	***	***	***
All import sources	***	***	***
	Unit value (dollars per pound)		
U.S. imports from.--			
China	0.52	0.58	0.56
Nonsubject sources	***	***	***
All import sources	***	***	***
	Share of quantity (percent)		
U.S. imports from.--			
China	***	***	***
Nonsubject sources	***	***	***
All import sources	***	***	***
	Share of value (percent)		
U.S. imports from.--			
China	***	***	***
Nonsubject sources	***	***	***
All import sources	***	***	***
	Ratio to U.S. production		
U.S. imports from.--			
China	***	***	***
Nonsubject sources	***	***	***
All import sources	***	***	***

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

Figure IV-1
CCS staples: U.S. import quantity and average unit value, 2017-19

* * * * * * *

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

The quantity of U.S. imports of CCS staples from China increased by 24.9 percent between 2017 and 2018, but was 20.1 percent lower in 2019, compared to 2018.[6] By quantity, U.S. imports of CCS staples from nonsubject sources experienced upward trends during 2017-19. While they remained below *** percent of the total U.S. imports of CCS staples throughout 2017-19, the quantities of U.S. imports from nonsubject sources increased by *** percent during 2017-18 and by *** percent between 2017 and 2019.

By value, U.S. imports of CCS staples from China accounted for *** percent of all reported imports at its lowest in 2019, and *** percent at its highest share in 2018. The value of imports from China increased by 39.2 percent from 2017 to 2018, but was 23.4 percent lower in 2019. The value of CCS staple imports from nonsubject sources decreased by *** percent from 2017 to 2018, and then increased by *** percent from 2018 to 2019.

The average unit values of imports from nonsubject sources ranged from $*** to $*** per pound during 2017-19 and were greater than the unit values of subject imports from China, which did not exceed $0.58 per pound during 2017-19.

The ratio of subject imports to U.S. production more than *** in 2018 but ended lower than the previous year at *** percent in 2019. Nonsubject imports' ratio to U.S. production increased in 2018 and 2019 and were equivalent to *** percent of U.S. production in 2019.

[6] Among the 26 firms that reported imports from China during 2017-18, 15 reported more imports in 2018 than in 2017. Five firms, (***) increased their imports from China by *** pounds each in 2018, while *** increased their imports by *** pounds each, altogether accounting for the vast majority of the total increase. The decline in U.S. imports from China in 2019 is driven by a decrease in import quantities from ***, together accounting for a decrease of *** pounds, or (***) percent of the overall decline.

Negligibility

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[7] Negligible imports are generally defined in the Act, 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.[8] Table IV-3 presents monthly import data for this period, while table IV-4 and figure IV-2 present monthly data for 2018-19. Imports from China accounted for *** percent of total imports of CCS staples by quantity during the negligibility period of June 2018 through May 2019.

Table IV-3
CCS staples: U.S. imports in the twelve month period preceding the filing of the petition, June 2018 through May 2019

Item	June 2018 through May 2019	
	Quantity (1,000 pounds)	Share quantity (percent)
U.S. imports from.--		
China	120,328	***
Nonsubject sources	***	***
All import sources	***	***

Note: Imports of nonsubject CCS staples from *** did not start until May 2019 (last month of the negligibility period), and accelerated thereafter.

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

[7] 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)).

[8] Section 771 (24) of the Act (19 U.S.C § 1677(24)).

Table IV-4
CCS staples: U.S. imports by month, January 2018 to December 2019

Month	China	Nonsubject sources	All import sources
	Quantity (1,000 pounds)		
2018.-- January	10,765	***	***
February	10,445	***	***
March	10,344	***	***
April	4,998	***	***
May	10,002	***	***
June	14,386	***	***
July	12,612	***	***
August	13,230	***	***
September	9,157	***	***
October	9,539	***	***
November	9,579	***	***
December	7,836	***	***
2019.-- January	11,352	***	***
February	7,885	***	***
March	8,053	***	***
April	7,301	***	***
May	9,399	***	***
June	10,101	***	***
July	14,330	***	***
August	18,292	***	***
September	3,308	***	***
October	4,757	***	***
November	2,224	***	***
December	1,138	***	***

Source: Compiled from data submitted in response to Commission questionnaires and proprietary Customs records ***, using statistical reporting number 8305.20.0000, accessed May 11, 2020.

Figure IV-2
CCS staples: U.S. imports by month, January 2018 through December 2019

* * * * * * *

Source: Compiled from data submitted in response to Commission questionnaires and proprietary Customs records ***, using statistical reporting number 8305.20.0000, accessed May 11, 2020.

Critical circumstances

On November 4, 2019, Commerce issued its preliminary antidumping and countervailing duty determinations with respect to CCS staples from China.

Commerce preliminarily determined in the antidumping duty investigation that "critical circumstances" exist with respect to imports of CCS staples from China shipped by Tianjin Hweschun and all other producers and exporters, except Tianjin JXSL. Additionally, Commerce preliminarily determined in the countervailing duty investigation that critical circumstances exist with respect to imports of collated staples from China shipped by Best Nail, Xin Group, Ningbo Deli, and all other producers and exporters.[9]

On November 12, 2020 Commerce published its preliminary affirmative countervailing duty determination, and ordered the suspension of liquidation to unliquidated entries from all exporters and producers of subject merchandise from China that were entered, or withdrawn from warehouse, for consumption on or after 90 days before the publication of its notice.[10] Subsequently, on January 8, 2020, Commerce revised its preliminary critical circumstances determination, finding that critical circumstances also exist with respect to imports by Tianjin JSXL and all other producers/exporters of collated staples from China.

Therefore, as revised, Commerce's preliminary determination covers all producers and exporters from China.[11]

On June 2, 2020, Commerce issued its final affirmative antidumping and countervailing duty determinations and final critical circumstances determinations with respect to CCS staples from China. Commerce relied on the information submitted on the record used in making the preliminary affirmative critical circumstances determinations, as facts available in making the final determinations. Therefore, Commerce's final critical circumstances determinations remain unchanged.[12] [13]

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[9] 84 FR 59353, November 4, 2019, referenced in app. A. When petitioners file timely allegations of critical circumstances, Commerce examines whether there is a reasonable basis to believe or suspect that (1) either there is a history of dumping and material injury by reason of dumped imports in the United States or elsewhere of the subject merchandise, or the person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the subject merchandise at LTFV and that there was likely to be material injury by reason of such sales; and (2) there have been massive imports of the subject merchandise over a relatively short period.

[10] 84 FR 61021, November 12, 2020.

[11] 85 FR 882, January 8, 2020.

[12] 85 FR 33623, June 2, 2020.

[13] 85 FR 33626, June 2, 2020.

If both Commerce and the Commission make affirmative final critical circumstances determinations, duties on subject imports from China from those exporters subject to the affirmative Commerce critical circumstances findings would be retroactive to 90 days prior to November 12, 2019, for the countervailing duty investigation and January 8, 2020, for the antidumping duty investigation. Table IV-5 presents this data.

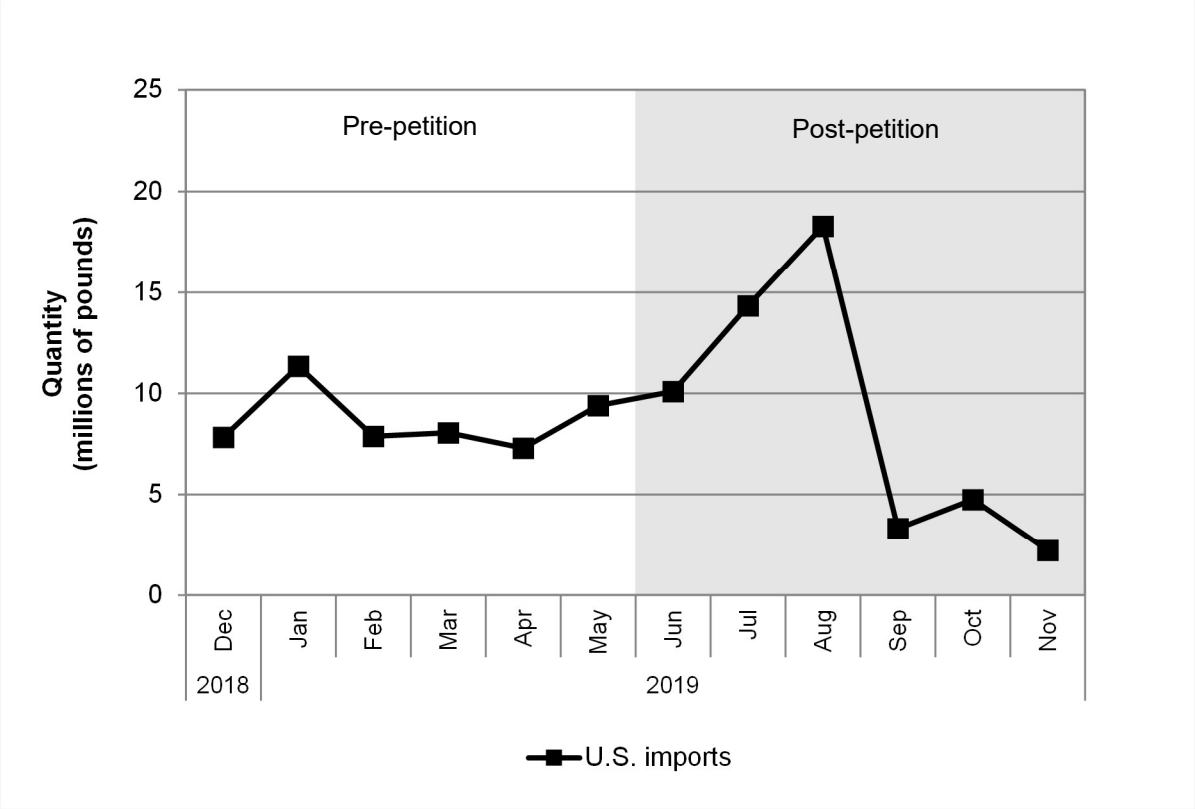
Table IV-5
CCS staples: U.S. imports subject to Commerce's antidumping and countervailing duty critical circumstances determinations, December 2018 to November 2019

Month	Actual monthly quantity (1,000 pounds)	Outwardly cumulative subtotals (1,000 pounds)	Percentage change from comparable period (percent)
2018.--			
December	7,836	51,826	
2019.--			
January	11,352	43,990	
February	7,885	32,638	
March	8,053	24,753	
April	7,301	16,700	
May	9,399	9,399	
Petition file date: June 6, 2019			
June	10,101	10,101	▲7.5
July	14,330	24,432	▲46.3
August	18,292	42,724	▲72.6
September	3,308	46,032	▲41.0
October	4,757	50,789	▲15.5
November	2,224	53,012	▲2.3

Note: Period changes preceded by a "▲" represent an increase, while period changes preceded by a "▼" represent a decrease.

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

Figure IV-3
CCS staples: U.S. imports subject to Commerce's preliminary antidumping (as revised) and countervailing duty critical circumstances determinations, December 2018 to November 2019



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

Table IV-6 presents data for U.S. importers' end-of-period U.S. inventories of CCS staples from China for specific points in time in 2018 and 2019.[14] Relative to levels reported on November 30, 2018, ending inventories were higher in December of 2018 by 4.2 percent, and October 31, 2019 by 2.6 percent. However, compared to November 30, 2018, inventories were lower on May 31, 2019 and November 30, 2019, by 2.8 percent and 5.2 percent, respectively. Compared to May 31, 2019, inventories on October 31, 2019 were higher by 5.6 percent but on November 30, 2019, were lower by 2.4 percent.[15]

Table IV-6
CCS staples: U.S. importers' U.S. inventories subject to Commerce's preliminary antidumping (as revised) and countervailing duty critical circumstances determinations select points in time between November 2018 and November 2019

Month	Actual monthly quantity (1,000 pounds)	Percentage change from November 30, 2018 (percent)	Percentage change from May 31, 2019 (percent)
Inventories, ending.-- November 30, 2018	23,520	---	NA
December 31, 2018	24,511	▲4.2	▲7.2
May 31, 2019	22,855	▼(2.8)	---
October 31, 2019	24,130	▲2.6	▲5.6
November 30, 2019	22,304	▼(5.2)	▼(2.4)

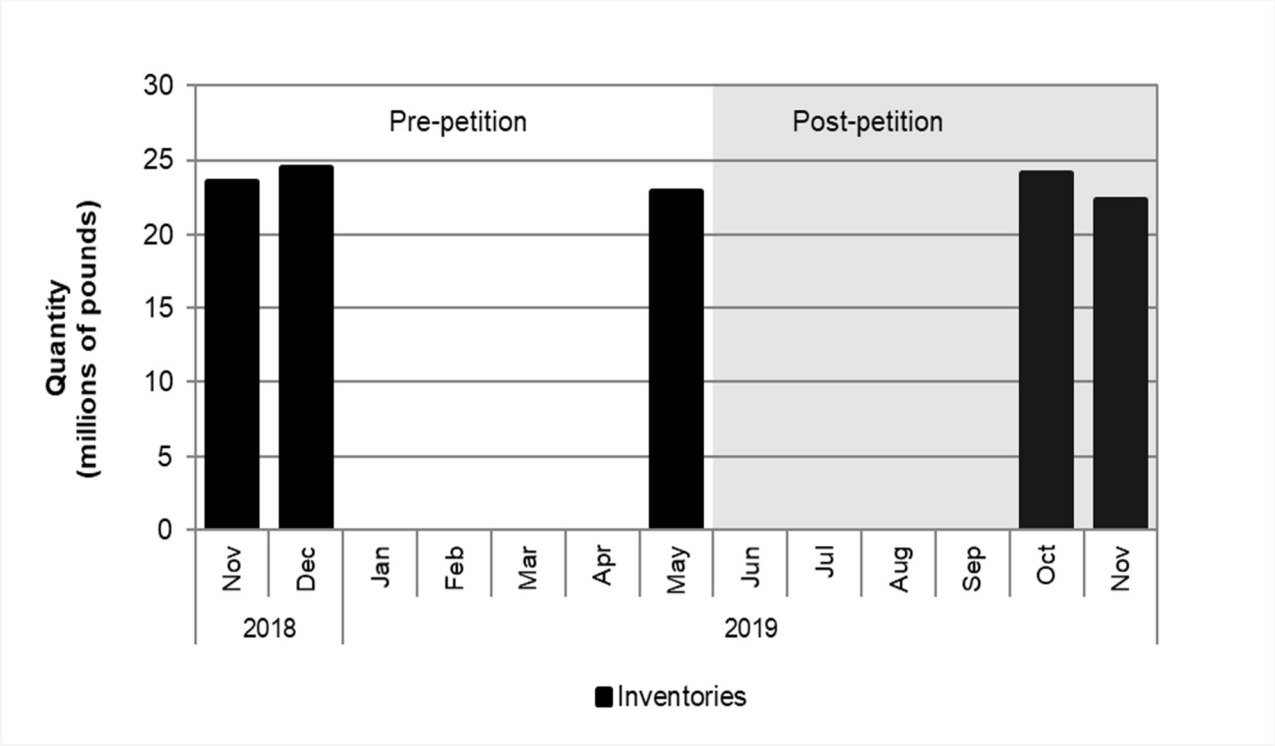
Note: Shares and ratios shown as "0.0" percent represent non-zero values less than "0.05" percent (if positive) and greater than "(0.05)" percent (if negative). Zeroes, null values, and undefined calculations are suppressed and shown as "---". Period changes preceded by a "▲" represent an increase, while period changes preceded by a "▼" represent a decrease.

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

[14] Twenty firms, out of the 29 responding U.S. importers, reported holding ending inventories from U.S. imports from China in December 2018. *** reported the highest year-end inventories in 2018 at approximately *** pounds in aggregate, accounting for nearly *** percent of year-end inventories in 2018. Nineteen U.S. importers reported ending inventories in November of 2019. *** reported holding *** pounds, accounting for approximately *** percent of total ending inventories from U.S. imports from China in November 2019.

[15] ***. Several firms, specifically ***, did not provide data on ending inventories requested in question II-5e of the U.S. importer questionnaire. These firms noted difficulties in accessing the data, differences in the company's bookkeeping and tracking SKUs, and new challenges presented by remote work mandated by the COVID-19 pandemic. Therefore, staff believes that the data presented for ending U.S. importers' inventories from China is likely understated.

Figure IV-4
CCS staples: U.S. importers' U.S. inventories subject to Commerce's preliminary antidumping (as revised) and countervailing duty critical circumstances determinations select points in time between November 2018 and November 2019



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

Apparent U.S. consumption

Table IV-7 and figure IV-5 present data on apparent U.S. consumption and U.S. market shares for CCS staples. Fluctuating year-to-year, apparent U.S. consumption, measured by quantity, increased by *** percent from 2017 to 2018, but then decreased by *** percent from 2018 to 2019, ending *** percent lower in 2019 than in 2017.[16] U.S. producers' U.S. shipments declined by *** percent between 2017 and 2018 and then decreased further in 2019. The increase in apparent U.S. consumption in 2018 reflects a rise in the U.S. importers' U.S. shipments by quantity from all import sources of *** percent. At the same time, the decrease in apparent consumption by quantity in 2019 follows the decrease in both U.S. producers' U.S. shipments by *** percent and the decline in U.S. importers' U.S. shipments from all import sources by *** percent between 2018 and 2019. Apparent consumption, measured by value, fluctuated and ended higher in 2019 than 2017.

U.S. producers' U.S. shipments quantities accounted for *** percent of all U.S. shipments, while the quantity of U.S. importers' U.S. shipments from China and U.S. importers' U.S. shipments from nonsubject sources, comprised *** percent and *** percent of all U.S. shipments, respectively in 2019.

[16] Petitioner noted that demand for CCS staples is largely influenced by market conditions for residential and commercial construction. Petitioner's postconference brief, p. 20. See Part II for additional information on demand trends.

Table IV-7
CCS staples: Apparent U.S. consumption and market shares, 2017-19

Item	Calendar year		
	2017	2018	2019
	Quantity (1,000s of pounds)		
U.S. producers' U.S. shipments	***	***	***
U.S. importers' U.S. shipments from.--			
China	96,498	115,524	95,322
Nonsubject sources	***	***	***
All import sources	***	***	***
Apparent U.S. consumption	***	***	***
	Value (1,000 dollars)		
U.S. producers' U.S. shipments	***	***	***
U.S. importers' U.S. shipments from.--			
China	78,947	94,605	84,288
Nonsubject sources	***	***	***
All import sources	***	***	***
Apparent U.S. consumption	***	***	***
	Share of quantity (percent)		
U.S. producers' U.S. shipments	***	***	***
U.S. importers' U.S. shipments from.--			
China	***	***	***
Nonsubject sources	***	***	***
All import sources	***	***	***
	Share of value (percent)		
U.S. producers' U.S. shipments	***	***	***
U.S. importers' U.S. shipments from.--			
China	***	***	***
Nonsubject sources	***	***	***
All import sources	***	***	***

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

Figure IV-5
CCS staples: Apparent U.S. consumption, 2017-19

* * * * * * *

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

Table IV-8 presents data on U.S. producers' and U.S. importers' U.S. shipments of CCS staples in 2019 by gauge. In general, the majority of reported U.S. shipments by U.S. producers were of lighter gauge (i.e., 18-19 gauge), accounting for *** percent of their own shipments for all product types, while the majority of U.S. shipments of imports from China were of heavier gauge (14-17 gauge), accounting for 81.3 percent of their shipments for all product types. Approximately *** of U.S. importers' U.S. shipments from nonsubject sources were of heavier gauge CCS staples.

U.S. shipments of imports from China made up *** percent of the total U.S. shipments of the lighter gauge CCS staples, while U.S. producer's U.S. shipments share was *** percent. In contrast, U.S. shipments of imports from China accounted for *** percent of all U.S. shipments of heavier gauge CCS staples, while U.S. producers' U.S. shipments of heavier gauge CCS staples comprised *** percent of all U.S. shipments for that product. U.S. shipments of imports of CCS staples from nonsubject sources accounted for *** percent and *** percent of all U.S shipments of heavier and lighter gauge CCS staples, respectively.

Table IV-8
CCS staples: U.S. producers' and U.S. importers' U.S. shipments by gauge range, 2019

Item	Calendar year 2019		
	14 gauge to 17 gauge	18 gauge to 19 gauge	All product types
	Quantity (1,000s of pounds)		
U.S. producers' U.S. shipments	***	***	***
U.S. importers' U.S. shipments from.-- China	77,453	17,869	95,322
Nonsubject sources	***	***	***
All import sources	***	***	***
Combined producers and importers	***	***	***
	Share of quantity down (percent)		
U.S. producers' U.S. shipments	***	***	***
U.S. importers' U.S. shipments from.-- China	***	***	***
Nonsubject sources	***	***	***
All import sources	***	***	***
Combined producers and importers	***	***	***
	Share of quantity across (percent)		
U.S. producers' U.S. shipments	***	***	***
U.S. importers' U.S. shipments from.-- China	81.3	18.7	100.0
Nonsubject sources	***	***	***
All import sources	***	***	***
Combined producers and importers	***	***	***

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

Figure IV-6
CCS staples: U.S. producers' and U.S. importers' U.S. shipments by gauge range, 2019

* * * * * * *

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

Part V: Pricing data

Factors affecting prices

Raw material costs

CCS staples are produced from steel wire that may be drawn from wire rod or purchased from a wire producer.[1] Most CCS staples are produced of low-carbon steel, although some CCS staples are also produced of stainless steel to resist corrosion.[2] Raw materials are the largest component of total cost of goods sold ("COGS") for CCS staples. Wire rod, as a share of U.S. producers' COGS, was *** percent in 2019. The price of wire rod increased by *** percent between January 2017 and June 2018,[3] stayed at that level through the January 2019, then decreased through November 2019, in total by *** percent from the peak level. The prices have increased slightly since that time.

Figure V-1
Steel wire rod: Domestic transaction prices, monthly, January 2017-April 2020

* * * * * * *

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

[1] Petition, vol. 1, p. 6.

[2] Petition, vol. 1, p. 5; petitioner's postconference brief, p. 23.

[3] A combination of antidumping and countervailing duty orders on carbon and certain alloy steel wire rod from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, United Arab Emirates, and the United Kingdom entered into effect in the United States in the first half of 2018. Section 232 duties applicable to imports of steel wire rod of 25 percent entered into effect between March 2018 and June 2018, although Canada and Mexico were excluded in May 2019. Section 301 duties of 15 percent entered into effect in September 2019 and decreased to 7.5 percent in February 2020 with respect to imports of wire rod from China.

*** U.S. producers and the majority of importers (16 of 28) reported that raw material prices have increased since January 2017, with 10 importers reporting that raw material prices have fluctuated. The majority of firms stated that steel input prices have increased, with *** indicating that it is due to Section 232 tariffs on wire rod. A representative for Senco explained that its input wire rod is subject to the 25 percent tariffs but downstream products like CCS staples are not.[4] *** also reported that in addition to the increase in wire rod prices, prices for other raw materials such as collating and packing material have also increased and it expects prices to remain high due to ***. Some importers noted generally rising prices, while others reported an increase followed by a decrease in raw material prices. *** also indicated that galvanization, packaging, shipping, and labor costs have increased. Five importers reported that these raw material price increases have caused an increase in the price of CCS staples.

U.S. producer Senco reported that about *** percent of its sales are indexed to the ***.[5] *** stated that it indexes to ***mm wire rod for all its fastener sales, with a lag time of *** days.[6] *** purchasers were familiar with CSS staple raw material prices, and *** indicated that raw material costs affected their contracts. In particular, *** purchasers stated that raw materials costs were indexed in their contracts.

Effects of related Section 232 duties and antidumping/countervailing duty orders

*** U.S. producers and a majority of importers reported that the imposition of the Section 232 tariffs on imported steel products since March 2018 has had an impact on both raw material costs for CCS staples in the U.S. market (table V-1). A majority of importers also indicated it increased prices of CCS staples, whereas *** indicated that it had no effect on CCS staple prices or made them fluctuate.[7] *** stated that the 25 percent Section 232 tariffs caused prices of both imported and domestic wire rod to increase by approximately 25 percent.

[4] Hearing transcript, pp. 9-10 (Faron).

[5] Senco further noted that ***. Petitioner's prehearing brief, p. 31.

[6] Correlations between average quarterly prices presented in Figure V-1 (lagged 1 quarter) and the quarterly prices of the six domestic pricing products presented later in Part V ranged between 0.77 and 0.96. Correlations with the six pricing products imported from China ranged between -0.18 and 0.34.

[7] Imports of steel wire rod are subject to section 232 tariffs; however, imports of staples themselves are not subject to the section 232 tariffs.

Similarly, the vast majority of U.S. producers and importers reported that the antidumping/countervailing duty orders on wire rod that entered into effect in 2018 have increased the raw material costs for CCS staples in the U.S. market. However, firms' responses were mixed on the impact of these orders on the price for CCS staples. Four of 8 responding importers indicated that CCS staple prices have increased as a result of the imposition of antidumping/countervailing duties. *** reported that U.S. prices for CCS staples have fluctuated since the antidumping/countervailing duty orders on wire rod were imposed.

Table V-1
CCS staples: Impact of the Section 232 tariffs on steel and the antidumping/countervailing duty orders on wire rod

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
232 impact on staple prices.-- U.S. producers	***	***	***	***
U.S. importers	8	2	---	4
232 impact on raw material costs.-- U.S. producers	***	***	***	***
U.S. importers	8	1	---	4
AD/CVD wire rod impact on staple prices.-- U.S. producers	***	***	***	***
U.S. importers	4	2	---	2
AD/CVD wire rod impact on raw material costs.-- U.S. producers	***	***	***	***
U.S. importers	5	---	---	1

Note: In the preliminary phase of these investigations, all three U.S. producers reported that the Section 232 duties had increased CCS staple prices, and two of three U.S. producers reported antidumping/countervailing duty wire rod orders had increased CCS staple prices and the third reporting fluctuating CCS staple prices.

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

Transportation costs to the U.S. market

Transportation costs for CCS staples shipped from China to the United States averaged 12.0 percent during 2019. These estimates were derived from official import data and represent the transportation and other charges on imports.[8]

[8] The estimated transportation costs were obtained by subtracting the customs value from the c.i.f. value of the imports for 2019 and then dividing by the customs value based on the HTS subheading 8305.20.0000.

U.S. inland transportation costs

*** responding U.S. producers and 22 of 24 responding importers reported that they typically arrange transportation to their customers. The U.S. producers reported that their U.S. inland transportation costs were *** percent while importers reported costs ranging from 1 to 15 percent, averaging 6 percent.

Pricing practices

Pricing methods

As presented in table V-2, U.S. producers and importers sell using transaction-by-transaction negotiations and contracts, as well as set price lists. A majority of importers reported selling mainly via transaction-by-transaction negotiations.

Table V-2
CCS staples: U.S. producers' and importers' reported price setting methods, by number of responding firms

Method	U.S. producers	Importers
Transaction-by-transaction	***	22
Contract	***	7
Set price list	***	12
Other	***	4
Responding firms	2	28

Note: The sum of responses down may not add up to the total number of responding firms as each firm was instructed to check all applicable price setting methods employed.

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

U.S. producers' and importers' primary pricing methods varied by firm. *** reported that it sells CCS staples ***. Its sales managers may offer promotional discounts, and annual discounts ***. *** reported that it sells on a ***. Most importers reported selling CCS staples on the spot market. However, four importers (***) reported that at least 75 percent of their sales were sold through short-term contracts and one (***) reported at least 75 percent were through annual contracts. *** responding purchasers indicated that their purchases of CCS staples involve negotiations based on a wide variety of factors beyond prices. *** reported long-term contracts of 3 years and *** reported rolling contracts without specific end dates. Twelve importers offer quantity discounts and seven importers offer annual volume discounts or rebates. As shown in table V-3, U.S. producers and importers reported their U.S. commercial shipments of CCS staples by type of sale in 2019.

Table V-3
CCS staples: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2019

* * * * * * *

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

***. Representatives for Senco stated that "only a small portion" of its contracts for medium and heavy staples are indexed to steel prices, and that they have typically been indexed to steel scrap prices, instead of wire rod prices. Until recently, they noted that the two prices coincided with each other, but since 2017 the increase in the price of scrap was lower than that of wire rod. Consequently, Senco is moving more of its clients to the wire rod index.[9] Five of seven responding importers' short-term contracts fix prices and two fix both price and quantity. Four reported the ability to renegotiate prices, and only one (***) reported that short-term contracts were indexed to raw material prices. Of the four importers that reported selling via long-term contracts (including ***), however, three reported indexing to raw material prices.

*** purchasers reported that they purchase product daily, *** purchase weekly, *** purchase monthly, and *** purchase quarterly. *** responding purchasers reported that their purchasing frequency had not changed since 2017. While *** purchasers only contact one supplier, on average purchasers contact between 1 and 3 suppliers before making a purchase.[10]

Sales terms and discounts

Whereas *** sell on a *** basis, equal numbers of importers reported typically quoting prices on f.o.b. and delivered bases. ***

[9] Hearing transcript, pp. 22-23 (Klett) and p. 42 (Faron). Compared with the 27.0 percent increase in wire rod prices presented in figure V-1, scrap prices decreased by 5.6 percent between January 2017 and April 2020, having increased by 34.0 percent between January 2017 and December 2018, decreased 42.8 percent by November 2019, and increased 23.2 percent by April 2020. Petitioner's prehearing brief, exh. 12.

[10] All but one purchaser contact at most 5 suppliers. Purchaser *** reported that it contacts 5 to 10 suppliers.

***. Twelve importers offer quantity discounts, seven offer annual volume discounts, and four offer other discounts; thirteen have no discount policy.

Price leadership

Purchasers identified a variety of price leaders. Senco was mentioned by *** purchasers, and a number of others were reported by one purchaser: ***. Retailers Amazon, Home Depot, and Lowe's were reported to be price leaders by ***.

Price data

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following CCS staples products shipped to unrelated U.S. customers during January 2017-December 2019.

Product 1.--18 gauge wire staples, ¼ inch crown, 1 inch leg length, chisel point, galvanized steel, collated with glue, adhesive or equivalent {similar to Senco part no. L13BABN}.

Product 2.--18 gauge wire staples, ¼ inch crown, 1 ¼ - inch leg length, chisel point, galvanized steel, collated with glue, adhesive or equivalent {similar to Senco part no. L15BAB}.

Product 3.--16 gauge wire staples, 7/16 inch crown, 1 ½ inch leg length, chisel point, galvanized steel, collated with glue, adhesive, or equivalent {similar to Senco part no. N17BAB}.

Product 4.--16 gauge wire staples, 7/16 inch crown, 1 ¾ inch leg length, chisel point, galvanized steel, collated with glue, adhesive, plastic or paper tape or equivalent {similar to Senco part no. N19BAB}.

Product 5.--16 gauge wire staples, 1 inch crown, 5/8 inch length, chisel point, galvanized steel, collated with glue, adhesive, plastic or paper tape or equivalent {similar to Senco part no. P10BAB}.

Product 6.--16 gauge wire staples, 1 inch crown, 1 inch leg, chisel point, galvanized steel, collated with glue, adhesive, plastic or paper tape or equivalent {similar to Senco part no. P13BAB}.

One U.S. producer (***) and 18 importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[11] Pricing data reported by these firms accounted for *** percent of U.S. producers' commercial shipments of CCS staples and *** percent of commercial U.S. shipments of subject imports from China in 2019. Price data for products 1-6 are presented in tables V-4 to V-9 and figures V-2 to V-7.

Table V-4
CCS staples: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarter, January 2017-December 2019

	United States		China		
Period	Price (per 1,000 staples)	Quantity (1,000 staples)	Price (per 1,000 staples)	Quantity (1,000 staples)	Margin (percent)
2017:					
Jan.-Mar.	***	***	0.93	443,012	***
Apr.-June	***	***	0.95	455,863	***
July-Sept.	***	***	0.94	494,763	***
Oct.-Dec.	***	***	0.95	467,629	***
2018:					
Jan.-Mar.	***	***	0.97	517,176	***
Apr.-June	***	***	0.98	517,252	***
July-Sept.	***	***	0.90	641,966	***
Oct.-Dec.	***	***	0.91	585,735	***
2019:					
Jan.-Mar.	***	***	0.91	584,162	***
Apr.-June	***	***	0.98	463,553	***
July-Sept.	***	***	0.99	583,403	***
Oct.-Dec.	***	***	1.17	263,906	***

Note: Product 1: 18 gauge wire staples, ¼ inch crown, 1 inch leg length, chisel point, galvanized steel, collated with glue, adhesive or equivalent {similar to Senco part no. L13BABN}.

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

[11] 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.

Table V-5
CCS staples: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarter, January 2017-December 2019

Period	United States		China		
	Price (per 1,000 staples)	Quantity (1,000 staples)	Price (per 1,000 staples)	Quantity (1,000 staples)	Margin (percent)
2017:					
Jan.-Mar.	***	***	1.20	474,370	***
Apr.-June	***	***	1.24	478,523	***
July-Sept.	***	***	1.18	529,377	***
Oct.-Dec.	***	***	1.18	536,723	***
2018:					
Jan.-Mar.	***	***	1.22	591,512	***
Apr.-June	***	***	1.21	574,941	***
July-Sept.	***	***	1.20	624,037	***
Oct.-Dec.	***	***	1.20	560,321	***
2019:					
Jan.-Mar.	***	***	1.19	571,348	***
Apr.-June	***	***	1.25	558,331	***
July-Sept.	***	***	1.26	596,498	***
Oct.-Dec.	***	***	1.51	365,143	***

Note: Product 2: 18 gauge wire staples, ¼ inch crown, 1¼ inch leg length, chisel point, galvanized steel, collated with glue, adhesive or equivalent {similar to Senco part no. L15BAB}.

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

Table V-6
CCS staples: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarter, January 2017-December 2019

Period	United States		China		
	Price (per 1,000 staples)	Quantity (1,000 staples)	Price (per 1,000 staples)	Quantity (1,000 staples)	Margin (percent)
2017:					
Jan.-Mar.	***	***	1.65	1,067,845	***
Apr.-June	***	***	1.72	952,616	***
July-Sept.	***	***	1.61	1,328,200	***
Oct.-Dec.	***	***	1.67	1,189,863	***
2018:					
Jan.-Mar.	***	***	1.72	1,205,761	***
Apr.-June	***	***	1.67	1,437,686	***
July-Sept.	***	***	1.99	1,277,286	***
Oct.-Dec.	***	***	1.73	1,366,656	***
2019:					
Jan.-Mar.	***	***	1.78	1,206,357	***
Apr.-June	***	***	1.78	1,492,010	***
July-Sept.	***	***	1.75	1,633,830	***
Oct.-Dec.	***	***	2.13	644,602	***

Note: Product 3: 16 gauge wire staples, 7/16 inch crown, 1½ inch leg length, chisel point, galvanized steel, collated with glue, adhesive, or equivalent {similar to Senco part no. N17BAB}.

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

Table V-7
CCS staples: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarter, January 2017-December 2019

Period	United States		China		
	Price (per 1,000 staples)	Quantity (1,000 staples)	Price (per 1,000 staples)	Quantity (1,000 staples)	Margin (percent)
2017:					
Jan.-Mar.	***	***	1.92	295,156	***
Apr.-June	***	***	2.05	323,833	***
July-Sept.	***	***	1.93	452,306	***
Oct.-Dec.	***	***	1.97	399,511	***
2018:					
Jan.-Mar.	***	***	2.04	424,351	***
Apr.-June	***	***	2.07	451,515	***
July-Sept.	***	***	2.07	426,707	***
Oct.-Dec.	***	***	2.04	452,553	***
2019:					
Jan.-Mar.	***	***	2.03	416,134	***
Apr.-June	***	***	2.10	468,247	***
July-Sept.	***	***	2.10	492,107	***
Oct.-Dec.	***	***	2.45	254,398	***

Note: Product 4: 16 gauge wire staples, 7/16 inch crown, 1¾ inch leg length, chisel point, galvanized steel, collated with glue, adhesive, plastic or paper tape or equivalent {similar to Senco part no. N19BAB}.

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

Table V-8
CCS staples: Weighted-average f.o.b. prices and quantities of domestic and imported product 5 and margins of underselling/(overselling), by quarter, January 2017-December 2019

Period	United States		China		
	Price (per 1,000 staples)	Quantity (1,000 staples)	Price (per 1,000 staples)	Quantity (1,000 staples)	Margin (percent)
2017:					
Jan.-Mar.	***	***	1.46	104,043	***
Apr.-June	***	***	1.45	91,706	***
July-Sept.	***	***	1.37	148,496	***
Oct.-Dec.	***	***	1.25	114,605	***
2018:					
Jan.-Mar.	***	***	1.23	167,097	***
Apr.-June	***	***	1.37	118,257	***
July-Sept.	***	***	1.34	142,976	***
Oct.-Dec.	***	***	1.36	124,518	***
2019:					
Jan.-Mar.	***	***	1.36	121,435	***
Apr.-June	***	***	1.29	174,158	***
July-Sept.	***	***	1.38	138,742	***
Oct.-Dec.	***	***	1.73	64,381	***

Note: Product 5: 16 gauge wire staples, 1 inch crown, 5/8 inch length, chisel point, galvanized steel, collated with glue, adhesive, plastic or paper tape or equivalent {similar to Senco part no. P10BAB}.

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

Table V-9
CCS staples: Weighted-average f.o.b. prices and quantities of domestic and imported product 6 and margins of underselling/(overselling), by quarter, January 2017-December 2019

Period	United States		China		
	Price (per 1,000 staples)	Quantity (1,000 staples)	Price (per 1,000 staples)	Quantity (1,000 staples)	Margin (percent)
2017:					
Jan.-Mar.	***	***	1.66	155,995	***
Apr.-June	***	***	1.70	155,077	***
July-Sept.	***	***	1.60	247,138	***
Oct.-Dec.	***	***	1.58	191,183	***
2018:					
Jan.-Mar.	***	***	1.64	182,603	***
Apr.-June	***	***	1.79	175,007	***
July-Sept.	***	***	1.61	239,112	***
Oct.-Dec.	***	***	1.70	187,561	***
2019:					
Jan.-Mar.	***	***	1.73	158,870	***
Apr.-June	***	***	1.61	212,724	***
July-Sept.	***	***	1.72	216,945	***
Oct.-Dec.	***	***	2.16	94,859	***

Note: Product 6: 16 gauge wire staples, 1 inch crown, 1 inch leg, chisel point, galvanized steel, collated with glue, adhesive, plastic or paper tape or equivalent {similar to Senco part no. P13BAB}.

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

Figure V-2
CCS staples: Weighted-average prices and quantities of domestic and imported product 1, by quarter, January 2017-December 2019

* * * * * * *

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

Figure V-3
CCS staples: Weighted-average prices and quantities of domestic and imported product 2, by quarter, January 2017-December 2019

* * * * * * *

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

Figure V-4
CCS staples: Weighted-average prices and quantities of domestic and imported product 3, by quarter, January 2017-December 2019

* * * * * * *

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

Figure V-5
CCS staples: Weighted-average prices and quantities of domestic and imported product 4, by quarter, January 2017-December 2019

* * * * * * *

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

Figure V-6
CCS staples: Weighted-average prices and quantities of domestic and imported product 5, by quarter, January 2017-December 2019

* * * * * * *

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

Figure V-7
CCS staples: Weighted-average prices and quantities of domestic and imported product 6, by quarter, January 2017-December 2019

* * * * * * *

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

Price trends

In general, prices increased during January 2017-December 2019. Table V-10 summarizes the price trends, by country and by product. As shown in the table, all pricing products demonstrated increases between January 2017 and December 2019. Domestic price increases ranged from *** to *** percent while import price increases ranged from 18.3 to 30.5 percent. Whereas domestic price increases were relatively spread out, only increasing by more than *** percent in a quarter in 4 of 66 comparisons, much of the increase in prices of product imported from China occurred in the fourth quarter of 2019, increasing by 16.6 to 26.1 percent across the specified pricing products.[12] That quarter was the only quarter which had import price increases across all six pricing products. It also was the only quarter for which there were *** in domestic prices across *** the products. Prices increased for all six domestic products in the *** of 2017, as well as in the *** quarters of 2018.[13] Indexed price changes are presented in figure V-8.

Table V-10
CCS staples: Summary of weighted-average f.o.b. prices for products 1-6 from the United States and China

Item	Number of quarters	Low price (per 1,000 staples)	High price (per 1,000 staples)	Change in price (percent)
Product 1				
United States	12	***	***	▲***
China	12	0.90	1.17	▲26.1
Product 2				
United States	12	***	***	▲***
China	12	1.18	1.51	▲26.1
Product 3				
United States	12	***	***	▲***
China	12	1.61	2.13	▲28.9
Product 4				
United States	12	***	***	▲***
China	12	1.92	2.45	▲27.5
Product 5				
United States	12	***	***	▲***
China	12	1.23	1.73	▲18.3
Product 6				
United States	12	***	***	▲***
China	12	1.58	2.16	▲30.5

Note: Percentage change from the first quarter in which data were available to the last quarter in which price data were available. A period change preceded by a "▲" represents an increase while a "▼" represents a decrease.

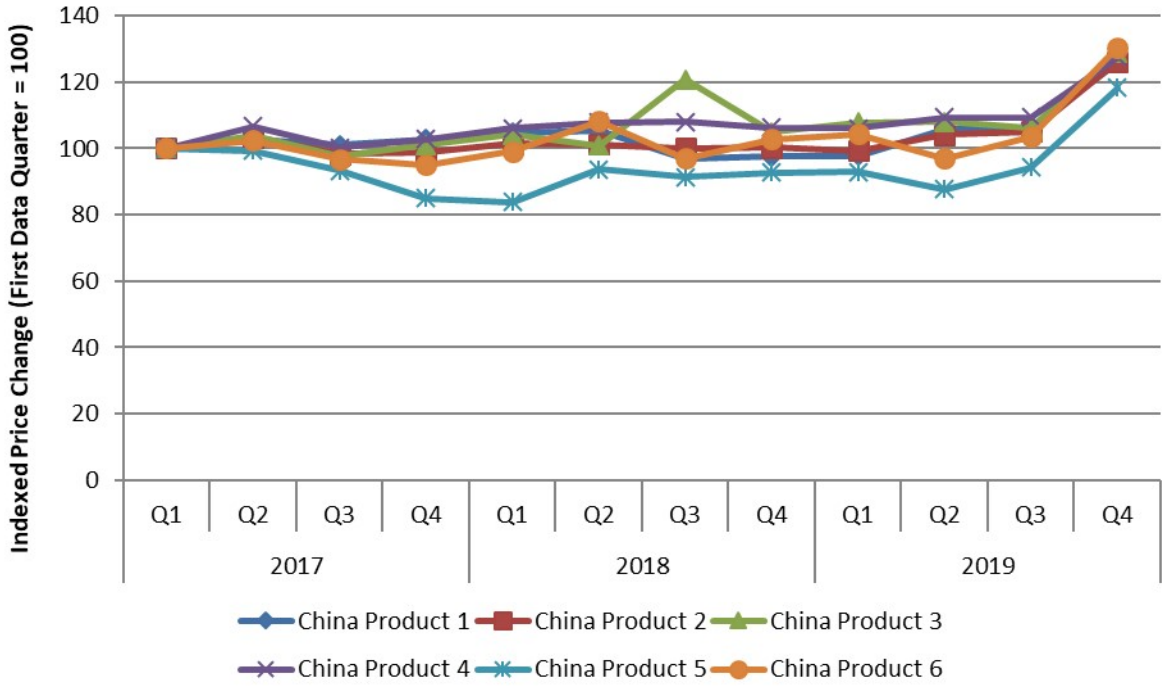
Source: Compiled from data submitted in response to Commission questionnaires.

[12] There were no quarters in which domestic prices decreased by more than 5 percent.

[13] Wire rod Section 232 tariffs and antidumping/countervailing duties entered into effect in the first half of 2018. Wire rod and CSS staples Section 301 duties entered into effect in September 2019.

Figure V-8
CCS staples: Indexed price levels, by country, January 2017-December 2019

* * * * * * *



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

Price comparisons

As shown in table V-11, prices for product imported from China were below those for U.S.-produced product in all 72 instances (35.9 billion staples); margins of underselling ranged from 9.9 to 53.3 percent, averaging 35.8 percent. With the decreasing domestic prices and increasing prices of imports from China across all products, the fourth quarter of 2019 was the quarter with the lowest average underselling margin, decreasing to 23.2 percent from 38.7 percent during the prior quarter.

Table V-11
CCS staples: Instances of underselling and the range and average of margins, by product, January 2017-December 2019

Product	Underselling				
	Number of quarters	Quantity (million staples)	Average margin (percent)	Margin range (percent)	
				Min	Max
Product 1	12	6,018	***	***	***
Product 2	12	6,461	***	***	***
Product 3	12	14,803	***	***	***
Product 4	12	4,857	***	***	***
Product 5	12	1,510	***	***	***
Product 6	12	2,217	***	***	***
Total	72	35,867	35.8	9.9	53.3

Note: These data include only quarters in which there is a comparison between the U.S. and subject product.
Note: The minimum margin occurred in the fourth quarter of 2019 for five of the six pricing products.

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

Lost sales and lost revenue

In the preliminary phase of these investigations, the Commission requested that U.S. producers of CCS staples report purchasers with which they experienced instances of lost sales or revenue due to competition from imports of CCS staples from China during January 2016 to March 2019. One U.S. producer, *** submitted lost sales allegations, totaling $*** and identified 17 firms where it lost sales but did not provide allegations of lost revenue. Six allegations primarily occurred during ***, five occurred in ***, three occurred in ***, and two were ***.

Nothwithstanding ***, *** responding U.S. producers reported that *** had to reduce prices in response to imports from China, *** reported that *** had lost sales, *** reported that *** had to roll back announced price increases.

Staff contacted 65 purchasers and received completed questionnaire responses from 22 of these purchasers.[14] Responding purchasers reported purchasing *** pounds of CCS staples during January 2017-December 2019 and importing an additional *** pounds (table V-12).

Table V-12
CCS staples: Purchasers' reported purchases and imports

* * * * * * *

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

[14] Three purchasers submitted lost sales lost revenue survey responses in the preliminary phase but did not submit purchaser questionnaire responses in the final phase. One of these, (***), submitted an importer questionnaire in the final phase.

Of the *** responding purchasers, *** reported that, since 2017, they had purchased imported CCS staples from China instead of U.S.-produced product. *** of *** responding purchasers reported that subject import prices were lower than U.S.-produced product, and *** of *** of these purchasers reported that price was a primary reason for the decision to purchase imported product rather than U.S.-produced product. *** purchasers estimated the quantity of CCS staples from China purchased instead of domestic product; quantities ranged from *** pounds to *** pounds (table V-13). Purchasers identified ***.[15]

Of the *** responding purchasers, *** reported that U.S. producers had reduced prices in order to compete with lower-priced imports from China. *** estimated that the domestic producers had decreased prices by *** percent. *** estimated a price reduction of *** percent but noted that "***."

[15] In the preliminary phase, purchaser *** reported that it ***.

Table V-13
CCS staples: Purchasers' responses to purchasing subject imports instead of domestic product

* * * * * * *

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

Part VI: Financial experience of U.S. producers

Background

Three U.S. producers, Acme, SBD, and Senco, reported usable financial results on their operations on CCS staples for 2017 through 2019.[1] [2] In 2019, Senco accounted for *** percent of total sales on a value basis and Acme accounted for *** percent. During 2017-19, Senco accounted for *** percent of total sales on a value basis, Acme accounted for *** percent, and SBD accounted for *** percent.

Notable changes in the character of CCS staples operations include the acquisition of Senco by Kyocera in 2017,[3] SBD's *** in 2018,[4] and ***

[1] As described in Part III of this report, Prebena North American Fastener Corp. produces CCS staples in Bridgeport, West Virginia, but did not submit a complete U.S. producer questionnaire response in either preliminary phase or final phase of these investigations.

[2] ***. All U.S. producers reported their financial results for calendar-year periods. Kyocera, Senco's parent company, and SBD are both publicly traded companies, while Acme is privately held. Conference transcript, p. 76 (Gold). Data changes pursuant to a staff review of Senco's final-phase U.S. producer questionnaire, specifically the company's reported financial results, are reflected in this and other relevant sections of this report. USITC auditor notes (prehearing).

[3] Subsequent to its acquisition in 2017 by Kyocera, Senco became part of Kyocera's Industrial Tool segment. Form 20-F Kyocera 2018 annual report, p. 18. Senco's day-to-day operations reportedly remained essentially the same after its acquisition. As described by a Senco company official, "Kyocera allows us to operate as an independent business. I have seen some investment in the organization as far as equipment, that type of main concern, but I can honestly say that over a period of time which Kyocera has taken over it has not changed my daily routine or the manufacturing operation's daily routine at all." Conference transcript, p. 81 (Iker).

[4] SBD U.S. producer questionnaire, response to II-2. ***. USITC auditor prehearing notes. USITC auditor notes (preliminary phase). ***.

***.[5] Of the two responding companies with continuous operations throughout 2017-19, neither Acme nor Senco reported operational disruptions.[6]

Operations on CCS staples

Table VI-1 and table VI-2 present income-and-loss data for U.S. producers' operations on CCS staples and corresponding changes in average unit values, respectively. Table VI-3 presents selected financial information by firm.[7]

Revenue

CCS staples revenue primarily represents commercial sales (*** percent of total sales on a value basis) with a small amount (*** percent) representing transfer sales reported by ***.[8] Given the predominance of commercial sales throughout 2017-19, a single revenue line item is presented in the tables below.

[5] ***. Submission by ***, April 3, 2020.

[6] Conference transcript, p. 78 (Iker, Gold). ***. Submission by ***, April 3, 2020. ***.

[7] In general, the utility of the Commission's variance analysis is enhanced when product mix remains the same throughout the period being examined. While company-specific product mix and customer mix appear to have been relatively stable during 2017-19 (Conference transcript, pp. 84-85 (Feron, Gold)), changes in market share and differences in company-specific average per pound sales values are such that the utility of a variance analysis appears to be limited. A variance analysis is therefore not presented in this report.

[8] ***. Submission by ***, April 3, 2020. ***. USITC auditor notes (prehearing). ***. Email from ***, April 23, 2020.

Table VI-1
CCS staples: Results of operations of U.S. producers, 2017-19

Item	Calendar year		
	2017	2018	2019
	Quantity (1,000s of pounds)		
Total net sales quantity	***	***	***
	Value (1,000 dollars)		
Total net sales value	***	***	***
Cost of goods sold.--			
Wire rod	***	***	***
Other raw materials	***	***	***
Total raw materials	***	***	***
Direct labor	***	***	***
Other factory costs	***	***	***
Total COGS	***	***	***
Gross profit	***	***	***
SG&A expense	***	***	***
Operating income or (loss)	***	***	***
Interest expense	***	***	***
Other expense	***	***	***
Other income items	***	***	***
Net income or (loss)	***	***	***
Depreciation/amortization	***	***	***
Estimated Cash flow	***	***	***
	Ratio to net sales (percent)		
Cost of goods sold.--			
Wire rod	***	***	***
Other raw material	***	***	***
Total raw materials	***	***	***
Direct labor	***	***	***
Other factory costs	***	***	***
Total COGS	***	***	***
Gross profit	***	***	***
SG&A expense	***	***	***
Operating income or (loss)	***	***	***
Net income or (loss)	***	***	***
	Ratio to total COGS (percent)		
Cost of goods sold.--			
Wire rod	***	***	***
Other raw material	***	***	***
Total raw materials	***	***	***
Direct labor	***	***	***
Other factory costs	***	***	***
Total COGS	***	***	***

Table continued on next page.

Table VI-1—Continued
CCS staples: Results of operations of U.S. producers, 2017-19

Item	Calendar year		
	2017	2018	2019
	Unit value (dollars per pound)		
Total net sales	***	***	***
Cost of goods sold.--			
Wire rod	***	***	***
Other raw material	***	***	***
Total raw materials	***	***	***
Direct labor	***	***	***
Other factory costs	***	***	***
Total COGS	***	***	***
Gross profit	***	***	***
SG&A expense	***	***	***
Operating income or (loss)	***	***	***
Net income or (loss)	***	***	***
	Number of firms reporting		
Operating losses	***	***	***
Net losses	***	***	***
Data	***	***	***

Note.--***.

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

Table VI-2
CCS staples: Changes in average per pound values, 2017-19

Item	Between calendar years		
	2017-19	2017-18	2018-19
	Changes in AUVs (percent)		
Total net sales	***	***	***
Cost of goods sold.--			
Wire rod	***	***	***
Other raw material	***	***	***
Raw materials	***	***	***
Direct labor	***	***	***
Other factory costs	***	***	***
Total COGS	***	***	***

Table continued on next page.

Table VI-2—Continued
CCS staples: Changes in average per pound values, 2017-19

Item	Between calendar years		
	2017-19	2017-18	2018-19
	Change in AUVs (dollars per pound)		
Total net sales	***	***	***
Cost of goods sold.--			
Wire rod	***	***	***
Other raw material	***	***	***
Total raw materials	***	***	***
Direct labor	***	***	***
Other factory costs	***	***	***
Total COGS	***	***	***
Gross profit	***	***	***
SG&A expense	***	***	***
Operating income or (loss)	***	***	***
Net income or (loss)	***	***	***

Note.--***.

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

Table VI-3
CCS staples: Results of operations of U.S. producers, by firm, 2017-19

Item	Calendar year		
	2017	2018	2019
	Total net sales (1,000s of pounds)		
Acme	***	***	***
Senco	***	***	***
Subtotal	***	***	***
SBD	***	***	***
All firms	***	***	***
	Total net sales (1,000 dollars)		
Acme	***	***	***
Senco	***	***	***
Subtotal	***	***	***
SBD	***	***	***
All firms	***	***	***
	Cost of goods sold (1,000 dollars)		
Acme	***	***	***
Senco	***	***	***
Subtotal	***	***	***
SBD	***	***	***
All firms	***	***	***

Table continued on next page.

Table VI-3—Continued
CCS staples: Results of operations of U.S. producers, by firm, 2017-19

Item	Calendar year		
	2017	2018	2019
	Gross profit or (loss) (1,000 dollars)		
Acme	***	***	***
Senco	***	***	***
Subtotal	***	***	***
SBD	***	***	***
All firms	***	***	***
	SG&A expenses (1,000 dollars)		
Acme	***	***	***
Senco	***	***	***
Subtotal	***	***	***
SBD	***	***	***
All firms	***	***	***
	Operating income or (loss) (1,000 dollars)		
Acme	***	***	***
Senco	***	***	***
Subtotal	***	***	***
SBD	***	***	***
All firms	***	***	***
	Net income or (loss) (1,000 dollars)		
Acme	***	***	***
Senco	***	***	***
Subtotal	***	***	***
SBD	***	***	***
All firms	***	***	***
	COGS to net sales ratio (percent)		
Acme	***	***	***
Senco	***	***	***
Subtotal	***	***	***
SBD	***	***	***
All firms	***	***	***
	Gross profit or (loss) to net sales ratio (percent)		
Acme	***	***	***
Senco	***	***	***
Subtotal	***	***	***
SBD	***	***	***
All firms	***	***	***
	SG&A expense to net sales ratio (percent)		
Acme	***	***	***
Senco	***	***	***
Subtotal	***	***	***
SBD	***	***	***
All firms	***	***	***

Table continued on next page.

Table VI-3—Continued
CCS staples: Results of operations of U.S. producers, by firm, 2017-19

Item	Calendar year		
	2017	2018	2019
	Operating income or (loss) to net sales ratio (percent)		
Acme	***	***	***
Senco	***	***	***
Subtotal	***	***	***
SBD	***	***	***
All firms	***	***	***
	Net income or (loss) to net sales ratio (percent)		
Acme	***	***	***
Senco	***	***	***
Subtotal	***	***	***
SBD	***	***	***
All firms	***	***	***
	Unit net sales value (dollars per pound)		
Acme	***	***	***
Senco	***	***	***
Subtotal	***	***	***
SBD	***	***	***
All firms	***	***	***
	Unit raw materials (dollars per pound)		
Acme	***	***	***
Senco	***	***	***
Subtotal	***	***	***
SBD	***	***	***
All firms	***	***	***
	Unit direct labor (dollars per pound)		
Acme	***	***	***
Senco	***	***	***
Subtotal	***	***	***
SBD	***	***	***
All firms	***	***	***
	Unit other factory costs (dollars per pound)		
Acme	***	***	***
Senco	***	***	***
Subtotal	***	***	***
SBD	***	***	***
All firms	***	***	***
	Unit COGS (dollars per pound)		
Acme	***	***	***
Senco	***	***	***
Subtotal	***	***	***
SBD	***	***	***
All firms	***	***	***

Table continued on next page.

Table VI-3—Continued
CCS staples: Results of operations of U.S. producers, by firm, 2017-19

Item	Calendar year		
	2017	2018	2019
	Unit gross profit or (loss) (dollars per pound)		
Acme	***	***	***
Senco	***	***	***
Subtotal	***	***	***
SBD	***	***	***
All firms	***	***	***
	Unit SG&A expenses (dollars per pound)		
Acme	***	***	***
Senco	***	***	***
Subtotal	***	***	***
SBD	***	***	***
All firms	***	***	***
	Unit operating income or (loss) (dollars per pound)		
Acme	***	***	***
Senco	***	***	***
Subtotal	***	***	***
SBD	***	***	***
All firms	***	***	***
	Unit net income or (loss) (dollars per pound)		
Acme	***	***	***
Senco	***	***	***
Subtotal	***	***	***
SBD	***	***	***
All firms	***	***	***

Note.--***.

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

Quantity

The U.S. industry's total sales quantity of CCS staples declined throughout 2017-19, which was in turn the principal cause of lower total net sales value. In 2018, the steepness of the overall sales quantity decline was primarily attributable to ***.[9] While *** reported lower total sales quantities in 2019, *** of the overall decline.

Value

Table VI-3 shows that Acme and Senco reported average per pound sales values that were in ***.[10] In general, the much *** average per pound sales value reported by ***.[11]

Senco's average per pound sales value *** by *** percent between 2017 and 2018 and then *** by *** percent between 2018 and 2019, while its corresponding average per pound raw material cost, principally reflecting wire rod, *** by *** percent between 2017 and 2018 and by *** percent between 2018 and 2019. With regard to the pattern of average sales value and raw material cost, ***.[12] ***

[9] ***.

[10] ***.

[11] ***. Email with attachment from ***, July 2, 2019.

[12] ***. Submission by ***, April 3, 2020.

while its average per pound raw material costs *** between 2017 and 2018 and 2018 and 2019, Acme reported *** in average sale value throughout 2017-19.

Cost of goods sold and gross profit or loss

Raw materials

On an overall basis, wire rod accounts for the largest share of CCS staples total cost of goods sold (COGS), ranging from *** percent of total COGS (2017) to *** percent (2019).[13] Other raw material costs, reflecting a combination of wire and consumable inputs, account for *** percent of total COGS (2018 and 2019) to *** percent (2017).[14] U.S. producers vary in terms of their primary raw material input: Senco purchases galvanized and non-galvanized wire rod, which is subsequently drawn into wire to produce CCS staples;[15] similarly, SBD's primary raw material reflects wire rod;[16] Acme, in contrast, uses wire to produce CCS staples.[17]

While Senco's raw material purchase contracts are generally based on indexes,[18] the company noted ***.[19] Although magnitudes differed, Acme and Senco *** reported increasing average raw material cost throughout 2017-19.[20]

[13] ***. Ibid.

[14] ***. Ibid.

[15] Conference transcript, p. 85 (Iker). A Senco company official stated, "We draw four basic raw materials. Bright rod and galvanized rod . . . we start with galvanized rod and draw it to size and the same thing with the bright. So the advantage of having the wire-draw capability in house is we start with four raw materials, we make 60 different iterations of wire out of those four base raw materials. It gives us a lot of flexibility." Conference transcript, pp. 85-86 (Iker).

[16] Email from ***, July 2, 2019.

[17] Conference transcript, p. 85 (Gold). USITC auditor final-phase notes. ***.

[18] Conference transcript, p. 87 (Iker).

[19] ***. *** U.S. producer questionnaire (preliminary-phase), response to III-18.

[20] ***. Email with attachment from ***, July 2, 2019.

***. Petitioner's postconference brief (Exhibit 1), pp. 31-32.

Direct labor and other factory costs

Direct labor is the smallest component of COGS, ranging from *** percent of total COGS (2019) to *** percent (2017). Other factory costs represent the second largest component of COGS, ranging from *** percent of total COGS (2019) to *** percent (2017).

While raw material costs represent the largest share of total COGS, capacity utilization and the absorption of non-material manufacturing costs were also described as important to overall CCS staples cost.[21] The pattern of Senco's average other factory costs, which *** during 2017-19, reportedly reflects ***.[22] With regard to the components of other factory costs, Senco *** that tool costs associated with its Memo Loan Tools (MLT) program are ***.[23]

[21] As described by a Senco company official, "Certainly, capacity is critical of the operation and that it distributes overhead at a different rate . . . capacity {utilization} is everything when it comes to driving your costs." Conference transcript, pp. 83-84 (Iker).

[22] Submission by ***, April 3, 2020. ***. Ibid. ***. Ibid. ***.

[23] According to Senco, "Tools, typically pneumatic staplers, are loaned free of charge to certain customers that purchase medium and heavy staples from Senco under what it refers to as a "Memo Loan Tools" program (MLT). Senco also services the stapler, including replacement of parts, which is categorized by Senco as "No Charge Product" (NCP). ***. Petitioner's postconference brief (Exhibit 1), pp. 35-36.

Acme's *** average per pound direct labor and other factory costs, as compared to Senco, ***.[24]

COGS and gross profit or loss

Acme and Senco, the two U.S. producers with operations throughout 2017-19, reported *** average COGS throughout 2017-19. For Senco the pattern of *** average COGS principally reflects ***, while the factors causing Acme's *** average COGS were ***.

Table VI-1 shows that the U.S. industry's total gross profit declined between 2017 and 2019, which reflects a combination of declining sales and contracting gross profit ratios (total gross profit divided by total sales). As noted previously, the decline in total sales quantity between 2017 and 2018 was amplified by the exit of SBD. With regard to the *** in its gross profit ratio during 2017-19, Senco identified primary cost and revenue factors between 2017 and 2018 as ***.[25] Between 2018 and 2019 Senco's gross profit ratio *** as the ***.

SG&A expenses and operating income or loss

Following the same directional trend as changes in total sales, the U.S. industry's total selling, general, and administrative (SG&A) expenses declined throughout 2017-19 to their lowest level in 2019. Between 2017 and 2018, the decline in total SG&A expenses was amplified by SBD's exit in that year. Corresponding SG&A expense ratios (total SG&A expenses divided by total sales) increased during 2017-19 as the percentage declines in total sales value exceeded

[24] Acme stated that significantly underutilized capacity has resulted in ***. Additionally, ". . . because Acme is presently only able to compete in the area of specialty staples and because its equipment is older due to an inability to invest in its operations due to the injury caused by low-priced imports, ***. Petitioner's postconference brief (Exhibit 1), p. 32.

[25] Submission by ***, April 3, 2020.

those of total SG&A expenses. Given its size relative to the other U.S. producers, the U.S. industry's SG&A expense ratio largely reflects ***.[26]

Total operating income declined throughout 2017-19 (see table VI-1), reflecting lower total sales, gross profit, and smaller relative declines in corresponding SG&A expenses. While the U.S. industry's SG&A expense ratios increased somewhat during 2017-19, the contraction in the U.S. industry's operating income ratio (total operating income divided by total sales) largely reflects declines in gross profit. On a company-specific basis and while Acme generated *** full-year gross profit ratios compared to ***, its corresponding operating income ratios were *** due to *** SG&A expense ratios.[27] *** operating income ratios declined in 2018 and 2019, ending the period at ***.

Interest expense, other expenses and income, and net income or loss

While *** accounted for a relatively *** of total interest expense in 2017, its share *** in 2018 due to the large decline in *** interest expense in that year, which reflects changes in ***.[28] *** report interest expense, other expenses, or other income in 2017.

U.S. producers' total net income was lower compared to total operating income in 2017 and higher in 2018 and 2019 (see footnote 28). Differences in operating income and net income levels reflect the presence of interest expense, other expenses, and other income. Notwithstanding these differences, total operating income and total net income shared the same declining directional pattern throughout 2017-19.

[26] ***. Ibid.

[27] As shown in table VI-3, Acme's SG&A expense ratios *** throughout 2017-19 and were *** compared to Senco's. ***. Petitioner's postconference brief (Exhibit 1), p. 37.

[28] ***. Petitioner's postconference brief (Exhibit 1), p. 33. ***.

Capital expenditures and research and development expenses

Table VI-4 presents U.S. producers' capital expenditures and research and development (R&D) expenses related to their CCS staples operations. As shown in table VI-4, *** reported R&D expenses.

Table VI-4
CCS staples: Capital expenditures and research and development (R&D) expenses of the U.S. producers, 2017-19

Item	Calendar year		
	2017	2018	2019
	Capital expenditures (1,000 dollars)		
Acme	***	***	***
Senco	***	***	***
Subtotal	***	***	***
SBD	***	***	***
All firms	***	***	***
	Research and development expenses (dollars)		
Acme	***	***	***
Senco	***	***	***
Subtotal	***	***	***
SBD	***	***	***
All firms	***	***	***

Note.--***. *** U.S. producer questionnaire (final phase), response to III-13 (note 1). At the Commission's staff conference, a Senco company official confirmed that the above-referenced equipment is being used in production. Conference transcript, p. 80 (Iker).

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

Table VI-4 shows that *** reported capital expenditures of varying magnitudes throughout 2017-19 with *** highest annual level reported in 2018.[29] In contrast, *** reported *** capital expenditures.[30]

Assets and return on assets

Table VI-5 presents data on U.S. producers' company-specific assets and operating return on net assets related to operations on CCS staples.[31]

[29] ***. Submission by ***, April 3, 2020.

[30] ***. Email with attachment from ***, July 2, 2019.

***. *** U.S. producer questionnaire, response to III-13 (note 1).

[31] With respect to a company's overall operations, staff notes that a total asset value (i.e., the bottom line value on the asset side of a company's balance sheet) reflects an aggregation of a number of current and non-current assets, which, in many instances, are not product specific. Allocation factors were presumably necessary to report total asset values specific to U.S. producers' operations on CCS staples. The ability of U.S. producers to assign total asset values to discrete product lines affects the meaningfulness of operating return on net assets.

Table VI-5
CCS staples: Total net assets and operating return on net assets of the U.S. producers, 2017-19

Firm	Calendar year		
	2017	2018	2019
	Total net assets (1,000 dollars)		
Acme	***	***	***
Senco	***	***	***
Subtotal	***	***	***
SBD	***	***	***
All firms	***	***	***
	Operating return on assets (percent)		
Acme	***	***	***
Senco	***	***	***
Subtotal	***	***	***
SBD	***	***	***
All firms	***	***	***

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

Capital and investment

The Commission requested the U.S. producers of CCS staples to describe any actual or potential negative effects on their return on investment or its growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments as a result of imports of CCS staples from China. Table VI-6 tabulates the responses on actual negative effects on investment, growth and development, as well as anticipated negative effects.[32] Table VI-7 presents the narrative responses of the U.S. producers regarding actual and anticipated negative effects on investment, growth and development.

[32] As indicated in footnote 1, *** is not included in the U.S. industry's financial results.
***. *** U.S. producer questionnaire, responses to III-15.

Table VI-6
CCS staples: Negative effects of imports from subject sources on investment, growth, and development since January 1, 2017

Item	No	Yes
Negative effects on investment	1	2
Cancellation, postponement, or rejection of expansion projects		0
Denial or rejection of investment proposal		0
Reduction in the size of capital investments		0
Return on specific investments negatively impacted		1
Other		3
Negative effects on growth and development	1	2
Rejection of bank loans		0
Lowering of credit rating		0
Problem related to the issue of stocks or bonds		0
Ability to service debt		0
Other		2
Anticipated negative effects of imports	1	2

Note.--***.

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

Table VI-7
CCS staples: Narrative responses of the U.S. producers regarding actual and anticipated negative effects of imports from subject sources on investment, growth, and development since January 1, 2017

Effects/Firm	Narrative
Negative impact on investment:	
Return on specific investments negatively impacted	
***	***
Other	
***	***
***	***

Table continued on next page.

Table VI-7—Continued
CCS staples: Narrative responses of the U.S. producers regarding actual and anticipated negative effects of imports from subject sources on investment, growth, and development since January 1, 2017

Effects/Firm	Narrative
Negative impact on growth and development:	
Other	
***	***
***	***
Anticipated effects of imports:	
***	***
***	***

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

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.

[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."

The industry in China

The Commission issued foreign producers' or exporters' questionnaires to 74 potential producers and/or exporters of CCS staples from China.[3] Four firms provided usable responses to the Commission's questionnaire: A-JAX International Co., Ltd ("A-Jax"), China Staple Enterprise (Tianjin) Co., Ltd. ("China Staple"), Tianjin Jin Xin Sheng Long Metal Products Co., Ltd. ("Tianjin"), and Youngwoo (Cangzhou) Fasteners Co., Ltd. ("Youngwoo").[4] These firms' exports to the United States were equivalent to approximately one-half of reported U.S. imports of CCS staples from China in 2019. According to estimates requested of the responding Chinese producers, the production of CCS staples in China reported in questionnaires accounts for *** percent of overall production of CCS staples in China. Table VII-1 presents information on the CCS staples operations of the responding producers and exporters in China.

Table VII-1
CCS staples: Summary data for producers in China, 2019

Firm	Production (1,000s of pounds)	Share of reported production (percent)	Exports to the United States (1,000s of pounds)	Share of reported exports to the United States (percent)	Total shipments (1,000s of pounds)	Share of firm's total shipments exported to the United States (percent)
A-Jax	***	***	***	***	***	***
China Staple	***	***	***	***	***	***
Tianjin	***	***	***	***	***	***
Youngwoo	***	***	***	***	***	***
Total	***	***	***	***	***	***

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

[3] These firms were identified through a review of information submitted in the petition and contained in *** records.

[4] Despite several attempts, *** did not provide a final phase questionnaire response. However, Staff estimated *** 2019 data and projections for 2021 based on data submitted in the preliminary phase of these investigations.

*** stated that they are not producers and/or exporters of CCS staples from China.

Changes in operations

No responding Chinese producer reported changes in operations since January 1, 2017.

Operations on CCS staples

Table VII-2 presents information on the CCS staples operations of the responding producers and exporters in China.[5] Chinese producers' average production capacity increased by *** percent from 2017 to 2018, but then decreased by *** percent from 2018 to 2019, ending *** percent higher in 2019 than in 2017. *** reported more production capacity in 2019 than in 2017 while *** reported lower production capacity. *** reported unchanged production capacity from 2017 to 2019. Chinese producers' production capacity is projected to decrease by *** percent in 2020 and by *** from 2020 to 2021.

Chinese producers' production increased by *** percent from 2017 to 2018, but then decreased by *** percent from 2018 to 2019, ending *** percent higher in 2019 than in 2017. *** reported more production in 2019 than in 2017 while *** reported less production. Chinese producers' production is projected to decrease by *** percent from 2019 to 2020 and by *** percent from 2020 to 2021.[6] *** accounted for *** percent of Chinese producers' projected production decrease in 2020.

[5] *** did not provide any projections for CCS staples production capacity, CCS staples production, and total shipments for projection years 2020 and 2021, despite follow-up requests from Staff. Thus, its projections are based on data reported in 2019.

[6] ***. ***.

Table VII-2
CCS staples: Data for producers in China, 2017-19 and projection calendar years 2020 and 2021

Item	Actual experience			Projections	
	Calendar year			Calendar year	
	2017	2018	2019	2020	2021
	Quantity (1,000s of pounds)				
Capacity	***	***	***	***	***
Production	***	***	***	***	***
End-of-period inventories	***	***	***	***	***
Shipments:					
Home market shipments:					
Internal consumption/ transfers	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***
Total home market shipments	***	***	***	***	***
Export shipments to:					
United States	***	***	***	***	***
All other markets	***	***	***	***	***
Total exports	***	***	***	***	***
Total shipments	***	***	***	***	***
	Ratios and shares (percent)				
Capacity utilization	***	***	***	***	***
Inventories/production	***	***	***	***	***
Inventories/total shipments	***	***	***	***	***
Share of shipments:					
Home market shipments:					
Internal consumption/ transfers	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***
Total home market shipments	***	***	***	***	***
Export shipments to:					
United States	***	***	***	***	***
All other markets	***	***	***	***	***
Total exports	***	***	***	***	***
Total shipments	***	***	***	***	***

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

Chinese producers' capacity utilization decreased from *** percent in 2017 to *** percent in 2018 and to *** percent in 2019. *** utilized all of its production capacity in each year during 2017-19. ***'s capacity utilization declined as their production decreased at a higher rate than their production capacity. Conversely, *** experienced an increase in capacity utilization as its production increased at a higher rate than its production capacity. Chinese producers' capacity utilization is projected to be *** percent in 2020 and *** percent in 2021.[7]

[7] The decrease in Chinese producers' projected capacity utilization in 2020 is due to *** projecting their capacity utilization to decrease by *** percent, *** percent, and *** percent from 2019 to 2020, respectively.

The petitioners argue that as a result of increasing average production capacity and decreasing average capacity utilization from 2017 to 2019, Chinese producers have unused capacity which they can utilize to increase production and exports substantially.[8]

Home market shipments increased by *** percent from 2017 to 2018, but then decreased by *** percent from 2018 to 2019, ending *** percent lower in 2019 than in 2017. Although home market shipments increased in absolute terms during 2017-19, its share of total shipments decreased from *** percent in 2017 to *** percent in 2019. Home market shipments are projected to *** from 2019 to 2021.

Export shipments accounted for the majority of responding Chinese producers' total shipments during 2017-19. Most of those exports went to the United States. Export shipments to the United States increased by *** percent from 2017 to 2018, but then decreased by *** percent from 2018 to 2019, ending *** percent higher in 2019 than in 2017. *** reported more exports to the United States in 2019 than in 2017 while *** reported fewer exports to the United States. Export shipments to the United States are projected to decrease by *** percent in 2020 and *** from 2020 to 2021.[9] [10]

[8] Petitioner's prehearing brief, p. 42.

[9] ***.

[10] ***.

Alternative products

Table VII-3 presents responding Chinese producers' production capacity and production of CCS staples and other products using shared equipment. CCS staples accounted for *** percent of total production on shared equipment during 2017-19. ***. ***.

Table VII-3
CCS staples: Chinese producers' overall capacity and production on shared equipment, 2017-19

Item	Calendar year		
	2017	2018	2019
	Quantity (1,000s of pounds)		
Overall capacity	***	***	***
Production:			
CCS staples	***	***	***
Other steel staples	***	***	***
Other products	***	***	***
Out-of-scope production	***	***	***
Total production on shared equipment	***	***	***
	Ratios and shares (percent)		
Overall capacity utilization	***	***	***
Share of production:			
CCS staples	***	***	***
Other steel staples	***	***	***
Other products	***	***	***
Out-of-scope production	***	***	***
Total production on shared equipment	***	***	***

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

Exports

Table VII-4 presents data for exports of staples in strips, which include CCS staples, from China in descending order of quantity for 2019. The leading export markets for staples in strips from China in 2019, by quantity, were the United States, Indonesia, Germany, and Canada, accounting for 39.1 percent, 6.3 percent, 4.1 percent, and 3.4 percent, respectively. Exports of staples in strips to the United States decreased by 3.0 percent from 2017 to 2018, but then increased by 15.1 percent from 2018 to 2019, ending 11.7 percent higher in 2019 than in 2017.

Table VII-4
Staples in strips: Exports from China by destination market, 2017-19

Destination market	Calendar year		
	2017	2018	2019
	Quantity (1,000s of pounds)		
United States	78,318	75,950	87,445
Indonesia	8,274	11,311	14,051
Germany	6,051	5,861	9,089
Canada	8,577	7,458	7,692
Mexico	3,728	3,840	7,447
Korea	5,979	5,617	6,413
United Kingdom	4,992	5,953	5,788
Belgium	4,486	5,339	4,830
Russia	4,743	5,376	4,749
All other destination markets	67,531	71,904	75,883
Total exports	192,680	198,610	223,386
	Value (1,000 dollars)		
United States	43,833	52,474	52,057
Indonesia	10,178	12,041	14,515
Germany	5,456	5,696	7,413
Canada	4,635	5,125	5,632
Mexico	2,819	3,620	6,152
Korea	3,386	3,676	3,661
United Kingdom	3,350	4,411	3,953
Belgium	3,514	4,760	4,348
Russia	3,597	4,453	3,942
All other destination markets	63,272	69,192	72,858
Total exports	144,039	165,448	174,532

Table continued on next page

Table VII-4—Continued
Staples in strips: Exports from China by destination market, 2017-19

Destination market	Calendar year		
	2017	2018	2019
	Unit value (dollars per pound)		
United States	0.56	0.69	0.60
Indonesia	1.23	1.06	1.03
Germany	0.90	0.97	0.82
Canada	0.54	0.69	0.73
Mexico	0.76	0.94	0.83
Korea	0.57	0.65	0.57
United Kingdom	0.67	0.74	0.68
Belgium	0.78	0.89	0.90
Russia	0.76	0.83	0.83
All other destination markets	0.94	0.96	0.96
Total exports	0.75	0.83	0.78
	Share of quantity (percent)		
United States	40.6	38.2	39.1
Indonesia	4.3	5.7	6.3
Germany	3.1	3.0	4.1
Canada	4.5	3.8	3.4
Mexico	1.9	1.9	3.3
Korea	3.1	2.8	2.9
United Kingdom	2.6	3.0	2.6
Belgium	2.3	2.7	2.2
Russia	2.5	2.7	2.1
All other destination markets	35.0	36.2	34.0
Total exports	100.0	100.0	100.0

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

Source: Official exports statistics under HS subheading 8305.20 as reported by the Government of China's Customs in the Global Trade Atlas database, accessed April 13, 2020.

U.S. inventories of imported merchandise

Table VII-5 presents data on U.S. importers' reported inventories of CCS staples.

Table VII-5
CCS staples: U.S. importers' end-of-period inventories of imports by source, 2017-19

Item	Calendar year		
	2017	2018	2019
	Inventories (1,000s of pounds); Ratios (percent)		
Imports from China			
Inventories	21,179	24,511	26,139
Ratio to U.S. imports	***	***	***
Ratio to U.S. shipments of imports	***	***	***
Ratio to total shipments of imports	***	***	***
Imports from nonsubject sources:			
Inventories	***	***	***
Ratio to U.S. imports	***	***	***
Ratio to U.S. shipments of imports	***	***	***
Ratio to total shipments of imports	***	***	***
Imports from all import sources:			
Inventories	***	***	***
Ratio to U.S. imports	***	***	***
Ratio to U.S. shipments of imports	***	***	***
Ratio to total shipments of imports	***	***	***

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

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

U.S. importers' end-of-period inventories of imports from China increased by 15.7 percent from 2017 to 2018 and by 6.6 percent from 2018 to 2019, ending 23.4 percent higher in 2019 than in 2017. Among the 20 firms that reported inventories at the end of each year during 2017-19, 11 reported more inventories of imports from China at the end of 2019 than at the end of 2017. *** accounted for the majority of the increase in end-of-period inventories of imports from China from 2017 to 2019 (***).

U.S. importers' outstanding orders

The Commission requested importers to indicate whether they imported or arranged for the importation of CCS staples from China after December 31, 2019. Responding importers reported *** pounds of arranged imports from China. Most of these arranged imports were in January-March 2020. There are no arranged imports from China after September 30, 2020. Arranged imports from China account for *** percent, *** percent, and *** percent of all arranged imports in January-March 2020, April-June 2020, and July-September 2020,

respectively. Arranged imports from nonsubject sources account for *** percent, *** percent, and *** percent of all arranged imports in January-March 2020, April-June 2020, and July-September 2020, respectively. Table VII-6 presents data for shipments of CCS staples arranged for U.S. importation after December 31, 2019.

Table VII-6
CCS staples: Arranged imports, January-December 2020

Item	Period				
	Jan-Mar 2020	Apr-Jun 2020	Jul-Sept 2020	Oct-Dec 2020	Total
	Quantity (1,000s of pounds)				
Arranged U.S. imports from.--China	***	***	***	***	***
All other sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Share of quantity				
Arranged U.S. imports from.--China	***	***	***	***	***
All other sources	***	***	***	***	***
All import sources	***	***	***	***	***

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

Antidumping or countervailing duty orders in third-country markets

The European Union initiated an antidumping duty investigation in December 2019 concerning imports of pins and staples from China, including CCS staples. That investigation is currently ongoing with provisional measures scheduled to enter into force in July 2020.[11]

Information on nonsubject countries

According to GTA data, in 2019, the five leading exporters of staples in strips, which include CCS staples, were China, Germany, Japan, Netherlands and the United States. These five countries accounted for approximately 65.7 percent of total global exports of staples in strips. Because quantity is not available in a consistent manner from all sources, the export data presented in table VII-7 are based on value. Table VII-7 presents the twelve largest global export sources of staples in strips during 2017-19. China is the largest exporter of these items, accounting for 42.0 percent of global exports during 2019.

[11] As a result of the European Union's antidumping investigation concerning imports of pins and staples from China, petitioners argue that Chinese producers of CCS staples can be expected to increase their focus on U.S. markets. Petitioner's prehearing brief, pp. 48-49.

Table VII-7
Staples in strips: Global exports by source, 2017-19

Exporter	Calendar year		
	2017	2018	2019
	Value (1,000 dollars)		
United States	24,360	21,973	16,801
China	144,039	165,448	174,532
Germany	32,129	34,259	31,338
Japan	30,773	28,877	28,315
Netherlands	22,414	24,113	21,976
France	15,063	14,272	13,857
Sweden	13,004	15,460	13,762
Austria	11,012	11,903	11,813
India	10,161	11,056	11,204
Taiwan	10,431	10,059	11,061
Italy	11,642	11,323	10,484
Korea	5,073	6,692	9,320
All other exporters	62,395	68,605	63,472
Total	392,497	424,041	417,936
	Share of value (percent)		
United States	6.2	5.2	4.0
China	36.7	39.0	41.8
Germany	8.2	8.1	7.5
Japan	7.8	6.8	6.8
Netherlands	5.7	5.7	5.3
France	3.8	3.4	3.3
Sweden	3.3	3.6	3.3
Austria	2.8	2.8	2.8
India	2.6	2.6	2.7
Taiwan	2.7	2.4	2.6
Italy	3.0	2.7	2.5
Korea	1.3	1.6	2.2
All other exporters	15.9	16.2	15.2
Total	100.0	100.0	100.0

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.
Note: Not all countries were able to provide export content in weight. These data also include out-of-scope items such as staples with diameters smaller than 0.0355 inches.

Source: Official exports statistics under HS subheading 8305.20 reported by various national statistical authorities in the Global Trade Atlas database, accessed April 13, 2020.

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
84 FR 27803, June 14, 2019	*Certain Collated Steel Staples From China, Korea, and Taiwan; Institution of Anti-Dumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations*	https://www.govinfo.gov/content/pkg/FR-2019-06-14/pdf/2019-12534.pdf
84 FR 31840, July 3, 2019	*Certain Collated Steel Staples from the People's Republic of China: Initiation of Countervailing Duty Investigation*	https://www.govinfo.gov/content/pkg/FR-2019-07-03/pdf/2019-14232.pdf
84 FR 31833, July 3, 2019	*Certain Collated Steel Staples from the People's Republic of China, the Republic of Korea, and Taiwan: Initiation of Less-Than-Fair-Value Investigations*	https://www.govinfo.gov/content/pkg/FR-2019-07-03/pdf/2019-14234.pdf
84 FR 35884, July 25, 2019	*Certain Collated Steel Staples From China, Korea, and Taiwan; Determinations*	https://www.govinfo.gov/content/pkg/FR-2019-07-25/pdf/2019-15830.pdf
84 FR 42896, August 19, 2019	*Certain Collated Steel Staples From the People's Republic of China: Postponement of Preliminary Determination in the Countervailing Duty Investigation*	https://www.govinfo.gov/content/pkg/FR-2019-08-19/pdf/2019-17537.pdf

Citation	Title	Link
84 FR 57845 October 29, 2019	*Certain Collated Steel Staples From the People's Republic of China: Postponement of Preliminary Determination in the Less-Than-Fair-Value Investigation*	https://www.govinfo.gov/content/pkg/FR-2019-10-29/pdf/2019-23578.pdf
84 FR 59353, November 4, 2019	*Certain Collated Steel Staples From the People's Republic of China: Preliminary Affirmative Determinations of Critical Circumstances in the Antidumping and Countervailing Duty Investigations*	https://www.govinfo.gov/content/pkg/FR-2019-11-04/pdf/2019-23732.pdf
84 FR 61021 November 12, 2019	*Certain Collated Steel Staples From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination, and Alignment of Final Determination With Final Antidumping Duty Determination*	https://www.govinfo.gov/content/pkg/FR-2019-11-12/pdf/2019-24459.pdf
85 FR 882 January 8, 2020	*Certain Collated Steel Staples From the People's Republic of China: Preliminary Affirmative Determination of Sales at Less Than Fair Value, Preliminary Affirmative Determination of Critical Circumstances, Postponement of Final Determination and Extension of Provisional Measures*	https://www.govinfo.gov/content/pkg/FR-2020-01-08/pdf/2020-00103.pdf

Citation	Title	Link
85 FR 3417, January 21, 2020	*Collated Steel Staples From China; Scheduling of the Final Phase of Countervailing Duty and Anti-Dumping Duty Investigations*	https://www.govinfo.gov/content/pkg/FR-2020-01-21/pdf/2020-00827.pdf
85 FR 33623 June 2, 2020	*Certain Collated Steel Staples From the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value and Final Affirmative Critical Circumstances Determination*	https://www.govinfo.gov/content/pkg/FR-2020-06-02/pdf/2020-11891.pdf
85 FR 33626 June 2, 2020	*Certain Collated Steel Staples From the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Critical Circumstances Determination*	https://www.govinfo.gov/content/pkg/FR-2020-06-02/pdf/2020-11892.pdf

APPENDIX B

LIST OF HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

Those listed below participated in the United States International Trade Commission's hearing via Go To Meeting:

Subject: Collated Steel Staples from China

Inv. Nos.: 701-TA-626 and 731-TA-1452 (Final)

Date & Time: May 27, 2020 – 9:30 a.m.

In Support of the Imposition of
Antidumping and Countervailing Duty Orders:

The Bristol Group PLLC
Washington, DC
on behalf of

KYOCERA SENCO Industrial Tools, Inc. ("Senco")

Joseph Faron, Vice President, North American Field Sales, Senco

Charles Iker, Director, U.S. Manufacturing Operations, Senco

Thomas Gold, President, Acme Staple Company ("Acme")

Onno Boswinkel, Executive Vice President, Acme

Jon Thouin, Engineer, Acme

Daniel Klett, Economist, Capital Trade, Inc.

Adam H. Gordon)
Jennifer M. Smith)
) – OF COUNSEL
Lauren Fraid)
Ping Gong)

CLOSING REMARKS:

In Support of Imposition (**Adam H. Gordon**, The Bristol Group PLLC)

-END-

APPENDIX C

SUMMARY DATA

All producers

Table C-1
CCS staples: Summary data concerning the U.S. market, 2017-19
(Quantity=1,000s of pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Productivity=pounds per hour; and Period changes=percent--exceptions noted)

	Reported data			Period changes		
	Calendar year			Calendar year		
	2017	2018	2019	2017-19	2017-18	2018-19
U.S. consumption quantity:						
Amount	***	***	***	▼***	▲***	▼***
Producers' share (fn1)	***	***	***	▼***	▼***	▲***
Importers' share (fn1):						
China	***	***	***	▲***	▲***	▼***
Nonsubject sources	***	***	***	▲***	▼***	▲***
All import sources	***	***	***	▲***	▲***	▼***
U.S. consumption value:						
Amount	***	***	***	▲***	▲***	▼***
Producers' share (fn1)	***	***	***	▼***	▼***	▲***
Importers' share (fn1):						
China	***	***	***	▲***	▲***	▼***
Nonsubject sources	***	***	***	▲***	▼***	▲***
All import sources	***	***	***	▲***	▲***	▼***
U.S. importers' U.S. shipments of imports from.--						
China:						
Quantity	96,498	115,524	95,322	▼(1.2)	▲19.7	▼(17.5)
Value	78,947	94,605	84,288	▲6.8	▲19.8	▼(10.9)
Unit value	$0.82	$0.82	$0.88	▲8.1	▲0.1	▲8.0
Ending inventory quantity	21,179	24,511	26,139	▲23.4	▲15.7	▲6.6
Nonsubject sources:						
Quantity	***	***	***	▲***	▼***	▲***
Value	***	***	***	▲***	▲***	▲***
Unit value	***	***	***	▼***	▲***	▼***
Ending inventory quantity	***	***	***	▲***	▲***	▲***
All import sources:						
Quantity	***	***	***	▲***	▲***	▼***
Value	***	***	***	▲***	▲***	▼***
Unit value	***	***	***	▲***	▲***	▲***
Ending inventory quantity	***	***	***	▲***	▲***	▲***
U.S. producers'.--						
Average capacity quantity	***	***	***	▼***	▼***	▲***
Production quantity	***	***	***	▼***	▼***	▼***
Capacity utilization (fn1)	***	***	***	▼***	▼***	▼***
U.S. shipments:						
Quantity	***	***	***	▼***	▼***	▼***
Value	***	***	***	▼***	▼***	▼***
Unit value	***	***	***	▲***	▲***	▼***

Table continued on next page.

Table C-1--Continued
CCS staples: Summary data concerning the U.S. market, 2017-19
(Quantity=1,000s of pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Productivity=pounds per hour; and Period changes=percent--exceptions noted)

	Reported data			Period changes		
	Calendar year			Calendar year		
	2017	2018	2019	2017-19	2017-18	2018-19
U.S. producer's.--Continued						
Export shipments:						
Quantity	***	***	***	▼***	▼***	▼***
Value	***	***	***	▼***	▼***	▼***
Unit value	***	***	***	▼***	▼***	▼***
Ending inventory quantity	***	***	***	▼***	▼***	▼***
Inventories/total shipments (fn1)	***	***	***	▼***	▼***	▼***
Production workers	***	***	***	▼***	▼***	▼***
Hours worked (1,000s)	***	***	***	▼***	▼***	▼***
Wages paid ($1,000)	***	***	***	▼***	▼***	▼***
Hourly wages (dollars per hour)	***	***	***	▲***	▲***	▼***
Productivity	***	***	***	▼***	▼***	▲***
Unit labor costs	***	***	***	▲***	▲***	▼***
Net sales:						
Quantity	***	***	***	▼***	▼***	▼***
Value	***	***	***	▼***	▼***	▼***
Unit value	***	***	***	▲***	▲***	▼***
Cost of goods sold (COGS)	***	***	***	▼***	▼***	▼***
Gross profit or (loss) (fn2)	***	***	***	▼***	▼***	▼***
SG&A expenses	***	***	***	▼***	▼***	▼***
Operating income or (loss) (fn2)	***	***	***	▼***	▼***	▼***
Net income or (loss) (fn2)	***	***	***	▼***	▼***	▼***
Capital expenditures	***	***	***	▲***	▲***	▼***
R&D expenses	***	***	***	***	***	***
Net assets	***	***	***	▲***	▼***	▲***
Unit COGS	***	***	***	▲***	▲***	▲***
Unit SG&A expenses	***	***	***	▲***	▲***	▲***
Unit operating income or (loss) (fn2)	***	***	***	▼***	▼***	▼***
Unit net income or (loss) (fn2)	***	***	***	▼***	▲***	▼***
COGS/sales (fn1)	***	***	***	▲***	▲***	▲***
Operating income or (loss)/sales (fn1)	***	***	***	▼***	▼***	▼***
Net income or (loss)/sales (fn1)	***	***	***	▼***	▼***	▼***

Note.--Shares and ratios shown as "0.0" percent represent non-zero values less than "0.05" percent (if positive) and greater than "(0.05)" percent (if negative). Zeroes, null values, and undefined calculations are suppressed and shown as "---". Period changes preceded by a "▲" represent an increase, while period changes preceded by a "▼" represent a decrease.

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Percent changes only calculated when both comparison values represent profits; The directional change in profitability provided when one or both comparison values represent a loss.

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

Related party exclusion

Table C-2

CCS staples: Summary data concerning the U.S. market excluding one U.S. producer *, 2017-19**

(Quantity=1,000s of pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Productivity=pounds per hour; and Period changes=percent--exceptions noted)

	Reported data			Period changes		
	Calendar year			Calendar year		
	2017	2018	2019	2017-19	2017-18	2018-19
U.S. consumption quantity:						
Amount	***	***	***	▼***	▲***	▼***
Producers' share (fn1):						
Included producers	***	***	***	▲***	▼***	▲***
Excluded producers	***	***	***	▼***	▼***	***
All producers	***	***	***	▼***	▼***	▲***
Importers' share (fn1):						
China	***	***	***	▲***	▲***	▼***
Nonsubject sources	***	***	***	▲***	▼***	▲***
All import sources	***	***	***	▲***	▲***	▼***
U.S. consumption value:						
Amount	***	***	***	▲***	▲***	▼***
Producers' share (fn1):						
Included producers	***	***	***	▼***	▼***	▲***
Excluded producers	***	***	***	▼***	▼***	***
All producers	***	***	***	▼***	▼***	▲***
Importers' share (fn1):						
China	***	***	***	▲***	▲***	▼***
Nonsubject sources	***	***	***	▲***	▼***	▲***
All import sources	***	***	***	▲***	▲***	▼***
U.S. importers' U.S. shipments of imports from.--						
China:						
Quantity	96,498	115,524	95,322	▼(1.2)	▲19.7	▼(17.5)
Value	78,947	94,605	84,288	▲6.8	▲19.8	▼(10.9)
Unit value	$0.82	$0.82	$0.88	▲8.1	▲0.1	▲8.0
Ending inventory quantity	21,179	24,511	26,139	▲23.4	▲15.7	▲6.6
Nonsubject sources:						
Quantity	***	***	***	▲***	▼***	▲***
Value	***	***	***	▲***	▲***	▲***
Unit value	***	***	***	▼***	▲***	▼***
Ending inventory quantity	***	***	***	▲***	▲***	▲***
All import sources:						
Quantity	***	***	***	▲***	▲***	▼***
Value	***	***	***	▲***	▲***	▼***
Unit value	***	***	***	▲***	▲***	▲***
Ending inventory quantity	***	***	***	▲***	▲***	▲***
Included U.S. producers.--						
Average capacity quantity	***	***	***	▲***	***	▲***
Production quantity	***	***	***	▼***	▼***	▼***
Capacity utilization (fn1)	***	***	***	▼***	▼***	▼***
U.S. shipments:						
Quantity	***	***	***	▼***	▼***	▼***
Value	***	***	***	▼***	▼***	▼***
Unit value	***	***	***	▼***	▲***	▼***

Table continued on next page.

Table C-2--Continued
CCS staples: Summary data concerning the U.S. market excluding one U.S. producer *, 2017-19**
(Quantity=1,000s of pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Productivity=pounds per hour; and Period changes=percent--exceptions noted)

	Reported data			Period changes		
	Calendar year			Calendar year		
	2017	2018	2019	2017-19	2017-18	2018-19
Included U.S. producers.--Continued						
Export shipments:						
Quantity	***	***	***	▼***	▼***	▼***
Value	***	***	***	▼***	▼***	▼***
Unit value	***	***	***	▼***	▼***	▼***
Ending inventory quantity	***	***	***	▲***	▲***	▼***
Inventories/total shipments (fn1)	***	***	***	▲***	▲***	▼***
Production workers	***	***	***	▼***	***	▼***
Hours worked (1,000s)	***	***	***	▼***	▼***	▼***
Wages paid ($1,000)	***	***	***	▼***	▼***	▼***
Hourly wages (dollars per hour)	***	***	***	▲***	▲***	▼***
Productivity	***	***	***	▲***	▼***	▲***
Unit labor costs	***	***	***	▼***	▲***	▼***
Net sales:						
Quantity	***	***	***	▼***	▼***	▼***
Value	***	***	***	▼***	▼***	▼***
Unit value	***	***	***	▼***	▲***	▼***
Cost of goods sold (COGS)	***	***	***	▼***	▲***	▼***
Gross profit or (loss) (fn2)	***	***	***	▼***	▼***	▼***
SG&A expenses	***	***	***	▼***	▼***	▼***
Operating income or (loss) (fn2)	***	***	***	▼***	▼***	▼***
Net income or (loss) (fn2)	***	***	***	▼***	▼***	▼***
Capital expenditures	***	***	***	▲***	▲***	▼***
R&D expenses	***	***	***	***	***	***
Net assets	***	***	***	▲***	▼***	▲***
Unit COGS	***	***	***	▲***	▲***	▲***
Unit SG&A expenses	***	***	***	▲***	▲***	▲***
Unit operating income or (loss) (fn2)	***	***	***	▼***	▼***	▼***
Unit net income or (loss) (fn2)	***	***	***	▼***	▼***	▼***
COGS/sales (fn1)	***	***	***	▲***	▲***	▲***
Operating income or (loss)/sales (fn1)	***	***	***	▼***	▼***	▼***
Net income or (loss)/sales (fn1)	***	***	***	▼***	▼***	▼***

Note.--Shares and ratios shown as "0.0" percent represent non-zero values less than "0.05" percent (if positive) and greater than "(0.05)" percent (if negative). Zeroes, null values, and undefined calculations are suppressed and shown as "---". Period changes preceded by a "▲" represent an increase, while period changes preceded by a "▼" represent a decrease.

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Percent changes only calculated when both comparison values represent profits; The directional change in profitability provided when one or both comparison values represent a loss.

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

APPENDIX D

SECTION 301 PROCEEDINGS AND SECTION 232 PROCLAMATIONS

Table D-1
Section 301 actions: Office of the United States Trade Representative ("USTR") proceedings, 2018-20

Product list	Effective date	Action
Tranche 1	July 6, 2018	**Enacted:** Additional 25 percent ad valorem duties on approximately $34 billion of imports classifiable under 818 HTS tariff subheadings (Annex A to 83 FR 28710, June 20, 2018).
Tranche 2	August 23, 2018	**Enacted:** Additional 25 percent ad valorem duties on approximately $16 billion of imports classifiable under 279 HTS tariff subheadings (Annex A to 83 FR 40823, August 16, 2018).
Tranche 3	September 24, 2018	**Enacted:** Additional 10 percent ad valorem duties on approximately $200 billion of imports classifiable under 5,745 HTS tariff subheadings and partial subheadings (Annex A to 83 FR 47974, September 21, 2018), which are scheduled to increase to 25 percent on January 1, 2019 (Annex B to 83 FR 47974, September 21, 2018).
Tranche 3	October 1, 2018	**Amendment:** Fourteen HTS tariff subheadings in chapter 44 (under Annex A to 83 FR 47974, September 21, 2018) were removed and replaced by 38 corresponding new HTS subheadings to conform to the International Convention on the Harmonized Commodity Description and Coding System (83 FR 49153, September 28, 2018).
Tranche 3	March 2, 2019	**Postponed:** Duty increases from 10 percent to 25 percent were rescheduled (83 FR 65198, December 19, 2018).
Tranche 3	Not applicable	**Postponed:** Additional ad valorem duties to remain at 10 percent until further notice (84 FR 7966, March 5, 2019).
Tranche 3	May 10, 2019	**Enacted:** Duty increases from 10 percent to 25 percent ad valorem were rescheduled (84 FR 20459, May 9, 2019).
Tranche 3	Prior to June 1, 2019	**Enacted:** Delayed duty increases from 10 percent to 25 percent ad valorem enacted May 10, 2019 on certain products exported from China before May 10, 2019, that enter into the United States before June 1, 2019 (84 FR 21892, May 15, 2019).
Tranche 3	Prior to June 15, 2019	**Enacted:** The date was extended for the delayed duty increase from 10 percent to 25 percent ad valorem on certain products exported from China before May 10, 2019 that enter into the United States before June 15, 2019 (84 FR 26930, June 10, 2019).
Tranche 4, List 1	September 1, 2019	**Enacted:** Additional 10 percent ad valorem duties on imports classifiable under 3,229 full HTS tariff subheadings and 4 partial HTS subheadings (Annexes A and B to 84 FR 43304, August 20, 2019). Imports on products classifiable under HTS subheadings on lists 1 and 2 totaled approximately $300 billion.
Tranche 4, List 2	December 15, 2019	**Enacted:** Additional 10 percent ad valorem duties on imports classifiable under 542 full HTS tariff subheadings and 8 partial HTS subheadings (Annexes C and D to 84 FR 43304, August 20, 2019). Imports on products classifiable under HTS subheadings on lists 1 and 2 totaled approximately $300 billion.

Table continued.

Table D-1--Continued
Section 301 actions: Office of the United States Trade Representative ("USTR") proceedings, 2018-20

Product list	Effective date	**Action**
Tranche 4, List 1	September 1, 2019	**Amendment:** Additional 10 percent ad valorem duties were increased to 15 percent ad valorem on products covered by Annex A (84 FR 45821, August 30, 2019).
Tranche 4, List 2	December 15, 2019	**Amendment:** Additional 10 percent ad valorem duties were increased to 15 percent ad valorem on products covered by Annex C (84 FR 45821, August 30, 2019).
Tranches 1, 2, and 3	October 1, 2019	**Proposed:** Additional 25 percent ad valorem duties to be increased 30 percent ad valorem on products covered by Annex C – List 3, Part 1 (84 FR 46212, September 3, 2019).
Tranche 4, List 2	December 15, 2019	**Amendment:** Additional 15 percent ad valorem duties to be suspended on products covered by List 2 (84 FR 69447 December 18, 2019).
Tranche 4, List 1	February 14, 2020	**Amendment:** Additional 15 percent ad valorem duties to be reduced to 7.5 percent on product covered by List 1 (85 FR 3741, January 22, 2020).

Note: (1) Steel wire rod classifiable under HTS subheadings 7213.91.30, 7221.00.00, and 7227.90.60 are subjected to the section 301 tariffs under Tranche 4 list 1.

(2) CCS staples classifiable under HTS subheading 8305.20.00 is subjected to the section 301 tariff under Tranche 4 List 1.

Table D-2
Section 232 actions: Presidential proclamations, 2017-19

Effective date	Action
April 19, 2017	Commerce announced the institution of an investigation, by its U.S. Bureau of Industry and Security ("BIS") into the potential impact of imported steel mill products on national security (82 FR 19205, April 26, 2017).
January 11, 2018	The Secretary of Commerce submitted the BIS Section 232 steel imports report to the President.[1]
March 23, 2018	The President announced the imposition of 25 percent ad valorem national-security duties on U.S. steel imports. Initially exempted— Canada and Mexico (Presidential Proclamation 9705, March 8, 2018 and 83 FR 11625, March 15, 2018).
March 23 through May 1, 2018	**Adjustment:** Exempted— Argentina, Australia, Brazil, Canada, the European Union ("EU") member states, Korea, and Mexico (Presidential Proclamation 9711, March 22, 2018 and 83 FR 13361, March 28, 2018).
May 1 through June 1, 2018	**Adjustment:** Exemptions continued with annual quota limits— Argentina, Brazil, and Korea. Exemptions not continued— Canada, Mexico, and EU member states (Presidential Proclamation 9740, April 30, 2018; 83 FR 20683, June 5, 2018; and 83, FR 25857, August 10, 2018).
August 13, 2018	**Adjustment:** Exemptions continued— Argentina, Australia, Brazil, and Korea. Duty rate doubled to 50 percent ad valorem— Turkey (Presidential Proclamation 9772, August 10, 2018; 83 FR 40429, August 15, 2018).
May 20, 2019	**Adjustment:** Exemptions reinstated— Canada and Mexico (Presidential Proclamation 9894, May 19, 2019 and 84 FR 23987, May 23, 2019).
May 21, 2019	**Adjustment:** Duty rate reduced from 50 percent back to 25 percent ad valorem— Turkey (Presidential Proclamation 9886, May 16, 2019; and 84 FR 23421, May 21, 2019).

[1] "Statement from the Department of Commerce on Submission of Steel Section 232 Report to the President," News Release January 11, 2018, https://www.commerce.gov/news/press-releases/2018/01/statement-department-commerce-submission-steel-section-232-report.

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