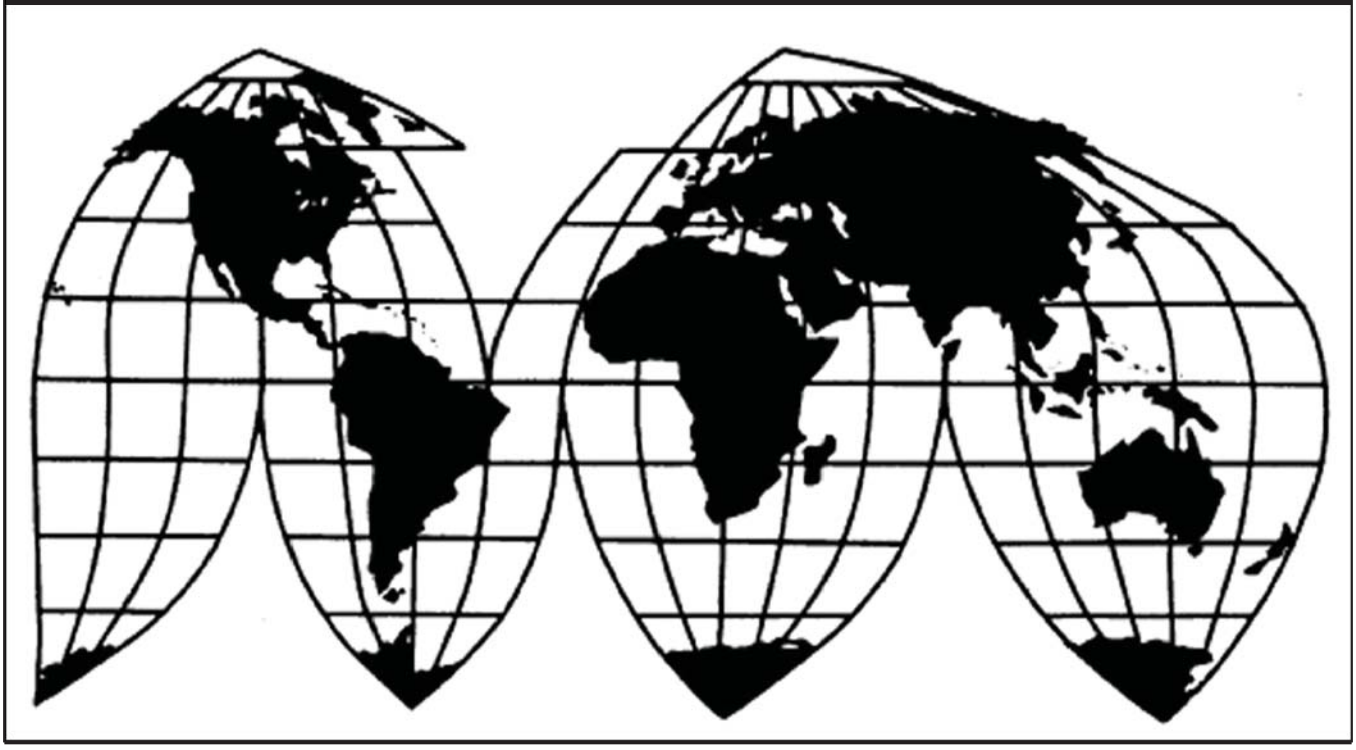
# Certain Steel Nails from India, Korea, Malaysia, Oman, Taiwan, Turkey, and Vietnam

Investigation Nos. 701-TA-515-521 and 731-TA-1251-1257 (Preliminary)

**Publication 4480** **July 2014**

**U.S. International Trade Commission**



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# U.S. International Trade Commission

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**CONTENTS**


| | *Page* |
|---|---|
| **Determinations** | 1 |
| **Views of the Commission** | 3 |
| **Part I: Introduction** | I-1 |
| Background | I-1 |
| Statutory criteria and organization of the report | I-2 |
| Statutory criteria | I-2 |
| Organization of the report | I-3 |
| Market summary | I-3 |
| Summary data and data sources | I-4 |
| Previous and related Title VII investigations | I-4 |
| Nature and extent of alleged subsidies and sales at LTFV | I-8 |
| Alleged subsidies | I-8 |
| Alleged sales at LTFV | I-9 |
| The subject merchandise | I-10 |
| Commerce's scope | I-10 |
| Tariff treatment | I-11 |
| The product | I-12 |
| Description and applications | I-12 |
| Manufacturing process | I-12 |
| Domestic like product issue | I-15 |
| **Part II: Conditions of competition in the U.S. market** | II-1 |
| U.S. market characteristics | II-1 |
| Channels of distribution | II-1 |
| Geographic distribution | II-2 |
| Supply and demand considerations | II-2 |
| U.S. supply | II-2 |
| U.S. demand | II-11 |
| Substitutability issues | II-14 |
| Factors affecting purchasing decisions | II-14 |
| Lead times | II-16 |
| Comparison of U.S. produced and imported steel nails | II-16 |

*Page*

**Part III: U.S. producers' production, shipments, and employment** ..... III-1
U.S. producers ..... III-1
U.S. production, capacity, and capacity utilization ..... III-2
U.S. producers' U.S. shipments and exports ..... III-3
U.S. producers' inventories ..... III-7
U.S. producers' imports and purchases ..... III-7
U.S. employment, wages, and productivity ..... III-8

**Part IV: U.S. imports, apparent consumption, and market shares** ..... IV-1
U.S. importers ..... IV-1
U.S. imports ..... IV-3
Negligibility ..... IV-9
Cumulation considerations ..... IV-9
Apparent U.S. consumption ..... IV-10
U.S. market shares ..... IV-12
Ratio of imports to U.S. production ..... IV-14

**Part V: Pricing data** ..... V-1
Factors affecting prices ..... V-1
Raw material costs ..... V-1
U.S. inland transportation costs ..... V-1
Pricing practices ..... V-2
Pricing methods ..... V-2
Sales terms and discounts ..... V-3
Price leadership ..... V-3
Price data ..... V-4
Price trends ..... V-9
Price comparisons ..... V-9
Lost sales and lost revenues ..... V-11

**Part VI: Financial experience of U.S. producers** ..... VI-1
Background ..... VI-1
Operations on steel nails ..... VI-1
Variance analysis ..... VI-3
Capital expenditures and research and development expenses, and total assets ..... VI-4
Capital and investment ..... VI-5
Actual negative effects ..... VI-5
Anticipated negative effects ..... VI-5

***Page***

**Part VII: Threat considerations and information on nonsubject countries** ..... VII-1
The industry in India ..... VII-3
The industry in Korea ..... VII-3
The industry in Malaysia ..... VII-4
The industry in Oman ..... VII-6
The industry in Taiwan ..... VII-6
The industry in Turkey ..... VII-8
The industry in Vietnam ..... VII-8
Foreign industry data for all subject countries combined ..... VII-9
U.S. inventories of imported merchandise ..... VII-12
U.S. importers' outstanding orders ..... VII-12
Antidumping or countervailing duty orders in third-country markets ..... VII-12
Information on nonsubject sources ..... VII-12

**Appendixes**
A. *Federal Register* notices ..... A-1
B. Conference Witnesses ..... B-1
C. Summary data ..... C-1
D. Importer and foreign producer shipments of nails by type, form, and finish ..... D-1
E. Nonsubject country price data ..... E-1

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

**UNITED STATES INTERNATIONAL TRADE COMMISSION**

Investigation Nos. 701-TA-515-521 and 731-TA-1251-1257 (Preliminary)

CERTAIN STEEL NAILS FROM INDIA, KOREA, MALAYSIA, OMAN, TAIWAN, TURKEY, AND VIETNAM

## DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission (Commission) determines, pursuant to sections 703(a) and 733(a) of the Tariff Act of 1930 (19 U.S.C. §§ 1671b(a) and 1673b(a)) (the Act), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Korea, Malaysia, Oman, Taiwan, and Vietnam of certain steel nails, provided for in subheading 7317.00.55, 7317.00.65, and 7317.00.75 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value ("LTFV"), and that are allegedly subsidized by the Governments of Korea, Malaysia, Oman, Taiwan, and Vietnam. [2]

The Commission further determined that imports of these products from India and Turkey are negligible pursuant to section 771(24) of the Act (19 U.S.C. § 1677(24)). The Commission consequently terminated its investigations concerning steel nails from India and Turkey.

## COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigations of steel nails from Korea, Malaysia, Oman, Taiwan, and Vietnam. The Commission will issue a final phase notice of scheduling, which will be published in the *Federal Register* as provided in section 207.21 of the Commission's rules, upon notice from the Department of Commerce (Commerce) of affirmative preliminary determinations in these investigations under sections 703(b) or 733(b) of the Act, or, if the preliminary determinations are negative, upon notice of affirmative final determinations in these investigations under sections 705(a) or 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigations need not enter a separate appearance for the final phase of the investigations to which they are parties. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public

[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] Commissioner F. Scott Kieff recused himself from these investigations.

service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

**BACKGROUND**

On May 29, 2014, a petition was filed with the Commission and Commerce by Mid Continent Nail Corporation, Poplar Bluff, MO, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV and subsidized imports of certain steel nails from India, Korea, Malaysia, Oman, Taiwan, Turkey, and Vietnam. Accordingly, effective May 29, 2014, the Commission instituted countervailing duty investigation Nos. 701-TA-515-521 and antidumping duty investigation No. 731-TA-1251-1257 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of June 4, 2014 (79 FR 32311). The conference was held in Washington, DC, on June 19, 2014, and all persons who requested the opportunity were permitted to appear in person or by counsel.

## Views of the Commission

Based on the record in the preliminary phase of these investigations, we find that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of certain steel nails from Korea, Malaysia, Oman, Taiwan, and Vietnam that are allegedly sold in the United States at less than fair value and are allegedly subsidized by the governments of Korea, Malaysia, Oman, Taiwan, and Vietnam.[1] We also find that imports of certain steel nails from India and Turkey are negligible and terminate the investigations with respect to those imports.

## I. The Legal Standard for Preliminary Determinations

The legal standard for preliminary antidumping and countervailing duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determinations, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury, or that the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.[2] In applying this standard, the Commission weighs the evidence before it and determines whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation."[3]

## II. Background

The petition in these investigations was filed on May 29, 2014, by Mid Continent Steel Corporation (referred to hereafter as "Mid Continent" or "Petitioner"), a domestic producer of steel nails.[4] Petitioner appeared at the conference and submitted a postconference brief.

The following respondents appeared at the conference and/or submitted postconference briefs:

*India*. Astrotech Steels Private Limited ("Astrotech" or "Indian Respondent"), a producer/exporter and importer of subject merchandise.

*Oman*. Oman Fasteners LLC ("Oman Fasteners" or "Oman Respondent"), a producer and exporter of subject merchandise.

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[1] Commissioner Kieff was recused from these preliminary investigations.

[2] 19 U.S.C. §§ 1671b(a), 1673b(a) (2000); *see also American Lamb Co. v. United States*, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); *Aristech Chem. Corp. v. United States, 2*0 CIT 353, 354-55 (1996).

[3] *American Lamb Co.*, 785 F.2d at 1001; *see also Texas Crushed Stone Co. v. United States*, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

[4] Confidential Report ("CR") at I-1; Public Report ("PR") at I-1.

*Taiwan*. Ko's Nail Inc., Zon Mon Co., Ltd., Liang Chyuan Industrial Co., Ltd., Pro-Team Coil Nail Enterprise Inc., Romp Coil Nail Industries Inc., Hor Liang Industrial Corp., Unicatch Industrial Co., Ltd., China Staple Enterprise Corporation, and Certified Products Taiwan Inc. (collectively, "Taiwan Respondents"), producers and exporters of subject merchandise.

*Turkey*. The Metropolitan Staple Corp. ("Metropolitan"), an importer of subject merchandise, the Turkish Steel Exporters Association ("TSKA"), a trade association representing Turkish producers and exporters of certain steel nails, and the Government of Turkey's Ministry of Economy (the "Turkish Government") (collectively, "Turkish Respondents").

*Vietnam*. Region Industries Co., Ltd. and United Nail Products Co., Ltd. (collectively, "Vietnam Respondents"), producers and exporters of subject merchandise.

*Other Respondents*. Two other sets of respondents representing importers of the subject merchandise appeared at the conference and/or filed postconference briefs: (1) Master Fasteners International, a Division of BMD, Inc., Carlson Systems LLC, Continental Materials, Inc., Fanaco Fasteners, and Viking Engineering and Development, Inc. (collectively, "Master Fasteners"), and (2) CHEP USA, Carolina Nail Systems, and Nail Tech Co., Ltd. (collectively, "CHEP").

U.S. industry data are based on the questionnaire responses of 10 firms, which are believed to account for nearly all of U.S. production of steel nails in 2013.[5] U.S. import data are based on official U.S. Department of Commerce ("Commerce") import statistics and from questionnaire responses from 30 U.S. importers accounting for 65.1 percent of U.S. imports from subject countries and 50.7 percent of all imports in 2013.[6] The 13 reporting importers of nonsubject imports accounted for 35.6 percent of nonsubject imports in 2013.[7]

## III. Domestic Like Product

### A. Legal Standard

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

[5] CR/PR at III-1; CR at I-4; PR at I-3.
[6] CR/PR at IV-1 & Tables IV-1 to IV-3.
[7] CR/PR at IV-1 & Tables IV-1 to IV-3.
[8] 19 U.S.C. § 1677(4)(A).

proportion of the total domestic production of the product."[9] In turn, the Tariff Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[10]

The decision regarding the appropriate domestic like product(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.[11] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[12] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[13] Although the Commission must accept Commerce's determination as to the scope of the imported merchandise that is subsidized and/or sold at less than fair value,[14] the Commission determines what domestic product is like the imported articles Commerce has identified.[15]

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[9] 19 U.S.C. § 1677(4)(A).

[10] 19 U.S.C. § 1677(10).

[11] *See, e.g.*, *Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. 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).

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

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

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

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

### B. Product Description

In its notice of institution, Commerce defined the imported merchandise within the scope of the investigations as follows:

> The merchandise covered by these investigations is certain steel nails having a nominal shaft length not exceeding 12 inches. Certain steel nails include, but are not limited to, nails made from round wire and nails that are cut from flat-rolled steel. Certain steel nails may be of one piece construction or constructed of two or more pieces. Certain steel nails may be produced from any type of steel, and may have any type of surface finish, head type, shank, point type and shaft diameter. Finishes include, but are not limited to, coating in vinyl, zinc (galvanized, including but not limited to electroplating or hot dipping one or more times), phosphate, cement, and paint. Certain steel nails may have one or more surface finishes. Head styles include, but are not limited to, flat, projection, cupped, oval, brad, headless, double, countersunk, and sinker. Shank styles include, but are not limited to, smooth, barbed, screw threaded, ring shank and fluted. Screw-threaded nails subject to this proceeding are driven using direct force and not by turning the nail using a tool that engages with the head. Point styles include, but are not limited to, diamond, needle, chisel and blunt or no point. Certain steel nails may be sold in bulk, or they may be collated in any manner using any material. If packaged in combination with one or more non-subject articles, certain steel nails remain subject merchandise if the total number of nails of all types, in aggregate regardless of size, is equal to or greater than 25.

Commerce's scope definition also contains numerous exclusions.[16]

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[16] 79 Fed. Reg. 36,019 (June 25, 2014). Commerce's notice of institution contains the following exclusions:

> *** certain steel nails packaged in combination with one or more non-subject articles, if the total number of nails of all types, in aggregate regardless of size, is less than 25.
>
> *** steel nails that meet the specifications of Type I, Style 20 nails as identified in Tables 29 through 33 of ASTM Standard F1667 (2013 revision).
>
> *** nails suitable for use in powder-actuated hand tools, whether or not threaded, which are currently classified under Harmonized Tariff Schedule of the United States (HTSUS) subheadings 7317.00.20.00 and 7317.00.30.00.
>
> *** nails having a case hardness greater than or equal to 50 on the Rockwell Hardness C scale (HRC), a carbon content greater than or equal to 0.5 percent, a round head, a secondary (Continued…)

### C. Analysis

Petitioner argues that the Commission should define a single domestic like product consisting of certain steel nails, which is coextensive with the definition of the scope of the subject merchandise.[17] It points out that, in the 2008 original investigation and 2013 five-year review involving steel nails from China, and the 2012 original investigation involving steel nails from the United Arab Emirates ("UAE"), the Commission uniformly found a single domestic like product that was coextensive with Commerce's scope definition.[18]

For purposes of the preliminary phase of these investigations, Respondents either do not comment on this issue or specifically concur with respect to Petitioner's argument that there is a single domestic like product coextensive with Commerce's scope definition.[19] As indicated below, we have defined a single domestic like product for purposes of these preliminary determinations.

***Physical Characteristics and Uses***. All steel nails share the same basic characteristics, consisting of a head, shaft, and point, and are produced to the same industry-wide standards. Although most steel nails are produced of low-carbon steel, nails are also produced of stainless steel (to resist corrosion) and of hardenable medium- to high-carbon steel.[20] Nails are packaged for shipment in bulk, that is, loose in a carton or other container, or collated, that is, joined with wire, paper strips, plastic strips, or glue into coils or straight strips for use in pneumatic nailing tools.[21] Although most nails are produced from a single piece of steel wire, some nails are produced from two or more pieces.[22] Examples include a nail with a decorative head, such as an upholstery nail; a masonry anchor that comprises a zinc anchor and a steel wire nail; a nail with a large thin attached head (for nailing roofing felt, for example); and a nail with a rubber or

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(…Continued)

reduced-diameter raised head section, a centered shank, and a smooth symmetrical point, suitable for use in gas actuated hand tools.

*** corrugated nails. A corrugated nail is made up of a small strip of corrugated steel with sharp points on one side.

*** thumb tacks, which are currently classified under HTSUS 7317.00.10.00.

*Id*.

[17] Petitioner's Postconf. Br. at 2.

[18] *See, e.g.*, Petitioner's Postconf. Br., Answers to Staff Questions at 7.

[19] Taiwan Respondents' Postconf. Br. at 1 n.2; Conf. Tr. at 119 (Levinson).

[20] CR at I-16; PR at I-12.

[21] CR at I-16; PR at I-12.

[22] CR at I-16; PR at I-12.

neoprene washer assembled over its shaft (to seal the nailhole in metal or fiberglass roofing or siding).[23]

Cut nails are produced from plate rather than from wire and are rectangular rather than round.[24] Cut nails are used primarily for joining to masonry or concrete.[25] Although cut nails may be made for any carpentry use, the main use other than masonry is for flooring in applications where an antique appearance is required.[26] Nails for use in pneumatic nailing tools are processed through automatic equipment to collate the nails using paper strips, plastic strips, fine steel wire, or adhesive; nails for hand-driving are packaged in bulk (loose) in cartons or in smaller count boxes for the mass merchandise retail repair and remodeling market.[27]

Specific uses for nails include the building of houses and other structures – both for structural framing and interior applications.[28] Nails are also used to assemble decks and fences, cabinets and furniture, and crates and pallets for shipping.[29]

***Interchangeability***. The parties appear to agree that certain steel nails produced to industry specifications are generally interchangeable within type, size, and finish.[30] There may be some limitations on the interchangeability of certain steel nails resulting from differences in types, sizes, and finishes, as well as the compatibility of even the same type of nail with different nailing tools.[31]

***Channels of distribution***. The majority of shipments by domestic producers went to *** during the period of investigation.[32]

***Common Manufacturing Facilities, Production Processes, and Production Employees***. Most steel nails are produced from steel wire, and a small proportion of steel nails are produced from steel plate and referred to as "cut nails."[33] Some producers of wire nails use purchased steel wire as a starting raw material and are known as nonintegrated producers, whereas some producers utilize their own facilities to produce wire for nails, using steel wire rod as their starting material; these producers are called "integrated producers."[34] Some

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[23] CR at I-16; PR at I-12.

[24] CR at I-20; PR at I-14.

[25] CR at I-20; PR at I-14.

[26] CR at I-20; PR at I-14.

[27] CR at I-19; PR at I-15.

[28] CR at I-19; PR at I-14.

[29] CR at I-20; PR at I-14.

[30] *See, e.g.*, Petition at 14-15; Conf. Tr. at 44-45 (Gordon); Conf. Tr. at 65 (Cronin); Conf. Tr. at 72-73 (Zinman); Conf. Tr. at 121-24 & 135-36 (Leffler).

[31] *See, e.g.*, Conf. Tr. at 101-02 (Waterman); Conf. Tr. at 110-11 (Anderson).

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

[33] CR at I-16; PR at I-12.

[34] CR at I-16; PR at I-12.

integrated producers are further integrated through the steelmaking process, and produce steel wire rod from raw materials such as scrap, pig iron, and ferroalloys.[35]

To produce nails, wire is fed from a large coil into a nail machine that automatically straightens the wire, forms the head of the nail, and cuts the nail from the wire, simultaneously forming the point and ejecting the finished nail.[36] Nail machines are of two general types.[37] Both types of nail machines are used to produce all styles of nails, and some manufacturers have both types in their facilities.[38] These automatic machines are capable of producing a range of nail sizes and head and point styles by changing tooling and adjustment.[39] Nails that have a helical twist, serrations, and other configurations on the shanks require an additional forming process.[40] These nails are fed into other machines that roll, twist, stamp, or cut to required forms. These operations may also require heating of the nails before forming.[41]

***Producer and Customer Perceptions***. Although the record on this factor is limited, it indicates that certain types of nails may be viewed as distinct products from other types of nails.[42]

***Price***. The pricing data collected in these preliminary investigations indicated general pricing similarities among various plastic-strip collated nails products, and lower prices for a wire coil collated nails product.[43]

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[35] CR at I-16 to I-17; PR at I-12.

[36] CR at I-18; PR at I-14.

[37] The first type of nail machine, known as a "cold-heading machine," holds the wire near its end in gripper dies and forms the head by striking the leading end of the wire, forcing the end of the wire to fill a die cavity of the desired shape. The wire is fed through the grippers, and shape cutters form the point and cut the nail free from the wire coming off of the coil. The process is repeated for each individual nail produced by the cold-heading process. CR at I-18; PR at I-14.

In the second type of nail machine, known as a "rotary heading machine," the wire is fed continuously and cutting rollers cut individual nail blanks, simultaneously forming the point. The nail blanks are then inserted into a die ring and the heads are formed by compression of the end of the nail between the rotating ring and a heading roller. The completed nail is then ejected from the machine. *Id*.

[38] CR at I-18; PR at I-14.

[39] CR at I-18; PR at I-14.

[40] CR at I-18; PR at I-14.

[41] CR at I-18; PR at I-14.

[42] *See, e.g.*, Conf. Tr. at 16-17 (Schutzman); Conf. Tr. at 44-45 (Gordon); Conf. Tr. at 65 (Cronin); Conf. Tr. at 101-02 (Waterman).

[43] CR/PR at Tables V-3 to V-8. The Commission collected pricing data for six products. With respect to the four plastic-strip collated nails pricing products (*i.e.*, Products 1-4), U.S. prices for certain steel nails ranged from approximately *** to *** per thousand nails. CR/PR at Tables V-3 to V-6. We note, however, that U.S. prices for steel nails generally were lower for Product 6, which was the only product covering wire coil collated nails. U.S. prices for Product 6 ranged from approximately *** to

(Continued…)

***Conclusion***. Certain steel nails share certain general physical characteristics and uses, are sold primarily to ***, and are produced using similar processes. Based on the record in the preliminary phase of these investigations, and the lack of argument to the contrary, we define a single domestic like product consisting of certain steel nails, coextensive with Commerce's scope definition.

## IV. 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."[44] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

These investigations raise issues as to whether appropriate circumstances exist to exclude any domestic producer from the domestic industry pursuant to the related parties provision. For purposes of these preliminary determinations, Petitioner does not contend that any domestic producers should be excluded from the domestic industry as related parties.[45] Respondents did not specifically address the issue of related parties.

Three domestic producers, ***, are related parties pursuant to 19 U.S.C. § 1677(4)(B) because they each imported subject merchandise during the POI.[46] We discuss below whether appropriate circumstances exist to exclude any of these firms from the domestic industry.

*** *** accounted for *** percent of domestic production in 2013.[47] *** supports the petition.[48] Its interests appear to lie principally in domestic production. *** *** its domestic production over the period of investigation; its ratio of subject imports to domestic production ranged from *** percent during the POI.[49] *** financial performance was generally below the

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(…Continued)

*** on a per thousand nails basis. CR/PR at Table V-8. With respect to the remaining pricing product (*i.e.*, Product 5), a bulk nails product, the Commission collected data on a per short ton basis. U.S. prices for Product 5 ranged from approximately *** to *** per short ton. CR/PR at Table V-7.

[44] 19 U.S.C. § 1677(4)(A).

[45] Petitioners' Postconf. Br., Answers to Staff Questions at 9.

[46] CR/PR at Table III-7.

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

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

[49] CR/PR at Table III-7.

industry average during the POI,[50] thus it did not appear to benefit in terms of financial performance from its importation of subject merchandise. No party has argued that *** should not be included in the domestic industry. Accordingly, we find that *** interests lie primarily in domestic production and that appropriate circumstances do not exist to exclude *** from the domestic industry.

*** *** accounted for *** percent of domestic production in 2013.[51] *** takes no position concerning the petition.[52] Its interests appear to lie principally in domestic production. *** its domestic production over the period of investigation; its ratio of subject imports to domestic production ranged from *** percent during the POI.[53] *** experienced operating losses in 2013 and interim 2014, and its financial performance was generally below the industry average during the POI.[54] It did not appear to benefit in terms of financial performance from its importation of subject merchandise, and no party has argued that it should be excluded. Accordingly, we find that *** interests lie primarily in domestic production and appropriate circumstances do not exist to exclude *** from the domestic industry.

*** *** accounted for *** percent of domestic production in 2013.[55] *** opposes the petition.[56] Its interests appear to lie principally in importation rather than domestic production. *** its domestic production over the period of investigation; its ratio of subject imports to domestic production ranged from *** percent during the POI.[57] Nevertheless, ***[58] Because *** did not appear to benefit in terms of financial performance from its importation of subject merchandise during the POI and no party has argued for its exclusion, we find for purposes of these preliminary determinations that appropriate circumstances do not exist to exclude it from the domestic industry.[59]

*Conclusion.* For the above reasons, we find that appropriate circumstances do not exist to exclude any domestic producers from the domestic industry. Accordingly, we define the domestic industry to include all U.S. producers of certain steel nails.

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[50] CR/PR at Table VI-2. Vice Chairman Pinkert does not rely upon related producers' financial performance in determining whether there are appropriate circumstances to exclude them from the domestic industry. In his view, the present record is not sufficient to link a producer's profitability to any specific benefit it derives from its related party status.

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

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

[53] CR/PR at Table III-7.

[54] CR/PR at Table III-7.

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

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

[57] CR/PR at Table III-7.

[58] CR/PR at Table III-7.

[59] In any final phase investigations, the parties should address whether appropriate circumstances exist to exclude *** from the domestic industry in light of the fact its interests appear to lie principally in importation.

## V. Negligible Imports

### A. Legal Standard

Section 771(24) of the Tariff Act, which defines "negligibility," 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.[60] If subject imports are negligible according to "reasonable estimates on the basis of available statistics,"[61] then the investigation is required to terminate by operation of law without an injury determination.[62] The Uruguay Round Agreements Act Statement of Administrative Action (SAA) provides exceptions where termination of an investigation at the preliminary stage would be inappropriate such as circumstances in which "imports are extremely close to the relevant thresholds and there is a reasonable indication that data obtained in any final phase investigation will establish that imports exceed the quantitative thresholds."[63]

The statute further provides that subject imports from a single country that comprise less than 3 percent of total such imports of the product may not be considered negligible if there are several countries subject to investigation with negligible imports and the sum of such imports from all those countries collectively accounts for more than 7 percent of the volume of all such merchandise imported into the United States.[64] In the case of countervailing duty investigations involving developing countries (as designated by the United States Trade Representative), the statute indicates that the negligibility limits are 4 percent and 9 percent, rather than 3 percent and 7 percent.[65]

Additionally, even if subject imports are found to be negligible for purposes of present material injury, they shall not be treated as negligible for purposes of a threat analysis should the Commission determine that there is a potential that subject imports from the country concerned will imminently account for more than 3 percent of all such merchandise imported into the United States.[66] To assess the potential for imports imminently to surpass the negligibility threshold for purposes of a threat analysis, the Commission typically has examined

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[60] 19 U.S.C. § 1677(24)(A)(i).

[61] 19 U.S.C. § 1677(24)(C).

[62] 19 U.S.C. §§ 1671b(a), 1673b(a), 1671d(b)(1), 1673d(b)(1).

[63] The Uruguay Round Agreements Act Statement of Administrative Action, H.R. No. 103-316 at 857 (1994)

[64] 19 U.S.C. § 1677(24)(A)(ii).

[65] 19 U.S.C. § 1677(24)(B).

[66] 19 U.S.C. § 1677(24)(A)(iv).

the share of total imports, especially toward the latter period of the POI, production capacity, capacity utilization, and inventories.[67]

### B. Arguments of the Parties

Petitioner appears to concede that subject imports from Turkey and India are negligible for purposes of analyzing present material injury by reason of subject imports.[68] Petitioner argues, however, that there is a reasonable indication of a potential that subject imports from Turkey and India will imminently surpass the negligibility thresholds for purposes of analyzing threat of material injury.[69] Petitioner claims that imports from Turkey have surged into the U.S. market during the POI, and will likely continue to increase in the imminent future.[70] While acknowledging that they had a miniscule presence in the U.S. market through 2013, Petitioner underscores that subject imports from India accounted for over 3 percent of all imports in two of the first four months of 2014.[71]

Respondents argue that imports from Turkey and India are negligible and will not imminently exceed the negligibility thresholds. Turkish Respondents contend that imports from Turkey for the most recent 12-month period were only 2.1 percent of total imports – well below the 3 percent threshold for negligibility.[72] While acknowledging that Turkish producers Akdeniz and Beksan are growing, they underscore that subject imports from Turkey will account for less than 2.4 percent of total U.S. imports by 2015 given their current rate of growth.[73] The Indian Respondent emphasizes that subject imports from India were below the negligibility threshold during the POI, and claims that they cannot exceed the negligibility threshold in the imminent future due to capacity constraints.[74]

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[67] *See Certain Steel Concrete Reinforcing Bars from Belarus, China, Korea, Latvia, and Moldova*, Inv. Nos. 731-873-874 and 877-879 (Final), USITC Pub. 3440 (July 2001); *Certain Stainless Steel Butt-Weld Pipe Fittings from Germany*, Inv. No. 731-TA-864 (Final), USITC Pub. 3372 (Nov. 2000); *Certain Cold-Rolled Steel Products from Argentina, Brazil, China, Indonesia, Japan, Russia, Slovakia, South Africa, Taiwan, Thailand, Turkey, and Venezuela*, Inv. Nos. 701-TA-33-396 and 731-TA-829-840 (Preliminary), USITC Pub. 3214 (July 1999).

[68] *See, e.g.*, Petitioner's Postconf. Br. at 3-4.

[69] *See, e.g.*, Petitioner's Postconf. Br. at 3-14.

[70] Petitioner's Postconf. Br. at 10.

[71] Petitioner's Postconf. Br. at 12.

[72] Respondent Turkish Steel Exporters Association's Postconf. Br. at 2.

[73] Respondent Turkish Steel Exporters Association's Postconf. Br. at 2-4.

[74] Indian Respondent's Postconf. Br. at 2.

### C. Analysis

For the reasons stated below, we find that subject imports from Turkey and India do not meet their respective negligibility thresholds for both present material injury and threat of material injury analyses.[75]

*Turkey*. As Petitioner itself concedes, subject imports of steel nails from Turkey are negligible for present material injury because such imports only accounted for 2.1 percent of total imports over the applicable 12-month period for determining negligibility (May 2013-April 2014). [76] This is nearly a full percentage point below the 3 percent negligibility threshold.

With respect to negligibility for purposes of a threat analysis, the record in these preliminary investigations provides clear evidence that there is not a potential for subject imports from Turkey to surpass the 3 percent negligibility threshold in the imminent future. Notwithstanding Petitioner's suggestion to the contrary, imports of certain steel nails from Turkey have fluctuated over the applicable 12-month period rather than displaying an upward trend.[77] The data indicate that subject imports from Turkey exceeded 3 percent of total imports in only the sixth and eighth months of the 12-month period.[78] Moreover, imports of certain steel nails from Turkey have remained flat during the first four months of 2014. The sole month from January-April 2014 in which subject imports from Turkey exceeded 2 percent of total imports was March.[79] They then dropped to 1.8 percent in April.[80]

Furthermore, data gathered from the questionnaires in these preliminary phase investigations covering capacity and inventory also support the conclusions we have reached based on the official import data. The two responding Turkish producers (*i.e.*, Akdeniz and Beksan) reported that they plan to add ***.[81] Our analysis of the data leads us to find that, notwithstanding the projected increases in capacity and production, these producers are unlikely to increase exports to the United States to a level approaching the statutory

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[75] Subject imports from Korea, Malaysia, Oman, Taiwan, and Vietnam each exceed the statutory negligibility threshold. During May 2013-April 2014, the 12-month period preceding filing of the petition, subject imports from Korea were 11.0 percent of total imports, subject imports from Malaysia were 6.8 percent of total imports, subject imports from Oman were 8.8 percent of total imports, subject imports from Taiwan were 14.4 percent of total imports, and subject imports from Vietnam were 8.8 percent of total imports. *See* OINV Worksheet (EDIS Doc. No. 537681).

[76] CR at IV-8; PR at IV-8; CR/PR at Table IV-5.

[77] *See* OINV Worksheet (EDIS Doc. No. 537681).

[78] Subject imports from Turkey reached 3.1 percent in October 2013 and 3.2 percent in December 2013. *See* OINV Worksheet (EDIS Doc. No. 537681).

[79] *See* OINV Worksheet (EDIS Doc. No. 537681).

[80] *See* OINV Worksheet (EDIS Doc. No. 537681).

[81] CR/PR at Table VII-6; Respondent Turkish Steel Exporters Association's Postconf. Br. at 4.

negligibility threshold.[82] Additionally, Turkish producers reported a *** rate of capacity utilization and *** inventories.[83] Given these considerations, the evidence in the record indicates that subject producers in Turkey are unlikely imminently to surpass the 3 percent threshold.

Finally, we find that there is no likelihood that evidence leading to a contrary result will arise in final phase investigations. In these preliminary investigations, the two responding Turkish producers (Akdeniz and Beksan) accounted for approximately 93.9 percent -- or virtually all -- official reported U.S. imports of steel nails from Turkey during the applicable 12-month negligibility period.[84] Moreover, there is no indication in the record that the official reported U.S. imports of subject merchandise from Turkey are significantly understated for the period pertinent to computing negligibility.[85] In light of these considerations, there is not likely to be any additional (or new) data pertinent to the negligibility issue for subject imports from Turkey obtained in any final phase investigations that would lead to a contrary result.

In short, imports of steel nails from Turkey are below the negligibility threshold, the record in these preliminary investigations contains clear and convincing evidence that there is not a potential that they will imminently surpass the 3 percent threshold given the trends over the pertinent 12-month negligibility period, and there is no likelihood that evidence leading to a contrary result will arise in final phase investigations. Accordingly, we find that imports from Turkey are negligible.

*India*. As discussed below, we find subject imports from India to be negligible for purposes of both the present material injury and threat of material injury analyses. The

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[82] Even with their reported growth in production and capacity, the responding Turkish producers would have to increase the percentage of their shipments exported to the United States to levels considerably above those observed during the POI to meet the three percent negligibility threshold in the imminent future. CR/PR at Tables IV-3 & VII-6. This is particularly unlikely given our finding that there was not a continuing upward trend in the ratio of subject imports from Turkey to imports from all sources during the latter portion of the POI. We also observe that the responding subject producers from Turkey accounted for virtually all exports of subject merchandise to the United States during the POI. CR at VII-11; PR at VII-8.

[83] CR/PR at Table VII-6.

[84] CR at VII-11; PR at VII-8. In support of their argument that subject imports from Turkey will surpass the negligibility threshold in the imminent future, Petitioner points to two other Turkish producers of steel nails, (*** and ***). Petitioner's Postconf. Br. at 11-12. Official import statistics, however, indicate that neither IMC nor Aslanbas exported subject merchandise to the U.S. market during the POI. *See, e.g.*, EDIS Doc. No. 537103.

[85] CR/PR at Table IV-2. In particular, the questionnaire responses from U.S. importers of steel nails from Turkey accounted for *** percent of official reported imports of subject merchandise from Turkey in interim 2014. CR/PR at Table IV-3.

appropriate thresholds for India, as a developing country, are 3 percent for the AD investigation and 4 percent for the CVD investigation.[86]

We find that imports from India are negligible for purposes of the present material injury analysis with respect to both the AD and CVD investigations. As Petitioner itself concedes, subject imports from India accounted for only 1.1 percent of total imports over the applicable 12-month period for determining negligibility – nearly two percentage points below the 3 percent negligibility threshold for AD investigations and nearly three percentage points below the 4 percent negligibility threshold for CVD investigations.[87]

Moreover, an examination of the questionnaire data does not support Petitioner's suggestion that subject imports from India exceeded the negligibility thresholds during the May 2013-April 2014 period. Based on the importers' questionnaire data for subject imports from India and official import statistics for imports from all other countries, the data show that subject imports from India accounted for just 2.1 percent of total imports between May 2013 and April 2014.[88] Even giving Petitioner every benefit of the doubt by using the most favorable scenario possible and relying upon the exporter questionnaire data rather than official import

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[86] We agree with Petitioner that 19 U.S.C. § 1677(24)(B) only applies the 4 percent threshold to CVD investigations involving developing countries. 19 U.S.C. § 1677(24)(B); *see* SAA, H.R. No. 103-316 at 856 (1994); H.R. Rep. No. 103-826, pt. 1, at 71-72. However, we find that Petitioner's argument that the 3 percent threshold should apply to CVD investigations for the purposes of threat analysis is unconvincing. Section 1677(24)(A)(iv) sets the negligibility levels at three and seven percent, respectively, for threat analysis, and section 1677(24)(B) does not specifically amend section 1677(24)(A)(iv) for countervailing duty investigations of developing countries. In one previous instance in which it addressed this issue, the Commission found that the 4 percent threshold applies to both present material injury and threat analyses. *Certain Cold-Rolled Steel Products from Argentina, Brazil, China, Indonesia, Japan, Russia, Slovakia, South Africa, Taiwan, Thailand, Turkey, and Venezuela*, Inv. Nos. 701-TA-33-396 and 731-TA-829-840 (Preliminary), USITC Pub. 3214 (July 1999) at 17 n.106 (finding that failure to apply the heightened threshold in the context of a threat analysis would "lead to anomalous results that indicate an internal ambiguity in the statutory scheme" by denying developing countries the benefit of the higher threshold).

Petitioner's interpretation of the statute would produce an unintended result that would thwart the intent of Congress by substantially circumscribing the ability of developing countries to take advantage of the special 4 percent negligibility threshold. There is no indication that the benefit of higher negligibility thresholds was intended to apply only to present injury analysis and not for threat. Additionally, the SAA and the legislative history indicate that 19 U.S.C. § 1677(24)(B) is an explicit exception to the 3 percent threshold. SAA at 856 (1994); H.R. Rep. No. 103-826, pt. 1, at 71-72. In order to effectuate Congress's intent to provide a benefit to developing countries in CVD investigations, we believe that the statute should be interpreted to apply the higher negligibility percent throughout CVD investigations. As indicated below, however, we find subject imports from India negligible regardless of whether the statutory threshold is 3 percent or 4 percent.

[87] *See* OINV Worksheet (EDIS Doc. No. 537681).

[88] *See, e.g.*, CR/PR at IV-9; *Derived from* CR/PR at Table IV-2.

statistics to measure subject imports from India,[89] the data show that subject imports from India accounted for only 2.7 percent of total imports between April 2013 and March 2014.[90] In other words, whether measured by official import statistics or questionnaire data, subject imports from India did not exceed the applicable negligibility thresholds for purposes of an analysis of present material injury by reason of subject imports.

Subject imports from India are also negligible for purposes of a threat of material injury analysis. Based on official import statistics, subject imports from India did exceed the 3 percent negligibility threshold for two of the first four months of 2014.[91] The record, however, contains clear and convincing evidence that this trend is not likely to be sustained. The increases in import shipments appear to be the result of Astrotech, which accounted for *** percent of subject imports from India in interim 2014, ramping up production in early 2014 at its sole production facility.[92]

The questionnaire data corroborate Astrotech's contentions that (1) its capacity and production are not likely to increase in the imminent future from current levels, and (2) its exports to the United States are unlikely to continue at current levels, given Astrotech's plans to increase home market shipments and exports to other markets. The questionnaire data show that Astrotech is operating at *** capacity utilization and has *** inventories.[93] Furthermore, Astrotech reports that it expects to increase its home market shipments in 2014.[94] The available data support a finding that India's share of total U.S. imports will not exceed 3 percent of total imports in the imminent future.[95]

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[89] Petitioner suggests that, because exports to the United States reported by Astrotech in its foreign producer questionnaire response exceeded those in the official import statistics for subject imports from India, the official import statistics are understated. *See, e.g.*, Petitioner's Postconf. Br. at 4-5.

[90] *Derived from* CR/PR at Tables IV-2 & VII-1. We note that Astrotech's reported exports to the United States in 2013 greatly exceeded import data for that year reflected in official import statistics. *See, e.g.*, CR/PR at VII-3 & Table IV-2.

[91] *See* OINV Worksheet (EDIS Doc. No. 537681).

[92] CR/PR at VII-3; Petitioner's Postconf. Br. at 5.

[93] CR/PR at Table VII-1.

[94] CR/PR at Table VII-1.

[95] Our review of the record in these preliminary phase investigations indicates that, even assuming that Astrotech produced at full capacity and exported its entire production to the United States, these exports still would not exceed the 3 percent negligibility threshold in the imminent future. *See, e.g.*, CR/PR at Table VII-1; OINV Worksheet (EDIS Doc. No. 537681). In support of its argument that subject imports from India are non-negligible for purposes of a threat of material injury analysis, Petitioner asserts that there is another major Indian producer of steel nails exporting to the U.S. market, Meenksashi Wire Products ("Meenkashi"). Petitioner's Postconf. Br. at 14. According to Petitioner, its counsel received an unsolicited offer from Meenkashi to sell steel nails just a week before the preliminary conference in these investigations. *Id*. Official import statistics, however, indicate that

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Moreover, because available questionnaire data for 2013 and interim 2014 support a negligibility finding even though they report far more imports and exports from India than do official import statistics, and Astrotech submitted a complete questionnaire response and ***,[96] we find that we are not likely to obtain contrary information during any final phase investigations. Accordingly, we conclude that there is clear and convincing evidence that imports of subject merchandise from India do not meet either the 3 percent negligibility threshold for AD investigations or the 4 percent threshold for CVD investigations involving developing countries, that these imports will not exceed these thresholds in the imminent future, and that there is no likelihood that evidence leading to a contrary result will arise in any final phase investigations. Moreover, because neither subject imports from India or Turkey meet the 3 percent negligibility threshold for individual subject countries, they also fail jointly to meet the statutory aggregate negligibility threshold of at least 7 percent.[97]

*Conclusion*. For the above reasons, we find that imports of certain steel nails from India and Turkey are negligible pursuant to section 771(24) of the Tariff Act. Accordingly, we terminate our investigations concerning certain steel nails from India and Turkey.

# VI. Cumulation

## A. In General

For purposes of evaluating the volume and price effects for a determination of reasonable indication of material injury by reason of subject imports, section 771(7)(G)(i) of the Tariff Act requires the Commission to cumulate subject imports from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each other and with the domestic like product in the U.S. market. In

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(…Continued)

Meenksashi did not export subject merchandise from India to the U.S. market during the POI. *See, e.g.*, EDIS Doc. No. 537103. To the extent subject imports from India increased during the negligibility period, this was attributable to increased exports from Astrotech. *See* Indian Respondent's Postconf. Br. at 5; CR/PR at Table VII-1. The record does not contain any data supporting the proposition that exports from other subject producers in India are likely to increase rapidly.

[96] CR/PR at Table IV-2 & VII-3. Petitioner claims that Astrotech's steel nails production capacity is greater than reported in its questionnaire. Petitioner Postconf. Br. at 4. Astrotech has certified the accuracy of the information it provided and we find that the evidence submitted by the petitioner does not establish sufficient grounds for us not to rely on Astrotech's producer questionnaire response. Astrotech Foreign Producer Questionnaire Response at 2 (EDIS Doc. No. 536038). We therefore have relied on the data in the response.

[97] 19 U.S.C. §1677(24)(A)(ii), (iv).

assessing whether subject imports compete with each other and with the domestic like product, the Commission generally has considered four factors:

(1) the degree of fungibility between subject imports from different countries and between subject imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
(2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;
(3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and
(4) whether the subject imports are simultaneously present in the market.[98]

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.[99] Only a "reasonable overlap" of competition is required.[100]

**B. Analysis**

Petitioner argues that because the relevant criteria for cumulation are satisfied, the Commission should cumulate imports from all subject countries.[101] For purposes of these preliminary phase investigations, Respondents concede that cumulation of imports from subject countries whose imports are not negligible is appropriate for purposes of analyzing material injury by reason of subject imports.[102]

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[98] *See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan*, Inv. Nos. 731-TA-278-80 (Final), USITC Pub. 1845 (May 1986), *aff'*d, *Fundicao Tupy, S.A. v. United States*, 678 F. Supp. 898 (Ct. Int'l Trade), *aff'd*, 859 F.2d 915 (Fed. Cir. 1988).

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

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

[101] *See, e.g.*, Petitioner's Postconf. Br., Answers to Staff Questions at 10-13. Petitioner argues that the statutory prerequisites to cumulation are satisfied because the petitions on certain steel nails from all subject countries were filed simultaneously, and there is a reasonable overlap of competition based on the factors that the Commission typically considers. *Id*.

[102] Taiwan Respondents' Postconf. Br. at 1 n.2; Conf. Tr. at 119-20 (Levinson).

The threshold criterion for cumulation is satisfied in these investigations with respect to subject imports from Korea, Malaysia, Oman, Taiwan, and Vietnam.[103] Mid Continent filed the petitions regarding imports from these countries on the same day, May 29, 2014. In addition, as discussed below, there appears to be a reasonable overlap of competition between the subject imports from Korea, Malaysia, Oman, Taiwan, and Vietnam, and between imports from each of these subject countries and the domestic like product.

*Fungibility*. The record indicates that steel nails are generally fungible. All responding U.S. producers reported that subject imports from each of these subject countries are "always or "frequently" interchangeable with each other and with the domestic like product.[104] Most importers reported that subject imports from each of these subject countries are "sometimes" or "frequently" interchangeable with each other and with the domestic like product.[105] Additionally, producers and importers of subject merchandise from each country under consideration shipped substantial volumes of the same type of nails (*i.e.*, collated nails: bright (no finish)) to the U.S. market in 2013.[106]

*Channels of Distribution*. The majority of the domestic industry's shipments of steel nails during the POI went to ***, with between *** and *** percent of annual shipments made to ***. Subject imports from Malaysia, Oman, Taiwan, and Vietnam were either exclusively or primarily sold to *** during the POI with the remainder shipped to ***.[107] By comparison, subject imports of steel nails from Korea were primarily shipped to *** during the POI with smaller percentages sold to ***.[108] There is consequently some degree of overlap in channels of distribution.[109]

*Geographic Overlap*. The record indicates the presence of sales or offers to sell the domestic like product and subject imports in the same geographic market. Both U.S. producers and importers from each of the subject countries under consideration reported selling steel nails to all regions in the contiguous United States.[110]

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[103] Imports from any country as to which an investigation is terminated on negligibility grounds are not eligible for cumulation. 19 U.S.C. § 1677(7)(G)(ii)(II). As discussed above, we find that subject imports from Turkey and India are negligible. Accordingly, imports from these two countries are not eligible for cumulation.

[104] CR/PR at Table II-4.

[105] CR/PR at Table II-4.

[106] CR/PR at Table III-4 & Appendix D, Tables D-1 to D-7.

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

[108] CR/PR at Table II-1. Between *** and *** percent of annual shipments of subject imports from Korea were to *** during the POI. *Id*.

[109] *Wieland Werke*, 718 F. Supp. at 52; *Florex v. United States*, 704 F. Supp. 582, 592 (Ct. Int'l Trade 1989).

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

*Simultaneous Presence in Market*. The record indicates that steel nails from all sources were simultaneously present in the U.S. market. Steel nails produced in the United States, Korea, Malaysia, Oman, Taiwan, and Vietnam were sold in the United States in every quarter between January 2011 and March 2014.[111]

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

## VII. Reasonable Indication of Material Injury by Reason of Subject Imports

### A. Legal Standard

In the preliminary phase of antidumping and countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.[112] In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[113] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[114] In assessing whether there is a reasonable indication that 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.[115] 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."[116]

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is "materially injured by reason of" unfairly traded imports,[117] it does not define the phrase "by reason of," indicating that this aspect of the

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

[112] 19 U.S.C. §§ 1671b(a), 1673b(a).

[113] 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 ... {a}nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[114] 19 U.S.C. § 1677(7)(A).

[115] 19 U.S.C. § 1677(7)(C)(iii).

[116] 19 U.S.C. § 1677(7)(C)(iii).

[117] 19 U.S.C. §§ 1671b(a), 1673b(a).

injury analysis is left to the Commission's reasonable exercise of its discretion.[118] 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.[119]

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include nonsubject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.[120] In performing its examination, however, the Commission need not isolate

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

[119] The Federal Circuit, in addressing the causation standard of the statute, has 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 re-affirmed in *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867, 873 (Fed. Cir. 2008), in which 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).

[120] SAA, H.R. Rep. 103-316, 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.

the injury caused by other factors from injury caused by unfairly traded imports.[121] 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.[122] It is clear that the existence of injury caused by other factors does not compel a negative determination.[123]

Assessment of whether material injury to the domestic industry is "by reason of" subject imports "does not require the Commission to address the causation issue in any particular way" as long as "the injury to the domestic industry can reasonably be attributed to the subject imports" and the Commission "ensure{s} that it is not attributing injury from other sources to the subject imports."[124] [125] Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[126]

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[121] 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.").

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

[123] *See Nippon*, 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.").

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

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

(Continued…)

The Federal Circuit's decisions in *Gerald Metals*, *Bratsk,* and *Mittal Steel* all involved cases in which the relevant "other factor" was the presence in the market of significant volumes of price-competitive nonsubject imports. The Commission interpreted the Federal Circuit's guidance in *Bratsk* as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive nonsubject imports.[127] The additional "replacement/benefit" test looked at whether nonsubject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the *Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago* determination that underlies the *Mittal Steel* litigation.

*Mittal Steel* clarifies that the Commission's interpretation of *Bratsk* was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have "evidence in the record 'to show that the harm occurred 'by reason of' the LTFV imports,'" and requires that the Commission not attribute injury from nonsubject imports or other factors to subject imports.[128] Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to *Bratsk*.

The progression of *Gerald Metals*, *Bratsk*, and *Mittal Steel* clarifies that, in cases involving commodity products where price-competitive nonsubject imports are a significant

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(…Continued)

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

542 F.3d at 878.

[126] *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.").

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

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

factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.[129]

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.[130] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[131]

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

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

#### 1. Demand Conditions

Demand for steel nails is primarily derived from U.S. construction activity and strongly influenced by residential housing construction activity.[132] Overall economic activity is also a good indicator of demand for steel nails, particularly in the retail market for big box stores and do-it-yourself projects.[133]

Apparent U.S. consumption for steel nails increased from *** short tons in 2011 to *** short tons in 2012, and then to *** short tons in 2013, for an increase of 16.3 percent.[134] Apparent U.S. consumption for steel nails, however, was lower in interim 2014, at *** short tons, than in interim 2013, at *** short tons.[135]

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

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

[131] *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.").

[132] CR at II-17; PR at II-11.

[133] CR at II-18; PR at II-12.

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

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

### 2. Supply Conditions

During the POI, the U.S. steel nails market was supplied by the domestic industry, subject imports, and imports from other sources.[136] Imports from other sources were the largest supplier of the U.S. market throughout the POI, followed by cumulated subject imports and the domestic industry.[137]

The market share of imports from other sources declined for most of the POI. It fell from *** percent in 2011 to *** percent in 2012 and then to *** percent in 2013.[138] The market share of imports from other sources, however, was higher in interim 2014, at *** percent, than in interim 2013, at *** percent.[139] Imports of certain steel nails from China and the UAE are subject to antidumping duty orders. Commerce issued antidumping duty orders covering imports of steel nails from China and the UAE in 2008 and 2012, respectively.[140]

By contrast, the market share of cumulated subject imports increased throughout the POI. Cumulated subject imports' market share increased from *** percent in 2011 to *** percent in 2012 and *** percent in 2013.[141] The market share of cumulated subject imports was higher in interim 2014 (*** percent) than in interim 2013 (*** percent).[142]

The domestic industry's share of apparent U.S. consumption remained below that of cumulated subject imports and imports from other sources throughout the POI. Its market share increased from *** percent in 2011 to *** percent in 2012 and 2013.[143] The domestic industry's market share was lower in interim 2014 (*** percent) than in interim 2013 (*** percent).[144] Of the ten domestic nails producers that provided data to the Commission, petitioner Mid Continent is ***. Mid Continent accounted for *** percent of 2013 production of the domestic like product.[145] In 2012, Deacero, a Mexican steel producer, acquired Mid Continent.[146]

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[136] Imports from other sources include both imports from nonsubject countries and those imports of certain steel nails from India and Turkey that we found in section V above were negligible pursuant to section 771(24) of the Act, 19 U.S.C. § 1677(24).

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

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

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

[140] *Certain Steel Nails from the People's Republic of China*, 73 Fed. Reg. 44,961 (Aug. 1, 2008); *Certain Steel Nails from the United Arab Emirates*, 77 Fed. Reg. 27,421 (May 10, 2012).

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

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

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

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

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

[146] CR/PR at Table III-1; Taiwan Respondents' Postconf. Br. at 13.

### 3. Substitutability and Other Conditions

Based on the record in the preliminary phase of these investigations, we find that there is at least a moderate degree of substitutability among domestically produced steel nails and subject imports from Korea, Malaysia, Oman, Taiwan, and Vietnam.[147] We will explore possible limits on substitutability between the domestic like product and subject imports in any final phase investigations.[148]

Raw materials accounted for approximately *** percent of the cost of goods sold ("COGS") for U.S. production of certain steel nails from 2011 to 2013.[149] Steel wire rod is the primary input for producing certain steel nails.[150] U.S. prices for steel wire rod decreased by approximately 14 percent between January 2011 and May 2014.[151]

## 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."[152]

The volume of cumulated subject imports, as measured by quantity, increased from *** short tons in 2011 to *** short tons in 2012, and then to *** short tons in 2013, for an overall increase of *** percent between 2011 and 2013.[153] This far exceeded the 16.3 percent increase in apparent U.S. consumption that occurred over the same period. The volume of

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[147] CR at II-22; PR at II-14. All U.S. producers reported that U.S.-produced steel nails are "always" or "frequently" used interchangeably with steel nails imported from subject countries while most importers reported that U.S. produced steel nails are "sometimes" or "frequently" used interchangeably with subject imports. CR/PR at Table II-4.

[148] To the extent that the Respondents argued that there were limits on substitutability, they primarily concerned private label and product range issues. *See, e.g.*, Oman Respondents' Postconf. Br. at 15-16. We intend to examine these issues further in any final phase investigations by issuing purchaser questionnaires and seeking to obtain information concerning purchasers' perceptions about the domestic like product and imports from subject sources. We also intend to seek information concerning how much of the U.S. market for certain nails is comprised of private label sales, and how much of the private label sector of the market is supplied by U.S. producers and subject producers, respectively. We specifically request respondents to provide instances of which they are aware of domestic producers rejecting purchaser requests to supply private label merchandise.

[149] CR/PR at V-1.

[150] CR/PR at V-1; Conf. Tr. at 57 (Cronin).

[151] CR/PR at V-1.

[152] 19 U.S.C. § 1677(7)(C)(i).

[153] CR/PR at Table Supp-1.

cumulated subject imports, as measured by quantity, was *** short tons in interim 2014 compared to *** short tons in interim 2013.[154]

Cumulated subject imports obtained a significant and growing share of apparent U.S. consumption throughout the POI. The share of apparent U.S. consumption held by cumulated subject imports increased from *** percent in 2011 to *** percent in 2012, and to *** percent in 2013, for an overall increase of *** percentage points between 2011 and 2013.[155] The share of apparent U.S. consumption held by cumulated subject imports was *** percent in interim 2014 compared to *** percent in interim 2013.[156]

Although these gains in cumulated subject imports' market share came largely at the expense of imports from other sources,[157] during the latter portion of the POI they also came at the expense of the domestic industry. The domestic industry's market share increased from *** percent in 2011 to *** percent in 2012 and 2013; however, the industry's market share was lower in interim 2014, at *** percent, than in interim 2013, at *** percent.[158]

For the foregoing reasons, we find, for purposes of the preliminary phase of these investigations, that the volume and increase in volume of cumulated subject imports is significant, both in absolute terms and relative to consumption in the United States.

### D. Price Effects of the Subject Imports

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

> (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and
> (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[159]

Based on the current record, we find that there is at least a moderate degree of substitutability between domestically produced certain steel nails and certain steel nails

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[154] CR/PR at Table Supp-1.

[155] CR/PR at Table Supp-1.

[156] CR/PR at Table Supp-1.

[157] The market share of imports from nonsubject and negligible sources declined from *** percent in 2011 to *** percent in 2012 and *** percent in 2013. The market share of these imports, however, was higher in interim 2014, at *** percent, than in interim 2013, at *** percent. CR/PR at Table Supp-1.

[158] CR/PR at Table Supp-1.

[159] 19 U.S.C. § 1677(7)(C)(ii).

imported from subject countries,[160] and that price is at least moderately important in purchasing decisions.[161]

The Commission sought quarterly pricing data for six pricing products.[162] The Commission received usable pricing data from questionnaire responses submitted by five U.S. producers and twenty-one importers.[163] Pricing data reported by these firms accounted for *** percent of the domestic industry's U.S. shipments of the domestic like product, *** percent of subject imports from Korea, *** percent of subject imports from Malaysia, *** percent of subject imports from Oman, *** percent of subject imports from Taiwan, and *** percent of subject imports from Vietnam during the POI.[164]

There was a mixed pattern of overselling and underselling by subject imports during the POI. While cumulated subject imports oversold the domestic like product in 158 of 309 quarterly price comparisons, they undersold the domestic like product in the remaining 151 instances, or in 48.9 percent of such comparisons, at underselling margins ranging from 0.01 percent to 45.4 percent.[165]

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[160] CR at II-22; PR at II-14.

[161] When asked whether differences other than price are ever significant to purchasers when comparing the domestic like product with subject imports or when comparing subject imports, domestic producers generally reported that non-price differences were "always" or "sometimes" significant. CR/PR at Table II-5. When asked whether differences other than price are ever significant to purchasers when comparing the domestic like product with subject imports, most importers reported that non-price differences were "always" or "frequently" significant. *Id*. When asked whether differences other than price are ever significant to purchasers when comparing subject imports, most importers reported that non-price differences were at least "sometimes" significant. *Id*.

[162] CR/PR at Tables V-3 to V-8. The pricing products include the following:

Product 1. –Nominal 3" x 0.131" (10.25 gauge), bright smooth shank, 20-22 degree plastic-strip collated nails;

Product 2. –Nominal 3" x .0120 (11 gauge), bright smooth shank, 20-22 degree plastic-strip collated nails;

Product 3.–Nominal 2 3/8" x 0.113 (11.5 gauge), bright smooth shank, 20-22 degree plastic-strip collated nails;

Product 4.–Nominal 3 1/4" x 0.131 (10.25 gauge). Bright smooth shank, 20-22 degree plastic-strip collated nails;

Product 5. –Nominal 2" x 0.113" (11.5 gauge) bright drive screw (threaded) shank, machine grade bulk nails;

Product 6. –Nominal 2" x .099" (12.5 gauge) bright screw (threaded), 15 degree wire coil collated nails.

[163] CR at V-6; PR at V-4.

[164] CR at V-6; PR at V-4.

[165] CR/PR at Table V-10 .

However, a larger proportion of the total quantity of cumulated subject imports for which pricing data were reported undersold the domestic like product during the POI. For Products 1, 2, 3, 4, and 6, *** percent of the quantity of subject imports undersold the domestic like product during the POI.[166] For Product 5, *** percent of the quantity of cumulated subject imports undersold the domestic like product.[167] Moreover, there were a number of confirmed instances in which the domestic industry lost sales and revenue due to competition from subject imports.[168] In light of these considerations, we find that there was significant underselling by cumulated subject imports during the POI.

Based on the record of these preliminary phase investigations, we find that there is evidence of price depression. During the POI, U.S. prices declined for four of the six domestically produced pricing products (Products 2, 3, 5, and 6).[169] We acknowledge that, during most of the POI, prices declined for steel wire rod, the principal raw material used to produce steel nails.[170] The observed price declines occurred in the context of conditions of competition that included, on the one hand, increasing demand, which would tend to make domestic producers disinclined to pass entirely to their customers the benefits from decreased raw materials costs.[171] On the other hand, there was also competition from increasing volumes of cumulated subject imports predominantly sold at lower prices. In light of these considerations, for purposes of these preliminary determinations, we do not find that the raw materials cost trends can entirely explain the observed price declines.[172] In any final phase investigations, we intend to seek further information on the impact of raw materials cost changes on the pricing for certain steel nails.[173]

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[166] *Derived from* CR/PR at Tables V-3 to V-6 & V-8.

[167] *Derived from* CR/PR at Table V-7.

[168] Purchasers indicated that they agreed with *** out of 202 lost sales allegations, valued at $***, and *** out of 438 lost revenue allegations, valued at $***. CR at V-28 to V-29; PR at V-11; CR/PR at Tables V-11 to V-14. In these preliminary phase investigations, there were a substantial number of lost sales and lost revenue allegations for which Commission staff could not obtain a response. CR/PR at Tables V-11 to V-14.

[169] CR/PR at Tables V-3 to V-8. U.S. prices for two of the pricing products (Products 1 and 4) increased during the POI. CR/PR at Table V-3 and V-5.

[170] CR/PR at V-1 & Figure V-1.

[171] Apparent U.S. consumption increased by *** percent between 2011 and 2013. CR/PR at Table Supp-1.

[172] Indeed, the pricing data indicate that during the first quarter of 2014, as the volume and market penetration of cumulated subject imports increased, the domestic industry's prices for each of the six pricing products declined from their levels for the fourth quarter of 2013. CR/PR at Tables V-3 to V-8. This occurred notwithstanding the fact that steel wire rod prices were increasing in early 2014. CR/PR at V-1.

[173] Respondents argue that domestic producer Mid Continent is the price leader in the market and is responsible for driving down U.S. prices for certain steel nails. *See, e.g.*, CHEP Postconf. Br. at 17-

(Continued…)

Accordingly, for purposes of our preliminary determinations, in light of the significant underselling and evidence of price depression, we find that cumulated subject imports had significant price effects during the POI.

### E. Impact of the Subject Imports[174]

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

By most measures, the domestic industry's output and employment-related performance indicators remained stable or improved during the POI. The domestic industry's production was *** pounds in 2011, *** pounds in 2012, *** pounds in 2013, *** pounds in interim 2013, and *** pounds in interim 2014.[175] Its production capacity was *** pounds in 2011, *** pounds in 2012, *** pounds in 2013, *** pounds in interim 2013, and *** pounds in interim 2014.[176] Its capacity utilization was *** percent in 2011, *** percent in 2012, *** percent in 2013, *** percent in interim 2013, and *** percent in interim 2014.[177] U.S. shipments, by quantity and value, increased by *** percent and *** percent respectively between 2011 and 2013, although they were both lower, by *** percent and *** percent respectively, in interim 2014 than in interim 2013.[178] Similarly, net sales, by quantity, increased

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(…Continued)

18; Master Fasteners Postconf. Br. at 11-12. We intend to examine this issue further in any final phase investigations and encourage respondents to document their assertions regarding price leadership in the market.

[174] In its notice initiating the antidumping duty investigations on certain steel nails from Korea, Malaysia, Oman, Taiwan, and Vietnam, Commerce reported estimated dumping margins ranging from 57.07 percent to 61.09 percent for steel nails from Korea; 27.86 percent to 39.35 percent for steel nails from Malaysia; 154.33 percent for steel nails from Oman; 78.17 for steel nails from Taiwan; and 323.99 percent for steel nails from Vietnam. 79 Fed. Reg. 36,019 (June 25, 2014).

[175] CR/PR at Table Supp-1.

[176] CR/PR at Table Supp-1.

[177] CR/PR at Table Supp-1.

[178] U.S. producers' U.S. shipments (by quantity) were *** pounds in 2011, *** pounds in 2012, *** pounds in 2013, *** pounds in interim 2013, and *** pounds in interim 2014. CR/PR at Table Supp-1.

(Continued…)

by *** percent overall between 2011 and 2013, and were *** percent lower in interim 2014 than in interim 2013.[179] The number of production workers, hours worked, and wages paid increased irregularly between 2011 and 2013, although they were each lower in interim 2014 than in interim 2013.[180]

For the most part, the domestic industry's financial performance, despite annual fluctuations, improved from 2011 to 2013, and was less favorable in interim 2014 than in interim 2013. The domestic industry's operating income fell from $*** in 2011 to $*** in 2012,[181] and then increased to $*** in 2013.[182] Its operating income was lower in interim 2014, at $***, than in interim 2013, at $***.[183] Its ratio of operating income to net sales declined from *** percent in 2011 to *** percent in 2012, and then increased to *** percent in 2013.[184] Operating margins, however, were lower in interim 2014, at *** percent, than in interim 2013, at *** percent.[185]

Based on the record, we find that subject imports are having a significant impact on the domestic industry. Due to increasing volumes of low-priced subject imports with significant adverse price effects, the domestic industry did not experience revenue growth commensurate with market conditions. For purposes of these preliminary determinations, we find that despite

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(…Continued)

U.S. producers' end-of-period inventories increased irregularly during the POI, increasing from *** pounds in 2011 to *** pounds in 2012, and then declined to *** pounds in 2013. Inventories were *** pounds in interim 2013, and *** pounds in interim 2014. CR/PR at Table Supp-1.

[179] Net sales, by quantity, were *** pounds in 2011, *** pounds in 2012, *** pounds in 2013, *** pounds in interim 2013, and *** pounds in interim 2014. CR/PR at Table Supp-1.

[180] The number of production workers was *** in 2011, *** in 2012, *** in 2013, *** in interim 2013, and *** in interim 2014. The total hours worked were *** in 2011, *** in 2012 and 2013, *** in interim 2013, and *** in interim 2014. Wages paid were $*** in 2011, $*** in 2012, $*** in 2013, $*** in interim 2013, and $*** in interim 2014. Worker productivity was *** short tons per hour in 2012, *** short tons per hour in 2013, *** short tons per hour in 2013, *** short tons per hour in interim 2013, and *** short tons per hour in interim 2014. CR/PR at Table Supp-1.

[181] The decline in the domestic industry's operating income from 2011 to 2012 largely reflects higher costs and operational inefficiencies related to the onset of production activities by Progressive and the cessation of production activities by Independent. CR at VI-5; PR at VI-4. If these two firms are excluded from the data, the 2012 total operating income and operating income margin would be $7.8 million and 3.7 percent, respectively. *Id*.

[182] CR/PR at Table Supp-1.

[183] CR/PR at Table Supp-1.

[184] Alt. Table C-2. The domestic industry's aggregate capital expenditures fluctuated during the POI, increasing from $*** in 2011 to $*** in 2012, and then declining to $*** in 2013; capital expenditures were $*** in interim 2013, and $*** in interim 2014. CR/PR at Table Supp-1.

[185] CR/PR at Table Supp-1.

generally increasing demand for certain steel nails and declining volumes of nonsubject imports during the POI, the domestic industry's revenues and financial performance nonetheless were impaired by the fact that significant and increasing volumes of cumulated subject imports undersold the domestic like product.

We have also considered the role of other factors, such as nonsubject imports, in our assessment of the impact of the subject imports. As discussed above, the market share of imports from other sources declined throughout the POI.[186] Pricing data indicate that nonsubject imports from China (the largest source of nonsubject imports and only country not subject to these investigations from which quarterly pricing data were available)[187] were priced higher than the domestic like product in 48 of 49 quarterly price comparisons, and were priced higher than subject imports in 177 of 256 quarterly price comparisons.[188] [189] Accordingly, based on the current record, we find that nonsubject imports do not explain the difficulties experienced by the domestic industry.

We have also considered respondents' arguments that the domestic industry's difficulties are due not to the subject imports, but are due to its disinclination to furnish private label products and its inability to produce the product range desired by customers.[190] We will examine these considerations in any final phase investigations as part of our analysis of the substitutability between the domestic like product and the subject imports. Nevertheless, the significant adverse impact we have found for purposes of these preliminary phase investigations – which is in the nature of revenue growth not commensurate with market conditions – cannot be fully explained by respondents' contentions concerning private label sales or product range, even if these contentions were correct, which we do not decide.

In sum, the record in the preliminary phase of these investigations indicates that cumulated subject imports had a significant adverse impact on the domestic industry. We have therefore reached affirmative preliminary determinations with respect to cumulated subject imports from Korea, Malaysia, Oman, Taiwan, and Vietnam.

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[186] The market share of imports from nonsubject and negligible sources declined from *** percent in 2011 to *** percent in 2012 and *** percent in 2013. The market share of these imports was lower in interim 2014, at *** percent, than in interim 2013, at *** percent. CR/PR at Table Supp-1.

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

[188] CR/PR Appendix E at E-3. We note that, during the POI, subject imports from Turkey oversold the domestic like product in 27 of 40 quarterly price comparisons, while nonsubject imports from India undersold the domestic like product in 20 of 23 quarterly price comparisons. CR/PR at Table V-10. We have determined, however, that these imports were sold in negligible volume during the POI.

[189] Commissioner Pinkert invites comment on whether there are any other facts that should be considered in complying with the Commission's obligations as articulated in *Bratsk* and *Mittal*.

[190] *See, e.g.*, Oman Respondent's Postconf. Br. at 13, 15-16; CHEP Postconf. Br. at 19.

## VIII. Conclusion

For the reasons stated above, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of subject imports of certain steel nails from Korea, Malaysia, Oman, Taiwan, and Vietnam. We also determine that imports of certain steel nails from India and Turkey are negligible and terminate the investigations concerning certain steel nails from India and Turkey.

# PART I: INTRODUCTION

## BACKGROUND

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

| Effective date | Action |
|---|---|
| May 29, 2014 | Petition filed with Commerce and the Commission; institution of Commission investigation (79 FR 32311, June 4, 2014) |
| June 19, 2014 | Commission's conference |
| June 25, 2014 | Commerce's notice of CVD initiation (79 FR 36014, June 25, 2014) |
| June 25, 2014 | Commerce's notice of AD initiation (79 FR 36019, June 25, 2014) |
| July 11, 2014 | Commission's vote |
| July 14, 2014 | Commission's determination |
| July 21, 2014 | Commission's views |

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

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

[3] A list of witnesses appearing at the conference is presented in app. B of this report.

## STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

### Statutory criteria

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

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

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

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

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

## Organization of report

*Part I* of this report presents information on the subject merchandise, alleged 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

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

Apparent U.S. consumption of steel nails totaled approximately 629,716 short tons ($904.1 million) in 2013. Currently, 10 firms[4] are known to produce steel nails in the United States. U.S. producers' U.S. shipments of steel nails totaled 130,568 short tons ($217.0 million) in 2013, and accounted for 20.7 percent of apparent U.S. consumption by quantity and 24.0 percent by value. U.S. imports from subject sources totaled 255,639 short tons ($334.3 million) in 2013 and accounted for 40.6 percent of apparent U.S. consumption by quantity and 37.0 percent by value. U.S. imports from nonsubject sources totaled 243,508 short tons ($352.8 million) in 2013 and accounted for 38.7 percent of apparent U.S. consumption by quantity and 39.0 percent by value.

[4] Hahn Systems, LLC (Indianapolis, IN) is believed to have started steel nail production in 2013, however, the Commission did not receive a questionnaire response.

## 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 10 firms that accounted for nearly all of U.S. production of steel nails during 2013. U.S. imports are based on official statistics.

## PREVIOUS AND RELATED INVESTIGATIONS

On November 21, 1977, a complaint was filed by Armco Steel Corp. ("Armco"); Atlantic Steel Co. ("Atlantic steel"); Bethlehem Steel Corp. ("Bethlehem"); CF & I Steel Corp. ("CF&I"); Keystone Steel & Wire Division of Keystone Consolidated Industries, Inc. ("Keystone"); Northwestern Steel & Wire Co. ("Northwestern"); and the Penn-Dixie Steel Corp. ("Penn Dixie"), alleging that certain steel wire nails from Canada were being sold at LTFV.[5] In November 1978, the Department of the Treasury ("Treasury") determined that certain steel wire nails from Canada, except those produced by Tree Island Steel Co., Ltd. and the Steel Co. of Canada, Ltd. ("Tree Island"), were being, or were likely to be, sold in the United States at LTFV.[6] In February 1979, the Commission determined that the domestic steel wire nails industry was not being, and was not likely to be, injured and was not prevented from being established, by reason of the importation of certain steel wire nails from Canada that were being, or were likely to be, sold at LTFV.[7]

On April 20, 1979, Treasury, in conjunction with its administration of a "Trigger Price Mechanism," self-initiated an investigation to determine whether certain steel wire nails from Korea were being sold at LTFV. The investigation was subsequently terminated under the Antidumping Act, but was continued under section 731 of the Tariff Act of 1930, as amended. Commerce found that certain steel wire nails from Korea were being sold at LTFV.[8] However, the Commission determined that the domestic steel wire nails industry was not materially injured and was not threatened with material injury, and that the establishment of an industry in the United States was not materially retarded, by reason of imports of certain steel wire nails from Korea.[9]

On July 2, 1981, Commerce self-initiated antidumping investigations concerning imports of certain steel wire nails from Japan, Korea, and Yugoslavia pursuant to additional information developed under the trigger price mechanism.[10] Specifically, Commerce found that subject imports from these countries were likely being sold below trigger prices and, therefore, possibly

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[5] 42 FR 64942, December 29, 1977.

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

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

[8] 45 FR 34941, May 23, 1980.

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

[10] 46 FR 34613, July 2, 1981.

at LTFV. Although the Commission made a negative determination with respect to certain steel wire nails from Korea in the previous year, the Commission found new evidence indicating that sales of Korean nails may be having an injurious effect on the domestic industry.[11] The investigation of imports from Japan was subsequently terminated, while the investigation of imports from Yugoslavia resulted in a negative determination by the Commission.[12] After a final affirmative material injury determination by the Commission, an antidumping duty order was issued against steel wire nails from Korea.[13] The order against Korea was revoked effective October 1, 1984, following a Voluntary Restraint Agreement[14] concerning imports of nails from Korea.[15]

On January 19, 1982, Armco Inc.; Tree Island; Atlantic Steel; Florida Wire and Nails ("Florida Wire"); New York Wire Mills; ("New York Wire") and Virginia Wire and Fabric ("Virginia Wire") filed a petition alleging that certain steel wire nails from Korea were being subsidized.[16] In September 1982, however, the countervailing duty investigation was terminated following a determination by Commerce that Korean producers and exporters of nails were not receiving benefits that constituted subsidies.[17]

On January 24, 1984, the United Steelworkers of America, AFL-CIO/CLC, and Bethlehem Steel Corp. filed a petition under section 201 of the Trade Act of 1974 alleging that carbon and certain alloy steel products, including steel wire nails, were being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported articles.[18] Following the Commission's affirmative determinations in July 1984 for several of the products, including steel wire nails, the United States negotiated various agreements to limit the importation of steel products into the United States, such as the VRAs.[19]

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[11] 46 FR 34615, July 2, 1981.

[12] 46 FR 41122, August 14, 1981; and Certain Steel Wire Nails From Japan, The Republic of Korea, and Yugoslavia, Investigation Nos. 731-TA-45, 46, and 47 (Preliminary), USITC Publication 1175, August 1981.

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

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

[15] 50 FR 40045, October 1, 1985.

[16] 47 FR 6458, February 8, 1982.

[17] 47 FR 39549, September 8, 1982.

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

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

On June 5, 1985, petitions were filed alleging that certain steel wire nails from China, Poland, and Yugoslavia were being, or were likely to be, sold in the United States at LTFV.[20] The petitions concerning imports from Poland and Yugoslavia were subsequently withdrawn following VRAs with Poland and Yugoslavia with respect to exports of steel wire nails to the United States. As a result, Commerce terminated the investigations with respect to Poland and Yugoslavia.[21] The investigation with respect to China led to a finding that the domestic steel wire nails industry was materially injured by reason of LTFV imports of certain steel wire nails from China.[22]

On April 20, 1987, a petition was filed alleging that certain steel wire nails from New Zealand and Thailand were receiving bounties or grants.[23] Commerce conducted a section 303 investigation and made affirmative findings with respect to both countries and issued countervailing duty orders against steel wire nails from Thailand and New Zealand in October 1987.[24] On August 9, 1995, the orders were revoked by Commerce as no domestic interested party requested a review.[25]

On March 22, 1989, a petition was filed alleging that certain steel wire nails from Malaysia were receiving bounties or grants.[26] Commerce, however, determined that no benefits which constitute bounties or grants were being provided to Malaysian producers or exporters.[27]

On November 26, 1996, a petition was filed alleging that collated roofing nails imported from China, Korea, and Taiwan were being sold at LTFV.[28] These investigations led to a finding that the domestic collated roofing nails industry was threatened with material injury by reason

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

[21] 51 FR 4205, February 3, 1986, and 50 FR 35281, August 30, 1985.

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

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

[24] 52 FR 36987, October 2, 1987, and 52 FR 37196, October 5, 1987.

[25] 60 FR 40568, August 9, 1995.

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

[27] 54 FR 36841, September 5, 1989.

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

of LTFV imports of collated roofing nails from China and Taiwan.[29] The investigation with respect to collated roofing nails from Korea was terminated by the Commission following a negative determination by Commerce.[30] On November 19, 1997, Commerce issued antidumping duty orders against collated roofing nails from China and Taiwan.[31] These orders were revoked effective November 19, 2002, as no domestic interested party responded to Commerce's notice of initiation of five-year reviews.[32]

On July 3, 2001, following a request from the United States Trade Representative ("USTR") and subsequently a request from the Senate Finance Committee, a section 201 investigation was initiated by the Commission to determine whether certain steel products were being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry. The Commission, however, made a negative determination with respect to carbon and alloy steel nails.[33]

On May 29, 2007, following receipt of a petition filed with the Commission and Commerce by Davis Wire, Gerdau Ameristeel, Maze Nails (Peru, IL), Mid Continent, and Treasure Coast Fasteners,[34] the Commission instituted antidumping duty investigations on steel nails from the UAE and China. The Commission determined that an industry in the United States was materially injured by reason of imports from China of steel nails, found by Commerce to be sold in the United States at LTFV.[35] [36] [37] On August 1, 2008, Commerce issued an antidumping order on steel nails from China with margins from 0.0 percent (Paslode) to 21.24 percent for "named firms," and 118.04 percent for all others.[38] Commerce issued a

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

[30] 62 FR 51420, October 1, 1997, and 62 FR 53799, October 16, 1997.

[31] 62 FR 61729, November 19, 1997, and 62 FR 61730, November 19, 1997.

[32] 67 FR 70578, November 25, 2002.

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

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

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

[36] Certain Steel Nails From China: Determination, 73 FR 43474, July 25, 2008.

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

[38] 36 Notice of Antidumping Duty Order: Certain Steel Nails From the People's Republic of China, 73 FR 44961, August 1, 2008.

determination in its second review on March 1, 2012.[39] On April 26, 2011, Commerce issued amended final administrative review margins for 23 Chinese exporters of 10.63 percent.[40]

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

## NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

### Alleged subsidies

On June 25, 2014, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigation on steel nails from India, Korea, Malaysia, Oman, Taiwan, Turkey, and Vietnam.[41] Commerce identified the following government programs by subject country:

**India: "**Based on our review of the Petition, we find that there is sufficient information to initiate a CVD investigation of 28 alleged programs. For a full discussion of the basis for our decision to initiate or not initiate on each program, see India CVD Initiation Checklist."

**Korea**: "Based on our review of the Petition, we find that there is sufficient information to initiate a CVD investigation of 18 alleged programs. For a full discussion of the basis for our decision to initiate or not initiate on each program, see Korea CVD Initiation Checklist."

**Malaysia**: "Based on our review of the Petition, we find that there is sufficient information to initiate a CVD investigation of 8 alleged programs. For a full discussion of the basis for our decision to initiate or not initiate on each program, see Malaysia CVD Initiation Checklist."

**Oman:** "Based on our review of the Petition, we find that there is sufficient information to initiate a CVD investigation of 10 alleged programs. For a full discussion of the basis for our decision to initiate or not initiate on each program, see Oman CVD Initiation Checklist."

**Taiwan**: "Based on our review of the Petition, we find that there is sufficient information to initiate a CVD investigation of 9 alleged programs. For a full discussion of the basis for our decision to initiate or not initiate on each program, see Taiwan CVD Initiation Checklist."

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

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

[41] *Certain Steel Nails From India, the Republic of Korea, Malaysia, the Sultanate of Oman, Taiwan, the Republic of Turkey, and the Socialist Republic of Vietnam: Initiation of Countervailing Duty Investigations*, 79 FR 36014, June 25, 2014.

**Turkey**: "Based on our review of the Petition, we find that there is sufficient information to initiate a CVD investigation of 25 alleged programs. For a full discussion of the basis for our decision to initiate or not initiate on each program, see Turkey CVD Initiation Checklist."

**Vietnam**: "Based on our review of the Petition, we find that there is sufficient information to initiate a CVD investigation of 26 alleged programs. For a full discussion of the basis for our decision to initiate or not initiate on each program, see Vietnam CVD Initiation Checklist."

**Alleged sales at LTFV**

On June 25, 2014, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigations on steel nails from India, Korea, Malaysia, Oman, Taiwan, Turkey, and Vietnam.[42] Commerce has initiated antidumping duty investigations based on estimated dumping margins for certain steel nails from: (1) India--range from 450.96 percent to 589.78 percent; (2) Korea--range from 57.07 percent to 61.09 percent; (3) Malaysia--range from 27.86 percent to 39.35 percent; (4) Oman--154.33 percent; (5) Taiwan--78.17; and 6) Turkey--range from 41.19 percent to 115.56 percent. Based on comparisons of EP to NV, in accordance with section 773(c) of the Act, the estimated dumping margin for certain steel nails from Vietnam is 323.99 percent.

[42] *Certain Steel Nails From India, the Republic of Korea, Malaysia, the Sultanate of Oman, Taiwan, the Republic of Turkey, and the Socialist Republic of Vietnam: Initiation of Less- Than-Fair-Value Investigations, 79 FR 36019, June 25, 2014.*

## THE SUBJECT MERCHANDISE

### Commerce's scope

Commerce has defined the scope of this investigation as follows:

> *The merchandise covered by these investigations is certain steel nails having a nominal shaft length not exceeding 12 inches. Certain steel nails include, but are not limited to, nails made from round wire and nails that are cut from flat-rolled steel. Certain steel nails may be of one piece construction or constructed of two or more pieces. Certain steel nails may be produced from any type of steel, and may have any type of surface finish, head type, shank, point type and shaft diameter. Finishes include, but are not limited to, coating in vinyl, zinc (galvanized, including but not limited to electroplating or hot dipping one or more times), phosphate, cement, and paint. Certain steel nails may have one or more surface finishes. Head styles include, but are not limited to, flat, projection, cupped, oval, brad, headless, double, countersunk, and sinker. Shank styles include, but are not limited to, smooth, barbed, screw threaded, ring shank and fluted. Screw-threaded nails subject to this proceeding are driven using direct force and not by turning the nail using a tool that engages with the head. Point styles include, but are not limited to, diamond, needle, chisel and blunt or no point. Certain steel nails may be sold in bulk, or they may be collated in any manner using any material. If packaged in combination with one or more non-subject articles, certain steel nails remain subject merchandise if the total number of nails of all types, in aggregate regardless of size, is equal to or greater than 25.*
>
> *Excluded from the scope of these investigations are certain steel nails packaged in combination with one or more non-subject articles, if the total number of nails of all types, in aggregate regardless of size, is less than 25.*
>
> *Also excluded from the scope of these investigations are steel nails that meet the specifications of Type I, Style 20 nails as identified in Tables 29 through 33 of ASTM Standard F1667 (2013 revision).*
>
> *Also excluded from the scope of these investigations are nails suitable for use in powder-actuated hand tools, whether or not threaded, which are currently classified under Harmonized Tariff Schedule of the United States (HTSUS) subheadings 7317.00.20.00 and 7317.00.30.00.*
>
> *Also excluded from the scope of these investigations are nails having a case hardness greater than or equal to 50 on the Rockwell Hardness C*

*scale (HRC), a carbon content greater than or equal to 0.5 percent, a round head, a secondary reduced-diameter raised head section, a centered shank, and a smooth symmetrical point, suitable for use in gas-actuated hand tools.*

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

*Also excluded from the scope of these investigations are thumb tacks, which are currently classified under HTSUS 7317.00.10.00.*

*Certain steel nails subject to these investigations are currently classified under HTSUS subheadings 7317.00.55.02, 7317.00.55.03, 7317.00.55.05, 7317.00.55.07, 7317.00.55.08, 7317.00.55.11, 7317.00.55.18, 7317.00.55.19, 7317.00.55.20, 7317.00.55.30, 7317.00.55.40, 7317.00.55.50, 7317.00.55.60, 7317.00.55.70, 7317.00.55.80, 7317.00.55.90, 7317.00.65.30, 7317.00.65.60 and 7317.00.75.00. Certain steel nails subject to these investigations also may be classified under HTSUS subheading 8206.00.00.00. While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of these investigations is dispositive.*[43]

**Tariff treatment**

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

[43] *Certain Steel Nails From India, the Republic of Korea, Malaysia, the Sultanate of Oman, Taiwan, the Republic of Turkey, and the Socialist Republic of Vietnam: Initiation of Less- Than-Fair-Value Investigations, 79 FR 36019, June 25, 2014.*

## THE PRODUCT

### Description and applications

Although most steel nails are produced of low-carbon steel, nails are also produced of stainless steel (to resist corrosion) and of hardenable medium- to high-carbon steel.[44] Nails are packaged for shipment in bulk, that is, loose in a carton or other container, or collated, that is, joined with wire, paper strips, plastic strips, or glue into coils or straight strips for use in pneumatic nailing tools. Although most nails are produced from a single piece of steel, some nails are produced from two or more pieces. Examples include a nail with a decorative head, such as an upholstery nail; a masonry anchor that comprises a zinc anchor and a steel wire nail; a nail with a large thin attached head (for nailing roofing felt, for example); and a nail with a rubber or neoprene washer assembled over its shaft (to seal the nail-hole in metal or fiberglass roofing, or siding).

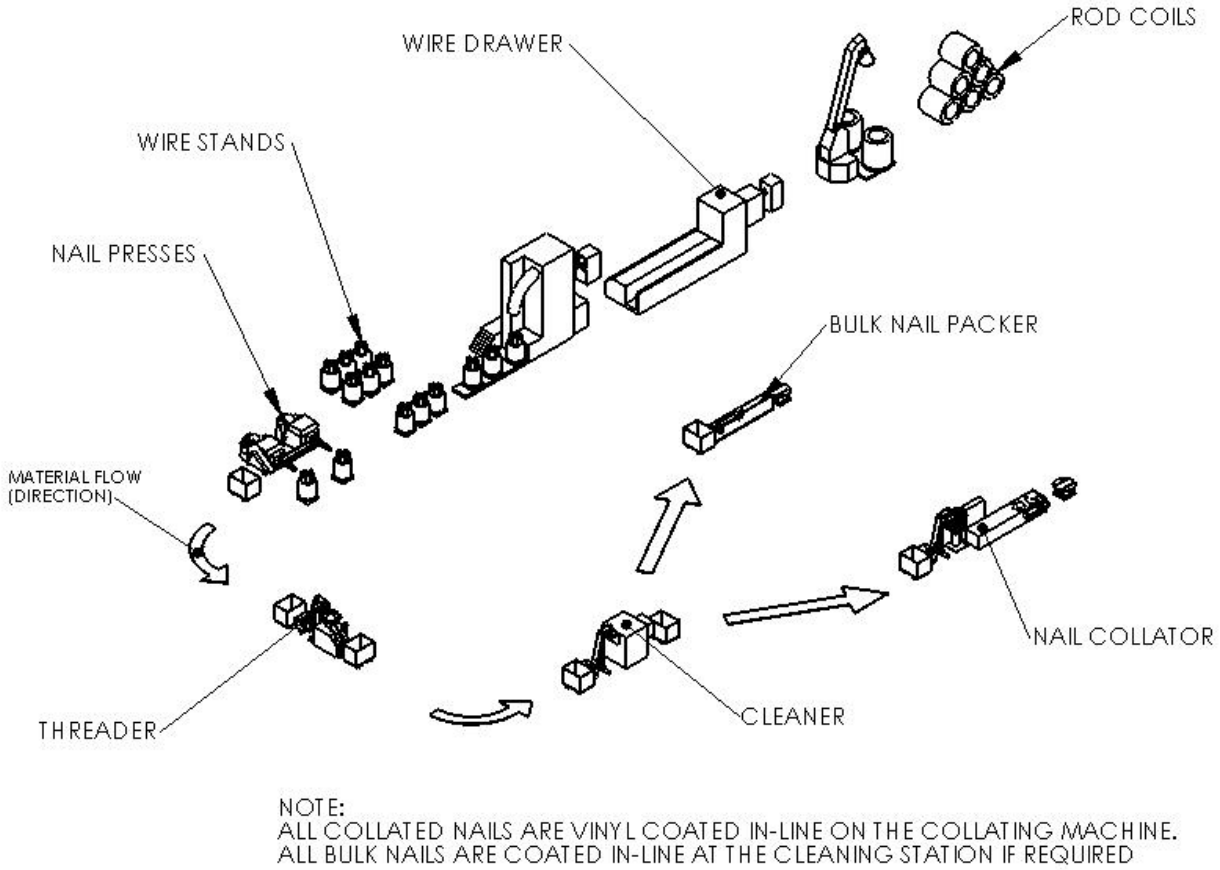
### Manufacturing Processes

Most steel nails are produced from steel wire, although a small proportion of steel nails are produced from steel sheet or plate and referred to as "cut nails." Non-integrated producers of wire nails use purchased steel wire as a starting raw material, whereas integrated producers utilize their own facilities to produce wire for nails, using steel wire rod as their starting material. Some producers are further integrated through the steelmaking process, and produce steel wire rod from raw materials such as scrap, pig iron, and ferroalloys.[45] Figure I-1 shows the general process for producing steel wire nails.

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

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

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




Source: USITC Pub. 4022, *Certain Steel Nails from China, Investigation No. 731-TA-1114 (Final)*, July 2008, p. I-13.

To produce nails, wire is fed from a large coil into a nail machine that automatically straightens the wire, forms the head of the nail, and cuts the nail from the wire, simultaneously forming the point and ejecting the finished nail. Nail machines are of two general types: the first is known as a "cold-heading machine," holds the wire near its end in gripper dies and forms the head by striking the leading end of the wire, forcing the end of the wire to fill a die cavity of the desired shape. The wire is fed through the grippers, and shape cutters form the point and cut the nail free from the wire coming off of the coil. The process is repeated for each individual nail produced by the cold-heading process. In the second type of nail machine, known as a "rotary heading machine," the wire is fed continuously and cutting rollers cut individual nail blanks, simultaneously forming the point. The nail blanks are then inserted into a die ring and the heads are formed by compression of the end of the nail between the rotating

ring and a heading roller. The completed nail is then ejected from the machine. Both types of nail machines are used to produce all styles of nails, and some manufacturers have both types in their facilities. These automatic machines are capable of producing a range of nail sizes and head and point styles by changing tooling and adjustment.[46]

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

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

Nails are produced with a number of finishes, depending upon the intended use: uncoated,[47] zinc-coated (galvanized), vinyl-resin and cement-coated are the most common finishes. Nails with galvanized coatings are intended for uses where corrosion and staining resistance are important.[48] Resin coatings are used to aid in driving the nail. Cement coating is used to increase the resistance of the nail to withdrawal by increasing the friction between the nail and the wood into which it has been driven.[49] Zinc-coated, or galvanized, nails are produced by several methods: (1) produced using zinc-coated (galvanized) wire; (2) produced by a process of dipping formed nails in molten zinc then spinning them in a centrifuge-like apparatus to throw off excess molten zinc; (3) electroplated with zinc after forming. Nails for driving into concrete or other hard substances may be hardened by heat treatment. Nails for use in hand-held pneumatic nailing tools are processed through automatic equipment to collate the nails using paper strips, plastic strips, fine steel wire, or adhesive. Nails for use in nailing tools in some industrial applications—for the production of wooden pallets in particular—are packaged in bulk and fed to the nailing tools via automatic hopper-feeding systems. Nails for hand-driving are packaged in bulk (loose) in cartons or in smaller count boxes, including one- and five-pound boxes for mass merchandise retail repair and remodeling customers.

Cut nails are produced from steel sheet or plate rather than from wire and are rectangular rather than round. Cut nails are used primarily for joining to masonry or concrete. Although cut nails may be made for any carpentry use, the main use other than masonry is for flooring in applications where an antique appearance is required. Cut nails are made from high-

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

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

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

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

carbon steel plate that is sheared into strips. The strips are fed into specially designed nail machines, which shape the nails and form the heads. The cut nails are then case-hardened in a furnace and packed in 50-pound cartons (also known as large-count industry standard boxes) on pallets for the construction trades or either 1-pound or 5-pound boxes for mass merchandise retail repair and remodeling customers.

## DOMESTIC LIKE PRODUCT ISSUES

Petitioners contend that there is a single domestic like product that is coextensive with the scope of the case, and further argue that the minor variations in nail features do not justify segmenting various types of nails into separate domestic like products.[50] No other party has proposed an alternative like product.

[50] Petition, p. 15, and postconference brief of petitioner, p. 3.

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

## U.S. MARKET CHARACTERISTICS

Steel nails are predominantly manufactured from steel wire, but may also be produced from steel plate or strip.[1] Different types of steel nails are sold for housing construction and making furniture, cabinets, or crates. Steel nails are packaged in different sized boxes and containers with smaller packages normally purchased by big box retailers and larger containers sold to lumberyards and wholesale distributors.[2] They are sold in bulk or collated strips[3] to end users and distributors. The construction industry is the largest single end user of steel nails.[4] Therefore, demand for steel nails is primarily derived from U.S. construction activity and strongly influenced by residential housing construction.[5] Prices for steel nails are determined by a number of factors, including, type of nail, physical dimensions of the nail, whether the nail is galvanized or coated, whether it is sold as a bulk or collated product, and shank style.[6]

## CHANNELS OF DISTRIBUTION

U.S. producers and importers of steel nails from India, Malaysia, Oman, Taiwan, and Vietnam primarily shipped steel nails to *** during 2011-13 and January-March 2014 (table II-1). Importers of steel nails from Korea and Turkey primarily shipped to ***, and importers of steel nails from nonsubject countries shipped mainly to *** during 2011-13 and January-March 2014.

**Table II-1**
**Steel nails: U.S. producers' and importers' U.S. shipments, by sources and channels of distribution, January 2011-March 2014**

* * * * * * *

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

[2] Taiwanese respondents' postconference brief, p. 7. Taiwanese respondents assert that sales to two national big-box retailers, Home Depot and Lowes, represent a substantial portion of demand for steel nails in the United States. Taiwanese respondents postconference brief, p. 10.

[3] Petition, Vol. 1, p. 10.

[4] Taiwanese respondents' postconference brief, p. 6.

[5] Petition, Vol. 1, pp. 18-19; and Petitioner's postconference brief, p. 17.

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

## GEOGRAPHIC DISTRIBUTION

Steel nails produced in the United States and imported from subject countries are sold in all regions of the United States, with the exception of imports from India and Turkey, which are *** (table II-2).

**Table II-2**

**Steel nails: Geographic market areas in the United States served by U.S. producers and importers, by number of responding firms**

| Region | U.S. producers | U.S. imports from India | U.S. imports from Korea | U.S. imports from Malaysia | U.S. imports from Oman | U.S. imports from Taiwan | U.S. imports from Turkey | U.S. imports from Vietnam |
|---|---|---|---|---|---|---|---|---|
| Northeast | 8 | *** | 10 | 9 | 3 | 12 | 4 | 4 |
| Midwest | 8 | *** | 9 | 9 | 4 | 9 | 2 | 8 |
| Southeast | 8 | *** | 10 | 12 | 6 | 13 | 4 | 7 |
| Central Southwest | 9 | *** | 10 | 6 | 3 | 10 | 3 | 5 |
| Mountains | 9 | *** | 9 | 7 | 4 | 8 | 1 | 5 |
| Pacific Coast | 8 | *** | 10 | 7 | 4 | 9 | 3 | 7 |
| Other[1] | 5 | *** | 5 | 1 | 1 | 4 | 0 | 1 |

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

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

For U.S. producers, 10.7 percent of 2013 sales were shipped less than 100 miles from their production facility, 76.4 percent were shipped between 101 and 1,000 miles of their production facility, and 12.9 percent were shipped more than 1,000 miles. Overall, importers sold 51.7 percent of their steel nails within 100 miles of their U.S. point of shipment, 43.0 percent between 101 and 1,000 miles, and 5.2 percent more than 1,000 miles from their U.S. point of shipment.

## SUPPLY AND DEMAND CONSIDERATIONS

### U.S. supply

#### Domestic production

Based on available information, U.S. producers of steel nails have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of U.S.-produced steel nails to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity and moderate inventory levels. Responsiveness of supply is constrained by the lack of alternative products and a limited ability to shift shipments from alternative markets.

***Industry capacity***

U.S. producers have a large amount of unused capacity with which they could increase production of steel nails in the event of a price change. U.S. producers' capacity utilization increased from *** percent in 2011 to *** percent in 2013.[7] During 2011-13, production of steel nails increased by *** percent while capacity increased by only *** percent. U.S. producers' reported production and capacity were lower in January-March 2014 than in January-March 2013.

***Alternative markets***

U.S. producers have a very limited ability to divert shipments to or from alternative markets in response to changes in the price of steel nails. U.S. producers export very little steel nails. U.S. producers' exports accounted for *** percent of their total shipments in 2011, *** percent in 2012, and *** percent in 2013.[8]

***Inventory levels***

U.S. producers have some ability to use inventories as a means of increasing shipments of steel nails to the U.S. market. The ratio of end-of-period inventories to total shipments for U.S. producers fluctuated from *** percent in 2011 to *** percent in 2012 to *** percent in 2013.[9]

***Production alternatives***

All 10 responding U.S. producers reported that they are not able to switch production from steel nails to other products. Equipment constraints were the most common factor identified by firms as to why they are not able to switch production between products. Other factors that firms identified include tooling costs and change-over time.

**Subject imports from India**

The Commission received one questionnaire response from Indian producer, Astrotech.[10] Based on available information, Astrotech has the ability to respond to changes in demand with small-to-moderate changes in the quantity of shipments of steel nails to the U.S.

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[7] U.S. producers' capacity utilization was *** percent in January-March 2013 and *** percent in January-March 2014.

[8] U.S producers' exports accounted for *** percent of their total shipments in January-March 2013 and *** percent in January-March 2014.

[9] The ratio of end-of-period inventories to total shipments for U.S. producers was higher in January-March 2014 (*** percent) than in January-March 2013 (*** percent).

[10] According to conference testimony, Astrotech is the only Indian steel nails producer that exports to the United States. Conference transcript, p. 117 (Levinson). However, ***.

market. Supply responsiveness is increased by the availability of some unused capacity and constrained by the inability to produce alternative products, limited availability of inventories, and limited ability to divert shipments from other markets to the United States.

***Industry capacity***

Astrotech's capacity utilization was *** percent in 2013 and *** percent in January-March 2014.[11]

***Alternative markets***

*** of Astrotech's exports of steel nails were shipped to the United States during 2013. Astrotech reported exporting *** percent of its steel nails to the United States in January-March 2014, with the remaining *** percent sold in ***.

***Inventory levels***

Astrotech reported that the ratio of end-of-period inventories to total shipments for was *** percent in 2013 and *** percent in January-March 2014.[12]

***Production alternatives***

Astrotech reported that it *** to switch production between steel nails and other products.

**Subject imports from Korea**

The Commission received 12 questionnaire responses from Korean steel nails producers. Based on available information, producers of steel nails from Korea have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of steel nails to the U.S. market. The main contributing factors to this degree of responsiveness of supply are availability of some unused capacity and some ability to divert shipments from alternative markets. Supply responsiveness is constrained by a limited availability of inventories and a limited ability to produce alternative products.

***Industry capacity***

Korean producers' capacity utilization increased from *** percent in 2011 to *** percent in 2013.[13] Korean producers' production of steel nails increased by *** percent from

[11] Astrotech's capacity utilization was *** percent in January-March 2013. Astrotech reported that *** for 2011 and 2012.

[12] Astrotech's end-of-period inventories as a share of total shipments was *** percent in January-March 2013.

*** short tons in 2011 to *** short tons in 2013, while their capacity remained constant at *** short tons.

***Alternative markets***

Korean producers' exports to the United States as a share of their total shipments increased from *** percent in 2011 to *** percent in 2013.[14] Korean producers' exports to all other markets decreased from *** percent of total shipments in 2011 to *** percent in 2013.[15] Korean producers' shipments to their home market also decreased from *** percent of total shipments in 2011 to *** percent in 2013.

***Inventory levels***

Korean producers' inventories as a share of total shipments increased from *** percent in 2011 to *** percent in 2013.[16]

***Production alternatives***

Eleven of twelve responding Korean producers reported that they are not able to switch production between steel nails and other products. One Korean producer, ***, reported that it can also produce roofing nails on the same equipment and machinery used to produce steel nails.

**Subject imports from Malaysia**

The Commission received five questionnaire responses from Malaysian producers. Based on available information, Malaysian producers have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of steel nails to the U.S. market. Supply responsiveness is increased by the availability of unused capacity and the ability to divert shipments from alternative markets, but is constrained by limited availability of inventories and limited ability to produce alternative products.

(…*continued*)

[13] Korean producers capacity utilization was *** percent in January-March 2013 and *** percent in January-March 2014.

[14] Korean producers' exports to the United States as a share of their total shipments were *** percent in January-March 2013 and *** percent in January-March 2014.

[15] Korean producers identified their principal other export markets as: Australia, Belgium, Canada, Dominican Republic, Finland, Germany, Guatemala, Japan, Mexico, Netherlands, New Zealand, Philippines, Singapore, and the United Kingdom.

[16] Korean producers' inventories as a share of total shipments were *** percent in January-March 2013 and *** percent in January-March 2014.

***Industry capacity***

Malaysian producers have available capacity with which they could increase shipments of steel nails to the United States in the event of a price change. Malaysian producers' capacity utilization increased from *** percent in 2011 to *** percent in 2013.[17] Malaysian producers' production of steel nails increased by *** percent from 2011 to 2013, and capacity increased by *** percent during that time.

***Alternative markets***

Malaysian producers' exports to the United States increased from *** of their total shipments in 2011 to *** percent in 2013.[18] Malaysian producers' exports to all other markets[19] increased from *** percent in 2011 to *** percent in 2013, and Malaysian producers' shipments to their home market decreased from *** percent of total shipments in 2011 to *** percent in 2013.

***Inventory levels***

Malaysian producers' inventories as a share of total shipments decreased from *** percent in 2011 to *** percent in 2013.[20]

***Production alternatives***

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

**Subject imports from Oman**

The Commission received questionnaire responses from two Omani producers. Based on available information, producers of steel nails from Oman have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments to the U.S. market. The main contributing factor to this degree of responsiveness of supply is the availability of unused capacity. Supply responsiveness is constrained by the limited ability to

[17] Malaysian producers' capacity utilization was *** percent in January-March 2013 and *** percent in January-March 2014.

[18] Malaysian producers' exports to the United States as a share of their total shipments were *** percent in January-March 2013 and *** percent in January-March 2014.

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

[20] Malaysian producers' inventories as a share of total shipments were *** percent in January-March 2013 and *** percent in January-March 2014.

divert shipments from alternative markets, limited availability of inventories, and inability to shift production from alternative products.

***Industry capacity***

Omani producers have available capacity with which they could increase shipments of steel nails to the United States in the event of a price change. Omani producers' capacity utilization decreased from *** percent in 2012 to *** percent in 2013.[21] Omani producers' production of steel nails increased by *** percent from 2012 to 2013, and capacity increased by *** percent.

***Alternative markets***

Omani producers' exports to the United States accounted for *** of their total shipments in 2012 and *** percent in 2013.[22] Only one Omani producer, ***, reported exporting to other markets. *** exports to other markets accounted for *** percent of its total shipments in 2013.[23] Omani producers' shipments to their home market decreased from *** percent of total shipments in 2012 to *** percent in 2013.

***Inventory levels***

Omani producers' inventories as a share of total shipments decreased from *** percent in 2012 to *** percent in 2013.[24]

***Production alternatives***

Both Omani producers reported that they are not able to switch production between steel nails and other products.

**Subject imports from Taiwan**

The Commission received 15 questionnaire responses from steel nails producers in Taiwan. Based on available information, Taiwanese producers have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of steel nails to the U.S. market. Supply responsiveness is increased by the availability of unused capacity,

[21] Omani producers' capacity utilization was *** percent in January-March 2013 and *** percent in January-March 2014.

[22] Omani producers' exports to the United States as a share of their total shipments were *** percent in January-March 2013 and *** percent in January-March 2014.

[23] Omani producers *** in 2012. *** reported that its principal other export market was ***.

[24] Omani producers' inventories as a share of total shipments were *** percent in January-March 2013 and *** percent in January-March 2014.

but is constrained by the limited availability of production alternatives, limited availability of inventories, and limited ability to divert shipments from other markets.

***Industry capacity***

Taiwanese producers have some available capacity with which they could increase shipments of steel nails to the United States in the event of a price change. Taiwanese producers' capacity utilization increased from *** percent in 2011 to *** percent in 2013.[25] Taiwanese producers' production and capacity of steel nails increased from 2011 to 2012 and decreased in 2013. Overall, Taiwanese producers' production of steel nails increased by *** percent from 2011 to 2013, and capacity increased by *** percent.

***Alternative markets***

Taiwanese producers' exports to the United States accounted for *** percent or more of their total shipments during 2011-13.[26] Taiwanese producers reported that shipments to all other export markets[27] decreased from *** percent of total shipments in 2011 to *** percent in 2013, while Taiwanese producers' shipments to their home market were around *** percent during 2011-13.

***Inventory levels***

Taiwanese producers' inventories as a share of total shipments decreased from *** percent in 2011 to *** percent in 2013.[28]

***Production alternatives***

Thirteen of 15 Taiwanese producers reported that they are not able to switch production between steel nails and other products. Two Taiwanese producers, ***, reported that they are also able to produce *** on the same equipment and machinery used to produce steel nails.

[25] Taiwanese producers' capacity utilization was *** percent in January-March 2013 and *** percent in January-March 2014.

[26] Taiwanese producers' exports to the United States as a share of their total shipments were *** percent in January-March 2013 and *** percent in January-March 2014.

[27] Taiwanese producers reported that their principal other export markets include Australia, Belgium, Canada, England, Europe, Germany, Indonesia, Israel, Japan, Mexico, New Zealand, Netherlands, Pakistan, South Africa, United Arab Emirates, and the United Kingdom.

[28] Taiwanese producers' inventories as a share of total shipments were *** percent in January-March 2013 and January-March 2014.

**Subject imports from Turkey**

The Commission received two questionnaire responses from Turkish producers of steel nails. Based on available information, Turkish producers have the ability to respond to changes in demand with moderate changes in the quantity of shipments of steel nails to the U.S. market. Supply responsiveness is increased by some ability to divert shipments from alternative markets and some availability of inventories, but is constrained by limited availability of unused capacity and no production alternatives.

***Industry capacity***

Turkish producers have limited capacity with which they could increase shipments of steel nails to the United States in the event of a price change. Turkish producers' capacity utilization decreased from *** percent in 2011 to *** percent in 2013.[29] Turkish producers' production of steel nails increased by *** percent from 2011 to 2013, and capacity increased by *** percent.

***Alternative markets***

Turkish producers' exports to the United States increased from *** of their total shipments in 2011 to *** percent in 2013.[30] Turkish producers' exports to all other markets decreased from *** percent of total shipments in 2011 to *** percent in 2013.[31] Turkish producers' shipments to their home market decreased from *** percent of total shipments in 2011 to *** percent in 2013.

***Inventory levels***

Turkish producers' inventories as a share of total shipments decreased from *** percent in 2011 to *** percent in 2013.[32]

***Production alternatives***

Both Turkish producers reported that they are not able to switch production between steel nails and other products.

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[29] Turkish producers' capacity utilization was *** percent in January-March 2013 and *** percent in January-March 2014.

[30] Turkish producers' exports to the United States as a share of their total shipments were *** percent in January-March 2013 and *** percent in January-March 2014.

[31] Turkish producer *** reported that its principal other export markets included ***. Turkish producer *** did not report its other export markets.

[32] Turkish producers' inventories as a share of total shipments were *** percent in January-March 2013 and *** percent in January-March 2014.

**Subject imports from Vietnam**

The Commission received three questionnaire responses from steel nails producers in Vietnam. Based on available information, Vietnamese producers have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of steel nails to the U.S. market. Supply responsiveness is increased by the availability of unused capacity and some ability to divert shipments from alternative markets. Supply responsiveness is constrained by limited availability of production alternatives and limited inventories.

***Industry capacity***

Vietnamese producers have somewhat limited available capacity with which they could increase shipments of steel nails to the United States in the event of a price change. Vietnamese producers' capacity utilization increased from *** percent in 2011 to *** percent in 2013.[33] Vietnamese producers' production of steel nails increased by *** percent from 2011 to 2013, and capacity increased by *** percent.

***Alternative markets***

Vietnamese producers' exports to the United States increased from *** percent of their total shipments in 2011 to *** percent in 2013.[34] Vietnamese producers' exports to all other markets accounted for *** percent or less during 2011-13.[35] Vietnamese producers' shipments to their home market decreased from *** percent of total shipments in 2011 to *** percent in 2013.

***Inventory levels***

Vietnamese producers' inventories as a share of total shipments decreased from *** percent in 2011 to *** percent in 2012 then increased to *** percent in 2013.[36]

***Production alternatives***

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

[33] Vietnamese producers' capacity utilization was *** percent in January-March 2013 and *** percent in January-March 2014.

[34] Vietnamese producers' exports to the United States as a share of their total shipments were *** percent in January-March 2013 and *** percent in January-March 2014.

[35] Vietnamese producers' other export markets include ***. ***. Vietnamese respondents' postconference brief, p. 7.

[36] Vietnamese producers' inventories as a share of total shipments were *** percent in January-March 2013 and *** percent in January-March 2014.

reported that ***,[37] it is also able to produce *** on the same production equipment it uses to produce steel nails. United Nail reported that switching production involves ***.

**Nonsubject imports**

The largest sources of imports from nonsubject countries during 2011-13 were China, UAE, Canada, and Mexico. Together, imports from these countries accounted for 85.4 percent of nonsubject imports during 2013.

**Supply constraints**

All nine responding U.S. producers and 23 of 28 importers reported that they had not refused, declined, or been unable to supply steel nails since January 1, 2011. Most importers reporting supply constraints attributed the constraints to production delays and long lead times from overseas manufacturers (Taiwanese producers and Turkish producer Beksan were specifically mentioned). One importer also noted that pollution controls in Taiwan have caused production facilities to close.

## U.S. demand

Based on available information, the overall demand for steel nails is likely to experience small changes in response to changes in price. The main contributing factors are a limited number of substitute products and the small cost share of steel nails in their main end use, construction.

Demand for steel nails is primarily derived from U.S. construction activity and strongly influenced by construction activity in the residential housing market.[38] U.S. demand for steel nails has been growing with the continued recovery in the housing market.[39] New housing starts increased by 70.2 percent from 630,000 units in January 2011 to 1,072,000 units in April 2014 (figure II-1). McGraw-Hill Construction reported that the Dodge Index averaged 112 in 2013 (100=2000 levels) fell to 102 in January and February 2014 and then increased to 110 in March 2014 and 113 in April 2014. The increase in April 2014 was due to increases in nonresidential construction and housing.[40]

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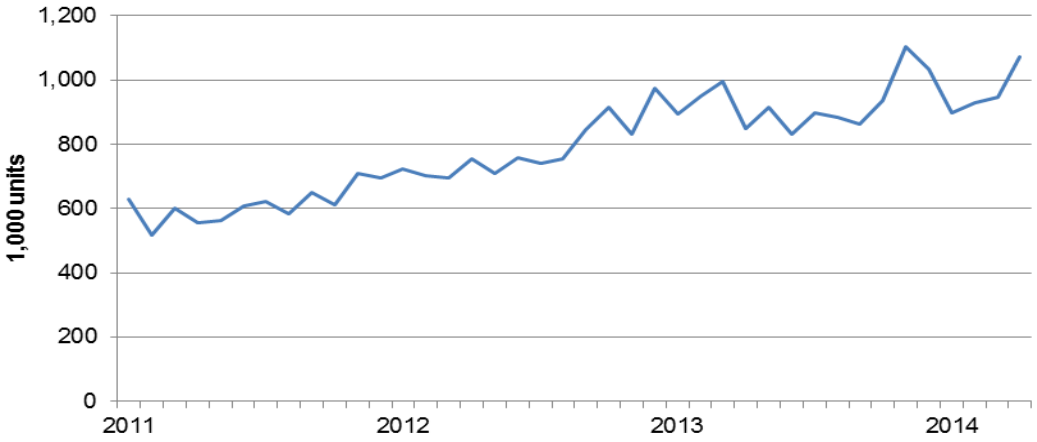
[37] Vietnamese respondents' postconference brief, p. 6.

[38] Petition, Vol. 1, pp. 18-19.

[39] Conference transcript, p. 39 (Cronin).

[40] "April Construction Advances 3 Percent," McGraw-Hill Construction, Press Release, May 21, 2014. The Dodge Index covers the entire construction marketplace (residential and nonresidential) and is based on starts. "Dodge Momentum Index: FAQs," p. 2, accessed June 9, 2014, http://www.chapters.cfma.org/Update/Dodge_Momentum_Index.pdf.

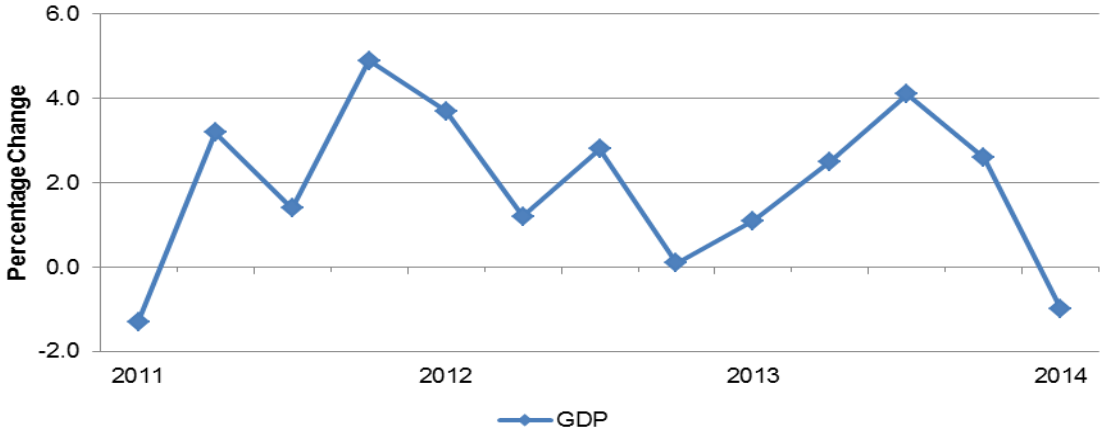
**Figure II-1**
**Housing starts: Monthly housing starts, seasonally adjusted, January 2011-April 2014**




*Source*: U.S. Census Bureau, http://www.census.gov/construction/nrc/historical_data/, June 5, 2014.

Overall economic activity is also a good indicator of demand for steel nails, particularly on the retail market for big box stores and do-it-yourself projects.[41] Real GDP growth in the United States fluctuated during 2011 to first quarter 2014 (figure II-2). Real GDP growth was -1.3 percent in first quarter 2011, increased to 4.9 percent in fourth quarter 2011, declined to 0.1 percent in fourth quarter 2012, increased again in third quarter 2013 to 4.1 percent then declined through first quarter 2014.

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




*Source*: National Income and Product Accounts, Table 1.1.1, Percent Change from Preceding Period in Real Gross Domestic Product, Bureau of Economic Analysis, http://www.bea.gov/itable, retrieved June 23, 2014.

[41] Conference transcript, p. 59 (Miller).

**Apparent consumption**

Apparent U.S. consumption of steel nails, by quantity, increased from *** short tons in 2011 to *** short tons in 2013.[42]

**End uses**

The most commonly reported end use for nails was construction, mainly residential construction (framing, new home construction, floor molding installation, drywall installation, and home remodeling/renovations). Other reported end uses for nails include masonry, wooden pallet manufacturing, crating, industrial construction, plastic pipe clamps, fencing, bed frame manufacturing, general construction and farm and ranch uses.

**Cost share**

Steel nails account for a small-to-moderate share of the cost of the end use products in which they are used. Most U.S. producers and importers reported that steel nails accounted for 7 percent or less of the total cost for construction and wooden pallet manufacturing end uses. Some firms that reported masonry end uses reported that steel nails accounted for 60 to 100 percent of the total cost of the end use product.

**Substitute products**

Substitutes for steel nails are limited. Seven of nine responding U.S. producers and 26 of 30 responding importers reported that there no substitutes for steel nails. The few firms that reported substitutes reported that screws, trim screws, and staples could be used as a substitute in construction end uses (decking, drywall, subflooring, pallets, crating, and finishing) and that wire nails and gas or powder actuated pins could be used as substitutes in masonry end uses. Most firms reported that the price of these substitutes does not affect the price of steel nails.

**Business cycles**

Five U.S. producers and 16 importers reported that the steel nails market was subject to business cycles due to the seasonality of the construction market when activity increases in the summer months and slows in the winter. One U.S. producer and four importers reported that the steel nails market was subject to conditions of competition (residential housing starts) distinctive to steel nails.

Three U.S. producers and nine importers reported changes in the business cycles or conditions of competition since January 1, 2011. These firms reported improved residential housing starts, increases in the construction markets, increased competitiveness of U.S.-

[42] Apparent U.S. consumption of steel nails was *** short tons in January-March 2013 and *** short tons in January-March 2014.

produced steel nails due to shorter lead times, Asian producers quoting prices directly to U.S. purchasers, and Deacero's purchase of Mid Continent.

### Demand trends

Most firms reported an overall increase in U.S. demand for steel nails since January 1, 2011 (table II-3). The most commonly cited reason for the overall increase in demand for steel nails is the rebound in the housing market and resulting increase in residential construction. A number of firms also attributed the demand increase to improving overall economic conditions.

**Table II-3**
**Steel nails: Firms' responses regarding U.S. demand, by number of responding firms**

| Item | Overall increase | No change | Overall decrease | Fluctuate with no clear trend |
|---|---|---|---|---|
| **Demand in the United States** | | | | |
| U.S. producers | 6 | 0 | 2 | 1 |
| Importers | 15 | 7 | 1 | 5 |
| **Demand outside the United States** | | | | |
| U.S. producers | 1 | 2 | 1 | 0 |
| Importers | 4 | 6 | 1 | 4 |

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

Two of four responding U.S. producers reported no change in the demand for steel nails outside of the United States while one U.S. producer reported an overall increase and another reported an overall decrease. Eight of 15 responding importers reported that demand outside of the United States fluctuated with no clear trend or increased overall and six reported no change.

## SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported steel nails depends upon such factors as relative prices, quality (e.g., strength, finish, galvanizing treatment, etc.), and conditions of sale (e.g., availability, price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Based on available data, staff believes that there is a moderate-to-high degree of substitutability between domestically produced steel nails and steel nails imported from subject sources.

### Factors affecting purchasing decisions

Several purchasers provided written submissions for the record. These purchasers identified important purchasing factors as, brand recognition, product availability/mix, quality,

reliability, customer service, price, and affordable and timely shipping.[43] Petitioner stated that price is the number one factor that purchasers consider when buying steel nails, but that service and branding are also factors in purchasing decisions.[44] Heico Wire added that quality and service are understood because these factors are consistent in the market, but having the right price is the key factor.[45] Respondents reported that branding, quality, product availability, and product that meets specifications are important factors in purchasers' purchasing decisions.[46] Master Fasteners and Itochu reported that they have specifications for steel nails products that a supplier must meet; they will not buy from a supplier that cannot meet the specifications.[47] Hitachi added that it regularly tests the production mills and fasteners for quality assurance.[48] Buy America requirements affect only a small percentage of the U.S. market for steel nails.[49]

**Private labeling**

Respondents assert that private labeling, or branding, is a significant element in the marketing of steel nails because it is important that major players have high visibility and acceptance by end users.[50] Respondents contend that Petitioner does not generally sell private labeled products and offers only a limited range of private labeled products.[51] Six purchasers reported ***.[52] Petitioner stated that it does offer private labeled products with some qualifications.[53] Petitioner requires that its customers provide consistent monthly orders and meet credit qualifications.[54] U.S. producer Tree Island added that it also offers private labeling for its steel nails.[55] U.S producer Progressive stated that it offers private labeling, but on a limited number of high volume products because switching packaging slows down a production

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[43] Email from *** and letter from ***.

[44] Conference transcript, p. 61 (Skarich).

[45] Conference transcript, p. 61 (Cronin).

[46] Conference transcript, pp. 128-130 (Leffler, Anderson, and Davis).

[47] Conference transcript, p. 137 (Ippoliti and Zinman).

[48] Conference transcript, p. 137 (Leffler).

[49] Conference transcript, pp. 60-61 (Skarich and Cronin). Petitioner estimated that *** of the steel nails sold in the United States are subject to Buy America requirements. Petitioner's postconference brief, Exhibit 12, p. 1.

[50] Conference transcript, p. 15 (Schutzman).

[51] Conference transcript, p. 17 (Schutzman) and Vietnamese respondents' postconference brief, p. 4. Carlson Systems reported that Mid Continent will only private label certain products and has refused to expand their product offering on private labeled products. Conference transcript, p. 100 (Waterman).

[52] Staff telephone interviews with ***; lost sales and revenue response from ***; and letter from ***.

[53] Petitioner stated that *** percent of its sales of collated nails are produced for customers using private label boxes. Petitioner's postconference brief, Answers to Staff Questions, p. 20.

[54] Petitioner stated that private labeled products account for a small, but growing, share of its sales. Conference transcript, p. 58 (Skarich).

[55] Conference transcript, p. 58 (Miller).

line and also the more different packages a company offers, the more boxes that have to be held in inventory.[56]

**Product availability**

Purchaser ***.[57] Purchaser ***.[58] Purchaser ***.[59]

## Lead times

Steel nails are primarily sold from inventory with some sales that are produced-to-order. U.S. producers reported that 90.3 percent of their 2013 sales were from inventory with lead times ranging from 1 to 10 days. The remaining 9.7 percent were produced-to-order with lead times ranging from 5 to 42 days. Importers reported that 58.1 percent of their 2013 sales were from their U.S. inventory with lead times ranging from 1 to 7 days. The remaining 41.8 percent were produced-to-order with lead times ranging from 45 to 120 days.

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

To determine whether U.S.-produced steel nails can generally be used in the same applications as steel nails imported from India, Korea, Malaysia, Oman, Taiwan, Turkey, and Vietnam, U.S. producers and importers were asked whether the products can "always," "frequently," "sometimes," or "never" be used interchangeably. As shown in table II-4, U.S. producers reported that U.S.-produced steel nails can always or frequently be used interchangeably with steel nails imported from subject countries, and most importers reported that U.S.-produced steel nails can sometimes or frequently be used interchangeably with steel nails imported from subject countries.

[56] Conference transcript, p. 124 (Zinman). Importer and foreign producer Astrotech added that it has a whole warehouse of empty boxes because each of its customers has its own label. Conference transcript, p. 125 (Fischer).

[57] Staff telephone interview with ***.

[58] Letter from ***.

[59] Letter from ***.

**Table II-4**

**Steel nails: Interchangeability between steel nails produced in the United States and in other countries, by country pairs**

| Country pair | Number of U.S. producers reporting | | | | Number of U.S. importers reporting | | | |
|---|---|---|---|---|---|---|---|---|
| | A | F | S | N | A | F | S | N |
| **U.S. vs. subject countries:** | | | | | | | | |
| U.S. vs. India | 4 | 4 | 0 | 0 | 1 | 1 | 2 | 0 |
| U.S. vs. Korea | 4 | 3 | 0 | 0 | 5 | 7 | 4 | 1 |
| U.S. vs. Malaysia | 4 | 3 | 0 | 0 | 2 | 6 | 7 | 0 |
| U.S. vs. Oman | 4 | 3 | 0 | 0 | 2 | 5 | 5 | 0 |
| U.S. vs. Taiwan | 4 | 4 | 0 | 0 | 5 | 9 | 6 | 0 |
| U.S. vs. Turkey | 4 | 3 | 0 | 0 | 3 | 4 | 4 | 0 |
| U.S. vs. Vietnam | 4 | 3 | 0 | 0 | 2 | 6 | 5 | 0 |
| **Subject countries comparisons:** | | | | | | | | |
| India vs. Korea | 4 | 2 | 0 | 0 | 1 | 3 | 3 | 0 |
| India vs. Malaysia | 4 | 2 | 0 | 0 | 1 | 3 | 3 | 0 |
| India vs. Oman | 4 | 2 | 0 | 0 | 1 | 4 | 1 | 0 |
| India vs. Taiwan | 4 | 2 | 0 | 0 | 1 | 4 | 1 | 0 |
| India vs. Turkey | 4 | 2 | 0 | 0 | 1 | 3 | 1 | 0 |
| India vs. Vietnam | 4 | 2 | 0 | 0 | 1 | 3 | 1 | 0 |
| Korea vs. Malaysia | 4 | 2 | 0 | 0 | 1 | 4 | 3 | 0 |
| Korea vs. Oman | 4 | 2 | 0 | 0 | 1 | 4 | 2 | 0 |
| Korea vs. Taiwan | 4 | 2 | 0 | 0 | 2 | 4 | 3 | 0 |
| Korea vs. Turkey | 4 | 2 | 0 | 0 | 1 | 3 | 4 | 0 |
| Korea vs. Vietnam | 4 | 2 | 0 | 0 | 1 | 3 | 3 | 0 |
| Malaysia vs. Oman | 4 | 2 | 0 | 0 | 1 | 4 | 3 | 0 |
| Malaysia vs. Taiwan | 4 | 2 | 0 | 0 | 2 | 7 | 3 | 0 |
| Malaysia vs. Turkey | 4 | 2 | 0 | 0 | 2 | 6 | 1 | 0 |
| Malaysia vs. Vietnam | 4 | 2 | 0 | 0 | 1 | 6 | 1 | 0 |
| Oman vs. Taiwan | 4 | 2 | 0 | 0 | 1 | 4 | 3 | 0 |
| Oman vs. Turkey | 4 | 2 | 0 | 0 | 1 | 4 | 1 | 0 |
| Oman vs. Vietnam | 4 | 2 | 0 | 0 | 1 | 3 | 2 | 0 |
| Taiwan vs. Turkey | 4 | 2 | 0 | 0 | 2 | 5 | 2 | 0 |
| Taiwan vs. Vietnam | 4 | 2 | 0 | 0 | 1 | 6 | 2 | 0 |
| Turkey vs. Vietnam | 4 | 2 | 0 | 0 | 1 | 4 | 2 | 0 |

Table continued on next page.

**Table II-4 --Continued**

**Steel nails: Interchangeability between steel nails produced in the United States and in other countries, by country pairs**

| Country pair | Number of U.S. producers reporting | | | | Number of U.S. importers reporting | | | |
|---|---|---|---|---|---|---|---|---|
| | A | F | S | N | A | F | S | N |
| **Nonsubject countries comparisons:** U.S. vs. China | 4 | 5 | 0 | 0 | 4 | 9 | 5 | 0 |
| India vs. China | 4 | 2 | 0 | 0 | 1 | 4 | 1 | 0 |
| Korea vs. China | 4 | 2 | 0 | 0 | 2 | 4 | 4 | 0 |
| Malaysia vs. China | 4 | 2 | 0 | 0 | 1 | 9 | 1 | 0 |
| Oman vs. China | 4 | 2 | 0 | 0 | 1 | 5 | 1 | 0 |
| Taiwan vs. China | 4 | 2 | 0 | 0 | 2 | 8 | 3 | 0 |
| Turkey vs. China | 4 | 2 | 0 | 0 | 2 | 6 | 2 | 0 |
| Vietnam vs. China | 4 | 2 | 0 | 0 | 1 | 6 | 3 | 0 |
| U.S. vs. other nonsubject | 4 | 4 | 0 | 0 | 2 | 5 | 3 | 0 |
| India vs. other nonsubject | 4 | 2 | 0 | 0 | 1 | 2 | 1 | 0 |
| Korea vs. other nonsubject | 4 | 2 | 0 | 0 | 1 | 2 | 3 | 0 |
| Malaysia vs. other nonsubject | 4 | 2 | 0 | 0 | 1 | 5 | 1 | 0 |
| Oman vs. other nonsubject | 4 | 2 | 0 | 0 | 1 | 3 | 1 | 0 |
| Taiwan vs. other nonsubject | 4 | 2 | 0 | 0 | 1 | 4 | 2 | 0 |
| Turkey vs. other nonsubject | 4 | 2 | 0 | 0 | 1 | 3 | 2 | 0 |
| Vietnam vs. other nonsubject | 4 | 2 | 0 | 0 | 1 | 4 | 1 | 0 |
| China vs. other nonsubject | 3 | 2 | 0 | 0 | 1 | 4 | 2 | 0 |

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

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

In addition, producers and importers were asked to assess how often differences other than price were significant in sales of steel nails from the United States, subject, or nonsubject countries. As seen in table II-5, most U.S. producers and importers reported that differences other than price were always or sometimes significant between U.S.-produced steel nails and steel nails imported from India, Korea, Malaysia, Oman, Taiwan, Turkey, and Vietnam.

**Table II-5**

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

| Country pair | Number of U.S. producers reporting | | | | Number of U.S. importers reporting | | | |
|---|---|---|---|---|---|---|---|---|
| | A | F | S | N | A | F | S | N |
| **U.S. vs. subject countries:** | | | | | | | | |
| U.S. vs. India | 2 | 1 | 6 | 1 | 2 | 1 | 2 | 1 |
| U.S. vs. Korea | 2 | 1 | 5 | 1 | 7 | 4 | 4 | 2 |
| U.S. vs. Malaysia | 2 | 1 | 5 | 1 | 7 | 3 | 4 | 2 |
| U.S. vs. Oman | 2 | 1 | 5 | 1 | 5 | 3 | 4 | 1 |
| U.S. vs. Taiwan | 2 | 1 | 5 | 1 | 7 | 2 | 8 | 2 |
| U.S. vs. Turkey | 2 | 1 | 5 | 1 | 4 | 3 | 2 | 1 |
| U.S. vs. Vietnam | 2 | 1 | 5 | 1 | 5 | 2 | 4 | 2 |
| **Subject countries comparisons:** | | | | | | | | |
| India vs. Korea | 1 | 1 | 3 | 1 | 2 | 1 | 3 | 1 |
| India vs. Malaysia | 1 | 1 | 4 | 1 | 3 | 0 | 2 | 3 |
| India vs. Oman | 1 | 1 | 4 | 1 | 2 | 1 | 2 | 2 |
| India vs. Taiwan | 1 | 1 | 4 | 1 | 2 | 0 | 3 | 2 |
| India vs. Turkey | 1 | 1 | 4 | 1 | 3 | 0 | 1 | 2 |
| India vs. Vietnam | 1 | 1 | 4 | 1 | 2 | 0 | 2 | 2 |
| Korea vs. Malaysia | 1 | 1 | 4 | 1 | 3 | 2 | 2 | 1 |
| Korea vs. Oman | 1 | 1 | 4 | 1 | 2 | 3 | 2 | 1 |
| Korea vs. Taiwan | 1 | 1 | 4 | 1 | 2 | 2 | 3 | 1 |
| Korea vs. Turkey | 1 | 1 | 4 | 1 | 3 | 2 | 1 | 1 |
| Korea vs. Vietnam | 1 | 1 | 4 | 1 | 2 | 2 | 2 | 1 |
| Malaysia vs. Oman | 1 | 1 | 4 | 1 | 2 | 2 | 2 | 3 |
| Malaysia vs. Taiwan | 1 | 1 | 4 | 1 | 2 | 1 | 4 | 4 |
| Malaysia vs. Turkey | 1 | 1 | 4 | 1 | 3 | 2 | 1 | 2 |
| Malaysia vs. Vietnam | 1 | 1 | 4 | 1 | 2 | 1 | 3 | 3 |
| Oman vs. Taiwan | 1 | 1 | 4 | 1 | 2 | 1 | 3 | 3 |
| Oman vs. Turkey | 1 | 1 | 4 | 1 | 3 | 1 | 1 | 2 |
| Oman vs. Vietnam | 1 | 1 | 4 | 1 | 2 | 1 | 2 | 2 |
| Taiwan vs. Turkey | 1 | 1 | 4 | 1 | 3 | 2 | 1 | 2 |
| Taiwan vs. Vietnam | 1 | 1 | 4 | 1 | 2 | 1 | 3 | 3 |
| Turkey vs. Vietnam | 1 | 1 | 4 | 1 | 2 | 2 | 2 | 2 |

Table continued on next page.

**Table II-5 --Continued**

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

| Country pair | Number of U.S. producers reporting | | | | Number of U.S. importers reporting | | | |
|---|---|---|---|---|---|---|---|---|
| | A | F | S | N | A | F | S | N |
| **Nonsubject countries comparisons:** U.S. vs. China | 2 | 1 | 6 | 1 | 6 | 2 | 6 | 3 |
| India vs. China | 1 | 1 | 4 | 1 | 2 | 0 | 3 | 2 |
| Korea vs. China | 1 | 1 | 4 | 1 | 2 | 2 | 3 | 1 |
| Malaysia vs. China | 1 | 1 | 4 | 1 | 2 | 1 | 4 | 3 |
| Oman vs. China | 1 | 1 | 4 | 1 | 2 | 1 | 3 | 2 |
| Taiwan vs. China | 1 | 1 | 4 | 1 | 3 | 1 | 4 | 3 |
| Turkey vs. China | 1 | 1 | 4 | 1 | 2 | 2 | 3 | 2 |
| Vietnam vs. China | 1 | 1 | 4 | 1 | 2 | 1 | 4 | 3 |
| U.S. vs. other nonsubject | 2 | 1 | 5 | 1 | 3 | 2 | 5 | 1 |
| India vs. other nonsubject | 1 | 1 | 4 | 1 | 2 | 0 | 2 | 2 |
| Korea vs. other nonsubject | 1 | 1 | 4 | 1 | 2 | 2 | 2 | 1 |
| Malaysia vs. other nonsubject | 1 | 1 | 4 | 1 | 2 | 1 | 3 | 2 |
| Oman vs. other nonsubject | 1 | 1 | 4 | 1 | 2 | 1 | 2 | 2 |
| Taiwan vs. other nonsubject | 1 | 1 | 4 | 1 | 2 | 1 | 3 | 2 |
| Turkey vs. other nonsubject | 1 | 1 | 4 | 1 | 2 | 1 | 2 | 2 |
| Vietnam vs. other nonsubject | 1 | 1 | 4 | 1 | 2 | 1 | 3 | 2 |
| China vs. other nonsubject | 1 | 1 | 4 | 1 | 2 | 1 | 3 | 2 |

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

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

# 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 ten firms that accounted for the nearly all of U.S. production of steel nails during 2013.

## U.S. PRODUCERS

The Commission issued a U.S. producer questionnaire to 15 firms based on information contained in the petition and prior cases, and ten firms provided useable data on their productive operations.[1] Staff believes that these responses represent the vast majority of U.S. production of steel nails.[2]

Table III-1 lists U.S. producers of steel nails, their production locations, and positions on the petition, total production, and shares of total production in 2013.

As indicated in table III-1, three U.S. producers are related to foreign producers of nonsubject steel nails and four U.S. producers are related to U.S. importers of the steel nails. In addition, as discussed in greater detail below, three U.S. producers directly import the subject merchandise.

[1] Stanley Black & Decker was unable to compile complete 2011 data and as such 2011 U.S. producer data are slightly understated throughout the report.

[2] In November 2013, Hahn Systems, LLC (Indianapolis, IN), a construction and industrial tools supplier, acquired substantially all the assets of ECS Fasteners LLC located in Westport, Indiana. All operations and employees will remain in Westport. ECS' product line will be incorporated into Hahn's private labeled Fuzion Fasteners brand and the company will become a division of Hahn Systems. ECS manufacturers machine grade bulk nails to supply the wood pallet industry. Hahn Systems currently employs over 70 full-time employees.

**Table III-1**
**Steel nails: U.S. producers of steel nails, their positions on the petition, production locations, production, and shares of reported production, 2013**

| Firm | *Position on petition* | *Firm ownership* | *U.S. plant location(s)* | *2013 U.S. production* | |
|---|---|---|---|---|---|
| | | | | *Quantity (short tons)* | *Share (percent)* |
| Acorn Mfg./Tremont Nail | *** | None | Mansfield, MA | *** | *** |
| Davis Wire Corp. | *** | Heico Companies, Chicago, IL (100%) | Pueblo, CO | *** | *** |
| Independent Nail[1] | *** | Division of WH Maze Co., Peru, IL (100%) | Taunton, MA | *** | *** |
| Illinois Tool Works [2] | *** | Illinois Tool Works Glenview, IL (100%) | Vernon Hills, IL; Schaumburg, IL; Grand Prairie, TX | *** | *** |
| Maze Nails[3] | *** | None | Peru, IL | *** | *** |
| Mid Continent Nail Corp. | Petitioner | Deacero Mexico | Poplar Bluff, MO | *** | *** |
| Progressive Steel & Wire[4] | *** | PrimeSource Building Products, Inc (50%) and Integrated Businees Group, LLC. (50%) | Dallas, TX | *** | *** |
| Senco Brands, Inc. | *** | Senco Holdings, Inc., Newport, KY (100%) | Cincinnati, OH | *** | *** |
| Stanley Black & Decker | *** | None | North Kingstown, RI; Clinton, CT; East Greenwich, RI; Greenfield, IN | *** | *** |
| Tree Island Wire USA, Inc. | *** | Tree Island Industries, Ltd. Richmond, BC (100%) | Ontario, CA | *** | *** |
| Total | | | | 131,035 | 100.0 |

[1] ***.
[2] ***.
[3] [Maze is very highly niched producer of steel nails, due primarily to the following processes that they use: *Double Hot-Dip Galvanizing* to protect the nails from rusting, *Hardening of Post Barn Nails, Masonry Nail*s, etc. to make them extremely stiff for better driving, *Painting* of nails to match prefinished building materials, *Collating* in various formats and then *Packaging* the nails to meet customer demands.
[4] Started production in 2012.

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

## U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

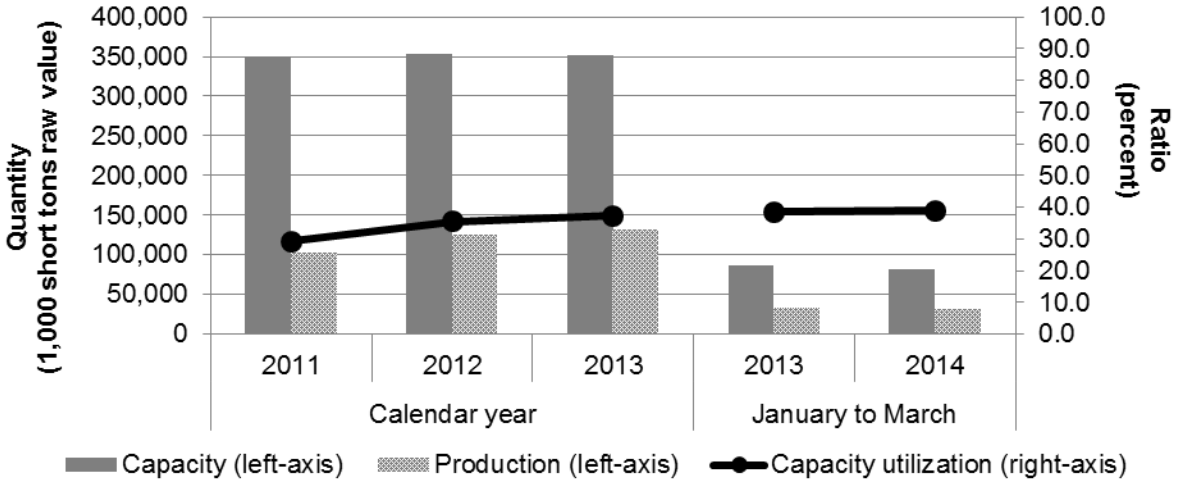
Table III-2 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. No firm reported plant capacity for anything but subject steel nails. Four firms reported operating 40 hours per week between 50 and 52 weeks per year; one firm reported 80 hours per week for 52 weeks per year; two firms reported 120 hours per week 50 weeks per year; and two firms reported 144 hours per week for between 50 and 52 weeks per year.

**Table III-2**
**Steel nails: U.S. producers' production, capacity, and capacity utilization, 2011-2013, January-March 2013, and January-March 2014**

| Item | Calendar year | | | January to March | |
|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2013 | 2014 |
| | Quantity (short tons) | | | | |
| Capacity | 335,766 | 339,809 | 337,869 | 83,222 | 78,986 |
| Production | 102,263 | 125,462 | 131,035 | 33,331 | 32,131 |
| | Ratio (percent) | | | | |
| Capacity utilization | 30.5 | 36.9 | 38.8 | 40.1 | 40.7 |

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

**Figure III-1**
**Nails: U.S. producers' capacity, production, and capacity utilization, 2011-13, January to March 2013, and January to March 2014**




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

Producers were asked to report any changes in their operations (producers' questionnaire question II-2). ***.

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

Table III-3 presents U.S. producers' U.S. shipments, export shipments, and total shipments. Four U.S. producers reported exporting steel nails, which made up a minimal share of the quantity of U.S. producers' shipments of steel nails.[3] *** U.S. producer reported any

[3] U.S. producers of steel nails reported exporting to, Australia, Canada, Denmark, "Europe," France, "Latin America," and New Zealand. [Senco (the largest exporter of domestic nails) has distributors in England (for Europe), Columbia (for South and Central America), and Australia (for the South Pacific)].

**Table III-3**
**Steel nails: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2011-13, January to March 2013, and January to March 2014**

| Item | Calendar year | | | January to March | |
|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2013 | 2014 |
| **Quantity (short tons)** | | | | | |
| Commercial U.S. shipments | 97,364 | 115,227 | 118,477 | 29,771 | 28,098 |
| Internal consumption | *** | *** | *** | *** | *** |
| Transfers to related firms | *** | *** | *** | *** | *** |
| Subtotal, U.S. shipments | *** | *** | *** | *** | *** |
| Export shipments | *** | *** | *** | *** | *** |
| Total shipments | 98,628 | 121,855 | 132,211 | 33,776 | 30,325 |
| **Value (1,000 dollars)** | | | | | |
| Commercial U.S. shipments | 181,565 | 209,904 | 202,884 | 49,465 | 42,627 |
| Internal consumption | *** | *** | *** | *** | *** |
| Transfers to related firms | *** | *** | *** | *** | *** |
| Subtotal, U.S. shipments | *** | *** | *** | *** | *** |
| Export shipments | *** | *** | *** | *** | *** |
| Total shipments | 184,173 | 219,095 | 220,262 | 54,578 | 45,749 |
| **Unit value (dollars per short ton)** | | | | | |
| Commercial U.S. shipments | $1,865 | $1,822 | $1,712 | $1,662 | $1,517 |
| Internal consumption | *** | *** | *** | *** | *** |
| Transfers to related firms | *** | *** | *** | *** | *** |
| Subtotal, U.S. shipments | *** | *** | *** | *** | *** |
| Export shipments | *** | *** | *** | *** | *** |
| Total shipments | 1,867 | 1,798 | 1,666 | 1,616 | 1,509 |
| **Share of quantity (percent)** | | | | | |
| Commercial U.S. shipments | 98.7 | 94.6 | 89.6 | 88.1 | 92.7 |
| Internal consumption | *** | *** | *** | *** | *** |
| Transfers to related firms | *** | *** | *** | *** | *** |
| Subtotal, U.S. shipments | *** | *** | *** | *** | *** |
| Export shipments | *** | *** | *** | *** | *** |
| Total shipments | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| **Share of value (percent)** | | | | | |
| Commercial U.S. shipments | 98.6 | 95.8 | 92.1 | 90.6 | 93.2 |
| Internal consumption | *** | *** | *** | *** | *** |
| Transfers to related firms | *** | *** | *** | *** | *** |
| Subtotal, U.S. shipments | *** | *** | *** | *** | *** |
| Export shipments | *** | *** | *** | *** | *** |
| Total shipments | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

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

internal consumption of steel nails and *** reporting transfers to related firms. Table III-4 presents U.S. producers' U.S. shipments by type and finish. Collated was about 3-times as large a category as uncollated with "bright" (no finish) the overwhelming finish of shipped nails. Table III-5 presents U.S. producers' U.S. shipments of nails by type and form.

**Table III-4**
**Steel nails: U.S. producers' U.S. shipments by type and finish, 2013**

| Type and finish | Quantity (*short tons*) | Value ($*1,000*) | Unit Value (dollars *per short ton*) | Share of quantity (*percent*) |
|---|---|---|---|---|
| **Collated: Bright (no finish)** | 86,634 | 122,048 | 1,409 | 66.4 |
| **Collated: Galvanized** | 12,613 | 44,660 | 3,541 | 9.7 |
| **Collated: Other** | 175 | 982 | 5,611 | 0.1 |
| Collated: Subtotal, all collated | 99,422 | 167,690 | 1,687 | 76.1 |
| **Uncollated: Bright (no finish)** | 28,461 | 38,595 | 1,356 | 21.8 |
| **Uncollated: Galvanized** | 2,433 | 8,708 | 3,579 | 1.9 |
| **Uncollated: Other** | 252 | 1,977 | 7,845 | 0.2 |
| Uncollated: Subtotal, all uncollated | 31,146 | 49,280 | 1,582 | 23.9 |
| **Both collated and uncollated: Bright (no finish)** | 115,095 | 160,643 | 1,396 | 88.1 |
| **Both collated and uncollated: Galvanized** | 15,046 | 53,368 | 3,547 | 11.5 |
| **Both collated and uncollated: Other** | 427 | 2,959 | 6,930 | 0.3 |
| **Total U.S. shipments** | 130,568 | 216,970 | 1,662 | 100.0 |

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

**Table III-5**
**Steel nails: U.S. producers' U.S. shipments by type and form, 2013**

| Type and form | Quantity (*short tons*) | Value (*$1,000*) | Unit Value (dollars *per short ton*) | Share of quantity (*percent*) |
|---|---|---|---|---|
| **Collated: Common nail** | 65,822 | 109,999 | 1,671 | 50.4 |
| **Collated: Finishing nail** | 2,945 | 13,364 | 4,538 | 2.3 |
| **Collated: Drywall nail** | 0 | 0 | 0 | 0.0 |
| **Collated: Flooring nail** | 122 | 1,633 | 13,385 | 0.1 |
| **Collated: Finishing nail** | 2,593 | 3,825 | 1,475 | 2.0 |
| **Collated: Pallet nail** | 22,836 | 31,495 | 1,379 | 17.5 |
| **Collated: Concrete/masonry nail** | 49 | 262 | 5,347 | 0.0 |
| **Collated: All other products** | 5,055 | 7,112 | 1,407 | 3.9 |
| Collated: Subtotal, all collated | 99,422 | 167,690 | 1,687 | 76.1 |
| **Uncollated: Common nail** | 6,323 | 20,199 | 3,195 | 4.8 |
| **Uncollated: Finishing nail** | 0 | 0 | 0 | 0.0 |
| **Uncollated: Drywall nail** | 0 | 0 | 0 | 0.0 |
| **Uncollated: Flooring nail** | 0 | 0 | 0 | 0.0 |
| **Uncollated: Finishing nail** | 0 | 0 | 0 | 0.0 |
| **Uncollated: Pallet nail** | 24,436 | 27,624 | 1,130 | 18.7 |
| **Uncollated: Concrete/masonry nail** | 204 | 728 | 3,569 | 0.2 |
| **Uncollated: All other products** | 183 | 729 | 3,984 | 0.1 |
| Uncollated: Subtotal, all uncollated | 31,146 | 49,280 | 1,582 | 23.9 |
| **Both collated and uncollated: Common nail** | 72,145 | 130,198 | 1,805 | 55.3 |
| **Both collated and uncollated: Finishing nail** | 2,945 | 13,364 | 4,538 | 2.3 |
| **Both collated and uncollated: Drywall nail** | 0 | 0 | 0 | 0.0 |
| **Both collated and uncollated: Flooring nail** | 122 | 1,633 | 13,385 | 0.1 |
| **Both collated and uncollated: Finishing nail** | 2,593 | 3,825 | 1,475 | 2.0 |
| **Both collated and uncollated: Pallet nail** | 47,272 | 59,119 | 1,251 | 36.2 |
| **Both collated and uncollated: Concrete/masonry nail** | 253 | 990 | 3,913 | 0.2 |
| **Both collated and uncollated: All other products** | 5,238 | 7,841 | 1,497 | 4.0 |
| Total U.S. shipments | 130,568 | 216,970 | 1,662 | 100.0 |

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

## U.S. PRODUCERS' INVENTORIES

Table III-6 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 over the period examined**.**

**Table III-6**
**Steel nails: U.S. producers' inventories, 2011-13, January to March 2013, and January to March 2014**

| Item | Calendar year | | | January to March | |
|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2013 | 2014 |
| | Quantity (*short tons*) | | | | |
| U.S. producers' end-of-period inventories | 8,874 | 13,651 | 12,474 | 11,524 | 12,740 |
| | Ratio (*percent*) | | | | |
| Ratio of inventories to.-- U.S. Production | 8.7 | 10.9 | 9.5 | 8.6 | 9.9 |
| U.S. shipments | 9.1 | 11.4 | 9.6 | 8.6 | 10.7 |
| Total shipments | 9.0 | 11.2 | 9.4 | 8.5 | 10.5 |

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

## U.S. PRODUCERS' IMPORTS AND PURCHASES

U.S. producers' direct imports of steel nails are presented in table III-7. ***.

**Table III-7**
**Nails: U.S. producers' direct imports, 2011-13, January to March 2013, and January to March 2014**

* * * * * * *

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

## U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-8 shows U.S. producers' employment-related data during the period of investigation.

**Table III-8**
**Steel nails: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2011-13, January to March 2013, and January to March 2014**

| | Calendar year | | | January to March | |
|---|---|---|---|---|---|
| **Item** | **2011** | **2012** | **2013** | **2013** | **2014** |
| Production-Related Workers (PRWs) (*number*) | 612 | 886 | 837 | 765 | 593 |
| Total hours worked (*1,000 hours*) | 1,072 | 1,423 | 1,394 | 444 | 348 |
| Hours worked per PRW (*hours*) | 1,752 | 1,606 | 1,665 | 581 | 586 |
| Wages paid *($1,000*) | 16,422 | 22,069 | 21,859 | 5,465 | 4,887 |
| Hourly wages (*dollars per hour*) | $15.32 | $15.51 | $15.68 | $12.30 | $14.06 |
| Productivity (*short tons per 1000 hours*) | 95.4 | 88.2 | 94.0 | 75.0 | 92.5 |
| Unit labor costs (*dollars per short tons*) | $161 | $176 | $167 | $164 | $152 |

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

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

## U.S. IMPORTERS

The Commission issued importer questionnaires to 200 firms believed to be importers of subject steel nails, as well as to all U.S. producers of steel nails.[1] Usable questionnaire responses were received from 30 companies, representing 65.1 percent of U.S. imports from subject countries and 50.7 percent of all imports in 2013.[2] Table IV-1 lists all responding U.S. importers of steel nails from all seven subject countries and other sources, their locations, and their shares of U.S. imports, in 2013. The 13 reporting importers of nonsubject imports accounted for 35.6 percent of nonsubject imports in 2013, and reported imports from Austria, Bulgaria, Canada, China, Italy, Indonesia, Japan, Mexico, Poland, Spain, Thailand, and United Arab Emirates.

[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") were believed to import steel nails.

[2] Firms reporting imports from subject countries accounted for the following percentages of official reported imports of subject imports in 2013: India – 445.6 percent; Korea – 49.3 percent; Malaysia – 50.0 Percent; Oman – 94.4 percent; Taiwan – 70.0 percent; Turkey – 58.2 percent; Vietnam – 53.4percent; all other sources – 35.6 percent. Table IV-2 presents the percentage of steel nails, as reported by U.S. importers, compared to official Commerce import statistics.

**Table IV-1**
**Steel nails: U.S. importers by source and share, 2013**

| Firm | Headquarters | Share of imports by source (*percent*) in 2013 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | India | Korea | Malaysia | Oman | Taiwan | Turkey | Vietnam | All other sources |
| A. Lyons & Company, Inc. | Manchester, MA | *** | *** | *** | *** | *** | *** | *** | *** |
| Astrotech Steels Private Limited | Chittoor District, | *** | *** | *** | *** | *** | *** | *** | *** |
| Boise Cascade Building Materials Distribution L.L.C. | Boise , ID | *** | *** | *** | *** | *** | *** | *** | *** |
| Building Material Distributors, Inc. | Galt, CA | *** | *** | *** | *** | *** | *** | *** | *** |
| Campbell Hausfeld | Harrison, OH | *** | *** | *** | *** | *** | *** | *** | *** |
| Carolina Nail Systems LLc | Mount Holly, NC | *** | *** | *** | *** | *** | *** | *** | *** |
| Chair City Supply Co., INC. | Thomasville, NC | *** | *** | *** | *** | *** | *** | *** | *** |
| Crane Point Industrial LLC | Forest Grove, OR | *** | *** | *** | *** | *** | *** | *** | *** |
| Crown Staple & Supply LLC | Coogers, NY | *** | *** | *** | *** | *** | *** | *** | *** |
| DC International Inc. | Wilsonville, OR | *** | *** | *** | *** | *** | *** | *** | *** |
| ET&F Fastening Systems, Inc. | Solon, OH | *** | *** | *** | *** | *** | *** | *** | *** |
| Garnett Company, LLC | West Plains, MO | *** | *** | *** | *** | *** | *** | *** | *** |
| Grabber Construction Products, Inc. | Highland, UT | *** | *** | *** | *** | *** | *** | *** | *** |
| Grizzly Industrial, Inc. | Bellingham, WA | *** | *** | *** | *** | *** | *** | *** | *** |
| Illinois Tool Works Inc. | Vernon Hills, IL | *** | *** | *** | *** | *** | *** | *** | *** |
| Itochu Building Products Co., Inc. | New York, NY | *** | *** | *** | *** | *** | *** | *** | *** |
| Maverick Industrial, Ltd | Batavia, OH | *** | *** | *** | *** | *** | *** | *** | *** |
| Metropolitan Staple Corp. | Springfield, NJ | *** | *** | *** | *** | *** | *** | *** | *** |
| Numax Inc | New Windsor, NY | *** | *** | *** | *** | *** | *** | *** | *** |
| Oman Fasteners LLC | Sohar, Sultanate of Oman, | *** | *** | *** | *** | *** | *** | *** | *** |
| Origin Point Brands, LLC | North Charleston, SC | *** | *** | *** | *** | *** | *** | *** | *** |
| PalletOne | Bartow, FL | *** | *** | *** | *** | *** | *** | *** | *** |
| Peace Industries, Ltd / dba Spotnails | Rolling Meadows, IL | *** | *** | *** | *** | *** | *** | *** | *** |
| Stanley Black & Decker, Inc | North Kingstown, RI | *** | *** | *** | *** | *** | *** | *** | *** |
| T.C. International, Inc. | Whittier, CA | *** | *** | *** | *** | *** | *** | *** | *** |
| Tree Island Wire USA | Walnut, CA | *** | *** | *** | *** | *** | *** | *** | *** |
| Uniquely X-Cell, Inc. | Seattle, WA | *** | *** | *** | *** | *** | *** | *** | *** |
| Uniwire Trading LLC. | New York, NY | *** | *** | *** | *** | *** | *** | *** | *** |
| Viking Engineering & Development, Inc. | Fridley, MN | *** | *** | *** | *** | *** | *** | *** | *** |
| Youngwoo Fasteners USA, LTD. | Santa Fe Springs, CA | *** | *** | *** | *** | *** | *** | *** | *** |
| Total | | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

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

## U.S. IMPORTS

Table IV-2 presents the percentage of steel nails, as reported by U.S. importers, compared to official Commerce import statistics.

**Table IV-2**
**Steel nails: U.S. imports by source, and collection method, 2011-13, January-March 2013, and January-March 2014**

| Item | Calendar year | | | January to March | |
|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2013 | 2014 |
| | | | **Quantity (*short tons*)** | | |
| **Questionnaire data** | | | | | |
| India | *** | *** | *** | *** | *** |
| Korea | *** | *** | *** | *** | *** |
| Malaysia | *** | *** | *** | *** | *** |
| Oman | *** | *** | *** | *** | *** |
| Taiwan | *** | *** | *** | *** | *** |
| Turkey | *** | *** | *** | *** | *** |
| Vietnam | *** | *** | *** | *** | *** |
| Subtotal | *** | *** | *** | *** | *** |
| All other sources | *** | *** | *** | *** | *** |
| Total U.S. imports | *** | *** | *** | *** | *** |
| | | | **Quantity (*short tons*)** | | |
| **Official Commerce statistics** | | | | | |
| India | 55 | 60 | 1,091 | 112 | 3,233 |
| Korea | 39,598 | 49,142 | 53,063 | 12,063 | 13,494 |
| Malaysia | 23,110 | 31,921 | 33,471 | 8,644 | 8,552 |
| Oman | 40 | 7,445 | 38,887 | 6,461 | 9,063 |
| Taiwan | 58,754 | 84,987 | 75,417 | 21,589 | 18,282 |
| Turkey | 532 | 3,038 | 9,815 | 1,926 | 2,400 |
| Vietnam | 12,731 | 28,925 | 43,896 | 11,276 | 10,825 |
| Subtotal | 134,821 | 205,518 | 255,639 | 62,072 | 65,850 |
| All other sources | 309,255 | 256,295 | 243,508 | 59,022 | 53,249 |
| Total U.S. imports | 444,076 | 461,813 | 499,148 | 121,094 | 119,098 |
| | | | **Share of Importers Imports to official reported statistics (*percent*)** | | |
| India | *** | *** | *** | *** | *** |
| Korea | *** | *** | *** | *** | *** |
| Malaysia | *** | *** | *** | *** | *** |
| Oman | *** | *** | *** | *** | *** |
| Taiwan | *** | *** | *** | *** | *** |
| Turkey | *** | *** | *** | *** | *** |
| Vietnam | *** | *** | *** | *** | *** |
| Subtotal | *** | *** | *** | *** | *** |
| All other sources | *** | *** | *** | *** | *** |
| Total U.S. imports | *** | *** | *** | *** | *** |

*Source*: Compiled from data submitted in response to Commission questionnaires and official Commerce statistics.

Table IV-3 and figure IV-1 presents data for U.S. imports of steel nails from subject countries and all other sources.

**Table IV-3**
**Steel nails: U.S. imports by source, 2011-13, January-March 2013, and January-March 2014**

| Item | Calendar year | | | January to March | |
|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2013 | 2014 |
| **Quantity (*short tons*)** | | | | | |
| U.S. imports from.-- | | | | | |
| India | 55 | 60 | 1,091 | 112 | 3,233 |
| Korea | 39,598 | 49,142 | 53,063 | 12,063 | 13,494 |
| Malaysia | 23,110 | 31,921 | 33,471 | 8,644 | 8,552 |
| Oman | 40 | 7,445 | 38,887 | 6,461 | 9,063 |
| Taiwan | 58,754 | 84,987 | 75,417 | 21,589 | 18,282 |
| Turkey | 532 | 3,038 | 9,815 | 1,926 | 2,400 |
| Vietnam | 12,731 | 28,925 | 43,896 | 11,276 | 10,825 |
| Subtotal | 134,821 | 205,518 | 255,639 | 62,072 | 65,850 |
| Canada | 19,118 | 20,605 | 19,284 | 4,961 | 4,347 |
| China | 144,675 | 144,935 | 137,673 | 30,605 | 35,796 |
| Japan | 629 | 683 | 701 | 169 | 120 |
| Mexico | 14,277 | 16,968 | 17,474 | 4,270 | 4,636 |
| UAE | 110,395 | 46,632 | 33,642 | 11,701 | 1,374 |
| All other sources | 20,160 | 26,473 | 34,734 | 7,316 | 6,976 |
| Total U.S. imports | 444,075 | 461,814 | 499,148 | 121,094 | 119,098 |
| **Value (*1,000 dollars*)** | | | | | |
| U.S. imports from.-- | | | | | |
| India | 133 | 157 | 5,961 | 318 | 3,716 |
| Korea | 52,354 | 64,555 | 75,849 | 17,890 | 15,809 |
| Malaysia | 26,572 | 38,939 | 35,667 | 9,285 | 8,777 |
| Oman | 54 | 9,356 | 55,046 | 8,216 | 16,978 |
| Taiwan | 87,222 | 123,919 | 108,827 | 30,173 | 23,097 |
| Turkey | 741 | 4,065 | 11,831 | 2,426 | 2,799 |
| Vietnam | 13,362 | 28,948 | 41,076 | 9,380 | 9,311 |
| Subtotal | 180,438 | 269,939 | 334,257 | 77,688 | 80,487 |
| Canada | 33,837 | 37,172 | 35,267 | 8,900 | 7,183 |
| China | 188,383 | 207,236 | 191,636 | 41,392 | 45,833 |
| Japan | 2,217 | 2,260 | 2,249 | 534 | 389 |
| Mexico | 16,089 | 18,886 | 17,028 | 4,155 | 4,984 |
| UAE | 130,417 | 64,288 | 42,097 | 15,224 | 1,590 |
| All other sources | 41,253 | 53,070 | 64,559 | 13,588 | 14,348 |
| Total U.S. imports | 592,634 | 652,853 | 687,092 | 161,481 | 154,813 |

Table continued on next page.

**Table IV-3 --*Continued***
**Steel nails: U.S. imports by source, 2011-13, January-March 2013, and January-March 2014**

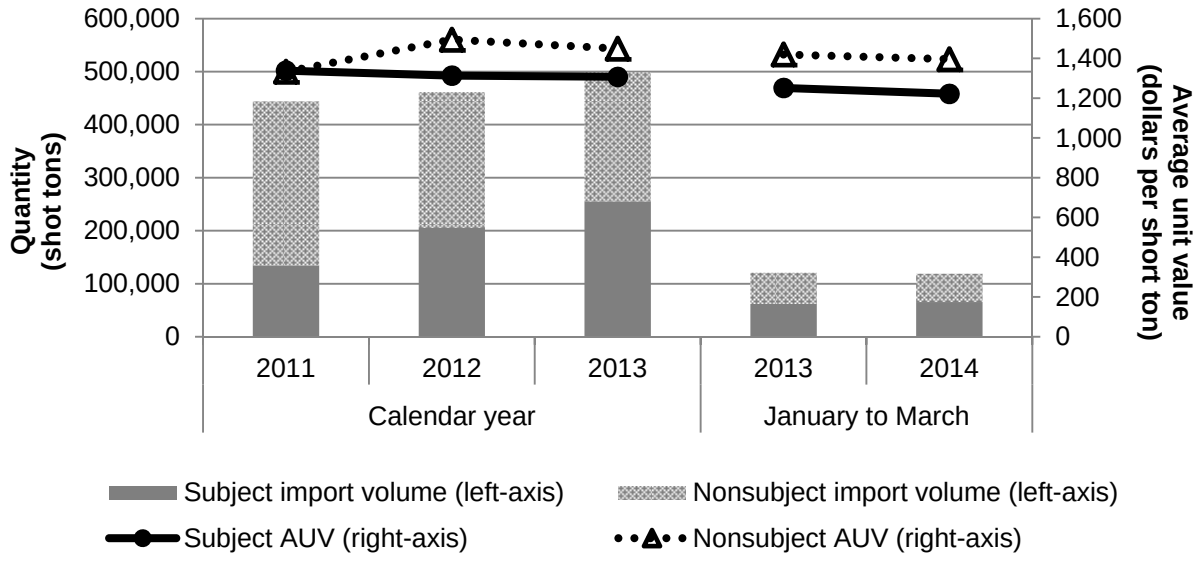
| Item | Calendar year | | | January to March | |
|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2013 | 2014 |
| **Unit value (*dollars per short ton*)** | | | | | |
| U.S. imports from.-- | | | | | |
| India | $2,427 | $2,607 | $5,464 | $2,842 | $1,150 |
| Korea | 1,322 | 1,314 | 1,429 | 1,483 | 1,172 |
| Malaysia | 1,150 | 1,220 | 1,066 | 1,074 | 1,026 |
| Oman | 1,337 | 1,257 | 1,416 | 1,272 | 1,873 |
| Taiwan | 1,485 | 1,458 | 1,443 | 1,398 | 1,263 |
| Turkey | 1,393 | 1,338 | 1,205 | 1,259 | 1,166 |
| Vietnam | 1,050 | 1,001 | 936 | 832 | 860 |
| Subtotal | 1,338 | 1,313 | 1,308 | 1,252 | 1,222 |
| Canada | 1,770 | 1,804 | 1,829 | 1,794 | 1,653 |
| China | 1,302 | 1,430 | 1,392 | 1,352 | 1,280 |
| Japan | 3,523 | 3,310 | 3,208 | 3,165 | 3,242 |
| Mexico | 1,127 | 1,113 | 974 | 973 | 1,075 |
| UAE | 1,181 | 1,379 | 1,251 | 1,301 | 1,157 |
| All other sources | 2,046 | 2,005 | 1,859 | 1,857 | 2,057 |
| Total U.S. imports | 1,335 | 1,414 | 1,377 | 1,334 | 1,300 |
| **Share of quantity (*percent*)** | | | | | |
| U.S. imports from.-- | | | | | |
| India | 0.0 | 0.0 | 0.2 | 0.1 | 2.7 |
| Korea | 8.9 | 10.6 | 10.6 | 10.0 | 11.3 |
| Malaysia | 5.2 | 6.9 | 6.7 | 7.1 | 7.2 |
| Oman | 0.0 | 1.6 | 7.8 | 5.3 | 7.6 |
| Taiwan | 13.2 | 18.4 | 15.1 | 17.8 | 15.4 |
| Turkey | 0.1 | 0.7 | 2.0 | 1.6 | 2.0 |
| Vietnam | 2.9 | 6.3 | 8.8 | 9.3 | 9.1 |
| Subtotal | 30.4 | 44.5 | 51.2 | 51.3 | 55.3 |
| Canada | 4.3 | 4.5 | 3.9 | 4.1 | 3.6 |
| China | 32.6 | 31.4 | 27.6 | 25.3 | 30.1 |
| Japan | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Mexico | 3.2 | 3.7 | 3.5 | 3.5 | 3.9 |
| UAE | 24.9 | 10.1 | 6.7 | 9.7 | 1.2 |
| All other sources | 4.5 | 5.7 | 7.0 | 6.0 | 5.9 |
| Total U.S. imports | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

**Table IV-3 --*Continued***
**Steel nails: U.S. imports by source, 2011-13, January-March 2013, and January-March 2014**

| Item | Calendar year | | | January to March | |
|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2013 | 2014 |
| | Share of value (*percent*) | | | | |
| U.S. imports from.-- | | | | | |
| India | 0.0 | 0.0 | 0.9 | 0.2 | 2.4 |
| Korea | 8.8 | 9.9 | 11.0 | 11.1 | 10.2 |
| Malaysia | 4.5 | 6.0 | 5.2 | 5.7 | 5.7 |
| Oman | 0.0 | 1.4 | 8.0 | 5.1 | 11.0 |
| Taiwan | 14.7 | 19.0 | 15.8 | 18.7 | 14.9 |
| Turkey | 0.1 | 0.6 | 1.7 | 1.5 | 1.8 |
| Vietnam | 2.3 | 4.4 | 6.0 | 5.8 | 6.0 |
| Subtotal | 30.4 | 41.3 | 48.6 | 48.1 | 52.0 |
| Canada | 5.7 | 5.7 | 5.1 | 5.5 | 4.6 |
| China | 31.8 | 31.7 | 27.9 | 25.6 | 29.6 |
| Japan | 0.4 | 0.3 | 0.3 | 0.3 | 0.3 |
| Mexico | 2.7 | 2.9 | 2.5 | 2.6 | 3.2 |
| UAE | 22.0 | 9.8 | 6.1 | 9.4 | 1.0 |
| All other sources | 7.0 | 8.1 | 9.4 | 8.4 | 9.3 |
| Total U.S. imports | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

*Source*: Compiled from official Commerce statistics.

**Figure IV-1**
**Nails: U.S. import volumes and prices, 2011-13, January to March 2013, and January to March 2014**




Source: Table IV-3.

Table IV-4 presents U.S. importers' reported subject U.S. shipments by type and finish. Collated steel nails accounted for 61.6 percent of all reported nails and uncollated with "bright" (no finish) the overwhelming percentage of shipped nails. Table IV-5 presents U.S. importers' U.S. shipments of nails from subject sources by type and form.

**Table IV-4**
**Steel nails: U.S. importers' subject U.S. shipments by type and finish, 2013**

| Type and finish | Quantity (*short tons*) | Value (*$1,000*) | Unit Value (dollars *per short ton*) | Share of quantity (*percent*) |
|---|---|---|---|---|
| **Collated: Bright (no finish)** | 78,394 | 95,848 | 1,223 | 47.1 |
| **Collated: Galvanized** | 23,777 | 46,529 | 1,957 | 14.3 |
| **Collated: Other** | 241 | 1,076 | 4,465 | 0.1 |
| Collated: Subtotal, all collated | 102,412 | 143,453 | 1,401 | 61.6 |
| **Uncollated: Bright (no finish)** | 38,037 | 46,647 | 1,226 | 22.9 |
| **Uncollated: Galvanized** | 11,380 | 22,630 | 1,989 | 6.8 |
| **Uncollated: Other** | 14,514 | 22,040 | 1,519 | 8.7 |
| Uncollated: Subtotal, all uncollated | 63,931 | 91,317 | 1,428 | 38.4 |
| **Both collated and uncollated: Bright (no finish)** | 116,431 | 142,495 | 1,224 | 70.0 |
| **Both collated and uncollated: Galvanized** | 35,157 | 69,159 | 1,967 | 21.1 |
| **Both collated and uncollated: Other** | 14,755 | 23,116 | 1,567 | 8.9 |
| **Total U.S. shipments** | 166,343 | 234,770 | 1,411 | 100.0 |

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

**Table IV-5**
**Steel nails: U.S. importers' U.S. shipments by type and form, 2013**

| Type and form | Quantity (*short tons*) | Value (*$1,000*) | Unit Value (dollars *per short ton*) | Share of quantity (*percent*) |
|---|---|---|---|---|
| **Collated: Common nail** | 81,263 | 115,599 | 1,423 | 48.9 |
| **Collated: Finishing nail** | 1,781 | 2,575 | 1,446 | 1.1 |
| **Collated: Drywall nail** | 328 | 340 | 1,037 | 0.2 |
| **Collated: Flooring nail** | 35 | 172 | 4,914 | 0.0 |
| **Collated: Finishing nail** | 307 | 837 | 2,726 | 0.2 |
| **Collated: Pallet nail** | 15,002 | 16,929 | 1,128 | 9.0 |
| **Collated: Concrete/masonry nail** | 0 | 0 | 0 | 0.0 |
| **Collated: All other products** | 4,076 | 7,410 | 1,818 | 2.5 |
| Collated: Subtotal, all collated | 102,792 | 143,862 | 1,400 | 61.8 |
| **Uncollated: Common nail** | 26,128 | 35,904 | 1,374 | 15.7 |
| **Uncollated: Finishing nail** | 2,559 | 4,733 | 1,850 | 1.5 |
| **Uncollated: Drywall nail** | 5,347 | 8,118 | 1,518 | 3.2 |
| **Uncollated: Flooring nail** | 36 | 87 | 2,417 | 0.0 |
| **Uncollated: Finishing nail** | 0 | 0 | 0 | 0.0 |
| **Uncollated: Pallet nail** | 17,172 | 18,048 | 1,051 | 10.3 |
| **Uncollated: Concrete/masonry nail** | 1,589 | 3,764 | 2,369 | 1.0 |
| **Uncollated: All other products** | 10,720 | 20,263 | 1,890 | 6.4 |
| Uncollated: Subtotal, all uncollated | 63,551 | 90,917 | 1,431 | 38.2 |
| **Both collated and uncollated: Common nail** | 107,391 | 151,503 | 1,411 | 64.6 |
| **Both collated and uncollated: Finishing nail** | 4,340 | 7,308 | 1,684 | 2.6 |
| **Both collated and uncollated: Drywall nail** | 5,675 | 8,458 | 1,490 | 3.4 |
| **Both collated and uncollated: Flooring nail** | 71 | 259 | 3,648 | 0.0 |
| **Both collated and uncollated: Finishing nail** | 307 | 837 | 2,726 | 0.2 |
| **Both collated and uncollated: Pallet nail** | 32,174 | 34,977 | 1,087 | 19.3 |
| **Both collated and uncollated: Concrete/masonry nail** | 1,589 | 3,764 | 2,369 | 1.0 |
| **Both collated and uncollated: All other products** | 14,796 | 27,673 | 1,870 | 8.9 |
| Total U.S. shipments | 166,343 | 234,779 | 1,411 | 100.0 |

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

## NEGLIGIBILITY

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[3] Negligible imports are generally defined in the Tariff Act of 1930, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.[4] Imports from India and Turkey, as reported by official Commerce statistics, accounted for 1.1 and 2.1 percent, respectively, of total imports of steel nails by quantity from May 2013 – April 2014.

## CUMULATION CONSIDERATIONS

In assessing whether imports should be cumulated, the Commission determines whether U.S. imports from the subject countries compete with each other and with the domestic like product and has generally considered four factors: (1) fungibility, (2) presence of sales or offers to sell in the same geographical markets, (3) common or similar channels of distribution, and (4) simultaneous presence in the market. Issues concerning fungibility and channels of distribution are addressed in *Part* II of this report. Additional information concerning fungibility, geographical markets, and simultaneous presence in the market is presented below. With regard to geographical markets and presence in the market, the petitioners argue that imported steel nails from subject countries compete without regard to geographical location in the United States and that these imports have been simultaneously present in the U.S. market during the period of investigation.[5] Official Commerce statistics, as presented in table IV-6, show that U.S. imports from the subject countries did enter the United States through geographically dispersed U.S. ports of entry throughout the entire period of investigation. Both U.S. producers and U.S. importers reported distributing steel nails geographically throughout the United States.[6] As discussed in *Part V* of this report, steel nails produced in the United States and subject countries were sold in each quarter between January

[3] 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)).

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

[5] Petitioners' postconference brief, pp. 15, 38; answers to staff questions pp, 10-13.

[6] *See Part* II of this report.

2011 and March 2014. Taiwanese respondents argued that the Commission should decumulate Taiwan for purposes of the threat analysis.[7] No other respondent commented on cumulation.

**Table IV-6**
**Steel nails: Monthly presence of U.S. imports, 2011-13, January to March 2013, and January to March 2014**

| Item | Calendar year | | | January to March | |
|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2013 | 2014 |
| | Months present (*number*) | | | | |
| India | 8 | 10 | 11 | 2 | 3 |
| Korea | 12 | 12 | 12 | 3 | 3 |
| Malaysia | 12 | 12 | 12 | 3 | 3 |
| Oman | 1 | 10 | 12 | 3 | 3 |
| Taiwan | 12 | 12 | 12 | 3 | 3 |
| Turkey | 9 | 11 | 12 | 3 | 3 |
| Vietnam | 12 | 12 | 12 | 3 | 3 |
| Subtotal, subject countries | 12 | 12 | 12 | 3 | 3 |
| All other sources | 12 | 12 | 12 | 3 | 3 |
| All sources | 12 | 12 | 12 | 3 | 3 |

Source: Compiled from official Commerce statistics.

## APPARENT U.S. CONSUMPTION

Table IV-7 and figure IV-2 presents data on apparent U.S. consumption and U.S. market shares for steel nails.

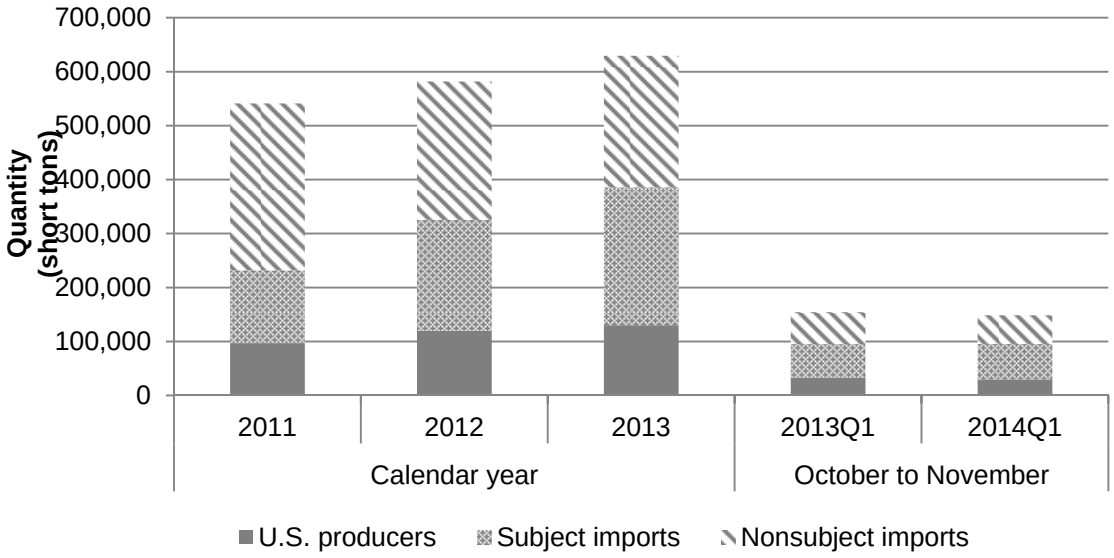
[7] Post-conference case brief of Taiwan respondents, p. 1, fn 2, and pp. 32-36.

**Table IV-7**
**Steel nails: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2011-13, January-March 2013, and January-March 2014**

| Item | Calendar year | | | January to March | |
|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2013 | 2014 |
| | Quantity (*short tons*) | | | | |
| U.S. producers' U.S. shipments | 97,364 | 120,194 | 130,568 | 33,487 | 29,842 |
| U.S. imports from.-- | | | | | |
| India | 55 | 60 | 1,091 | 112 | 3,233 |
| Korea | 39,598 | 49,142 | 53,063 | 12,063 | 13,494 |
| Malaysia | 23,110 | 31,921 | 33,471 | 8,644 | 8,552 |
| Oman | 40 | 7,445 | 38,887 | 6,461 | 9,063 |
| Taiwan | 58,754 | 84,987 | 75,417 | 21,589 | 18,282 |
| Turkey | 532 | 3,038 | 9,815 | 1,926 | 2,400 |
| Vietnam | 12,731 | 28,925 | 43,896 | 11,276 | 10,825 |
| Subtotal | 134,821 | 205,518 | 255,639 | 62,072 | 65,850 |
| Canada | 19,118 | 20,605 | 19,284 | 4,961 | 4,347 |
| China | 144,675 | 144,935 | 137,673 | 30,605 | 35,796 |
| Japan | 629 | 683 | 701 | 169 | 120 |
| Mexico | 14,277 | 16,968 | 17,474 | 4,270 | 4,636 |
| UAE | 110,395 | 46,632 | 33,642 | 11,701 | 1,374 |
| All other sources | 20,160 | 26,473 | 34,734 | 7,316 | 6,976 |
| Total U.S. imports | 444,075 | 461,814 | 499,148 | 121,094 | 119,098 |
| Apparent U.S. consumption | 541,439 | 582,008 | 629,716 | 154,581 | 148,940 |
| | Value (*1,000 dollars*) | | | | |
| U.S. producers' U.S. shipments | 181,565 | 215,927 | 216,970 | 53,969 | 44,751 |
| U.S. imports from.-- | | | | | |
| India | 133 | 157 | 5,961 | 318 | 3,716 |
| Korea | 52,354 | 64,555 | 75,849 | 17,890 | 15,809 |
| Malaysia | 26,572 | 38,939 | 35,667 | 9,285 | 8,777 |
| Oman | 54 | 9,356 | 55,046 | 8,216 | 16,978 |
| Taiwan | 87,222 | 123,919 | 108,827 | 30,173 | 23,097 |
| Turkey | 741 | 4,065 | 11,831 | 2,426 | 2,799 |
| Vietnam | 13,362 | 28,948 | 41,076 | 9,380 | 9,311 |
| Subtotal | 180,438 | 269,939 | 334,257 | 77,688 | 80,487 |
| Canada | 33,837 | 37,172 | 35,267 | 8,900 | 7,183 |
| China | 188,383 | 207,236 | 191,636 | 41,392 | 45,833 |
| Japan | 2,217 | 2,260 | 2,249 | 534 | 389 |
| Mexico | 16,089 | 18,886 | 17,028 | 4,155 | 4,984 |
| UAE | 130,417 | 64,288 | 42,097 | 15,224 | 1,590 |
| All other sources | 41,253 | 53,070 | 64,559 | 13,588 | 14,348 |
| Total U.S. imports | 592,634 | 652,853 | 687,092 | 161,481 | 154,813 |
| Apparent U.S. consumption | 774,199 | 868,780 | 904,062 | 215,450 | 199,564 |

*Source*: Compiled from data submitted in response to Commission questionnaires and official Commerce statistics.

**Figure IV-2**
**Nails: Apparent U.S. consumption, 2011-13, January to March 2013, and January to March 2014**




Source: Table IV-7.

## U.S. MARKET SHARES

U.S. market share data are presented in table IV-8.

**Table IV-8**
**Steel nails: U.S. consumption and market shares, 2011-13, January-March 2013, and January-March 2014**

| Item | Calendar year | | | January to March | |
|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2013 | 2014 |
| | Share of quantity (*percent*) | | | | |
| U.S. producers' U.S. shipments | 18.0 | 20.7 | 20.7 | 21.7 | 20.0 |
| U.S. imports from.-- | | | | | |
| India | 0.0 | 0.0 | 0.2 | 0.1 | 2.2 |
| Korea | 7.3 | 8.4 | 8.4 | 7.8 | 9.1 |
| Malaysia | 4.3 | 5.5 | 5.3 | 5.6 | 5.7 |
| Oman | 0.0 | 1.3 | 6.2 | 4.2 | 6.1 |
| Taiwan | 10.9 | 14.6 | 12.0 | 14.0 | 12.3 |
| Turkey | 0.1 | 0.5 | 1.6 | 1.2 | 1.6 |
| Vietnam | 2.4 | 5.0 | 7.0 | 7.3 | 7.3 |
| Subtotal | 24.9 | 35.3 | 40.6 | 40.2 | 44.2 |
| Canada | 3.5 | 3.5 | 3.1 | 3.2 | 2.9 |
| China | 26.7 | 24.9 | 21.9 | 19.8 | 24.0 |
| Japan | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Mexico | 2.6 | 2.9 | 2.8 | 2.8 | 3.1 |
| UAE | 20.4 | 8.0 | 5.3 | 7.6 | 0.9 |
| All other sources | 3.7 | 4.5 | 5.5 | 4.7 | 4.7 |
| Total U.S. imports | 82.0 | 79.3 | 79.3 | 78.3 | 80.0 |
| | Share of value (*percent*) | | | | |
| U.S. producers' U.S. shipments | 23.5 | 24.9 | 24.0 | 25.0 | 22.4 |
| U.S. imports from.-- | | | | | |
| India | 0.0 | 0.0 | 0.7 | 0.1 | 1.9 |
| Korea | 6.8 | 7.4 | 8.4 | 8.3 | 7.9 |
| Malaysia | 3.4 | 4.5 | 3.9 | 4.3 | 4.4 |
| Oman | 0.0 | 1.1 | 6.1 | 3.8 | 8.5 |
| Taiwan | 11.3 | 14.3 | 12.0 | 14.0 | 11.6 |
| Turkey | 0.1 | 0.5 | 1.3 | 1.1 | 1.4 |
| Vietnam | 1.7 | 3.3 | 4.5 | 4.4 | 4.7 |
| Subtotal | 23.3 | 31.1 | 37.0 | 36.1 | 40.3 |
| Canada | 4.4 | 4.3 | 3.9 | 4.1 | 3.6 |
| China | 24.3 | 23.9 | 21.2 | 19.2 | 23.0 |
| Japan | 0.3 | 0.3 | 0.2 | 0.2 | 0.2 |
| Mexico | 2.1 | 2.2 | 1.9 | 1.9 | 2.5 |
| UAE | 16.8 | 7.4 | 4.7 | 7.1 | 0.8 |
| All other sources | 5.3 | 6.1 | 7.1 | 6.3 | 7.2 |
| Total U.S. imports | 76.5 | 75.1 | 76.0 | 75.0 | 77.6 |

*Source*: Compiled from data submitted in response to Commission questionnaires and official Commerce statistics.

## RATIO OF IMPORTS TO U.S. PRODUCTION

Table IV-9 presents data on the ratio of U.S. imports to U.S. production.

**Table IV-9**
**Steel nails pressure pipe: Ratio of U.S. imports to U.S. production, 2011-13, January-March 2013, and January-March 2014**

| Item | Calendar year | | | January-March | |
|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2013 | 2014 |
| | Quantity (*short tons*) | | | | |
| U.S. production | 102,263 | 125,462 | 131,035 | 33,331 | 32,131 |
| **U.S. imports from**-- | | | | | |
| India | 55 | 60 | 1,091 | 112 | 3,233 |
| Korea | 39,598 | 49,142 | 53,063 | 12,063 | 13,494 |
| Malaysia | 23,110 | 31,921 | 33,471 | 8,644 | 8,552 |
| Oman | 40 | 7,445 | 38,887 | 6,461 | 9,063 |
| Taiwan | 58,754 | 84,987 | 75,417 | 21,589 | 18,282 |
| Turkey | 532 | 3,038 | 9,815 | 1,926 | 2,400 |
| Vietnam | 12,731 | 28,925 | 43,896 | 11,276 | 10,825 |
| Subtotal | 134,821 | 205,518 | 255,639 | 62,072 | 65,850 |
| Canada | 19,118 | 20,605 | 19,284 | 4,961 | 4,347 |
| China | 144,675 | 144,935 | 137,673 | 30,605 | 35,796 |
| Japan | 629 | 683 | 701 | 169 | 120 |
| Mexico | 14,277 | 16,968 | 17,474 | 4,270 | 4,636 |
| UAE | 110,395 | 46,632 | 33,642 | 11,701 | 1,374 |
| All other sources | 20,160 | 26,473 | 34,734 | 7,316 | 6,976 |
| Total U.S. imports | 444,075 | 461,814 | 499,148 | 121,094 | 119,098 |
| | Ratio of imports to production (*percent*) | | | | |
| **U.S. imports from**-- | | | | | |
| India | 0.1 | 0.0 | 0.8 | 0.3 | 10.1 |
| Korea | 38.7 | 39.2 | 40.5 | 36.2 | 42.0 |
| Malaysia | 22.6 | 25.4 | 25.5 | 25.9 | 26.6 |
| Oman | 0.0 | 5.9 | 29.7 | 19.4 | 28.2 |
| Taiwan | 57.5 | 67.7 | 57.6 | 64.8 | 56.9 |
| Turkey | 0.5 | 2.4 | 7.5 | 5.8 | 7.5 |
| Vietnam | 12.4 | 23.1 | 33.5 | 33.8 | 33.7 |
| Subtotal | 131.8 | 163.8 | 195.1 | 186.2 | 204.9 |
| Canada | 18.7 | 16.4 | 14.7 | 14.9 | 13.5 |
| China | 141.5 | 115.5 | 105.1 | 91.8 | 111.4 |
| Japan | 0.6 | 0.5 | 0.5 | 0.5 | 0.4 |
| Mexico | 14.0 | 13.5 | 13.3 | 12.8 | 14.4 |
| UAE | 108.0 | 37.2 | 25.7 | 35.1 | 4.3 |
| All other sources | 19.7 | 21.1 | 26.5 | 21.9 | 21.7 |
| Total U.S. imports | 434.2 | 368.1 | 380.9 | 363.3 | 370.7 |

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

# PART V: PRICING DATA

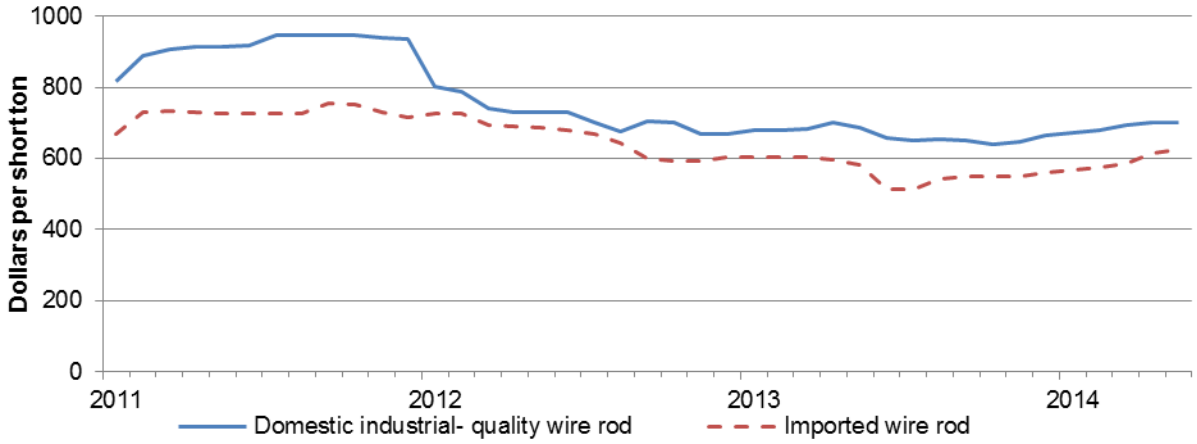
## FACTORS AFFECTING PRICES

### Raw material costs

Raw materials constitute a substantial portion of the final costs of steel nails. U.S. producers' raw materials costs as a share of cost of goods sold remained steady at around *** percent during 2011-13. Steel nails are predominantly manufactured from steel wire, but may also be produced from steel plate or strip.[1] As shown in figure V-1, prices for steel wire rod increased during 2011 then declined from the beginning of 2012 through late 2013. Steel wire rod prices have increased since December 2013. Overall, prices for domestic industrial-quality steel wire rod decreased by approximately 14 percent from January 2011 to May 2014, and prices for imported steel wire rod decreased by nearly 7 percent during the same period.

**Figure V-1**

**Wire rod: Domestic industrial-quality wire rod and imported wire rod prices, monthly, January 2011-May 2014**




Source: American Metal Market, June 22, 2014.

### U.S. inland transportation costs

Nine of 10 U.S. producers and all 27 responding importers reported that they typically arrange transportation for shipments of steel nails to their customers. Most U.S. producers reported that their U.S. inland transportation costs ranged from 4 to 8 percent of the delivered cost, and one U.S. producer (***) reported transportation costs as high as 12 percent. Twenty-

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

two of 26 responding importers reported that transportation costs ranged from 3 to 10 percent. Two importers reported transportation costs as high as 15 and 18 percent and two reported that transportation costs were as low as 2 percent.

## PRICING PRACTICES

### Pricing methods

#### Price determination

As presented in table V-1, U.S. producers and importers reported using transaction-by-transaction negotiations, contracts, set price lists, or a combination of any of the three methods for determining the prices they charge for steel nails.[2] Some firms reported also using other methods which include negotiating prices based on market conditions (demand, competition, and cost) and volume based pricing. Several firms reported determining prices in a way that would best allow them to meet competitors' pricing, such as discounting prices from set price lists and deviating from price lists based on specific geographic market or end user.

**Table V-1**
**Steel nails: U.S. producers and importers reported price setting methods, by number of responding firms[1]**

| Method | U.S. producers | Importers |
|---|---|---|
| **Transaction-by-transaction** | 3 | 23 |
| **Contract** | 2 | 5 |
| **Set price list** | 6 | 8 |
| **Other** | 4 | 6 |

[1] 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.

#### Contract and spot sales

U.S. producers and importers reported selling most of their steel nails in the spot market (table V-2). One U.S. producer, *** also reported selling steel nails on long and short term contracts during 2013. *** reported that its long term contracts are *** in length and its short term contracts are *** in length. *** reported that both contract types ***. U.S. producer *** also reported using short term contracts. *** reported that its short term contracts are ***. Seven importers also reported using short term contracts. Three importers

[2] At the staff conference, Master Fasteners reported that it sells steel nails to its distributors based on direct container pricing, which is a price break given to customers who order a full container of nails that goes directly from the mill to the customer's door. Conference transcript, pp. 94-95 and 140 (Ippoliti).

reported that their short term contracts were one year in length, and three reported contract lengths of up to 90 days.[3] Four importers reported that their short term contracts fix price, and four reported that their contracts fix both price and quantity. Most importers reported that their short term contracts do not allow for price renegotiation.

**Table V-2**

**Steel nails: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2013**

| Type of sale | U.S. producers | Importers |
|---|---|---|
| **Long-term contracts** | 3.3 | 0.0 |
| **Short-term contracts** | 7.0 | 11.5 |
| **Spot sales** | 89.8 | 88.5 |
| Total | 100.0 | 100.0 |

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

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

## Sales terms and discounts

Six of 11 U.S. producers and 20 of 29 importers reported quoting prices on a delivered basis. Four U.S. producers and 10 importers offer quantity discounts, four U.S. producers and seven importers offer total volume discounts, and two U.S. producers and 15 importers offer no discounts. Two U.S. producers and two importers reported offering other discounts such as customer specific discounts, payment discounts, annual and quarterly growth rebates,[4] and coop advertising discounts.

U.S. producers reported a variety of sales terms for their sales of steel nails including 10 days, net 20, net 30, net 60, 2/10 net 30, 1 percent net 30, 1 percent in 10 days net 30, and 1 percent in 10 days net 60. Most importers reported using sales terms of net 30 days. Two importers reported using net 60 days, and several importers reported other sales terms including prepaying at time of shipment, net 10, 1 percent in 10 days net 30, and 1 percent in 10 days net 60. U.S. producer and importer *** reported sales terms by end user. ***.

## Price leadership

At the staff conference, Respondents identified the Petitioner as a price leader in the U.S. market.[5] Respondents allege that Petitioner is targeting their customers with low prices.[6] Respondents also stated that U.S. producer Tree Island can be a price leader on the West

[3] One importer, ***, did not specify the length of its short term contracts.

[4] U.S. producer and importer *** stated that if offers ***.

[5] Conference transcript, pp. 16-17 (Schutzman), p. 82 (Holec), p. 86 (Leffler), and p. 128 (Ippoliti).

[6] Conference transcript, p. 89 (Leffler), pp. 93 and 97-98 (Ippoliti); CHEP USA postconference brief, p. 18; and Taiwanese respondents' postconference brief, p. 23.

Coast.[7] In response to lost sales and revenue allegations, purchaser ***.[8] Petitioner asserts that it lowered its prices during the POI to compete with imported product.[9]

## 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 steel nail products shipped to unrelated U.S. customers during January 2011-March 2014.

**Product 1.**-- Nominal 3" x 0.131" (10.25 gauge), bright smooth shank, 20-22 degree plastic-strip collated nails

**Product 2.**-- Nominal 3" x 0.120" (11 gauge), bright smooth shank, 20-22 degree plastic-strip collated nails

**Product 3.**-- Nominal 2 3/8" x 0.113" (11.5 gauge), bright smooth shank, 20-22 degree plastic-strip collated nails

**Product 4.**-- Nominal 3 1/4" x 0.131" (10.25 gauge), bright smooth shank, 20-22 degree plastic-strip collated nails

**Product 5.**-- Nominal 2" x 0.113" (11.5 gauge) bright drive screw (threaded) shank, machine grade bulk nails

**Product 6.**-- Nominal 2" x 0.099" (12.5 gauge) bright screw (threaded), 15 degree wire coil collated nails

Five U.S. producers and 21 importers provided usable pricing data for sales of the requested products,[10] although not all firms reported pricing for all products for all quarters. Pricing data reported by these firms accounted for approximately *** percent of U.S. producers' shipments of product, by value, *** percent of subject imports from India, *** percent of subject imports from Korea, *** percent of subject imports from Malaysia, *** percent of subject imports from Oman, *** percent of subject imports from Taiwan, *** percent of subject imports from Turkey, and *** percent of subject imports from Vietnam during January 2011-March 2014.

---

[7] Conference transcript, p. 128 (Ippoliti).

[8] Staff telephone interview with ***.

[9] Petitioner's postconference brief, p. 29.

[10] Importer ***. Price data provided by importer *** are not included in tables V-3 to V-8 and figure V-2. Email from ***.

Price data for products 1-6 are presented in tables V-3 to V-8 and figure V-2.[11] Nonsubject country price data are presented in Appendix E.

**Table V-3**

**Steel nails: Weighted-average f.o.b. prices and quantities of domestic and imported product 1[1] and margins of underselling/(overselling), by quarters, January 2011-March 2014**

* * * * * * *

**Table V-4**

**Steel nails: Weighted-average f.o.b. prices and quantities of domestic and imported product 2[1] and margins of underselling/(overselling), by quarters, January 2011-March 2014**

* * * * * * *

**Table V-5**

**Steel nails: Weighted-average f.o.b. prices and quantities of domestic and imported product 3[1] and margins of underselling/(overselling), by quarters, January 2011-March 2014**

* * * * * * *

**Table V-6**

**Steel nails: Weighted-average f.o.b. prices and quantities of domestic and imported product 4[1] and margins of underselling/(overselling), by quarters, January 2011-March 2014**

* * * * * * *

[11] Quantity data for products 1 through 4 and product 6 were requested in thousands of nails and quantity data for product 5 were requested in short tons as this is how the products are commonly sold.

**Table V-7**

**Steel nails: Weighted-average f.o.b. prices and quantities of domestic and imported product 5[1] and margins of underselling/(overselling), by quarters, January 2011-March 2014**

| Period | United States | | Korea | | | Malaysia | | |
|---|---|---|---|---|---|---|---|---|
| | Price *(per short ton)* | Quantity *(short tons)* | Price *(per short ton)* | Quantity *(short tons)* | Margin *(percent)* | Price *(per short ton)* | Quantity *(short tons)* | Margin *(percent)* |
| **2011:** Jan.-Mar. | *** | *** | 1,145.22 | 1,164 | *** | *** | *** | *** |
| Apr.-June | *** | *** | 1,203.90 | 1,164 | *** | *** | *** | *** |
| July-Sept. | *** | *** | 1,207.90 | 1,029 | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** | *** | *** | *** | *** |
| **2012:** Jan.-Mar. | *** | *** | 1,115.50 | 788 | *** | *** | *** | *** |
| Apr.-June | *** | *** | 1,131.73 | 1,376 | *** | *** | *** | *** |
| July-Sept. | *** | *** | 1,176.24 | 919 | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** | *** | *** | *** | *** |
| **2013:** Jan.-Mar. | *** | *** | 1,130.66 | 1,274 | *** | *** | *** | *** |
| Apr.-June | *** | *** | 1,127.39 | 1,323 | *** | *** | *** | *** |
| July-Sept. | *** | *** | 1,112.10 | 1,264 | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | 1,092.80 | 1,137 | *** | *** | *** | *** |
| **2014:** Jan.-Mar. | *** | *** | 1,083.13 | 1,123 | *** | *** | *** | *** |

| Period | United States | | Taiwan | | | Turkey | | |
|---|---|---|---|---|---|---|---|---|
| | Price *(per short ton)* | Quantity *(short tons)* | Price *(per short ton)* | Quantity *(short tons)* | Margin *(percent)* | Price *(per short ton)* | Quantity *(short tons)* | Margin *(percent)* |
| **2011:** Jan.-Mar. | *** | *** | -- | 0 | -- | -- | 0 | -- |
| Apr.-June | *** | *** | *** | *** | *** | -- | 0 | -- |
| July-Sept. | *** | *** | *** | *** | *** | -- | 0 | -- |
| Oct.-Dec. | *** | *** | *** | *** | *** | -- | 0 | -- |
| **2012:** Jan.-Mar. | *** | *** | *** | *** | *** | -- | 0 | -- |
| Apr.-June | *** | *** | -- | 0 | -- | *** | *** | *** |
| July-Sept. | *** | *** | -- | 0 | -- | *** | *** | *** |
| Oct.-Dec. | *** | *** | -- | 0 | -- | *** | *** | *** |
| **2013:** Jan.-Mar. | *** | *** | -- | 0 | -- | *** | *** | *** |
| Apr.-June | *** | *** | -- | 0 | -- | *** | *** | *** |
| July-Sept. | *** | *** | -- | 0 | -- | *** | *** | *** |
| Oct.-Dec. | *** | *** | -- | 0 | -- | *** | *** | *** |
| **2014:** Jan.-Mar. | *** | *** | -- | 0 | -- | *** | *** | *** |

[1] Product 5: Nominal 2" x 0.113" (11.5 gauge) bright drive screw (threaded) shank, machine grade bulk nails.

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

**Table V-8**

**Steel nails: Weighted-average f.o.b. prices and quantities of domestic and imported product 6[1] and margins of underselling/(overselling), by quarters, January 2011-March 2014**

| Period | United States | | India | | | Korea | | |
|---|---|---|---|---|---|---|---|---|
| | Price (per 1,000 nails) | Quantity (1,000 nails) | Price (per 1,000 nails) | Quantity (1,000 nails) | Margin (percent) | Price (per 1,000 nails) | Quantity (1,000 nails) | Margin (percent) |
| **2011:** Jan.-Mar. | *** | *** | -- | 0 | -- | *** | *** | *** |
| Apr.-June | *** | *** | -- | 0 | -- | *** | *** | *** |
| July-Sept. | *** | *** | -- | 0 | -- | *** | *** | *** |
| Oct.-Dec. | *** | *** | -- | 0 | -- | 3.15 | 108,153 | *** |
| **2012:** Jan.-Mar. | *** | *** | -- | 0 | -- | 3.27 | 43,182 | *** |
| Apr.-June | *** | *** | -- | 0 | -- | 3.60 | 14,526 | *** |
| July-Sept. | *** | *** | -- | 0 | -- | 3.02 | 128,005 | *** |
| Oct.-Dec. | *** | *** | -- | 0 | -- | 2.89 | 226,761 | *** |
| **2013:** Jan.-Mar. | *** | *** | -- | 0 | -- | 2.86 | 161,880 | *** |
| Apr.-June | *** | *** | *** | *** | *** | 2.66 | 188,440 | *** |
| July-Sept. | *** | *** | -- | 0 | -- | 2.98 | 134,840 | *** |
| Oct.-Dec. | *** | *** | *** | *** | *** | 2.77 | 127,387 | *** |
| **2014:** Jan.-Mar. | *** | *** | *** | *** | *** | 2.57 | 239,585 | *** |

| Period | United States | | Malaysia | | | Oman | | |
|---|---|---|---|---|---|---|---|---|
| | Price (per 1,000 nails) | Quantity (1,000 nails) | Price (per 1,000 nails) | Quantity (1,000 nails) | Margin (percent) | Price (per 1,000 nails) | Quantity (1,000 nails) | Margin (percent) |
| **2011:** Jan.-Mar. | *** | *** | *** | *** | *** | -- | 0 | -- |
| Apr.-June | *** | *** | *** | *** | *** | -- | 0 | -- |
| July-Sept. | *** | *** | *** | *** | *** | -- | 0 | -- |
| Oct.-Dec. | *** | *** | *** | *** | *** | -- | 0 | -- |
| **2012:** Jan.-Mar. | *** | *** | *** | *** | *** | -- | 0 | -- |
| Apr.-June | *** | *** | *** | *** | *** | -- | 0 | -- |
| July-Sept. | *** | *** | *** | *** | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** | *** | *** | *** | *** |
| **2013:** Jan.-Mar. | *** | *** | *** | *** | *** | *** | *** | *** |
| Apr.-June | *** | *** | *** | *** | *** | *** | *** | *** |
| July-Sept. | *** | *** | *** | *** | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** | *** | *** | *** | *** |
| **2014:** Jan.-Mar. | *** | *** | *** | *** | *** | *** | *** | *** |

Table continued on next page.

**Table V-8 --Continued**

**Steel nails: Weighted-average f.o.b. prices and quantities of domestic and imported product 6[1] and margins of underselling/(overselling), by quarters, January 2011-March 2014**

| Period | United States | | Taiwan | | | Turkey | | |
|---|---|---|---|---|---|---|---|---|
| | Price *(per 1,000 nails)* | Quantity *(1,000 nails)* | Price *(per 1,000 nails)* | Quantity *(1,000 nails)* | Margin *(percent)* | Price *(per 1,000 nails)* | Quantity *(1,000 nails)* | Margin *(percent)* |
| **2011:** Jan.-Mar. | *** | *** | *** | *** | *** | *** | *** | *** |
| Apr.-June | *** | *** | *** | *** | *** | *** | *** | *** |
| July-Sept. | *** | *** | *** | *** | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** | *** | *** | *** | *** |
| **2012:** Jan.-Mar. | *** | *** | *** | *** | *** | *** | *** | *** |
| Apr.-June | *** | *** | *** | *** | *** | *** | *** | *** |
| July-Sept. | *** | *** | *** | *** | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** | *** | *** | *** | *** |
| **2013:** Jan.-Mar. | *** | *** | *** | *** | *** | *** | *** | *** |
| Apr.-June | *** | *** | *** | *** | *** | *** | *** | *** |
| July-Sept. | *** | *** | *** | *** | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** | *** | *** | *** | *** |
| **2014:** Jan.-Mar. | *** | *** | *** | *** | *** | *** | *** | *** |

| Period | United States | | Vietnam | | |
|---|---|---|---|---|---|
| | Price *(per 1,000 nails)* | Quantity *(1,000 nails)* | Price *(per 1,000 nails)* | Quantity *(1,000 nails)* | Margin *(percent)* |
| **2011:** Jan.-Mar. | *** | *** | *** | *** | *** |
| Apr.-June | *** | *** | *** | *** | *** |
| July-Sept. | *** | *** | -- | 0 | -- |
| Oct.-Dec. | *** | *** | *** | *** | *** |
| **2012:** Jan.-Mar. | *** | *** | -- | 0 | -- |
| Apr.-June | *** | *** | -- | 0 | -- |
| July-Sept. | *** | *** | -- | 0 | -- |
| Oct.-Dec. | *** | *** | -- | 0 | -- |
| **2013:** Jan.-Mar. | *** | *** | -- | 0 | -- |
| Apr.-June | *** | *** | -- | 0 | -- |
| July-Sept. | *** | *** | -- | 0 | -- |
| Oct.-Dec. | *** | *** | *** | *** | *** |
| **2014:** Jan.-Mar. | *** | *** | *** | *** | *** |

[1] Product 6: Nominal 2" x 0.099" (12.5 gauge) bright screw (threaded), 15 degree wire coil collated nails.

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

**Figure V-2**
**Steel nails: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2011-March 2014**

* * * * * * *

## Price trends

Table V-9 summarizes the price trends, by country and by product. Prices for U.S.-produced product 1 and product 1 imported from Korea and Vietnam peaked in early 2012 then declined, and prices for product 1 imported from Korea increased again in first quarter 2014. Prices for product 1 imported from India remained relatively stable, while prices for product 1 imported from Taiwan fluctuated, spiking in third quarter 2011 and first quarter 2013. Prices for U.S.-produced product 2 increased in 2011 then declined from 2012 through 2014. Prices for product 2 imported from Korea and Turkey fluctuated, peaking in second quarter 2012 and second quarter 2013, respectively. Prices for product 3 from the United States, Korea, and Taiwan increased in second quarter 2011, peaked in mid-2013, then declined. Prices for product 3 imported from Korea and Taiwan increased again in first quarter 2014. Prices for product 4 from the United States, Korea, Taiwan, and Vietnam fluctuated, peaking in the first half of 2012 then declined through late 2013-early 2014. Prices for products 1 through 4 imported from Malaysia, Oman, and Turkey declined. Prices for product 5 also fluctuated. Prices for U.S.-produced product 5 and product 5 imported from Korea peaked in third quarter 2011 then declined. Prices for product 5 imported from Malaysia peaked in fourth quarter 2012 and prices for product 5 importer from Turkey peaked in second quarter 2013. Prices for U.S.-produced product 6 remained relatively stable during 2011 through late 2013 and decreased in late 2013-early 2014. Prices for product 6 from Malaysia, Taiwan, and Turkey slightly fluctuated during 2011-14, peaking at various times.

**Table V-9**
**Steel nails: Summary of weighted-average f.o.b. prices for products 1-6 from the United States and subject countries**

* * * * * * *

## Price comparisons

As shown in table V-10, prices for steel nails imported from subject countries were lower than those for domestically produced steel nails in approximately 49.5 percent of the instances where price comparisons were possible. In 184 of the 372 possible comparisons, subject imported steel nails were priced between 0.01 and 45.4 percent below domestic nails, with an average of 12.4 percent. In the other 188 comparisons, subject imported steel nails

were priced between 0.01 and 198 percent above domestic nails, with an average of 27.0 percent.

**Table V-10**

**Steel nails: Instances of underselling/overselling and the range and average of margins, by country, January 2011-March 2014**

| Source | Underselling | | | Overselling | | |
|---|---|---|---|---|---|---|
| | Number of instances | Range (percent) | Average margin (percent) | Number of instances | Range (percent) | Average margin (percent) |
| India | 20 | 0.8 to 23.1 | 11.7 | 3 | 1.2 to 9.6 | 4.2 |
| Korea | 28 | 0.01 to 23.5 | 7.6 | 49 | 0.04 to 78.5 | 28.8 |
| Malaysia | 24 | 0.7 to 29.5 | 17.1 | 47 | 0.5 to 83.2 | 24.4 |
| Oman | 34 | 0.1 to 21.6 | 10.4 | 2 | 0.2 to 2.2 | 1.2 |
| Taiwan | 22 | 2.2 to 19.1 | 13.3 | 47 | 0.8 to 198.0 | 19.1 |
| Turkey | 13 | 0.3 to 22.9 | 10.7 | 27 | 0.01 to 129.2 | 31.8 |
| Vietnam | 43 | 1.7 to 45.4 | 14.7 | 13 | 3.6 to 32.8 | 16.9 |
| Total | 184 | 0.01 to 45.4 | 12.4 | 188 | 0.01 to 198.0 | 27.0 |

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

Prices for steel nails imported from India were below those for U.S.-produced product in 20 of 23 instances; margins of underselling ranged from 0.8 to 23.1 percent. In the remaining three instances, prices for steel nails from India were between 1.2 to 9.6 percent above prices for the domestic product. Prices for steel nails imported from Korea were below those for U.S.-produced product in 28 of 77 instances; margins of underselling ranged from 0.01 to 23.5 percent. In the remaining 49 instances, prices for steel nails from Korea were between 0.04 to 78.5 percent above prices for the domestic product. Prices for steel nails imported from Malaysia were below those for U.S.-produced product in 24 of 71 instances; margins of underselling ranged from 0.7 to 29.5 percent. In the remaining 47 instances, prices for steel nails from Malaysia were between 0.5 to 83.2 percent above prices for the domestic product. Prices for steel nails imported from Oman were below those for U.S.-produced product in 34 of 36 instances; margins of underselling ranged from 0.1 to 21.6 percent. In the remaining two instances, prices for steel nails from Oman were between 0.2 to 2.2 percent above prices for the domestic product. Prices for steel nails imported from Taiwan were below those for U.S.-produced product in 22 of 69 instances; margins of underselling ranged from 2.2 to 19.1 percent. In the remaining 47 instances, prices for steel nails from Taiwan were between 0.8 to 198.0 percent above prices for the domestic product. Prices for steel nails imported from Turkey were below those for U.S.-produced product in 13 of 40 instances; margins of underselling ranged from 0.3 to 22.9 percent. In the remaining 27 instances, prices for steel nails from Turkey were between 0.01 to 129.2 percent above prices for the domestic product. Prices for steel nails imported from Vietnam were below those for U.S.-produced product in 43 of 56 instances; margins of underselling ranged from 1.7 to 45.4 percent. In the remaining 13 instances, prices for steel nails from Vietnam were between 3.6 to 32.8 percent above prices for the domestic product.

## LOST SALES AND LOST REVENUE

The Commission requested U.S. producers of steel nails to report any instances of lost sales or revenue they experienced due to competition from imports of steel nails from India, Korea, Malaysia, Oman, Taiwan, Turkey, and Vietnam during January 2011-March 2014. Of the seven responding U.S. producers, three reported that they had to either reduce prices or roll back announced price increases. The 202 lost sales allegations totaled $*** and involved *** short tons of steel nails plus *** nails.[12] The 438 lost revenue allegations totaled $*** and involved *** short tons of steel nails plus *** nails.[13] Staff contacted 44 purchasers. The allegations and purchasers' responses are presented in tables V-11 to V-14. Some purchasers provided additional information with their responses. This information is reported in the text following tables V-11 to V-14.

Purchasers responding to the lost sales allegations also were asked whether they shifted their purchases of steel nails from U.S. producers to suppliers of steel nails from India, Korea, Malaysia, Oman, Taiwan, Turkey, and Vietnam since January 1, 2011. In addition, they were asked whether U.S. producers reduced their prices in order to compete with suppliers of steel nails from India, Korea, Malaysia, Oman, Taiwan, Turkey, and Vietnam. Ten of the 27 responding purchasers reported that they had shifted purchases of steel nails from U.S. producers to subject imports since January 1, 2011; eight of these purchasers reported that price was the reason for the shift. Thirteen purchasers reported that the U.S. producers had reduced their prices in order to compete with the prices of subject imports since January 1, 2011.

**Table V-11**
**Steel nails: *** lost sales allegations**

* * * * * * *

[12] ***. Petitioner provided one lost sales allegation with the petition ***. Staff did not include this allegation in table V-11 since *** in this investigation. In its U.S. producer questionnaire response, ***. *** provided an additional *** lost sales allegations in its U.S. producer questionnaire response which did not have fax numbers and an additional *** allegations for which the fax number did not work. These *** allegations totaled $*** and are not included in table V-12.

[13] ***. In its U.S. producer questionnaire response, ***. *** provided an additional lost revenue allegation in its U.S. producer questionnaire response which did not have a working fax number. This allegation totaled $*** and is not included in table V-14. *** also provided nine allegations in its U.S. producer questionnaire response in which the accepted quote for U.S. product was the same or higher than the rejected quote for U.S. product. These allegations involved *** nails and are not included in table V-14.

**Table V-12**
**Steel nails: *** lost sales allegations**

* * * * * * *

**Table V-13**
**Steel nails: *** lost revenue allegations**

* * * * * * *

**Table V-14**
**Steel nails: *** lost revenue allegations**

* * * * * * *

*******

***.

*******

***.[14] ***.[15] ***.[16]

*******

***.

[14] ***. Staff telephone interview with ***.
[15] ***. Staff telephone interview with ***.
[16] Staff telephone interview with ***.

# PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

## INTRODUCTION

Ten U.S. producers (Acorn, Davis, Independent, ITW, Maze, Mid Continent, Progressive, Senco, Stanley, and Tree Island) provided financial data on their operations on steel nails. These data are believed to account for nearly all U.S. production of steel nails in 2013. *** reported sales other than commercial sales. *** reported transfers to related firms that accounted for *** percent of total net sales during the period examined, and are not shown separately in this section of the report. *** reported a fiscal year end other than December 31. ***.

During the period of investigation, one firm, Independent, ceased production and exited the industry and at least one firm, Progressive, began production.[1]

## OPERATIONS ON STEEL NAILS

Income-and-loss data for U.S. producers of steel nails are presented in table VI-1, while selected financial data, by firm, are presented in table VI-2. The reported financial condition of the U.S. industry declined from 2011-12, and improved from 2012-13. The reported aggregate net sales quantity increased by 34.1 percent from 2011-13, while the aggregate net sales value increased by 19.6 percent during this time. Collectively, the aggregate cost of goods sold ("COGS") and selling, general, and administrative ("SG&A") expenses increased by 19.0 percent during this time. As a result of the larger increase in revenue as compared to operating costs and expenses, aggregate operating income improved from 2011-13.[2]

In contrast to the full year data, the reported financial condition of the U.S. industry was lower in January-March 2014 as compared to January-March 2013. The reported aggregate net sales quantity and value were lower by 10.2 and 16.2 percent, respectively, between the comparable interim periods. Collectively, the aggregate COGS and SG&A expenses were 15.3 percent lower from interim 2013 to interim 2014. As a result of the larger decline in revenue as compared to operating costs and expenses, aggregate operating income declined.

On a per short ton basis, raw material costs increased from 2011-12, then declined from 2012-13; these costs were also lower in interim 2014 (as compared to interim 2013).[3] Direct labor, other factory costs, and SG&A expenses all generally declined on a per short ton basis during the period examined. As a ratio to net sales, generally similar trends exist for raw material costs and SG&A expenses from 2011-13, while direct labor and other factory costs were relatively stable during this time. Between the comparable interim periods, all components of COGS increased as a ratio to net sales as revenue declined; however, SG&A expenses continued to decline.

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[1] Postconference brief of Mid Continent, answers to staff questions, p. 5.

[2] The decline in operating income from 2011-12 largely reflects ***.

[3] ***. Email from ***, June 24, 2014. ***.

**Table VI-1**
**Steel nails: Results of operations of U.S. producers, 2011-13, January-March 2013, and January-March 2014**

| Item | Fiscal year | | | January-March | |
|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2013 | 2014 |
| **Quantity (short tons)** | | | | | |
| Total net sales | 98,628 | 121,856 | 132,212 | 33,776 | 30,325 |
| **Value ($1,000)** | | | | | |
| Total net sales | 184,173 | 219,094 | 220,262 | 54,578 | 45,749 |
| Cost of goods sold | 144,167 | 180,256 | 175,859 | 42,850 | 37,849 |
| Gross profit or (loss) | 40,006 | 38,838 | 44,403 | 11,728 | 7,900 |
| SG&A expense | 33,255 | 38,108 | 35,196 | 9,426 | 6,449 |
| Operating income or (loss) | 6,751 | 730 | 9,207 | 2,302 | 1,451 |
| Other income or (expense), net | 860 | (1,196) | (1,206) | (687) | (598) |
| Net income or (loss) | 7,611 | (466) | 8,001 | 1,615 | 853 |
| Depreciation | 5,243 | 5,040 | 4,441 | 1,105 | 1,011 |
| Cash flow | 12,854 | 4,574 | 12,442 | 2,720 | 1,864 |
| **Ratio to net sales (percent)** | | | | | |
| Cost of goods sold.-- | | | | | |
| Raw materials | 51.9 | 55.9 | 52.9 | 53.8 | 56.0 |
| Direct labor | 4.8 | 4.5 | 5.0 | 4.9 | 5.2 |
| Other factory costs | 21.6 | 21.9 | 21.9 | 19.8 | 21.6 |
| Average COGS | 78.3 | 82.3 | 79.8 | 78.5 | 82.7 |
| Gross profit or (loss) | 21.7 | 17.7 | 20.2 | 21.5 | 17.3 |
| SG&A expense | 18.1 | 17.4 | 16.0 | 17.3 | 14.1 |
| Operating income or (loss) | 3.7 | 0.3 | 4.2 | 4.2 | 3.2 |
| Net income or (loss) | 4.1 | (0.2) | 3.6 | 3.0 | 1.9 |
| **Unit value (per short ton)** | | | | | |
| Total net sales | $1,867 | $1,798 | $1,666 | $1,616 | $1,509 |
| Cost of goods sold.-- | | | | | |
| Raw materials | 969 | 1,005 | 882 | 870 | 844 |
| Direct labor | 90 | 80 | 83 | 79 | 78 |
| Other factory costs | 403 | 394 | 365 | 320 | 325 |
| Average COGS | 1,462 | 1,479 | 1,330 | 1,269 | 1,248 |
| Gross profit or (loss) | 406 | 319 | 336 | 347 | 261 |
| SG&A expense | 337 | 313 | 266 | 279 | 213 |
| Operating income or (loss) | 68 | 6 | 70 | 68 | 48 |
| Net income or (loss) | 77 | (4) | 61 | 48 | 28 |
| **Number of firms reporting** | | | | | |
| Operating losses | 2 | 4 | 2 | 2 | 3 |
| Data | 8 | 10 | 9 | 9 | 9 |

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

**Table VI-2**
**Steel nails: Selected results of operations of U.S. producers, by firm, 2011-13, January-March 2013, and January-March 2014**

* * * * * * *

Raw material costs accounted for an average 66.9 percent of total COGS for the reporting period, and had the greatest impact on the increase or decrease in COGS during this time. Although SG&A expenses declined on a per-pound basis and as a ratio to net sales, they accounted for 17.4 percent of overall operating costs and expenses during the period examined and impacted the reported profitability of the industry.

Certain U.S. producers reported relatively greater profitability and/or relatively higher per short ton prices as compared to the average results for all firms. ***.[4] ***.[5] ***.[6] ***.[7] ***.[8] Finally, ***.[9]

## Variance analysis

The variance analysis presented in table VI-3 is based on the data in table VI-1.[10] The analysis shows that the increase in operating income from 2011 to 2013 is primarily attributable to a higher favorable net cost/expense variance despite an unfavorable price variance (that is, costs and expenses declined more than prices). In January-March 2014 as compared to January-March 2013, the analysis shows that the lower operating income is primarily attributable to a higher unfavorable price variance despite a favorable net cost/expense variance (that is, prices declined more than costs and expenses).

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[4] Email from ***, June 20, 2014.
[5] Email from ***, June 25, 2014.
[6] Email from ***, June 17, 2014.
[7] Email from ***, June 10, 2014.
[8] Email from ***, June 18, 2014.
[9] Email from ***, June 19, 2014.
[10] The Commission's variance analysis is calculated in three parts: sales variance, cost of sales variance (COGS variance), and SG&A expense variance. Each part consists of a price variance (in the case of the sales variance) or a cost variance (in the case of the COGS and SG&A expense variance), and a volume variance. The sales or cost variance is calculated as the change in unit price or unit cost/expense times the new volume, while the volume variance is calculated as the change in volume times the old unit price or unit cost. Summarized at the bottom of the table, the price variance is from sales; the cost/expense variance is the sum of those items from COGS and SG&A variances, respectively, and the volume variance is the sum of the volume components of the net sales, COGS, and SG&A expense variances.

**Table VI-3**
**Steel nails: Variance analysis on the operations of U.S. producers, 2011-13, and January-March 2013-14**

| Item | Fiscal year | | | January-March |
|---|---|---|---|---|
| | 2011-13 | 2011-12 | 2012-13 | 2013-14 |
| | Value ($1,000) | | | |
| **Total net sales:** | | | | |
| Price variance | (26,624) | (8,454) | (17,452) | (3,253) |
| Volume variance | 62,713 | 43,375 | 18,620 | (5,576) |
| Total net sales variance | 36,089 | 34,921 | 1,168 | (8,829) |
| **Cost of sales:** | | | | |
| Cost variance | 17,399 | (2,136) | 19,716 | 623 |
| Volume variance | (49,091) | (33,953) | (15,319) | 4,378 |
| Total cost variance | (31,692) | (36,089) | 4,397 | 5,001 |
| **Gross profit variance** | 4,397 | (1,168) | 5,565 | (3,828) |
| **SG&A expenses:** | | | | |
| Expense variance | 9,383 | 2,979 | 6,151 | 2,014 |
| Volume variance | (11,324) | (7,832) | (3,239) | 963 |
| Total SG&A variance | (1,941) | (4,853) | 2,912 | 2,977 |
| **Operating income variance** | 2,456 | (6,021) | 8,477 | (851) |
| **Summarized as:** | | | | |
| Price variance | (26,624) | (8,454) | (17,452) | (3,253) |
| Net cost/expense variance | 26,781 | 843 | 25,867 | 2,637 |
| Net volume variance | 2,299 | 1,590 | 62 | (235) |

Note--Unfavorable variances are shown in parenthesis; all others are favorable.

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

### Capital expenditures, research and development expenses, and total assets

The responding firms' aggregate data on capital expenditures, research and development ("R&D") expenses, and total assets are shown in table VI-4. Nine firms reported capital expenditure data, and *** reported research and development ("R&D") expenses. Aggregate capital expenditures irregularly increased from 2011 to 2013. The majority of reported capital expenditures reflect the data reported by ***. According to *** [11] The increase in capital expenditures in 2012 largely reflects ***. ***.[12] The total assets utilized in the production, warehousing, and sale of steel nails increased from $96.6 million in 2011 to $101.8 million in 2012, then declined to $92.6 million in 2013.

[11] E-mail from ***, June 16, 2014.
[12] E-mail from ***, June 17, 2014.

**Table VI-4**
**Steel nails: Capital expenditures, R&D expenses, and total assets of U.S. producers, 2011-13, January-March 2013, and January-March 2014**

| Item | Fiscal year | | | January-March | |
|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2013 | 2014 |
| | Value ($1,000) | | | | |
| Capital expenditures | 3,077 | 5,845 | 3,775 | 1,322 | 659 |
| R&D expenses | *** | *** | *** | *** | *** |
| Total assets | 96,603 | 101,761 | 92,609 | | |

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

## Capital and investment

The Commission requested U.S. producers of steel nails to describe any actual or potential negative effects of imports of threaded rod from the subject countries on their firms' growth, investment, ability to raise capital, development and production efforts, or the scale of capital investments. Responses by U.S. producers follow.

### Actual Negative Effects:

* * * * * * *

### Potential Negative Effects/Other explanations:

* * * * * * *

# 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 alleged 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 INDIA

The Commission issued foreign producers' or exporters' questionnaires to 24 firms believed to produce and/or export steel nails from India.[3] A useable response to the Commission's questionnaire was received from one firm. This firm's 2013 reported exports to the United States (***) exceeded the official reported U.S. imports of steel nails from India by *** in 2013 and in the interim period of 2014 they accounted for *** percent of the officially reported imports. Table VII- 1 presents information on the steel nails operations of the responding producer in India.

**Table VII-1**
**Steel nails: Data for producers in India, 2011-13, January-March 2013, January-March 2014, and projected 2014 and 2015**

* * * * * * *

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

## THE INDUSTRY IN KOREA

The Commission issued foreign producers' or exporters' questionnaires to 42 firms believed to produce and/or export steel nails from Korea.[4] Useable responses to the Commission's questionnaire were received from 12 firms. These firms' exports to the United States accounted for approximately 113.9 percent of official U.S. reported imports of steel nails from Korea during the period of investigation. Table VII- 2 presents information on the steel nails operations of the responding producers and exporters in Korea.

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

[4] These firms were identified through a review of information submitted in the petition and contained in proprietary Customs records.

**Table VII-2**
**Steel nails: Data for producers in Korea, 2011-13, January-March 2013, January-March 2014, and projected 2014 and 2015**

| Item | Actual experience | | | | | Projections | |
|---|---|---|---|---|---|---|---|
| | Calendar year | | | January to March | | Calendar year | |
| | 2011 | 2012 | 2013 | 2013 | 2014 | 2014 | 2014-15 |
| | Quantity (short tons) | | | | | | |
| Capacity | 84,586 | 84,586 | 84,586 | 21,145 | 21,145 | 84,586 | 84,586 |
| Production | 61,189 | 70,419 | 69,444 | 17,207 | 16,731 | 69,139 | 69,165 |
| End-of-period inventories | 2,944 | 3,011 | 3,785 | 3,745 | 3,485 | 3,509 | 3,099 |
| Shipments: Internal consumption/ transfers | 1,434 | 1,042 | 1,165 | 214 | 211 | 1,156 | 1,156 |
| Home market shipments | 6,990 | 7,091 | 6,682 | 1,551 | 1,512 | 7,528 | 7,528 |
| Export shipments to: United States | 47,654 | 58,046 | 56,492 | 13,542 | 14,677 | 56,357 | 56,362 |
| All other markets | 5,541 | 4,174 | 4,332 | 1,265 | 730 | 4,324 | 4,529 |
| Total exports | 53,195 | 62,220 | 60,824 | 14,807 | 15,407 | 60,681 | 60,891 |
| Total shipments | 61,619 | 70,353 | 68,671 | 16,572 | 17,130 | 69,365 | 69,575 |
| | Ratios and shares (percent) | | | | | | |
| Capacity utilization | 72.3 | 83.3 | 82.1 | 81.4 | 79.1 | 81.7 | 81.8 |
| Inventories/production | 4.8 | 4.3 | 5.5 | 5.4 | 5.2 | 5.1 | 4.5 |
| Inventories/total shipments | 4.8 | 4.3 | 5.5 | 5.6 | 5.1 | 5.1 | 4.5 |
| Share of total shipments: Internal consumption/ transfers | 2.3 | 1.5 | 1.7 | 1.3 | 1.2 | 1.7 | 1.7 |
| Home market shipments | 11.3 | 10.1 | 9.7 | 9.4 | 8.8 | 10.9 | 10.8 |
| Export shipments to: United States | 77.3 | 82.5 | 82.3 | 81.7 | 85.7 | 81.2 | 81.0 |
| All other markets | 9.0 | 5.9 | 6.3 | 7.6 | 4.3 | 6.2 | 6.5 |
| Total exports | 86.3 | 88.4 | 88.6 | 89.3 | 89.9 | 87.5 | 87.5 |
| Total shipments | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

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

## THE INDUSTRY IN MALAYSIA

The Commission issued foreign producers' or exporters' questionnaires to 46 firms believed to produce and/or export steel nails from Malaysia.[5] Useable responses to the Commission's questionnaire were received from 4 firms. These firms' exports to the United States accounted for approximately 96.5 percent of official reported U.S. imports of steel nails from Malaysia during the period of investigation. Table VII- 3 presents information on the steel nails operations of the responding producers and exporters in Malaysia.

[5] These firms were identified through a review of information submitted in the petition and contained in proprietary Customs records.

**Table VII-3**
**Steel nails: Data for producers in Malaysia, 2011-13, January-March 2013, January-March 2014, and projected 2014 and 2015**

| Item | Actual experience | | | | | Projections | |
|---|---|---|---|---|---|---|---|
| | Calendar year | | | January to March | | Calendar year | |
| | 2011 | 2012 | 2013 | 2013 | 2014 | 2014 | 2014-15 |
| | Quantity (short tons) | | | | | | |
| Capacity | 84,517 | 94,755 | 102,734 | 27,123 | 25,404 | 107,067 | 126,821 |
| Production | 59,980 | 74,684 | 78,824 | 20,135 | 19,126 | 82,066 | 100,327 |
| End-of-period inventories | 2,207 | 1,878 | 2,210 | 1,938 | 2,193 | 1,706 | 1,515 |
| Shipments: Internal consumption/ transfers | 805 | 820 | 790 | 180 | 145 | 800 | 800 |
| Home market shipments | 26,181 | 28,317 | 29,773 | 7,739 | 6,811 | 31,037 | 33,086 |
| Export shipments to: United States | 22,813 | 31,641 | 30,902 | 7,647 | 8,337 | 31,449 | 40,134 |
| All other markets | 9,377 | 14,700 | 17,027 | 4,509 | 3,806 | 27,840 | 35,661 |
| Total exports | 32,190 | 46,341 | 47,929 | 12,156 | 12,143 | 59,289 | 75,795 |
| Total shipments | 59,176 | 75,478 | 78,492 | 20,075 | 19,099 | 91,126 | 109,681 |
| | Ratios and shares (percent) | | | | | | |
| Capacity utilization | 71.0 | 78.8 | 76.7 | 74.2 | 75.3 | 76.6 | 79.1 |
| Inventories/production | 3.7 | 2.5 | 2.8 | 2.4 | 2.9 | 2.1 | 1.5 |
| Inventories/total shipments | 3.7 | 2.5 | 2.8 | 2.4 | 2.9 | 1.9 | 1.4 |
| Share of total shipments: Internal consumption/ transfers | 1.4 | 1.1 | 1.0 | 0.9 | 0.8 | 0.9 | 0.7 |
| Home market shipments | 44.2 | 37.5 | 37.9 | 38.6 | 35.7 | 34.1 | 30.2 |
| Export shipments to: United States | 38.6 | 41.9 | 39.4 | 38.1 | 43.7 | 34.5 | 36.6 |
| All other markets | 15.8 | 19.5 | 21.7 | 22.5 | 19.9 | 30.6 | 32.5 |
| Total exports | 54.4 | 61.4 | 61.1 | 60.6 | 63.6 | 65.1 | 69.1 |
| Total shipments | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

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

## THE INDUSTRY IN OMAN

The Commission issued foreign producers' or exporters' questionnaires to nine firms believed to produce and/or export steel nails from Oman.[6] Useable responses to the Commission's questionnaire were received from two firms. These firms' exports to the United States started in 2012 and accounted for approximately 127.2 percent of official reported U.S. imports of steel nails from Oman during the period of investigation. Table VII-4 presents information on the steel nails operations of the responding producers and exporters in Oman.

**Table VII-4**
**Steel nails: Data for producers in Oman, 2011-13, January-March 2013, January-March 2014, and projected 2014 and 2015**

* * * * * * *

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

## THE INDUSTRY IN TAIWAN

The Commission issued foreign producers' or exporters' questionnaires to 137 firms believed to produce and/or export steel nails from Taiwan.[7] Useable responses to the Commission's questionnaire were received from 15 firms. These firms' exports to the United States accounted for approximately 100.5 percent of official reported U.S. imports of steel nails from Taiwan during the period of investigation. Table VII-5 presents information on the steel nails operations of the responding producers and exporters in Taiwan.

[6] These firms were identified through a review of information submitted in the petition and contained in proprietary Customs records.

[7] These firms were identified through a review of information submitted in the petition and contained in proprietary Customs records.

**Table VII-5**
**Steel nails: Data for producers in Taiwan, 2011-13, January-March 2013, January-March 2014, and projected 2014 and 2015**

| | Actual experience | | | | | Projections | |
|---|---|---|---|---|---|---|---|
| | Calendar year | | | January to March | | Calendar year | |
| Item | 2011 | 2012 | 2013 | 2013 | 2014 | 2014 | 2014-15 |
| | Quantity (short tons) | | | | | | |
| Capacity | 91,109 | 107,814 | 96,948 | 26,345 | 24,413 | 95,949 | 95,984 |
| Production | 66,320 | 94,007 | 80,140 | 23,004 | 19,276 | 74,164 | 74,123 |
| End-of-period inventories | 2,998 | 3,087 | 3,178 | 3,219 | 2,753 | 3,364 | 3,492 |
| Shipments: Internal consumption/ transfers | 2,331 | 2,444 | 2,200 | 430 | 714 | 1,962 | 2,004 |
| Home market shipments | 1,364 | 1,820 | 1,518 | 428 | 273 | 1,500 | 1,500 |
| Export shipments to: United States | 60,439 | 86,887 | 73,483 | 21,341 | 17,740 | 67,066 | 66,905 |
| All other markets | 2,844 | 2,767 | 2,848 | 673 | 974 | 3,435 | 3,586 |
| Total exports | 63,283 | 89,654 | 76,331 | 22,014 | 18,714 | 70,501 | 70,491 |
| Total shipments | 66,978 | 93,918 | 80,049 | 22,872 | 19,701 | 73,963 | 73,995 |
| | Ratios and shares (percent) | | | | | | |
| Capacity utilization | 72.8 | 87.2 | 82.7 | 87.3 | 79.0 | 77.3 | 77.2 |
| Inventories/production | 4.5 | 3.3 | 4.0 | 3.5 | 3.6 | 4.5 | 4.7 |
| Inventories/total shipments | 4.5 | 3.3 | 4.0 | 3.5 | 3.5 | 4.5 | 4.7 |
| Share of total shipments: Internal consumption/ transfers | 3.5 | 2.6 | 2.7 | 1.9 | 3.6 | 2.7 | 2.7 |
| Home market shipments | 2.0 | 1.9 | 1.9 | 1.9 | 1.4 | 2.0 | 2.0 |
| Export shipments to: United States | 90.2 | 92.5 | 91.8 | 93.3 | 90.0 | 90.7 | 90.4 |
| All other markets | 4.2 | 2.9 | 3.6 | 2.9 | 4.9 | 4.6 | 4.8 |
| Total exports | 94.5 | 95.5 | 95.4 | 96.2 | 95.0 | 95.3 | 95.3 |
| Total shipments | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

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

## THE INDUSTRY IN TURKEY

The Commission issued foreign producers' or exporters' questionnaires to 14 firms believed to produce and/or export steel nails from Turkey.[8] Useable responses to the Commission's questionnaire were received from two firms. These firms' exports to the United States accounted for approximately 93.9 percent of official reported U.S. imports of steel nails from Turkey during the period of investigation. Table VII-6 presents information on the steel nails operations of the responding producers and exporters in Turkey.

**Table VII-6**
**Steel nails: Data for producers in Turkey, 2011-13, January-March 2013, January-March 2014, and projected 2014 and 2015**

* * * * * * *

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

## THE INDUSTRY IN VIETNAM

The Commission issued foreign producers' or exporters' questionnaires to 17 firms believed to produce and/or export steel nails from Vietnam.[9] A useable response to the Commission's questionnaire was received from one firm. This firm's exports to the United States accounted for approximately 97.5 percent of official reported U.S. imports of steel nails from Vietnam during the period of investigation. Table VII- 7 presents information on the steel nails operations of the responding producers and exporters in Vietnam.

**Table VII-7**
**Steel nails: Data for producers in Vietnam, 2011-13, January-March 2013, January-March 2014, and projected 2014 and 2015**

* * * * * * *

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

[8] These firms were identified through a review of information submitted in the petition and contained in proprietary Customs records.

[9] These firms were identified through a review of information submitted in the petition and contained in proprietary Customs records.

## FOREIGN INDUSTRY DATA FOR ALL SUBJECT COUNTRIES COMBINED

Table VII-8 cumulates all seven subject countries responding foreign producers. The responding firms accounted for 105.5 percent of the official import statistics during the period of investigation.

**Table VII-8**
**Steel Nails: Data for all seven subject country producers, 2011-13, January-March 2013, January-March 2014, and projected 2014 and 2015**

| | Actual experience | | | | | Projections | |
|---|---|---|---|---|---|---|---|
| | Calendar year | | | January to March | | Calendar year | |
| Item | 2011 | 2012 | 2013 | 2013 | 2014 | 2014 | 2014-15 |
| | Quantity (short tons) | | | | | | |
| Capacity | 328,425 | 382,431 | 460,761 | 118,741 | 116,570 | 482,293 | 513,069 |
| Production | 245,451 | 318,769 | 369,234 | 90,162 | 92,599 | 395,190 | 425,416 |
| End-of-period inventories | 11,703 | 12,490 | 14,324 | 14,469 | 13,024 | 12,834 | 12,396 |
| Shipments: | | | | | | | |
| Internal consumption/transfers | 4,570 | 4,306 | 4,160 | 824 | 1,075 | 3,923 | 3,965 |
| Home market shipments | 59,069 | 60,787 | 62,642 | 14,957 | 14,354 | 74,287 | 81,991 |
| Export shipments to: | | | | | | | |
| United States | 148,722 | 220,001 | 260,523 | 62,038 | 68,970 | 275,337 | 286,166 |
| All other markets | 31,977 | 33,352 | 40,080 | 10,498 | 9,590 | 53,318 | 64,805 |
| Total exports | 180,699 | 253,353 | 300,603 | 72,536 | 78,560 | 328,655 | 350,971 |
| Total shipments | 244,338 | 318,446 | 367,405 | 88,317 | 93,989 | 406,865 | 436,927 |
| | Ratios and shares (percent) | | | | | | |
| Capacity utilization | 74.7 | 83.4 | 80.1 | 75.9 | 79.4 | 81.9 | 82.9 |
| Inventories/production | 4.8 | 3.9 | 3.9 | 4.0 | 3.5 | 3.2 | 2.9 |
| Inventories/total shipments | 4.8 | 3.9 | 3.9 | 4.1 | 3.5 | 3.2 | 2.8 |
| Share of total shipments: | | | | | | | |
| Internal consumption/transfers | 1.9 | 1.4 | 1.1 | 0.9 | 1.1 | 1.0 | 0.9 |
| Home market shipments | 24.2 | 19.1 | 17.0 | 16.9 | 15.3 | 18.3 | 18.8 |
| Export shipments to: | | | | | | | |
| United States | 60.9 | 69.1 | 70.9 | 70.2 | 73.4 | 67.7 | 65.5 |
| All other markets | 13.1 | 10.5 | 10.9 | 11.9 | 10.2 | 13.1 | 14.8 |
| Total exports | 74.0 | 79.6 | 81.8 | 82.1 | 83.6 | 80.8 | 80.3 |
| Total shipments | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

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

Table VII-9 presents subject foreign producers' export shipments by type and finish. Collated accounted for 57.2 percent of reported exports and "Bright" (no finish) accounted for 70.0 percent of reported exports to the United States.

**Table VII-9**
**Steel nails: Subject foreign producers' export shipments by type and finish, 2013**

| Type and finish | Quantity (*short tons*) | Value ($*1,000*) | Unit Value (dollars *per short ton*) | Share of quantity (*percent*) |
|---|---|---|---|---|
| **Collated: Bright (no finish)** | 115,261 | 429,054 | 3,722 | 44.7 |
| **Collated: Galvanized** | 13,560 | 25,458 | 1,877 | 5.3 |
| **Collated: Other** | 18,751 | 27,428 | 1,463 | 7.3 |
| Collated: Subtotal, all collated | 147,572 | 481,940 | 3,266 | 57.2 |
| **Uncollated: Bright (no finish)** | 65,422 | 74,747 | 1,143 | 25.4 |
| **Uncollated: Galvanized** | 30,306 | 40,045 | 1,321 | 11.7 |
| **Uncollated: Other** | 14,648 | 21,608 | 1,475 | 5.7 |
| Uncollated: Subtotal, all uncollated | 110,376 | 136,400 | 1,236 | 42.8 |
| **Both collated and uncollated: Bright (no finish)** | 180,683 | 503,801 | 2,788 | 70.0 |
| **Both collated and uncollated: Galvanized** | 43,866 | 65,503 | 1,493 | 17.0 |
| **Both collated and uncollated: Other** | 33,399 | 49,036 | 1,468 | 12.9 |
| **Total exports to the United States** | 257,948 | 618,340 | 2,397 | 100.0 |

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

Table VII-10 presents subject foreign producers' export shipments by type and form. Common nails were the preponderance of the exports both collated and uncollated.

**Table VII-10**
**Steel nails: Subject foreign producers' export shipments by type and form, 2013**

| Type and form | Quantity (*short tons*) | Value (*$1,000*) | Unit Value (dollars *per short ton*) | Share of quantity (*percent*) |
|---|---|---|---|---|
| **Collated: Common nail** | 109,307 | 130,603 | 1,195 | 42.4 |
| **Collated: Finishing nail** | 439 | 1,624 | 3,699 | 0.2 |
| **Collated: Drywall nail** | 0 | 0 | 0 | 0.0 |
| **Collated: Flooring nail** | 0 | 0 | 0 | 0.0 |
| **Collated: Finishing nail** | 0 | 0 | 0 | 0.0 |
| **Collated: Pallet nail** | 32,579 | 340,308 | 10,446 | 12.6 |
| **Collated: Concrete/masonry nail** | 0 | 0 | 0 | 0.0 |
| **Collated: All other products** | 5,822 | 18,440 | 3,167 | 2.3 |
| Collated: Subtotal, all collated | 148,147 | 490,975 | 3,314 | 57.4 |
| **Uncollated: Common nail** | 37,073 | 36,772 | 992 | 14.4 |
| **Uncollated: Finishing nail** | 4,722 | 5,919 | 1,253 | 1.8 |
| **Uncollated: Drywall nail** | 10,963 | 13,019 | 1,188 | 4.3 |
| **Uncollated: Flooring nail** | 298 | 720 | 2,416 | 0.1 |
| **Uncollated: Finishing nail** | 0 | 0 | 0 | 0.0 |
| **Uncollated: Pallet nail** | 33,908 | 46,153 | 1,361 | 13.1 |
| **Uncollated: Concrete/masonry nail** | 1,225 | 1,723 | 1,407 | 0.5 |
| **Uncollated: All other products** | 21,612 | 25,076 | 1,160 | 8.4 |
| Uncollated: Subtotal, all uncollated | 109,801 | 129,382 | 1,178 | 42.6 |
| **Both collated and uncollated: Common nail** | 146,380 | 167,375 | 1,143 | 56.7 |
| **Both collated and uncollated: Finishing nail** | 5,161 | 7,543 | 1,462 | 2.0 |
| **Both collated and uncollated: Drywall nail** | 10,963 | 13,019 | 1,188 | 4.3 |
| **Both collated and uncollated: Flooring nail** | 298 | 720 | 2,416 | 0.1 |
| **Both collated and uncollated: Finishing nail** | 0 | 0 | 0 | 0.0 |
| **Both collated and uncollated: Pallet nail** | 66,487 | 386,461 | 5,813 | 25.8 |
| **Both collated and uncollated: Concrete/masonry nail** | 1,225 | 1,723 | 1,407 | 0.5 |
| **Both collated and uncollated: All other products** | 27,434 | 43,516 | 1,586 | 10.6 |
| Total U.S. shipments | 257,948 | 620,357 | 2,405 | 100.0 |

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

## U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-11 presents data on U.S. importers' reported inventories of product.

**Table VII-11**
**Steel nails: U.S. importers' inventories, 2011-13, January-March 2013, January-March 2014, and projected 2014 and 2015**

* * * * * * *

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

## U.S. IMPORTERS' OUTSTANDING ORDERS

The Commission requested importers to indicate whether they imported or arranged for the importation of steel nails from any subject country after March 31, 2014; such data are provided in the following tabulation.

* * * * * * *

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

No producer, importer, or foreign producer reported any countervailing or antidumping duty orders on steel nails from third-country markets.

## INFORMATION ON NONSUBJECT COUNTRIES

In assessing whether the domestic industry is materially injured or threatened with material injury "by reason of subject imports," the legislative history states "that the Commission must examine all relevant evidence, including any known factors, other than the dumped or subsidized imports, that may be injuring the domestic industry, and that the Commission must examine those other factors (including non-subject imports) 'to ensure that it is not attributing injury from other sources to the subject imports.'"[10]

Steel nails are produced in a number of countries. Table VII-12 presents global export data for the world for HTS heading 7317, which includes all steel nails and staples, including nonsubject roofing nails and other nonsubject products. Except for roofing nails, nonsubject product in the data is believed to be minimal. In the cases of the UAE and of Canada, for which export quantity data are not available, and of Oman for 2013, for which reported data are not

[10] *Mittal Steel Point Lisas Ltd. v. United States*, Slip Op. 2007-1552 at 17 (Fed. Cir. Sept. 18, 2008), quoting from Statement of Administrative Action on Uruguay Round Agreements Act, H.R. Rep. 103-316, Vol. I at 851-52; *see also Bratsk Aluminum Smelter v. United States*, 444 F.3d 1369 (Fed. Cir. 2006).

yet available, partner country import data (called "mirror exports") are included. Including subject countries, the top sixteen exporting countries for 2013 and the European Union as a single source are listed. In 2013, subject countries accounted for 18.6 percent of world exports of steel nails and staples. In total, the listed countries and the European Union accounted for 96.2 percent of world exports in 2013; China alone accounted for 62.1 percent.[11]

**Table VII-12**
**Steel nails and staples: Reporting countries' export statistics 2011-13**

| Reporting Country | Quantity (*short tons*) | | |
|---|---|---|---|
| | 2011 | 2012 | 2013 |
| **Subject countries:** | | | |
| **Taiwan** | 75,538 | 104,534 | 90,568 |
| **Korea** | 47,431 | 53,582 | 56,816 |
| **Malaysia** | 30,891 | 49,688 | 51,806 |
| **Vietnam** | 14,240 | 32,343 | 45,144 |
| **Oman** | 662 | 35,559 | 39,355 |
| **Turkey** | 25,413 | 27,644 | 36,074 |
| **India** | 8,737 | 2,604 | 7,079 |
| **Total-subject countries** | 202,912 | 305,954 | 326,843 |
| **Nonsubject countries:** | | | |
| **China** | 1,021,691 | 1,090,277 | 1,092,045 |
| **EU28 (External Trade)** | 58,357 | 58,752 | 59,613 |
| **Belarus** | 60,232 | 60,734 | 59,249 |
| **United Arab Emirates** | 120,752 | 58,154 | 39,474 |
| **United States** | 29,961 | 29,126 | 24,475 |
| **Canada** | 20,127 | 21,104 | 19,715 |
| **Mexico** | 16,577 | 18,854 | 19,520 |
| **Ukraine** | 16,094 | 18,175 | 19,337 |
| **Russia** | 19,549 | 16,603 | 17,089 |
| **Thailand** | 11,023 | 12,335 | 13,944 |
| **All other nonsubject countries** | 69,984 | 66,012 | 66,327 |
| **Total-nonsubject countries** | 1,444,347 | 1,450,125 | 1,430,788 |
| **Total** | 1,647,259 | 1,756,080 | 1,757,630 |

Note.-- Data are for HTS 7317, which includes nonsubject nails, including roofing nails, nails for powder-actuated handtools, thumb tacks, and staples. Includes reported import data by all countries ("mirror exports") for Canada, United Arab Emirates and Vietnam for all years and for Oman for 2013. Data for all other nonsubject countries for 2013 includes estimates for a small number of countries for which reported data are not yet available.

Source: GTIS Global Trade Atlas

[11] Public data on nail production is limited; last published data for Chinese firms responding to Commission queries appears in 2007. See *Certain Steel Nails from China and the United Arab Emirates, Investigation Nos. 731-TA-1114 and 1115 (Preliminary)*, USITC Publication 3939, August 2007.

Certain producers in China, Canada and Mexico are related to U.S. producers of nails. In China, ITW Paslode operates a nail manufacturing plant, and imports of nails produced by Paslode in China have a zero dumping margin. In Canada, Tree Island Steel has a major wire processing plant, including manufacture of nails. Also in Canada, Sivaco, a sister company of Davis Wire in the Heico Wire Group has been a producer of nails, however, Sivaco exited nail production and sales in 2013, due, according to testimony, to the surge of imports in North America.[12] Finally, in Mexico, Deacero, the parent company (since 2012) of petitioners Mid Continent Nail, is a major producer of nails.

[12] Conference transcript, p. 39, (Mr. Cronin).

# APPENDIX A

## *FEDERAL REGISTER* NOTICES

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

| Citation | Title | Link |
|---|---|---|
| 79 FR 32311, June 4, 2014 | *Certain Steel Nails From India, Korea, Malaysia, Oman, Taiwan, Turkey, and Vietnam; Institution of Antidumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations* | http://www.gpo.gov/fdsys/pkg/FR-2014-06-04/pdf/2014-12854.pdf |
| 79 FR 36014, June 26, 2014 | *Certain Steel Nails From India, the Republic of Korea, Malaysia, the Sultanate of Oman, Taiwan, the Republic of Turkey, and the Socialist Republic of Vietnam: Initiation of Countervailing Duty Investigations* | http://www.gpo.gov/fdsys/pkg/FR-2014-06-25/pdf/2014-14870.pdf |
| 79 FR 36019, June 26, 2014 | *Certain Steel Nails From India, the Republic of Korea, Malaysia, the Sultanate of Oman, Taiwan, the Republic of Turkey, and the Socialist Republic of Vietnam: Initiation of Less- Than-Fair-Value Investigations* | http://www.gpo.gov/fdsys/pkg/FR-2014-06-25/pdf/2014-14858.pdf |

**APPENDIX B**

**CONFERENCE WITNESSES**

## CALENDAR OF PUBLIC PRELIMINARY CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's preliminary conference:

**Subject:** Certain Steel Nails from India, Korea, Malaysia, Oman, Taiwan, Turkey, and Vietnam

**Inv. Nos.:** 701-TA-515-521 and 731-TA-1251-1257 (Preliminary)

**Date and Time:** June 19, 2014 - 9:30 am

Sessions were held in connection with these preliminary investigations in the Main Hearing Room (room 101), 500 E Street, S.W., Washington, DC.

**EMBASSY WITNESS:**

**Embassy of Turkey**
**Washington, D.C.**

**Dr. Onur Bülbül, Commercial Counselor**

**In Support of the Imposition of**
**Antidumping and Countervailing Duty Orders:**

Picard, Kentz & Rowe LLP
Bethesda, MD
on behalf of

Mid Continent Steel & Wire, Inc.

**George Skarich**, Vice President, Sales and Marketing, Mid Continent Steel & Wire, Inc.

**Chris Pratt**, Controller, Mid Continent Steel & Wire, Inc.

**Peter Cronin**, Corporate Vice President, Sales and Marketing, Heico Wire Group

**James Miller**, Vice President, Corporate Development, Tree Island Steel

**Daniel Klett**, Principal, Capital Trade Inc.

**Valerie Owenby**, Principal, Capital Trade Inc.

**Adam Gordon**
**Nathan Rickard** ) – OF COUNSEL
**Jordan Kahn**

**In Opposition to the Imposition of**
**Antidumping and Countervailing Duty Orders:**

Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt LLP
Washington, DC
on behalf of

Taiwan Respondents

**Mona Zinman**, Co-Chief Executive Officer, Progressive Steel and Wire; President, Itochu Building Products, and Co-Chief Executive Officer, Prime Source Building Products

**Kevin Baker**, Economic Consultant, ITR LLC

**F. Lynn Holec**, Economic Consultant, ITR LLC

**Max F. Schutzman** )
) – OF COUNSEL
**Kavita Mohan** )

Kutak Rock LLP
Washington, DC
on behalf of

India, Turkey, and Vietnam Respondents; and U.S. Importers

**Rob Waterman**, Vice President, Supply Chain Management, Carlson Systems Corp

**Jacob Davis**, President, Fanaco Fasteners

**Ken Ippoliti**, General Manager, Master Fasteners International, a Division of BMD

**Peter Fischer**, President *and* Chief Executive Officer, Continental Materials

**Tim Anderson**, General Manager, Fastener Division, Viking Engineering & Development

**L. Elise Dietrich** )
**Ronald M. Wisla** ) – OF COUNSEL
**Lizbeth R. Levinson** )

**In Opposition to the Imposition of**
**Antidumping and Countervailing Duty Orders (continued):**

Perkins Coie LLP
Washington, DC
on behalf of

Oman Fasteners

**Aaron Joseph Leffler**, Vice President, Sales and
Marketing, Hitachi Power Tools

**David J. Townsend** )
) – OF COUNSEL
**Amanda Andrade** )

# APPENDIX D

# IMPORTER AND FOREIGN PRODUCER SHIPMENTS OF NAILS BY TYPE, FORM, AND FINISH

**Table D-1**
**Steel nails: U.S. importers' U.S. shipments and foreign producers' exports to the United States from India, by type and finish, 2013**

* * * * * * *

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

**Table D-2**
**Steel nails: U.S. importers' U.S. shipments and foreign producers' exports to the United States from Korea, by type and finish, 2013**

* * * * * * *

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

**Table D-3**
**Steel nails: U.S. importers' U.S. shipments and foreign producers' exports to the United States from Malaysia, by type and finish, 2013**

* * * * * * *

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

**Table D-4**
**Steel nails: U.S. importers' U.S. shipments and foreign producers' exports to the United States from Oman, by type and finish, 2013**

* * * * * * *

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

**Table D-5**
**Steel nails: U.S. importers' U.S. shipments and foreign producers' exports to the United States from Taiwan, by type and finish, 2013**

* * * * * * *

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

**Table D-6**
**Steel nails: U.S. importers' U.S. shipments and foreign producers' exports to the United States from Turkey, by type and finish, 2013**

* * * * * * *

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

**Table D-7**
**Steel nails: U.S. importers' U.S. shipments and foreign producers' exports to the United States from Vietnam, by type and finish, 2013**

* * * * * * *

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

**Table D-8**
**Steel nails: U.S. importers' U.S. shipments and foreign producers' exports to the United States from subject countries, by type and finish, 2013**

* * * * * * *

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

**Table D-9**
**Steel nails: U.S. importers' U.S. shipments and foreign producers' exports to the United States from India, by type and form, 2013**

* * * * * * *

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

**Table D-10**
**Steel nails: U.S. importers' U.S. shipments and foreign producers' exports to the United States from Korea, by type and form, 2013**

* * * * * * *

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

**Table D-11**
**Steel nails: U.S. importers' U.S. shipments and foreign producers' exports to the United States from Malaysia, by type and form, 2013**

* * * * * * *

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

**Table D-12**
**Steel nails: U.S. importers' U.S. shipments and foreign producers' exports to the United States from Oman, by type and form, 2013**

* * * * * * *

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

**Table D-13**
**Steel nails: U.S. importers' U.S. shipments and foreign producers' exports to the United States from Taiwan, by type and form, 2013**

* * * * * * *

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

**Table D-14**
**Steel nails: U.S. importers' U.S. shipments and foreign producers' exports to the United States from Turkey, by type and form, 2013**

* * * * * * *

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

**Table D-15**
**Steel nails: U.S. importers' U.S. shipments and foreign producers' exports to the United States from Vietnam, by type and form, 2013**

* * * * * * *

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

**Table D-16**
**Steel nails: U.S. importers' U.S. shipments and foreign producers' exports to the United States from subject countries, by type and form, 2013**

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

# APPENDIX E

# NONSUBJECT COUNTRY PRICE DATA

Four importers reported price data for nonsubject country China for products 1, 2, 3, 4, and 6. Price data reported by these firms accounted for *** percent of U.S. imports from China. These price items and accompanying data are comparable to those presented in tables V-3 to V-8. Price and quantity data for China are shown in table E-1 and in figure E-1 (with domestic and subject sources).

In comparing nonsubject country pricing data with U.S. producer pricing data, prices for product imported from China were higher than prices for U.S.-produced product in 48 instances and lower in one instance. In comparing nonsubject country pricing data with subject country pricing data, prices for product imported from China were higher than prices for product imported from subject countries in 177 instances and lower in 79 instances. A summary of margins of underselling and overselling is presented in table E-2.

**Table E-1**
**Steel nails: Weighted-average f.o.b. prices and quantities of imported steel nails from China and margins of underselling/(overselling), by quarters, January 2011-March 2014**

* * * * * * *

**Figure E-1**
**Steel nails: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2011-March 2014**

* * * * * * *

**Table E-2**

**Steel nails: Summary of underselling/(overselling), by country, January 2011-March 2014**

| Source | China vs. U.S. and subject countries | | |
|---|---|---|---|
| | Number of comparisons | Underselling | Overselling |
| United States | 49 | 1 | 48 |
| India | 20 | 0 | 20 |
| Korea | 48 | 26 | 22 |
| Malaysia | 42 | 16 | 26 |
| Oman | 29 | 0 | 29 |
| Taiwan | 49 | 23 | 26 |
| Turkey | 20 | 11 | 9 |
| Vietnam | 48 | 3 | 45 |
| **Total** | 305 | 80 | 225 |

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