

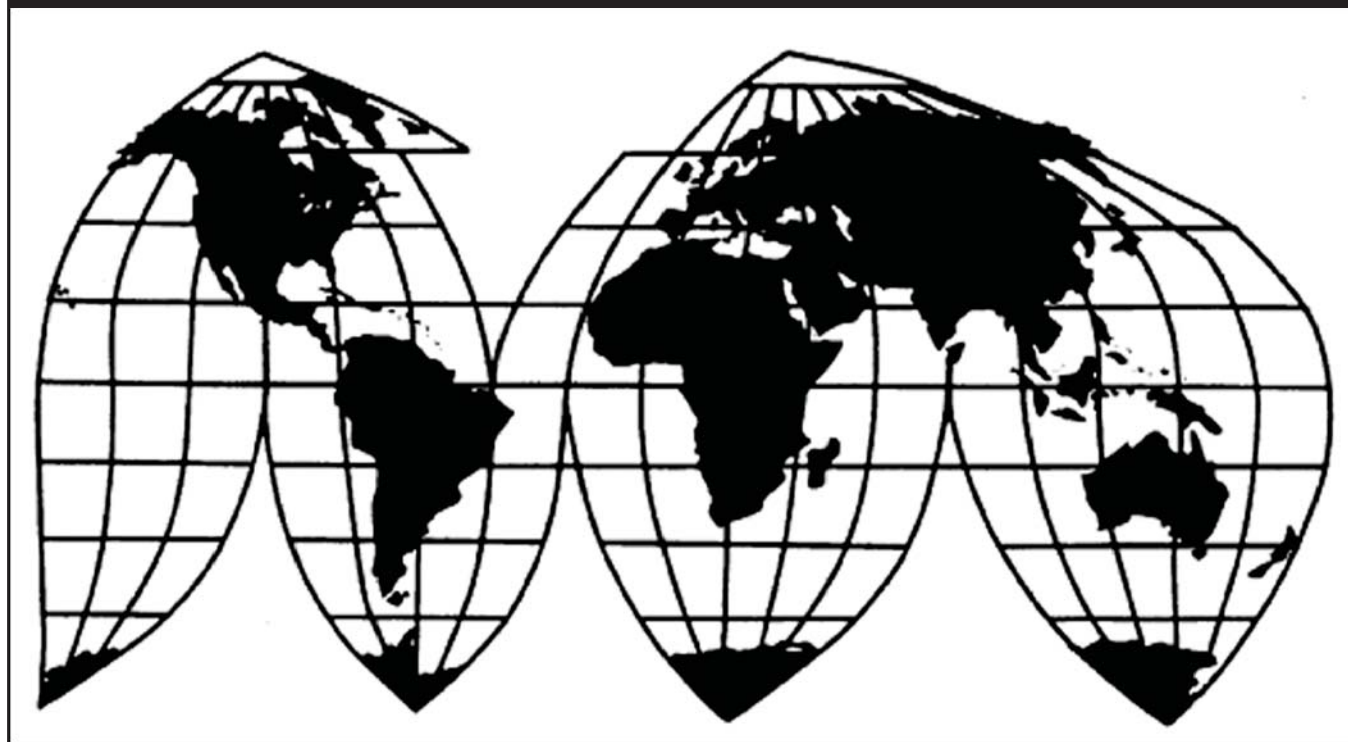
# Steel Nails from the United Arab Emirates

Investigation No. 731-TA-1185 (Review)

Publication 4729

September 2017

**U.S. International Trade Commission**



Washington, DC 20436

# U.S. International Trade Commission

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## CONTENTS

	Page
<b>Determination</b> .....	1
<b>Views of the Commission</b> .....	3
<b>Information obtained in this review</b> .....	<b>I-1</b>
Background.....	I-1
Responses to the Commission’s notice of institution.....	I-1
Individual responses.....	I-1
Party comments on adequacy.....	I-2
Recent developments in the industry.....	I-2
The original investigation and subsequent reviews.....	I-4
The original investigation .....	I-4
Prior related investigations .....	I-5
The product.....	I-9
Commerce’s scope .....	I-9
Description and uses .....	I-10
Manufacturing process.....	I-11
U.S. tariff treatment .....	I-13
The definition of the domestic like product.....	I-13
Actions at Commerce .....	I-14
Current five-year review.....	I-14
The industry in the united states .....	I-14
U.S. producers .....	I-14
Definition of the domestic industry and related party issues.....	I-14
U.S. producers’ trade and financial data.....	I-15
U.S. imports and apparent consumption.....	I-15
U.S. importers.....	I-15
U.S. imports .....	I-15
Apparent U.S. consumption and market shares .....	I-19
The industry in united arab emirates.....	I-22

## CONTENTS

### Page

Antidumping or countervailing duty orders in third-country markets ..... I-23

The global market ..... I-23

### Appendixes

A. *Federal Register* notices ..... A-1

B. Company-specific data ..... B-1

C. Summary compiled in the prior investigation ..... C-1

D. Purchaser questionnaire responses ..... D-1

Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted.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

## UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-1185 (Review)

Steel Nails from the United Arab Emirates

### DETERMINATION

On the basis of the record<sup>1</sup> developed in the subject five-year review, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930 (“the Act”), that revocation of the antidumping duty order on steel nails from the United Arab Emirates would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

### BACKGROUND

The Commission, pursuant to section 751(c) of the Act (19 U.S.C. 1675(c)), instituted this review on April 3, 2017 (82 F.R. 16229) and determined on July 7, 2017 that it would conduct an expedited review (82 F.R. 37112, August 8, 2017).

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





## Views of the Commission

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

### I. Background

*Original Investigation.* Mid Continent Steel and Wire, Inc. (“Mid Continent”) filed an antidumping petition concerning steel nails (“nails”) from the UAE on March 31, 2011. The U.S. International Trade Commission (“Commission”) determined on May 2, 2012, that a domestic industry was materially injured by reason of nails from the UAE sold at less than fair value.<sup>1</sup> The U.S. Department of Commerce (“Commerce”) issued an antidumping duty order on May 4, 2012.<sup>2</sup>

*Current Review.* The Commission instituted this first five-year review of the antidumping duty order on nails from the UAE on April 3, 2017.<sup>3</sup> Mid Continent, a domestic producer of nails, filed the sole response to the notice of institution. On July 7, 2017, the Commission found the domestic interested party group response to be adequate and the respondent interested party group response to be inadequate and did not find any other circumstances that would warrant conducting a full review. The Commission therefore determined that it would conduct an expedited review.<sup>4</sup> Mid Continent, the sole party to enter an appearance in the review, filed final comments pursuant to Commission rule 207.62(b) on August 8, 2017.

*Data/response coverage.* U.S. industry data for this review are based on the information Mid Continent provided in response to the notice of institution and information from the original investigation. Mid Continent estimates that it accounted for \*\*\* percent of U.S. nail production in 2016.<sup>5</sup> No U.S. importer or foreign producer/exporter participated in this review. U.S. import data are based on official import statistics and information from the original investigation.<sup>6</sup> Foreign industry data and related information are based on information from the original investigation and data Mid Continent provided.<sup>7</sup>

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<sup>1</sup> *Certain Steel Nails from the United Arab Emirates*, Inv. No. 731-TA-1185 (Final), USITC Pub. 4321 (May 2012) (“USITC. Pub. 4321”).

<sup>2</sup> 77 Fed. Reg. 27080 (May 8, 2012), *as amended by* 77 Fed. Reg. 27421 (May 10, 2012).

<sup>3</sup> 82 Fed. Reg. 16229 (Apr. 3, 2017).

<sup>4</sup> *Explanation of Commission Determination on Adequacy*, EDIS Doc. 616880 (July 11, 2017).

<sup>5</sup> Confidential Report INV-PP-082 (“CR”)/Public Report (“PR”) at Table I-1.

<sup>6</sup> CR at I-23, PR at I-15, Table I-4.

<sup>7</sup> CR at I-29-30, PR at I-22-23.

## II. Domestic Like Product and Domestic Industry

### A. Domestic Like Product

In making its determination under section 751(c) of the Tariff Act, the Commission defines the “domestic like product” and the “industry.”<sup>8</sup> The Tariff Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle.”<sup>9</sup> The Commission’s practice in five-year reviews is to examine the domestic like product definition from the original determinations and consider whether the record indicates any reason to revisit the prior findings.<sup>10</sup>

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

The merchandise covered by this order includes certain steel nails having a shaft length up to 12 inches. These imports are currently classified under subheadings 7317.00.55, 7317.00.65, and 7317.00.75 of the Harmonized Tariff Schedule of the United States (HTSUS). The HTSUS subheading is provided for convenience and customs purposes. The written product description remains dispositive.<sup>11</sup>

The majority of steel nails are produced from low-carbon steel. They are packaged for shipment in bulk; loose in a carton or container; or collated, joined with wire, paper strips, plastic strips, or glue into coils or straight strips for use in pneumatic nailing tools. Nails fasten two materials together through friction and shear stress and are driven into place using a hammer or pneumatic tool. Nails are used in the construction industry, for carpentry, or for decorative purposes.<sup>12</sup>

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<sup>8</sup> 19 U.S.C. § 1677(4)(A).

<sup>9</sup> 19 U.S.C. § 1677(10); *see, e.g., Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int’l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996); *Torrington Co. v. United States*, 747 F. Supp. 744, 748-49 (Ct. Int’l Trade 1990), *aff’d*, 938 F.2d 1278 (Fed. Cir. 1991); *see also* S. Rep. No. 249, 96<sup>th</sup> Cong., 1<sup>st</sup> Sess. 90-91 (1979).

<sup>10</sup> *See, e.g., Internal Combustion Industrial Forklift Trucks from Japan*, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (Dec. 2005); *Crawfish Tail Meat from China*, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); *Steel Concrete Reinforcing Bar from Turkey*, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

<sup>11</sup> *Certain Stainless Steel Nails From the United Arab Emirates: Final Results of the Expedited First Sunset Review of the Antidumping Duty Order*, 82 Fed. Reg. 36731, 36732 (August 7, 2017).

<sup>12</sup> CR at I-13-14, PR at I-10-11.

In the original investigation, the Commission found a single domestic like product coextensive with Commerce's scope. The parties did not dispute the definition of the domestic like product in either the preliminary phase or final phase investigation.<sup>13</sup>

In this current five-year review, Mid Continent states that it agrees with the Commission's definition of domestic like product in the original investigation.<sup>14</sup> The record of this expedited review does not contain information that calls into question the Commission's domestic like product definition in the original investigation.<sup>15</sup> Therefore, we define a single domestic like product as consisting of nails, coextensive with the scope of the order under review.

## **B. Domestic Industry**

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

In the original investigation, the Commission defined the domestic industry as all U.S. producers of steel nails. Three producers were subject to exclusion under the statutory related parties provision. The Commission found that appropriate circumstances did not exist to exclude any of the producers from the domestic industry.<sup>17</sup>

Mid Continent agrees with the Commission's definition of the domestic industry in the original investigation.<sup>18</sup> There are no related party issues in this five-year review.<sup>19</sup> Consequently, we define a single domestic industry consisting of all producers of nails.

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<sup>13</sup> *Original Determination*, USITC Pub. 4321 at 5-6.

<sup>14</sup> Mid Continent Response to Notice of Institution ("Response") at 6 (May 3, 2017).

<sup>15</sup> *See generally* CR at I-13-18, PR at I-10-13.

<sup>16</sup> 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 apply to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. *See* 19 U.S.C. § 1677.

<sup>17</sup> *Original Determination*, USITC Pub. 4321 at 7-8. The three related party producers were \*\*\*. The Commission found that for each of the firms, the ratio of subject imports to domestic production was extremely low. *See Id.*; Confidential Original Determination, EDIS Doc. 613073 at 7-8.

<sup>18</sup> Response at 6.

<sup>19</sup> CR at I-20, PR at I-14.

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

#### A. Legal Standards

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”<sup>20</sup> The Uruguay Round Agreements Act Statement of Administrative Action (“SAA”) states that “under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the *status quo* – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”<sup>21</sup> Thus, the likelihood standard is prospective in nature.<sup>22</sup> The U.S. Court of International Trade has found that “likely,” as used in the five-year review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.<sup>23</sup>

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”<sup>24</sup> According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but

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<sup>20</sup> 19 U.S.C. § 1675a(a).

<sup>21</sup> SAA, H.R. Rep. 103-316, vol. I, at 883-84 (1994). The SAA states that “{t}he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended determinations that were never completed.” *Id.* at 883.

<sup>22</sup> While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued {sic} prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

<sup>23</sup> See *NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), *aff’d mem.*, 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion;” “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); *Indorama Chemicals (Thailand) Ltd. v. United States*, 26 CIT 1059, 1070 (2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); *Usinor v. United States*, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

<sup>24</sup> 19 U.S.C. § 1675a(a)(5).

normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original determinations.”<sup>25</sup>

Although the standard in a five-year review is not the same as the standard applied in an original investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”<sup>26</sup> It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if an order is revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).<sup>27</sup> The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination.<sup>28</sup>

In evaluating the likely volume of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.<sup>29</sup> In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.<sup>30</sup>

In evaluating the likely price effects of subject imports if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the

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<sup>25</sup> SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” *Id.*

<sup>26</sup> 19 U.S.C. § 1675a(a)(1).

<sup>27</sup> 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings concerning the order under review. See 81 Fed. Reg. 71482 (Oct. 17, 2016); 80 Fed. Reg. 32527 (June 9, 2015); 79 Fed. Reg. 78396 (Dec. 30, 2014).

<sup>28</sup> 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

<sup>29</sup> 19 U.S.C. § 1675a(a)(2).

<sup>30</sup> 19 U.S.C. § 1675a(a)(2)(A-D).

United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.<sup>31</sup>

In evaluating the likely impact of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.<sup>32</sup> All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders under review and whether the industry is vulnerable to material injury upon revocation.<sup>33</sup>

No respondent interested party participated in this review. The record, therefore, contains limited new information with respect to the current condition of the nails industry in the UAE. Accordingly, for our determination, we rely as appropriate on the facts available from the original investigation and the limited new information on the record in this first five-year review.

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

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”<sup>34</sup> The following conditions of competition inform our determination.

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<sup>31</sup> See 19 U.S.C. § 1675a(a)(3). The SAA states that “{c}onsistent with its practice in determinations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

<sup>32</sup> 19 U.S.C. § 1675a(a)(4).

<sup>33</sup> The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission “considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at 885.

<sup>34</sup> 19 U.S.C. § 1675a(a)(4).

## 1. Demand Conditions

*Original Investigation.* In the original investigation, the Commission observed that nails are used in the construction of houses and other structures, and are also used to make furniture and cabinets, as well as crates and pallets for shipping. The parties agreed that demand for nails is strongly influenced by activity in the construction market, particularly the market for residential housing. From 2009 to 2011, seasonally adjusted monthly new housing starts rose gradually but were well below historic averages. Apparent U.S. consumption of nails rose by 22.5 percent from 2009 to 2011.<sup>35</sup>

*Current Review.* In the current review, the record indicates that construction activity, particularly for residential housing, continues to drive demand for nails in the United States.<sup>36</sup> The record also demonstrates that U.S. demand for nails has increased since the original investigation.<sup>37</sup> As in the original investigation, nails have no direct substitutes from other fastener products.<sup>38</sup>

Apparent U.S. consumption of nails was \*\*\* short tons in 2016, which was higher than it had been during any year of the original period of investigation.<sup>39</sup> In 2016, apparent U.S. consumption was \*\*\*percent higher than it had been in 2011, the year with the highest apparent U.S. consumption during the original period of investigation.<sup>40</sup>

## 2. Supply Conditions

*Original Investigation.* The domestic industry had a larger share of the U.S. market than subject imports in 2009, but a smaller share in 2010 and 2011. There were several changes in the composition of the domestic industry, as various producers exited the industry, acquired assets of other producers, or consolidated U.S. production facilities and moved some of their production offshore; Mid Continent was acquired by a Mexican parent.<sup>41</sup>

Subject imports increased from supplying 14.3 percent of the U.S. market in 2009 to 20.4 percent in 2011. Nonsubject imports had the largest share of the market in each year from 2009 to 2011. The dominant source of nonsubject nails throughout the period of investigation was China, which exported more nails to the United States than any other country for each year from 2009 to 2011. In 2008, nails from certain Chinese producers became subject

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<sup>35</sup> *Original Determination*, USITC Pub. 4321 at 11-12.

<sup>36</sup> Response at 12-13.

<sup>37</sup> CR at I-4, PR at I-3-4.

<sup>38</sup> Response at 15.

<sup>39</sup> CR/PR at Table I-5. Available data for apparent U.S. consumption in 2016 may be understated, because Mid Continent was the only U.S. producer to respond to the notice of institution. Mid Continent estimated that it accounted for \*\*\* of total U.S. production of nails during 2016. CR/PR at Table I-1.

<sup>40</sup> CR/PR at Table I-5. Apparent U.S. consumption had been \*\*\* short tons in 2009, \*\*\*short tons in 2010, and \*\*\* short tons in 2011. CR/PR at Table I-1.

<sup>41</sup> *Original Determination*, USITC Pub. 4321 at 12.

to antidumping duty orders. Itochu, a leading importer of nails, reported that the imposition of such duties caused it to switch its primary source of nails from China to the UAE.<sup>42</sup>

*Current Review.* In the current review, the record indicates that there are currently 12 producers of nails in the United States.<sup>43</sup> Mid Continent states that it is the leading U.S. producer of nails, accounting for nearly \*\*\* of U.S. production in 2016.<sup>44</sup> Mid Continent, the sole reporting domestic producer, accounted for \*\*\* percent of apparent U.S. consumption during 2016.<sup>45</sup>

Subject import market share by quantity declined since the original investigation and was \*\*\*percent in 2016.<sup>46</sup> Nonsubject imports' market share by quantity increased since the original investigation and was \*\*\* percent in 2016.<sup>47</sup> In 2016 China and Taiwan were the largest sources of nonsubject imports.<sup>48</sup> The antidumping duty order on nails from China remains in effect.<sup>49</sup> In 2015 Commerce issued antidumping duty orders on nails from Korea, Oman, Malaysia, Taiwan, and Vietnam, and a countervailing duty order on nails from Vietnam.<sup>50</sup>

### 3. Substitutability and Other Conditions

*Original Investigation.* The parties characterized nails as a commodity product with no close substitutes, and also agreed that nails produced to industry specifications were generally interchangeable within type, size, and finish, no matter where they were produced. The Commission observed that nails were offered in a variety of lengths, head, shank and point styles, finishes, and packaging. There were thousands of stock keeping units, each of which representing a distinct combination of size, style, finish, and packaging, present in the U.S. marketplace. Nails were sold both branded and under private labels.<sup>51</sup>

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<sup>42</sup> *Original Determination*, USITC Pub. 4321 at 12.

<sup>43</sup> Response at 2.

<sup>44</sup> CR at I-4, PR at I-3. Independent Nail, based in Taunton, MA, closed its operations in 2012. In early 2015, Davis Wire Corporation closed all operations (including its nail operations) at its Pueblo, Colorado plant. In December 2014, Mid Continent announced a \$5 million plant expansion and plans to hire 91 additional employees at its Poplar Bluff, MO plant. The expansion reportedly includes a new production line and expansion of the payroll by \$2.4 million annually. CR at I-4, PR at I-3.

<sup>45</sup> CR/PR at Table I-6.

<sup>46</sup> CR/PR at Table I-6. Subject import market share was \*\*\* percent in 2009, \*\*\* percent in 2010, and \*\*\* percent in 2011. CR/PR at Table I-6.

<sup>47</sup> CR/PR at Table I-6. Nonsubject import market share was \*\*\* percent in 2009, \*\*\* percent in 2010, and \*\*\* percent in 2011. CR/PR at Table I-6.

<sup>48</sup> CR/PR at Table I-4.

<sup>49</sup> CR at I-5, PR at I-4.

<sup>50</sup> CR at I-5, PR at I-4; see 80 Fed. Reg. 39994 (July 13, 2015) (antidumping duty orders); 80 Fed. Reg. 41006 (July 14, 2015) (countervailing duty order).

<sup>51</sup> *Original Determination*, USITC Pub. 4321 at 13.



Majorities of U.S. producers, U.S. importers, and purchasers all reported that subject imports and the domestic like product were “always” interchangeable. Purchasers identified quality, price, and availability as the three most important factors involved in purchasing decisions. Most purchasers reported that the domestic like product was comparable to subject imports with respect to quality, and either comparable or superior to subject imports with respect to availability. The Commission consequently found that there was a high degree of substitutability between the subject imports and the domestic like product.<sup>52</sup>

The Commission observed that raw materials accounted for a substantial share of the cost of nails. The cost of steel wire rod, the main raw material used to produce nails, fluctuated over the period of investigation, ending higher overall at the end of the period.<sup>53</sup>

*Current Review.* The record indicates there have been no changes that would call into question the Commission’s prior findings regarding the degree of substitutability between subject imports and the domestic like product and the importance of price in purchasing decisions. Consequently, we again find that there is a high degree of substitutability between subject imports and the domestic like product and that price plays an important role in purchasing decisions.

Wire rod remains the principal raw material used to produce nails, accounting for 60 to 65 percent of cost of goods sold (COGS). Wire rod prices fluctuated (at generally lower levels) during the period of review.<sup>54</sup>

## **C. Likely Volume of Subject Imports**

### **1. The Original Investigation**

In the original investigation, the Commission found that the volume and increase in volume of subject imports was significant, both in absolute terms and relative to consumption and production in the United States. Subject import volume rose from 63,494 short tons in 2009 to 118,558 short tons in 2010, before decreasing slightly to 110,395 short tons in 2011. Over the entire period of investigation, subject import volumes increased by 73.9 percent, while U.S. demand grew by only 21.5 percent. From 2009 to 2011, subject imports gained 6.1 percentage points in market share, while the domestic industry lost 4.8 percentage points. The ratio of subject imports to domestic production was 68.2 percent in 2009, 122.9 percent in 2010, and 113.6 percent in 2011.<sup>55</sup>

The Commission rejected several respondent arguments that attenuated competition between the subject imports and the domestic like product reduced the significance of subject import volumes. It found that the domestic industry and the subject imports offered a comparable product range and were sold through similar channels of distribution, including

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<sup>52</sup> *Original Determination*, USITC Pub. 4321 at 13-14.

<sup>53</sup> *Original Determination*, USITC Pub. 4321 at 14.

<sup>54</sup> *See Response* at 26-28.

<sup>55</sup> *Original Determination*, USITC Pub. 4321 at 14-15.

distributors, original equipment manufacturers, and specialty tool and fastener distributors, and made products under private labels.<sup>56</sup>

## 2. The Current Review

Subject imports maintained their presence in the U.S. market during the period of review. During 2011, the last year of the original period of investigation, subject import volume was 110,395 short tons.<sup>57</sup> Subject import volume declined to 46,643 short tons in 2012, continued to decline through 2014, increased in 2015 to 17,538 short tons and was 20,968 short tons in 2016.<sup>58</sup> As previously discussed, subject import market share was \*\*\* percent in 2016.<sup>59</sup>

Due to the lack of participation by UAE producers, the Commission has limited information on the subject industry in this review. The information available indicates that subject producers continue to maintain capacity to produce nails at the levels observed prior to the imposition of the antidumping duty order.<sup>60</sup> The information available further indicates that subject producers continue to be export oriented.<sup>61</sup>

The United States would likely be an attractive market for the subject producers if the order were revoked. During the original period of investigation, subject producers had minimal home market shipments.<sup>62</sup> Instead, they exported the greatest percentage of their shipments to the United States.<sup>63</sup> The record indicates that subject producers have been unable to locate export markets to absorb the level of production that had been exported to the United States prior to the imposition of the order.<sup>64</sup> In fact, after the imposition of the order, total exports of nails from the UAE to markets outside of the United States declined rapidly.<sup>65</sup> Consequently, the information available indicates that the subject industry in the UAE has the ability and

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<sup>56</sup> *Original Determination*, USITC Pub. 4321 at 14-15.

<sup>57</sup> CR/PR at Table I-6.

<sup>58</sup> CR/PR at Table I-5.

<sup>59</sup> CR/PR at Table I-6. Subject import market share was \*\*\* percent in 2009, and \*\*\* percent in 2010, and \*\*\* percent in 2011. CR/PR at Table I-6.

<sup>60</sup> Response at 30. Capacity of subject producers in the UAE was \*\*\* short tons in 2011. Original Investigation Confidential Report INV-KK-039, EDIS Doc. 613700 at Table VII-1 (April 6, 2012).

<sup>61</sup> Response at 31-32.

<sup>62</sup> Home market shipments as a percentage of total shipments were \*\*\* percent in 2009, \*\*\* percent in 2010 and \*\*\* percent in 2011. Original Investigation Confidential Report INV-KK-039 at Table VII-1 (April 6, 2012).

<sup>63</sup> Exports to the United States as a percentage of subject producers' total shipments were \*\*\* percent in 2009, \*\*\* percent in 2010, and \*\*\* percent in 2011. Original Investigation Confidential Report INV-KK-039 at Table VII-1 (April 6, 2012).

<sup>64</sup> CR/PR at Table I-7.

<sup>65</sup> CR/PR at Table I-7. Subject producers' exports to markets outside of the United States were 66,381 short tons in 2011, 62,298 short tons in 2012, 34,916 short tons in 2013, 7,638 short tons in 2014, and 571 short tons in 2015. CR/PR at Table I-7.

incentive to increase exports of subject merchandise to the United States to a significant level, as it did during the original investigation.<sup>66</sup>

In light of the subject producers' small home market shipments, high export orientation, and inability to find other markets to absorb the production directed to the United States prior to imposition of the order, we find that subject producers would likely increase their exports to the United States to a significant level and increase their market share if the antidumping duty order were revoked. Consequently, we find that the likely volume of subject imports, both in absolute terms and as a share of the U.S. market, would be significant if the order were revoked.

## **D. Likely Price Effects**

### **1. The Original Investigation**

In the original investigation, the subject imports undersold the domestic like product in 77 out of 103 quarterly comparisons. Because the domestic like product and the subject imports were close substitutes and price was an important factor in purchasing decisions, the Commission found this underselling to be significant.<sup>67</sup>

Although the Commission did not find price depression, because prices for the domestic like product rose during the period of investigation, it did find that the subject imports suppressed prices for the domestic like product to a significant degree. The cost of goods sold (COGS)-to-net sales ratio of the domestic industry increased from 80.7 percent to 84.1 percent from 2009 to 2011. The Commission emphasized that the COGS-to-net-sales ratio increased by 3.5 percentage points from 2009 to 2010, the period during which subject imports realized their most rapid gains, and fell by 0.1 percentage points from 2010 to 2011, when subject imports decreased slightly. It consequently found that the domestic industry's ability to raise prices to cover cost increases at a time of rising demand was limited by the presence of low-priced subject imports. Further, nine of 12 responding purchasers reported that domestic producers had reduced prices because of competition by subject imports.<sup>68</sup>

### **2. The Current Review**

Due to the expedited nature of this review, there is no new product-specific pricing information on the record. In the absence of any evidence to the contrary, we adopt the findings from the original investigation that there is a high degree of substitutability between

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<sup>66</sup> Because no producer or importer of subject merchandise responded to the notice of institution, the record does not contain current information about inventories of the subject merchandise or the potential for product shifting. Nails from the UAE are not subject to antidumping or countervailing duty orders in other markets. CR at I-30, PR at I-23.

<sup>67</sup> *Original Determination*, USITC Pub. 4321 at 18-19.

<sup>68</sup> *Original Determination*, USITC Pub. 4321 at 19.

subject imports from the UAE and the domestic like product and that price plays an important role in purchasing decisions.<sup>69</sup>

Because of the high degree of substitutability between the domestic like product and subject imports and because price continues to be an important factor in purchasing decisions, to gain market share subject imports would likely significantly undersell the domestic like product, as they did during the original investigation.<sup>70</sup> The likely significant volume of low-priced subject imports would likely force the domestic industry either to lower prices or lose sales. In light of these considerations, we find that subject imports would likely significantly undersell the domestic like product and have significant depressing or suppressing effects on prices for the domestic like product upon revocation. We consequently conclude that the subject imports will likely have significant price effects if the order is revoked.

## **E. Likely Impact of Subject Imports**

### **1. The Original Investigation**

In the original investigation, the Commission found that most of the domestic industry's performance indicators had been bolstered by a strong increase in apparent U.S. consumption. The industry's market share declined, as did U.S. shipments, notwithstanding increased apparent consumption. Almost all employment-related factors declined substantially. Declining shipments, in conjunction with the cost/price squeeze caused by the low-priced subject imports, led to drops in sales revenues and operating performance. The domestic industry's financial performance indicators generally declined in a climate of increasing demand.<sup>71</sup> The Commission concluded that significant volumes of subject imports pervasively undersold the domestic like product, and caused the domestic industry to lose sales and market share to the subject imports, while employment and wages also fell.<sup>72</sup>

The Commission also examined several alternative causes of injury. It found that, because apparent U.S. consumption increased during the period of investigation, demand trends could not explain the industry's declining performance. It found that the reorganized structure of one domestic producer, which during the period of review consolidated some of its U.S. production operations and moved others offshore, could not explain significant trends in certain performance factors of the domestic industry, such as the sharp decline in hourly wages, continued low capacity utilization, the significant drop in unit labor costs, or the loss of almost 5 percentage points of market share to subject imports.<sup>73</sup> The Commission found that

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<sup>69</sup> *Original Determination*, USITC. Pub. 4321 at 13-14.

<sup>70</sup> While we examine average unit values ("AUVs") with caution because differences in AUVs could reflect differences in product mix as well as price, the AUV of subject imports was \$\*\*\* per short ton in 2016. By comparison, domestic producers' AUV was higher, at \$\*\*\*, in 2016. CR/PR at Table I-4.

<sup>71</sup> *Original Determination*, USITC Pub. 4321 at 20-21.

<sup>72</sup> *Original Determination*, USITC Pub. 4321 at 23.

<sup>73</sup> *Original Determination*, USITC Pub. 4321 at 12, 22.

nonsubject imports, which lost market share to subject imports during the period of investigation and generally oversold both subject imports and the domestic like product, could not explain the domestic industry's observed declines in output, market share, and financial performance.<sup>74</sup>

## 2. The Current Review

Because of the expedited nature of this review, information on the record concerning the recent performance of the domestic industry is limited. Comparability between the data collected in the current review and that collected in the original investigation is also limited because Mid Continent was the only U.S. producer to provide the Commission with data in this review, whereas ten producers provided data in the original investigation.<sup>75</sup> In 2016, Mid Continent's production was \*\*\* short tons and its U.S. commercial shipments \*\*\* short tons. Each of these figures is higher than any reported by the domestic industry during the original investigation.<sup>76</sup> Mid Continent's capacity in 2016 was \*\*\* short tons and its capacity utilization was \*\*\* percent.<sup>77</sup>

In 2016, Mid Continent's ratio of COGS to net sales was \*\*\*, its operating income was \*\*\*, and its ratio of operating income to sales was \*\*\* percent.<sup>78</sup> The 2016 operating ratio exceeded any that the domestic industry reported during the original investigation.<sup>79</sup> This limited record is insufficient for us to make a finding on whether the domestic industry is vulnerable to the continuation or recurrence of material injury if the order were revoked.

As discussed above, we conclude that revocation of the antidumping duty order on nails from the UAE would likely lead to a significant increase in the volume of subject imports that would likely undersell the domestic like product and significantly suppress or depress prices for the domestic like product. We find that the likely volume and price effects of subject imports would likely have a significant impact on the production, shipments, sales, market share, and revenue of the domestic industry. These reductions would have a direct adverse impact on the domestic industry's profitability and employment, as well as its ability to raise capital and make and maintain necessary capital investments.

We have also considered the likely role of nonsubject imports in the U.S. market. There is no indication or argument on this record that the presence of nonsubject imports would prevent subject imports from the UAE from significantly increasing their presence in the U.S.

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<sup>74</sup> *Original Determination*, USITC Pub. 4321 at 22-23.

<sup>75</sup> Confidential Staff Report Original Investigation INV-KK-039 at I-3 (April 6, 2012).

<sup>76</sup> CR/PR at Table I-3. Production was \*\*\* short tons in 2009, \*\*\* short tons in 2010, and \*\*\* short tons in 2011. The domestic industry's U.S. commercial shipments were \*\*\* short tons in 2009, \*\*\* short tons in 2010 and \*\*\* short tons in 2011. *Id.*

<sup>77</sup> CR/PR at Table I-3.

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

<sup>79</sup> CR/PR at Table I-3. Operating income as a ratio of net sales was \*\*\* percent in 2009, \*\*\* percent in 2010, and \*\*\* percent in 2011. *Id.*

market in the event of revocation of the order, given the export orientation of the subject industry and the relative attractiveness of the U.S. market. Given the high degree of substitutability between the subject imports and the domestic like product, the likely increase in subject imports upon revocation would likely take significant market share from the domestic industry, despite the presence of a significant quantity of nonsubject imports in the U.S. market.<sup>80</sup> Therefore, the subject imports are likely to have adverse effects on the domestic industry distinct from nonsubject imports in the event of revocation.

Thus, we conclude that revocation of the antidumping duty order on subject imports from the UAE would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

#### **IV. Conclusion**

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

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<sup>80</sup> CR/PR at Table I-4.

## INFORMATION OBTAINED IN THIS REVIEW

### BACKGROUND

On April 3 2017, the U.S. International Trade Commission (“Commission”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),<sup>1</sup> that it had instituted a review to determine whether revocation of antidumping duty orders on steel nails from the United Arab Emirates (“UAE”) would likely lead to the continuation or recurrence of material injury to a domestic industry.<sup>2</sup> All interested parties were requested to respond to this notice by submitting certain information requested by the Commission.<sup>3 4</sup> The following tabulation presents information relating to the background and schedule of this proceeding:

Effective or statutory date	Action
April 3, 2017	Notice of initiation and institution by Commerce and Commission
July 7, 2017	Commission’s vote on adequacy
August 1, 2017	Commerce’s results of its expedited review
September 14, 2017	Commission’s vote
September 29, 2017	Commission’s determination and views

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

#### Individual responses

The Commission received one submission in response to its notice of institution in the subject review. It was filed on behalf of:

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

<sup>2</sup> *Certain Steel Nails from the United Arab Emirates; Institution of a Five-Year Review*, 82 FR 16229, April 3, 2017. In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of a five-year review of the subject antidumping duty order concurrently with the Commission’s notice of institution. *Initiation of Five-Year (“Sunset”) Review*, 82 FR 16159, April 3, 2017. Pertinent *Federal Register* notices are referenced in app. A, and may be found at the Commission’s website ([www.usitc.gov](http://www.usitc.gov)).

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

<sup>4</sup> Interested parties were also requested to provide a list of three to five leading purchasers in the U.S. market for the subject merchandise. Presented in app. D are the responses received from purchaser surveys transmitted to the purchasers identified in the adequacy phase of this review.

Mid Continent Steel & Wire (“Mid Continent”), a domestic producer of steel nails (referred to herein as “domestic interested party”).

A complete response to the Commission’s notice of institution requires that the responding interested party submit to the Commission all the information listed in the notice. Responding firms are given an opportunity to remedy and explain any deficiencies in their responses. A summary of the number of responses and estimates of coverage for each is shown in table I-1.

**Table I-1  
Steel nails: Summary of responses to the Commission’s notice of institution**

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

Note -- The “number of responses” is the number of physical responses received by the Commission not the number of firms contained in the submissions.

<sup>1</sup> In its response to the notice of institution, Mid Continent estimated that it accounts for this share of total U.S. production of steel nails during 2016. Mid Continent has based its estimate on the 2016 production estimates for nearly all members the U.S. industry with the exception of \*\*\*. Mid Continent \*\*\*. Mid Continent’s Response to Staff Request for Additional Information, May 8, 2017.

### Party comments on adequacy

The Commission received one submission from the domestic interested party commenting on the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews.

The domestic interested party argued that the Commission should find the respondent interested party group response to be inadequate since there was no complete submission by any respondent interested party. Therefore, because of the inadequate response by the respondent interested parties and the fact that there have been no major changes in the conditions of competition in the market since the Commission’s original investigation; the domestic interested party requests that the Commission conduct an expedited review of the antidumping order on steel nails.

### RECENT DEVELOPMENTS IN THE INDUSTRY

Since the Commission’s original investigation, the following developments have occurred in the steel nails industry.



- The imposition of the orders limited UAE import volumes during 2012-2014, having fallen by 50.7 percent, 69.2 percent and 99.6 percent, respectively compared to the pre-order 2011 level.<sup>5</sup> However, UAE imports have increased in 2015 and 2016 from 0.10 percent of imports in 2014 to 3.47 percent of imports in 2016.
- The average unit value for imports from the UAE increased from 25.7 percent less than the rest of the world in 2009 to 2.8 percent lower than the rest of the world in 2012 and 2013.<sup>6</sup>
- In the time since the order, the price of domestically produced wire rod, the primary input for steel nails, has fluctuated.
- Since the imposition of the order, demand for steel nails has increased due to growth in construction and new home starts, industrial production, and overall improvement in the U.S. economy. However, the U.S. industry has been unable to realize the full benefits of the UAE antidumping order due to a surge of imports from India, Korea, Oman, Malaysia, Taiwan, Turkey and Vietnam after the imposition of the order.<sup>7</sup> After initial gains in 2012, the domestic industry's market share remained constant from 2012 to 2014 at 21 percent.
- Mid Continent Nails is the leading U.S. producer of steel nails, accounting for nearly half of U.S. production of steel nails in 2016. Independent Nail, based in Taunton, Massachusetts, closed its operations in 2012. In early 2015, Davis Wire Corporation closed all operations (including its nail operations) at its Pueblo, Colorado plant.<sup>8</sup>
- In February 2012, Mexico-based Deacero S.A. acquired Mid Continent Nail Corp.<sup>9</sup> In December 2014, Mid Continent Nail Corp. announced a \$5 million plant expansion and plans to hire 91 additional employees at its Poplar Bluff, MO plant.<sup>10</sup> The expansion reportedly includes a new production line and expansion of the payroll by \$2.4 million annually.<sup>11</sup>
- In 2012, Maze Nails closed its Independent Nail subsidiary plant in Taunton, MA.<sup>12</sup> Maze Nails transferred equipment from the Independent Nail plant to its other facilities in Peru, IL.

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<sup>5</sup> *Mid Continent Steel & Wire's Response to the Notice of Institution*, May 3, 2017, p 17.

<sup>6</sup> *Ibid*, pp. 17-18

<sup>7</sup> *Ibid*, p. 8.

<sup>8</sup> *Ibid*, p. 22.

<sup>9</sup> "Deacero SA Acquires Missouri Nail Manufacturer" *Recycling Today*, February 28, 2012. Accessed May 19, 2017. <http://www.recyclingtoday.com/article/deacero-mid-continent-nail-acquisition/>.

<sup>10</sup> Silverberg, David. "Mid Continent Nails plans \$5M expansion, will hire 91" *Southeast Missourian*, December 23, 2014. Accessed May 19, 2017. <http://www.semissourian.com/story/2149764.html>.

<sup>11</sup> Silverberg, David. "Mid Continent Nails plans \$5M expansion, will hire 91" *Southeast Missourian*, December 23, 2014. Accessed May 19, 2017. <http://www.semissourian.com/story/2149764.html>.

<sup>12</sup> "Company History," Maze Nails, Accessed May 19, 2017. <https://www.mazenails.com/company/history-maze>.

- In December 2013, Commerce and the Commission reaffirmed continuing antidumping duty orders on imports of certain steel nails from China.<sup>13</sup>
- In May 2015, Stanley, Black, and Decker, Inc. announced plans to invest \$7.7 million to renovate its plant in Greenfield, IN.<sup>14</sup> Stanley, Black, and Decker, Inc. expects the renovation to create up to 136 new jobs by 2018.
- In May 2014, Mid Continent filed antidumping and countervailing duty petitions concerning India, Korea, Oman, Malaysia, Taiwan, Turkey, and Vietnam. In May 2015, Commerce published notice of its final determination that certain steel nails from Korea, Oman, Malaysia, Taiwan, and Vietnam were being sold in the United States at LTFV. Commerce issued a separate affirmative final determination that imports from Vietnam had been unfairly subsidized in amounts ranging from 288.56 percent to 313.97 percent. In July 2015, the Commission published its final determination finding that the industry in the United States was materially injured by reason of imports of certain steel nails from Korea, Malaysia, Oman, Taiwan, and Vietnam.<sup>15</sup>

## THE ORIGINAL INVESTIGATION AND SUBSEQUENT REVIEWS

### The original investigation

The original investigation resulted from a petition filed on March 31, 2011 with Commerce and the Commission by Mid Continent Nail Corporation, Poplar Bluff, MO. On March 23, 2012, Commerce determined that imports of steel nails from the UAE were being sold at less than fair value (“LTFV”).<sup>16</sup> The Commission determined on May 2, 2012 that the domestic industry was materially injured by reason of LTFV imports of steel nails from the UAE.<sup>17</sup> On May 4, 2012, Commerce issued its antidumping order with the final weighted-average dumping margins ranging from 2.51 percent to 184.41 percent.<sup>18</sup>

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<sup>13</sup> *Certain Steel Nails from the People’s Republic of China: Continuation of Antidumping Duty Order*, 79 FR 1830, January 10, 2014. Pertinent *Federal Register* notices are referenced in app. A, and may be found at the Commission’s website ([www.usitc.gov](http://www.usitc.gov)).

<sup>14</sup> “Stanley, Black, and Decker, Inc. Invests \$7.69 million to expand Greenfield, Indiana, Manufacturing Center” *Area Development News Desk*, May 19, 2015. Accessed May 19, 2017. <http://www.areadevelopment.com/newsItems/5-19-2015/stanley-black--decker-expansion-greenfield-indiana893432.shtml>.

<sup>15</sup> *Mid Continent Steel Nail & Wire’s Response to the Notice of Institution*, pp. 8-9.

<sup>16</sup> *Certain Steel Nails from the United Arab Emirates: Final Determination of Sales at Less Than Fair Value*, 77 FR 17029, March 23, 2012.

<sup>17</sup> *Certain Steel Nails from the United Arab Emirates*, 77 FR 27080, May 8, 2012.

<sup>18</sup> Commerce issued an amendment to its final less than fair value determination to correct ministerial errors in its calculations. *Certain Steel Nails from the United Arab Emirates: Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order*, 77 FR 27421, May 10, 2012.

## PRIOR RELATED INVESTIGATIONS<sup>19</sup>

On November 21, 1977, a complaint was filed by Armco Steel Corp.; Atlantic Steel Co.; Bethlehem Steel Corp.; CF & I Steel Corp.; Keystone Steel & Wire Division of Keystone Consolidated Industries, Inc.; Northwestern Steel & Wire Co.; and the Penn-Dixie Steel Corp., alleging that certain steel wire nails from Canada were being sold at LTFV. In November 1978, the Department of the Treasury (“Treasury”) determined that certain steel wire nails from Canada, except those produced by Tree Island Steel Co., Ltd. and the Steel Co. of Canada, Ltd., were being, or were likely to be, sold in the United States at LTFV. 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.

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. 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.

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

On January 19, 1982, Armco Inc.; Tree Island Steel, Inc.; Atlantic Steel Co.; Florida Wire and Nails; New York Wire Mills; and Virginia Wire and Fabric filed a petition alleging that certain steel wire nails from Korea were being subsidized. In September 1982, however, the

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<sup>19</sup> Unless otherwise noted, this information is based on *Steel Nails from the United Arab Emirates, Inv. No. 731-TA-1185 (Final)*, USITC Publication 4321, May 2012, pp. I-3-I-6.

countervailing duty investigation was terminated following a determination by Commerce that Korean producers and exporters of nails were not receiving benefits that constituted subsidies.

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. 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.

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. 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. 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.

On April 20, 1987, a petition was filed alleging that certain steel wire nails from New Zealand and Thailand were receiving bounties or grants. 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. On August 9, 1995, the orders were revoked by Commerce as no domestic interested party requested a review.

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

On November 26, 1996, a petition was filed alleging that collated roofing nails imported from China, Korea, and Taiwan were being sold at LTFV. These investigations led to a finding that the domestic collated roofing nails industry was threatened with material injury by reason of LTFV imports of collated roofing nails from China and Taiwan. The investigation with respect to collated roofing nails from Korea was terminated by the Commission following a negative determination by Commerce.

On November 19, 1997, Commerce issued antidumping duty orders against collated roofing nails from China and Taiwan. These orders were revoked effective November 19, 2002, because no domestic interested party responded to Commerce's notice of initiation of five-year reviews.

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.

On May 29, 2007, following receipt of a petition filed with the Commission and Commerce by Davis Wire Corp. (Irwindale, CA), Gerdau Ameristeel Corp. (Tampa, FL), Maze Nails (Peru, IL), Mid Continent Nail Corp. (Poplar Bluff, MO), and Treasure Coast Fasteners, Inc. (Fort Pierce, FL), 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. 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. Commerce issued a determination in its second review on March 1, 2012. On April 26, 2011, Commerce issued amended final administrative review margins for 23 Chinese exporters of 10.63 percent. Table I-2 presents previous and related Commission proceedings.

On May 29, 2014, a petition was filed by Mid Continent Nail Corporation alleging that steel nails from Korea, Malaysia, Oman, Taiwan, and Vietnam were being sold to the United States at less than fair value, and that imports of steel nails from Vietnam were subsidized by the government of Vietnam.<sup>20</sup> In May 2015, Commerce made affirmative determinations,<sup>21</sup> and in July 2015, the Commission made affirmative determinations.<sup>22</sup> Commerce issued the antidumping duty and countervailing duty orders in July 2015.<sup>23</sup>

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<sup>20</sup> In the preliminary phase, the Commission found that steel nails from India and Turkey were negligible and terminated the investigations with respect to those imports. Certain Steel Nails from India, Korea, Malaysia, Oman, Taiwan, Turkey, and Vietnam (Preliminary), Inv. Nos. 701-TA-515-521 and 731-TA-1251-1257, USITC Pub. 4480 at 14-18 (July 2014). In addition, Commerce had made final negative countervailing duty determinations with respect to nails from Oman, Taiwan, Korea, and Malaysia. 80 Fed. Reg. at 28952 (Oman), 28958 (Malaysia), 28964 (Taiwan), and 28966 (Korea) (May 20, 2015).

<sup>21</sup> 80 Fed. Reg. 29622 (May 22, 2015); 80 Fed. Reg. 28955 (May 20, 2015); 80 Fed. Reg. 28969 (May 20, 2105); 80 Fed. Reg. 28972 (May 20, 2015); 80 Fed. Reg. 28959 (May 20, 2015); 80 Fed. Reg. 28962 (May 20, 2015).

<sup>22</sup> 80 Fed. Reg. 39800 (July 10, 2015).

<sup>23</sup> 80 Fed. Reg. 39997 (July 13, 2015); 80 Fed. Reg. 41006 (July 14, 2015).

**Table I-2**  
**Steel nails: Previous and related Commission proceedings**

Name of investigation	Inv. No.	Year	Publication cite	Action/status
Certain steel wire nails from Canada	AA1921-189	1979	Publication 937	Negative
Certain steel wire nails from Korea	731-TA-26	1980	Publication 1088	Negative
Certain steel wire nails from Japan, Korea and Yugoslavia	731-TA-45, 46, and 47	1981	Publication 1175	Affirmative for Korea; Terminated for Japan; Negative for Yugoslavia
Carbon and alloy steel products	TA-201-51	1984	Publication 1533	Affirmative
Certain steel wire nails from China, Poland, and Yugoslavia	731-TA-266	1986	Publication 1842	Petition withdrawn for Poland and Yugoslavia, affirmative for China
Collated roofing nails from China and Taiwan	731-TA-757 and 759	1997	Publication 3010	Affirmative
Steel	TA-201-73	2001	Publication 3479	Negative determination with respect to carbon and alloy steel nails
Certain steel nails from China and the UAE	731-TA-1114-1115	2007	Publication 4022	Affirmative
Certain Steel Nails from Korea, Malaysia, Oman, Taiwan, and Vietnam	701-TA-521 and 731-TA-1252-1255 and 1257	2015	Publication 4541	Affirmative for AD (all subject countries) and for CVD (Vietnam). CVD investigations for Korea, Malaysia, Oman, and Taiwan were terminated

Source: U.S. International Trade Commission publications.

## THE PRODUCT

### Commerce's scope

Commerce has defined the subject merchandise as:<sup>24</sup>

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

*Excluded from the scope of this order are steel nails specifically enumerated and identified in ASTM Standard F 1667 (2011 revision) as Type I, Style 20 nails, whether collated or in bulk, and whether or not galvanized.*

*Also excluded from the scope of this order are the following products:*

- *Non-collated (i.e., hand-drive or bulk), two-piece steel nails having plastic or steel washers ("caps") already assembled to the nail, having a bright or galvanized finish, a ring, fluted or spiral shank, an actual length of 0.500" to 8", inclusive; an actual shank diameter of 0.1015" to 0.166", inclusive; and an actual washer or cap diameter of 0.900" to 1.10", inclusive;*
- *Non-collated (i.e., hand-drive or bulk), steel nails having a bright or galvanized finish, a smooth, barbed or ringed shank, an actual length of*

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<sup>24</sup> *Certain Steel Nails from the United Arab Emirates: Final Determination of Sales at Less than Fair Value*, 77 FR 17029, March 23, 2012.

- *0.500" to 4", inclusive; an actual shank diameter of 0.1015" to 0.166", inclusive; and an actual head diameter of 0.3375" to 0.500", inclusive;*
- *Wire collated steel nails, in coils, having a galvanized finish, a smooth, barbed or ringed shank, an actual length of 0.500" to 1.75", inclusive; an actual shank diameter of 0.116" to 0.166", inclusive; and an actual head diameter of 0.3375" to 0.500", inclusive;*
- *non-collated (i.e., hand-drive or bulk), steel nails having a convex head (commonly known as an umbrella head), a smooth or spiral shank, a galvanized finish, an actual length of 1.75" to 3", inclusive; an actual shank diameter of 0.131" to 0.152", inclusive; and an actual head diameter of 0.450" to 0.813", inclusive;*
- *Corrugated nails. A corrugated nail is made 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;*
- *Fasteners suitable for use in powder-actuated hand tools, not threaded and threaded, which are currently classified under HTSUS 7317.00.20 and 7317.00.30;*
- *Certain steel nails that are equal to or less than 0.0720 inches in shank diameter, round or rectangular in cross section, between 0.375 inches and 2.5 inches in length, and that are collated with adhesive or polyester film tape backed with a heat seal adhesive; and*
- *Fasteners having a case hardness greater than or equal to 50 HRC, a carbon content greater than or equal to 0.5 percent, a round head, a secondary reduced-diameter raised head section, a centered shank, and a smooth symmetrical point, suitable for use in gas-actuated hand tools.*

### **Description and uses<sup>25</sup>**

The majority of steel nails are produced from low-carbon steel. Nails are also produced from corrosion resistant stainless steel and hardened medium- to high-carbon steel.<sup>26</sup> Nails are either packaged for shipment in bulk, loose in a carton or other container, or collated, joined with wire, paper strips, plastic strips, or glue into coils or straight strips for use in pneumatic nailing tools. Most nails are produced from a single piece of steel; however, some nails are produced from two or more pieces. Examples include: a nail with a decorative head, such as an

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<sup>25</sup> Unless otherwise noted, information presented in "Descriptions and Uses" and "Manufacturing Process" sections is based on *Certain Steel Nails from Korea, Malaysia, Oman, Taiwan, and Vietnam, Inv. Nos. 701-TA-521 and 731-TA-1252-1255 and 1257 (Final)*, USITC Publication 4541, July 2015, pp. I-13-15.

<sup>26</sup> 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 wooding working nails may have smaller heads and may differ in length and diameter, the differences are minor and do not delineate separate domestic like products.

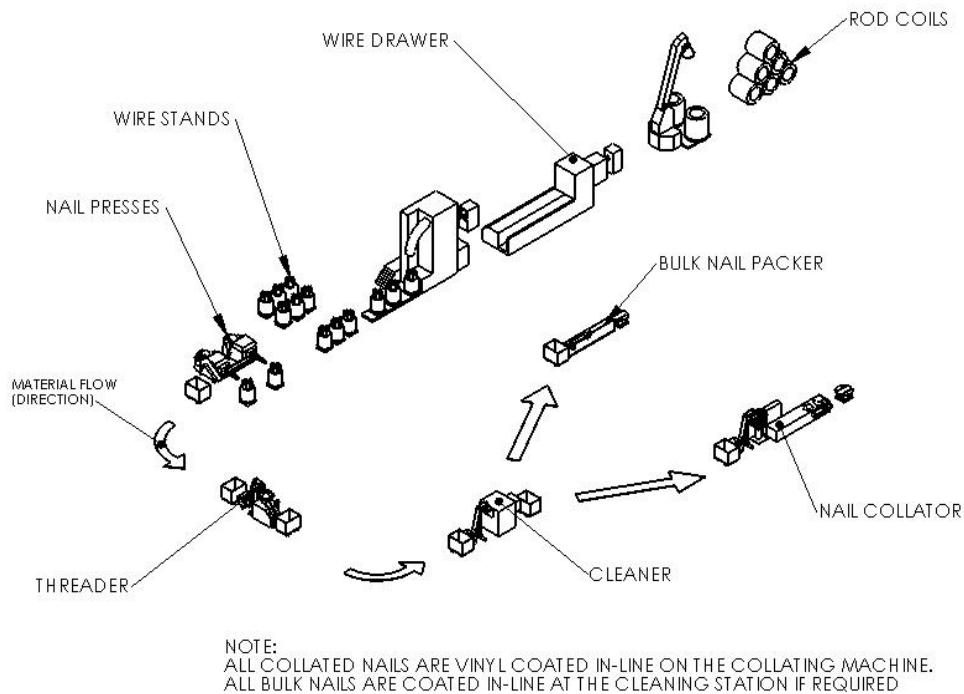


upholstery nail; a masonry anchor that comprises a zinc anchor and a steel wire nail; a nail with a large thin attached head (for nailing roofing felt, for example); and a nail with a rubber or neoprene washer assembled over its shaft (to seal the nail-hole in metal or fiberglass roofing or siding). Nails fasten two materials together through friction and shear stress and are driven into place using a hammer or pneumatic tool. Nails are used in the construction industry, carpentry, and for decorating purposes.

### Manufacturing Process

Most steel nails are produced from steel wire. A small proportion of steel nails are produced from steel plate and referred to as “cut nails.” Some producers of wire nails use purchased steel wire as a starting raw material and are referred to as nonintegrated producers. Some producers use their facilities to produce wire for nails, using steel billets at their starting raw material. These producers are described as integrated producers. Some integrated producers are integrated through the entire steelmaking process, and produce steel wire rod from raw materials such as scrap, pig iron, and ferroalloys.<sup>27</sup> Figure I-1 shows the general process for producing steel wire nails from wire rod.

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



<sup>27</sup> All current producers in the United States and in the subject countries use either purchased rod or purchased wire as starting material.

To produce nails from wire, 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. There are two general types of nail presses: the first type is a “cold-heading machine,” which 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 gripper dies, 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. The second type of nail press is a “rotary heading machine.” In this press, the wire is fed continuously and cutting rollers cut individual nail blanks, simultaneously forming the point. The nail blanks are inserted into a die ring and the heads are formed by compressing the end of the nail between the rotating ring and a heading roller. The completed nail is ejected from the machine. Both types of nail presses 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.<sup>28</sup>

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

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

Nails are produced with a number of finishes, depending upon the intended use: uncoated,<sup>29</sup> 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. 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. 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-

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<sup>28</sup> 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, different specifications apply, such as DIN specifications for Europe, but the same nail-making equipment may be used for any specification.

<sup>29</sup> Uncoated nails are also “bright,” a term that refers to nails that have not undergone treatments affecting finish, such as hardening, bluing, coating, plating, etching, and painting. These nails are produced under ASTM F547: Standard Terminology of Nails for Use with Wood and Wood-Base Materials.

held pneumatic nailing tools are processed through automatic equipment to collate the nails using paper strips, plastic strips, fine steel wire, or adhesive. Nails for use in nailing tools in some industrial applications—for the production of wooden pallets in particular—are packaged in bulk and fed to the nailing tools via automatic hopper-feeding systems. Nails for hand-driving are packaged in bulk (loose) in cartons or in smaller count boxes, including one-and five-pound boxes for mass merchandise retail repair and remodeling customers.

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

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

Steel nails are currently imported under HTS statistical reporting numbers 7317.00.5501, 7317.00.5502, 7317.00.5503, 7317.00.5505, 7317.00.5507, 7317.00.5508, 7317.00.5511, 7317.00.5518, 7317.00.5519, 7317.00.5520, 7317.00.5530, 7317.00.5540, 7317.00.5550, 7317.00.5560, 7317.00.5570, 7317.00.5580, 7317.00.5590, 7317.00.6530, 7317.00.6560, and 7317.00.7500. Steel nails imported from the UAE enter the U.S. market at a column 1-general duty rate of “free.” Decision on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

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

The domestic like product is defined as the domestically produced product or products, which are like, or in the absence of like, most similar in characteristics and uses with, the subject merchandise. In its original determination, the Commission defined the domestic like product as all certain steel nails that is coextensive with the scope of the investigation defined by Commerce.<sup>30</sup>

In its notice of institution for this review, the Commission solicited comments from interested parties regarding what they deemed to be the appropriate definition of the domestic like product. According to its response to the notice of institution, the domestic interested party agreed with the Commission’s definition of the domestic like product as stated in the original investigation.<sup>31</sup>

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<sup>30</sup> *Steel Nails from the United Arab Emirates, Inv. No. 731-TA-1185 (Final)*, USITC Publication 4321, May 2012, p.5.

<sup>31</sup> *Mid Continent Steel & Wire Inc.’s Response to the Notice of Institution*, May 3, 2017, p. 6.

## **ACTIONS AT COMMERCE**

Commerce has not conducted any changed circumstances reviews, critical circumstances reviews, or anti-circumvention findings since the competition of the last five-year review. In addition, Commerce has not made any duty absorption findings or issued any company revocations or scope rulings since the imposition of the order.

### **Current five-year review**

Commerce is conducting an expedited review with respect to steel nails from the UAE and intends to issue the final result of this review based on the facts available no later than August 1, 2017.<sup>32</sup>

## **THE INDUSTRY IN THE UNITED STATES**

### **U.S. producers**

During the final phase of the original investigation, the Commission received U.S. producer questionnaires from eleven firms, which accounted for nearly all of the production of steel nails in the United States during 2012.<sup>33</sup> In response to the Commission's notice of institution in this current review, the domestic interested party provided a list of 14 known and currently operating U.S. producers of steel nails.<sup>34</sup>

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

The domestic industry is defined as the U.S. producers as a whole of the domestic like product, or those producers whose collective output of the domestic like product constitutes a major proportion of the total domestic production of the product. Under the related parties provision, the Commission may exclude a related party for purposes of its injury determination if "appropriate circumstances" exist.<sup>35</sup> In its original determination, the Commission defined the domestic industry as all U.S. producers of steel nails.<sup>36</sup>

In its notice of institution for this review, the Commission solicited comments from interested parties regarding the appropriate definition of the domestic industry and inquired as to whether any related parties issues existed. The domestic interested party did not cite any

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<sup>32</sup> Letter from Edward Yang, Director, AD/CVD Operations, Enforcement and Compliance, U.S. Department of Commerce to Michael G. Anderson, May 18, 2017.

<sup>33</sup> *Steel Nails from the United Arab Emirates, Inv. No. 731-TA-1185 (Final)*, USITC Publication 4321, May 2012, pp. III-1.

<sup>34</sup> *Mid Continent Steel & Wire's Response to the Notice of Institution*, May 3, 2017, pp. 2-3.

<sup>35</sup> Section 771(4)(B) of the Tariff Act of 1930, 19 U.S.C. § 1677(4)(B).

<sup>36</sup> *Steel Nails from the United Arab Emirates, Inv. No. 731-TA-1185 (Final)*, USITC Publication 4321, May 2012, p. 8.

potential related parties issues and agreed with the Commission's prior definition of the domestic industry.<sup>37</sup>

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

The Commission asked the domestic interested party to provide trade and financial data in their response to the notice of institution of the current five-year review.<sup>38</sup> Table I-3 presents a compilation of the data submitted from all responding U.S. producers as well as trade and financial data submitted by U.S. producers in the original investigation. Production increased from 97,182 short tons in 2011 to \*\*\* short tons in 2016, an increase of \*\*\* percent. This increase on production occurred despite a decrease in reported production capacity. U.S. commercial shipments increased by \*\*\* percent from 2011 to 2016. The average unit value of U.S. commercial shipments, on the other hand, decreased by \*\*\* percent during the same period.

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

### **U.S. importers**

During the final phase of the original investigation, the Commission received U.S. importer questionnaires from 24 firms, which accounted for nearly all of the total U.S. imports of steel nails from the UAE during 2011.<sup>39</sup> Although the Commission did not receive responses from any respondent interested parties in this current review, the domestic interested party provided a list of 22 known and currently operating U.S. importers of steel nails.<sup>40</sup>

### **U.S. imports**

Since the original investigation, imports of steel nails from the UAE decreased from 46,643 short tons in 2012 to 515 short tons in 2014 and then increased to 20,968 short tons in 2016 for overall decrease of 55.0 percent. Its share of total imports fluctuated during 2012-2016, decreasing from 8.5 percent in 2012 to less than one percent in 2014 and then increasing to 2.9 percent in 2016. The average unit value of imports from the UAE decreased from \$1,380 per short ton in 2012 to \$846 per short ton in 2016, a decrease of 38.7 percent.

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<sup>37</sup> *Mid Continent Steel & Wire's Response to the Notice of Institution*, May 3, 2017, p. 6.

<sup>38</sup> Individual company trade and financial data are presented in app. B.

<sup>39</sup> *Steel Nails from the United Arab Emirates, Inv. No. 731-TA-1185 (Final)*, USITC Publication 4321, May 2012, p. IV-1.

<sup>40</sup> *Mid Continent Steel & Wire's Response to the Notice of Institution*, May 3, 2017, p. 3.

**Table I-3**  
**Steel nails: Trade and financial data submitted by U.S. producers, 2009-2011, and 2016**

Item	2009	2010	2011	2016
Capacity (short tons)	359,461	365,271	335,364	***
Production (short tons)	93,062	96,466	97,182	***
Capacity utilization (percent)	25.9	26.4	29.0	***
U.S. commercial shipments:				
Quantity (short tons)	***	***	***	***
Value (\$1,000)	***	***	***	***
Unit value (per short ton)	\$***	\$***	\$***	\$***
Internal consumption/company transfers:				
Quantity (short tons)	***	***	***	***
Value (\$1,000)	***	***	***	***
Unit value (per short ton)	\$***	\$***	\$***	\$***
Total U.S. shipments:				
Quantity (short tons)	101,512	97,817	97,063	***
Value (\$1,000)	202,852	177,352	183,739	***
Unit value (per short ton)	\$1,988	\$1,813	\$1,894	\$***
Net sales (\$1,000)	188,898	161,650	175,329	***
COGS (\$1,000)	152,485	136,158	147,498	***
COGS/net sales	80.7	84.2	84.1	***
Gross profit or (loss) (\$1,000)	36,413	25,492	27,831	***
SG&A expenses (loss) (\$1,000)	26,833	20,460	21,655	***
Operating income (loss) (\$1,000)	9,580	5,032	6,176	***
Operating income (loss)/net sales (percent)	5.1	3.1	3.5	***

Note—Mid Continent was the only U.S. producer to provide a response to the notice of institution. As a result, production and U.S. shipments may be understated. Mid Continent notes that because there are only a few remaining U.S. producers and it is by far the largest, its data provides a reasonable and reliable proxy for the U.S. industry.

Source: For the years 2009-11, data are compiled using data submitted in the Commission's original investigation. See *app. C*. For the year 2016, data are compiled using data submitted by the domestic interested party. *Mid Continent Steel & Wire's Response to the Notice of Institution*, May 3, 2017, exh. 1.

China has been the United States' largest supplier of steel nails, accounting for 37.0 percent of total imports in 2016. Imports from China increased by 16.0 percent from 2012 to 2016 and was double the production of Mid Continent by volume in 2016. Its share of total imports fluctuated during 2012-2016, decreasing from 41.7 percent in 2012 to 36.5 percent in 2014 and then increasing to 37.0 percent in 2016. The average unit value of imports from China decreased from \$1,296 per short ton in 2012 to \$939 per short ton in 2016, a decrease of 27.5 percent. It was lower than the average unit value of imports from the UAE during 2012-2013 but was higher during 2014-2016.

Taiwan was the second largest supplier of steel nails to the United States in 2016 at 105,900 short tons. From 2012 to 2016, Taiwan's share of total imports decreased from 15.7 percent in 2012 to 14.8 percent in 2016. The average unit value of imports from Taiwan was higher than those from the UAE in each year during 2012-2016. Korea and Oman were the third and fourth largest suppliers of steel nails to the United States in 2016, accounting for 7.3 percent and 7.0 percent of total imports, respectively.

The average unit value of steel nail imports from Korea decreased throughout 2012-2016 from \$1,323 per short ton in 2012 to \$1,081 per short ton in 2016. The average unit value of imports from Korea was lower than imports from the UAE in 2012 and 2013, but higher during 2014-2016. The average unit value of steel nail imports from Oman fluctuated during 2012-2016, increasing from \$1,257 per short ton in 2012 to \$1,576 per short ton in 2014, and then decreasing to \$1,084 per short ton in 2016. It was higher than the average value of imports from the UAE for every year except 2012. Table I-4 presents the quantity, value, and unit value for imports from UAE as well as the other top sources of U.S. imports (shown in descending order of 2016 imports by quantity).

**Table I-4**  
**Steel nails: U.S. imports, 2012-16**

Item	2012	2013	2014	2015	2016
	<b>Quantity (short tons)</b>				
United Arab Emirates (subject)	46,643	32,182	515	17,538	20,968
China	227,822	200,212	218,778	253,911	264,227
Taiwan	85,774	76,371	87,378	118,292	105,900
Korea	49,871	53,941	60,311	49,070	52,017
Oman	7,445	38,866	48,994	52,742	50,255
Malaysia	31,961	33,527	35,690	40,170	48,694
Canada	20,605	19,285	19,351	27,408	33,700
Vietnam	28,945	43,993	47,756	1,122	246
All other imports (nonsubject)	47,413	63,879	80,818	117,822	137,306
Total imports	546,477	562,257	599,590	678,075	713,313
	<b>Landed, duty-paid value (\$1,000)</b>				
United Arab Emirates (subject)	64,345	40,175	566	17,508	17,742
China	295,312	246,311	256,099	271,053	248,191
Taiwan	125,508	110,126	113,197	130,775	106,173
Korea	65,971	64,593	72,146	57,970	56,207
Oman	9,356	55,027	77,219	67,442	54,454
Malaysia	38,987	35,383	36,498	36,032	34,958
Canada	37,176	35,267	33,070	42,718	48,087
Vietnam	28,967	39,450	41,556	1,040	168
All other imports (nonsubject)	78,858	100,738	118,841	154,946	161,665
Total imports	744,479	727,070	749,191	779,483	727,646
	<b>Unit value (dollars per short ton)</b>				
United Arab Emirates (subject)	1,380	1,248	1,100	998	846
China	1,296	1,230	1,171	1,068	939
Taiwan	1,463	1,442	1,295	1,106	1,003
Korea	1,323	1,197	1,196	1,181	1,081
Oman	1,257	1,416	1,576	1,279	1,084
Malaysia	1,220	1,055	1,023	897	718
Canada	1,804	1,829	1,709	1,559	1,427
Vietnam	1,001	897	870	927	684
All other imports (nonsubject)	1,663	1,577	1,470	1,315	1,177
Total imports	1,362	1,293	1,250	1,150	1,020

Note.—Due to rounding, figure may not add to total shown.

Source: Official statistics of Commerce for HTS statistical reporting numbers: 7317.00.5501, 7317.00.5502, 7317.00.5503, 7317.00.5505, 7317.00.5507, 7317.00.5508, 7317.00.5511, 7317.00.5518, 7317.00.5519, 7317.00.5520, 7317.00.5530, 7317.00.5540, 7317.00.5550, 7317.00.5560, 7317.00.5570, 7317.00.5580, 7317.00.5590, 7317.00.6530, 7317.00.6560, and 7317.00.7500.



## Apparent U.S. consumption and market shares

Table I-5 presents data on U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, while table I-6 presents data on market shares of apparent U.S. consumption based on data presented by the domestic interested party. Mid Continent notes that apparent U.S. consumption increased from 585,000 short tons in 2012 to 675,000 short tons in 2014.<sup>41</sup> In 2016, apparent U.S. consumption was \*\*\* short tons, a \*\*\* percent increase from 2011.

Mid Continent notes that the domestic industry's market share of apparent U.S. consumption was stagnant at 21 percent during 2012-2014. It attributes the stagnation to the presence of imports from Korea, Oman, Malaysia, Turkey, and Vietnam, whose combined market share of apparent U.S. consumption increased from 34.1 percent to 37.4 percent during the same period. In 2016, the domestic industry's market share of apparent U.S. consumption decreased further to \*\*\* percent.<sup>42</sup> The market share of imports from the UAE decreased from 20.4 percent in 2011 to 2.6 percent in 2016 while the market share of imports from nonsubject sources increased from 61.7 percent to 84.7 percent.

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<sup>41</sup> *Mid Continent Steel & Wire's Response to the Notice of Institution*, May 3, 2017, p. 23.

<sup>42</sup> The domestic industry's market share may be understated because Mid Continent was the only producer to provide a response to the notice of institution.

**Table I-5**  
**Steel nails: U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, 2009-11, and 2016**

Item	2009	2010	2011	2016
	<b>Quantity (short tons)</b>			
U.S. producers' U.S. shipments	101,512	97,817	97,063	***
U.S. imports from—				
UAE	63,494	118,558	110,395	20,968
All other	280,537	314,296	333,680	692,345
Total imports	344,031	432,854	444,075	713,313
Apparent U.S. consumption	445,543	530,671	541,138	***
	<b>Value (1,000 dollars)</b>			
U.S. producers' U.S. shipments	202,852	177,352	183,789	***
U.S. imports from—				
UAE	56,662	111,764	130,417	17,742
All other	336,747	395,266	462,217	709,904
Total imports	393,409	507,030	592,634	727,646
Apparent U.S. consumption	596,261	684,382	776,423	***

Note—Mid Continent was the only U.S. producer to provide a response to the notice of institution. As a result, U.S. commercial shipment and apparent U.S. consumption data for 2016 may be understated. Mid Continent notes that because there are only a few remaining U.S. producers and it is by far the largest, its data provides a reasonable and reliable proxy for the industry.

Source: For the years 2009-11, data are compiled using data submitted in the Commission's original investigation. See *app. C*. For the year 2016, U.S. producers' U.S. shipments are compiled from the domestic interested party's response to the Commission's notice of institution and U.S. imports are compiled using official Commerce statistics under HTS subheadings 7317.00.5501, 7317.00.5502, 7317.00.5503, 7317.00.5505, 7317.00.5507, 7317.00.5508, 7317.00.5511, 7317.00.5518, 7317.00.5519, 7317.00.5520, 7317.00.5530, 7317.00.5540, 7317.00.5550, 7317.00.5560, 7317.00.5570, 7317.00.5580, 7317.00.5590, 7317.00.6530, 7317.00.6560, and 7317.00.7500.

**Table I-6****Steel nails: Apparent U.S. consumption and U.S. market shares, 2009-11, and 2016**

Item	2009	2010	2011	2016
	<b>Quantity (short tons)</b>			
Apparent U.S. consumption	445,543	530,671	541,138	***
	<b>Value (1,000 dollars)</b>			
Apparent U.S. consumption	596,261	684,382	776,423	***
	<b>Share of consumption based on quantity (percent)</b>			
U.S. producer's share	22.8	18.4	17.9	***
U.S. imports from--				
UAE	14.3	22.3	20.4	2.6
All other	63.0	59.2	61.7	84.7
Total imports	77.2	81.6	82.1	87.3
Apparent U.S. consumption	100.0	100.0	100.0	100.0
	<b>Share of consumption based on value (percent)</b>			
U.S. producer's share	34.0	25.9	23.7	***
U.S. imports from--				
UAE	9.5	16.3	16.8	2.1
All other	56.5	57.8	59.5	84.8
Total imports	66.0	74.1	76.3	86.9
Apparent U.S. consumption	100.0	100.0	100.0	100.0

Note – Mid Continent was the only U.S. producer to provide a response to the notice of institution. As a result, U.S. apparent consumption and U.S. market share may be understated. Mid Continent notes that because there are only a few remaining U.S. producers and it is by far the largest, its data provides a reasonable and reliable proxy for the industry. Due to rounding, figures may not add to the totals shown.

Source: For the years 2009-11, data are compiled using data submitted in the Commission's original investigation. *See app. C.* For the year 2016, U.S. producers' U.S. shipments are compiled from the domestic interested party's response to the Commission's notice of institution and U.S. imports are compiled using official Commerce statistics under HTS subheadings 7317.00.5501, 7317.00.5502, 7317.00.5503, 7317.00.5505, 7317.00.5507, 7317.00.5508, 7317.00.5511, 7317.00.5518, 7317.00.5519, 7317.00.5520, 7317.00.5530, 7317.00.5540, 7317.00.5550, 7317.00.5560, 7317.00.5570, 7317.00.5580, 7317.00.5590, 7317.00.6530, 7317.00.6560, and 7317.00.7500.

## THE INDUSTRY IN UNITED ARAB EMIRATES

During the final phase of the original investigation, the Commission received foreign producer/exporter questionnaires from two firms, which accounted for approximately 55 percent of production of steel nails from the UAE during 2011, and approximately 55 percent of exports of steel nails from the UAE to the United States of steel nails during 2011.<sup>43</sup>

In its response, the domestic interested party presented production capacity data for one known producer of steel nails from the UAE, Overseas Distribution Services, Inc. (“ODC”). According to Mid Continent, ODC has an annual production capacity of 200,000 short tons.<sup>44</sup> This includes its nail capacity as well as capacity to produce other wire products. Mid Continent notes that UAE producers are significantly, if not exclusively, export-oriented and that the United States continues to be their most attractive market.<sup>45</sup> It also states that UAE producers have not lost the capacity to produce at volumes achieved before the imposition of the order. Table I-7 presents export data for steel nails from the UAE, in descending order of quantity, in 2015.<sup>46</sup>

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<sup>43</sup> *Steel Nails from the United Arab Emirates, Inv. No. 731-TA-1185 (Final)*, USITC Publication 4321, May 2012, pp. VII-1.

<sup>44</sup> Mid Continent compiled the data from ODC’s response to Commerce’s fourth administrative review, but was unable to identify a secondary source for UAE industry data. *Mid Continent Steel & Wire’s Response to the Notice of Institution*, May 3, 2017, p. 6 and p. 30.

<sup>45</sup> *Ibid*, p. 10.

<sup>46</sup> Export data for 2016 is unavailable.

**Table I-7****Steel nails: Exports of steel nails from the United Arab Emirates, by destination, 2011-15**

Item	Calendar year				
	2011	2012	2013	2014	2015
	<b>Quantity (short tons)</b>				
Kenya	1,724	342	252	2,321	2,233
Oman	93	1,202	1,318	1,419	1,286
Iran	87	163	55	124	964
Saudi Arabia	90	750	883	318	214
Liberia	55	11	0	63	209
Somalia	315	2,434	1,479	575	178
Chad	0	0	0	3	170
Iraq	19	3	36	1	159
Tanzania	608	569	44	203	133
Ghana	0	84	0	0	77
All other	66,381	62,298	34,916	7,638	571
Total	69,371	67,857	38,982	12,667	6,195

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

Source: Global Trade Information Services, Inc., Global Trade Atlas, HTS subheading 7317.00.

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

Based on available information, steel nails from the UAE has not been subject to other antidumping or countervailing duty investigations outside the United States.

### **THE GLOBAL MARKET**

Table I-8 presents the largest global export sources of steel nails during 2012-16.

**Table I-8**  
**Steel nails: Global exports by major sources, 2012-16**

Item	Calendar Year				
	2012	2013	2014	2015	2016
	<b>Quantity (short tons)</b>				
China	1,090,276	1,092,044	1,158,663	1,192,638	1,128,968
Taiwan	104,534	90,568	96,254	105,773	103,852
Poland	61,567	63,102	65,491	74,287	75,698
Malaysia	49,688	51,818	53,827	54,663	69,272
South Korea	53,583	56,816	64,407	56,882	58,109
Oman	35,560	53,882	75,568	69,124	55,865
Belarus	60,734	59,255	58,030	50,090	46,449
Turkey	27,644	36,075	39,915	48,181	44,562
Germany	30,902	30,452	34,064	34,942	36,738
Lithuania	34,346	33,995	34,585	34,030	34,488
All other	402,613	383,529	376,556	371,835	338,259
Total	1,951,446	1,951,537	2,057,361	2,092,445	1,992,261

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

Source: Global Trade Information Services, Inc., Global Trade Atlas, HTS subheading 7317.00.

**APPENDIX A**

***FEDERAL REGISTER NOTICES***





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

Citation	Title	Link
82 FR 16229 April 3, 2017	<i>Certain Steel Nails from the United Arab Emirates; Institution of a Five-Year Review</i>	<a href="https://www.gpo.gov/fdsys/pkg/FR-2017-04-03/pdf/2017-06428.pdf">https://www.gpo.gov/fdsys/pkg/FR-2017-04-03/pdf/2017-06428.pdf</a>
82 FR 16159 April 3, 2017	<i>Initiation of Five-Year ("Sunset") Review</i>	<a href="https://www.gpo.gov/fdsys/pkg/FR-2017-04-03/pdf/2017-06490.pdf">https://www.gpo.gov/fdsys/pkg/FR-2017-04-03/pdf/2017-06490.pdf</a>



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



**Contains Business Proprietary Information**

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

Item	Mid Continent	Total
	Quantity=1,000 short tons; value=1,000 dollars; Unit values, unit labor costs, and unit financial data are per short ton	
Nature of operation	✓	✓
Statement of intent to participate	✓	✓
Statement of likely effects of revoking the order	✓	✓
U.S. producer list	✓	✓
U.S. importer/foreign producer list	✓	✓
List of 3-5 leading purchasers	✓	✓
List of sources for national/regional prices	?	?
<b>Production:</b>		
Quantity	***	***
Percent of total reported	100.0	100.0
Capacity	***	***
<b>Commercial shipments:</b>		
Quantity	***	***
Value	***	***
<b>Internal consumption:</b>		
Quantity	***	***
Value	***	***
Net sales	\$***	\$***
COGS	\$***	\$***
Gross profit or (loss)	\$***	\$***
SG&A expenses (loss)	\$***	\$***
Operating income/(loss)	\$***	\$***
Changes in supply/demand	✓	✓
<p>Note.—The production, capacity, and shipment data presented are for calendar year 2016. The financial data are for fiscal year ended December 31, 2016.</p> <p>✓ = response provided; * = response not provided; NA = not applicable; ? = indicated that the information was not known.</p>		



**APPENDIX C**

**SUMMARY DATA COMPILED IN PRIOR INVESTIGATIONS**





## U.S. PRODUCERS' SHIPMENTS

Table III-5 presents information on U.S. producers' shipments of steel nails between 2009 and 2011. 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.<sup>6</sup>

\*\*\* U.S. producer reported any internal consumption of steel nails and intercompany transfers accounted for \*\*\* percent of total shipments during the period for which data were collected. U.S. producers' commercial shipments of steel nails decreased \*\*\* percent by quantity from 2009 to 2011, while overall U.S. shipments declined by 4.4 percent.

**Table III-5**  
**Steel nails: U.S. producers' shipments, by types and shares, 2009-11**

Item	Calendar year		
	2009	2010	2011
<b>Quantity (short tons)</b>			
Commercial shipments	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
U.S. shipments	101,512	97,817	97,063
Export shipments	***	***	***
Total shipments	***	***	***
<b>Value (1,000 dollars)<sup>1</sup></b>			
Commercial shipments	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
U.S. shipments	202,852	177,352	183,789
Export shipments	***	***	***
Total shipments	***	***	***

Table continued on next page.

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<sup>6</sup> U.S. producers of steel nails reported exporting to Australia, Canada, "Europe," Japan, Korea, Kuwait, Mexico, the Netherlands, and New Zealand. \*\*\*.

Table III-5--Continued

## Steel nails: U.S. producers' shipments, by types and shares, 2009-11

Item	Calendar year		
	2009	2010	2011
<b>Unit value (per short ton)<sup>1</sup></b>			
Commercial shipments	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
U.S. shipments	\$1,998	\$1,813	\$1,894
Export shipments	***	***	***
Total shipments	***	***	***
<b>Share of quantity (percent)</b>			
Commercial shipments	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
U.S. shipments	***	***	***
Export shipments	***	***	***
Total shipments	100.0	100.0	100.0
<b>Share of value (percent)</b>			
Commercial shipments	***	***	***
Internal consumption	***	***	***
Transfers to related firms	***	***	***
U.S. shipments	***	***	***
Export shipments	***	***	***
Total shipments	100.0	100.0	100.0
<sup>1</sup> F.o.b. U.S. point of shipment. <sup>2</sup> ***			
Source: Compiled from data submitted in response to Commission questionnaires.			

The Commission asked the U.S. producers (table III-6) and importers (table IV-3) to provide the quantity and value of their firm's U.S. shipments of certain steel nails, by type, during 2011 and the UAE firms (table VII-2) their shipments to the United States during 2011. Table III-7 shows a comparison of U.S. producers' and importers', as well as UAE producers' U.S. shipments of bright, galvanized, and other nails.

## APPARENT U.S. CONSUMPTION

Data concerning apparent U.S. consumption of steel nails during the period for which data were collected are shown in table IV-5 and figure IV-3.

**Table IV-5**  
**Steel nails: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2009-11**

Item	Calendar year		
	2009	2010	2011
<b>Quantity (short tons)</b>			
U.S. producers' U.S. shipments	101,512	97,817	97,063
U.S. imports from-- UAE	63,494	118,558	110,395
Nonsubject countries <sup>1</sup>	280,537	314,296	333,680
Total U.S. imports	344,031	432,854	444,075
Apparent U.S. consumption	445,543	530,671	541,138
<b>Value (1,000 dollars)</b>			
U.S. producers' U.S. shipments	202,852	177,352	183,789
U.S. imports from-- UAE	56,662	111,764	130,417
Nonsubject countries <sup>1</sup>	336,747	395,266	462,217
Total U.S. imports	393,409	507,030	592,634
Apparent U.S. consumption	596,261	684,382	776,423
Source: Compiled from data submitted in response to Commission questionnaires and official Commerce statistics.			

## U.S. MARKET SHARES

U.S. market share data are presented in table IV-6.

**Table IV-6**  
**Steel nails: U.S. consumption and market shares, 2009-11**

Item	Calendar year		
	2009	2010	2011
<b>Quantity (short tons)</b>			
Apparent U.S. consumption	445,543	530,671	541,138
<b>Value (1,000 dollars)</b>			
Apparent U.S. consumption	596,261	684,382	776,423
<b>Share of quantity (percent)</b>			
U.S. producers' U.S. shipments	22.8	18.4	17.9
U.S. imports from-- UAE	14.3	22.3	20.4
Nonsubject countries	63.0	59.2	61.7
All countries	77.2	81.6	82.1
<b>Share of value (percent)</b>			
U.S. producers' U.S. shipments	34.0	25.9	23.7
U.S. imports from-- UAE	9.5	16.3	16.8
Nonsubject countries	56.5	57.8	59.5
All countries	66.0	74.1	76.3
Note.--Because of rounding, figures may not add to the totals shown.			
Source: Compiled from data submitted in response to Commission questionnaires and official Commerce statistics.			

**Table C-1--Continued**  
**Steel nails: Summary data concerning the U.S. market, 2009-11**

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton;  
period changes=percent, except where noted)

Item	Reported data			Period changes		
	2009	2010	2011	2009-11	2009-10	2010-11
U.S. producers':						
Average capacity quantity . . . . .	359,461	365,271	335,364	-6.7	1.6	-8.2
Production quantity . . . . .	93,062	96,446	97,182	4.4	3.6	0.8
Capacity utilization (1) . . . . .	25.9	26.4	29.0	3.1	0.5	2.6
U.S. shipments:						
Quantity . . . . .	101,512	97,817	97,063	-4.4	-3.6	-0.8
Value . . . . .	202,852	177,352	183,789	-9.4	-12.6	3.6
Unit value . . . . .	\$1,998	\$1,813	\$1,894	-5.2	-9.3	4.4
Export shipments:						
Quantity . . . . .	***	***	***	***	***	***
Value . . . . .	***	***	***	***	***	***
Unit value . . . . .	***	***	***	***	***	***
Ending inventory quantity . . . . .	15,970	14,055	12,101	-24.2	-12.0	-13.9
Inventories/total shipments (1) . . . . .	***	***	***	***	***	***
Production workers . . . . .	608	607	506	-16.8	-0.2	-16.6
Hours worked (1,000s) . . . . .	1,311	1,252	1,076	-17.9	-4.5	-14.1
Wages paid (\$1,000s) . . . . .	22,782	19,965	14,908	-34.6	-12.4	-25.3
Hourly wages . . . . .	\$17.38	\$15.95	\$13.85	-20.3	-8.2	-13.1
Productivity (tons/1,000 hours) . . . . .	71.0	77.0	90.3	27.2	8.5	17.2
Unit labor costs . . . . .	\$244.80	\$207.01	\$153.40	-37.3	-15.4	-25.9
Net sales:						
Quantity . . . . .	97,892	93,091	95,080	-2.9	-4.9	2.1
Value . . . . .	188,898	161,650	175,329	-7.2	-14.4	8.5
Unit value . . . . .	\$1,930	\$1,736	\$1,844	-4.4	-10.0	6.2
Cost of goods sold (COGS) . . . . .	152,485	136,158	147,498	-3.3	-10.7	8.3
Gross profit or (loss) . . . . .	36,413	25,492	27,831	-23.6	-30.0	9.2
SG&A expenses . . . . .	26,833	20,460	21,655	-19.3	-23.8	5.8
Operating income or (loss) . . . . .	9,580	5,032	6,176	-35.5	-47.5	22.7
Capital expenditures . . . . .	***	***	***	***	***	***
Unit COGS . . . . .	\$1,558	\$1,463	\$1,551	-0.4	-6.1	6.1
Unit SG&A expenses . . . . .	\$274	\$220	\$228	-16.9	-19.8	3.6
Unit operating income or (loss) . . . . .	\$98	\$54	\$65	-33.6	-44.8	20.2
COGS/sales (1) . . . . .	80.7	84.2	84.1	3.4	3.5	-0.1
Operating income or (loss)/ sales (1) . . . . .	5.1	3.1	3.5	-1.5	-2.0	0.4

(1) "Reported data" are in percent and "period changes" are in percentage points.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

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



**APPENDIX D**  
**PURCHASER QUESTIONNAIRE RESPONSES**





As part of their response to the notice of institution, interested parties were asked to provide a list of three to five leading purchasers in the U.S. market for the domestic like product. A response was received from domestic interested parties and it named the following four firms as the top purchasers of certain steel nails: \*\*\*. Purchaser questionnaires were sent to these four firms and all firms provided responses which are presented below.

1. a.) Have any changes occurred in technology; production methods; or development efforts to produce certain steel nails that affected the availability of certain steel nails in the U.S. market or in the market for certain steel nails in United Arab Emirates since 2012?
- b.) Do you anticipate any changes in technology; production methods; or development efforts to produce certain steel nails that will affect the availability of certain steel nails in the U.S. market or in the market for certain steel nails in United Arab Emirates within a reasonably foreseeable time?

Purchaser	Changes that have occurred	Anticipated changes
***	No.	No.
***	No.	No.
***	No.	No.
***]	No.	Yes. There are a number of start up companies making steel nails in the US and/or North America

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

Purchaser	Changes that have occurred	Anticipated changes
***	No.	No.
***	No.	No.
***	Yes. Availability from specific countries has changed based on countervailing and antidumping duties that have been imposed.	No.
***]	Yes. See 1b.	Yes. See 1b.

3. a.) Have any changes occurred in factors related to the ability to shift supply of certain steel nails among different national markets (including barriers to importation in foreign markets or changes in market demand abroad) that affected the availability of certain steel nails in the U.S. market or in the market for certain steel nails in United Arab Emirates since 2012?

b.) Do you anticipate any changes in factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad) that will affect the availability of certain steel nails in the U.S. market or in the market for certain steel nails in United Arab Emirates within a reasonably foreseeable time?

<b>Purchaser</b>	<b>Changes that have occurred</b>	<b>Anticipated changes</b>
***	No.	No.
***	No.	No.
***	Yes. China has stopped production recently based on air quality control.	No.
***]	Yes. With Mid-Continent's focus upon using AD laws, foreign mills are choosing not to invest in placing production in other countries.	Yes. 3a.

4. a.) Have there been any changes in the end uses and applications of certain steel nails in the U.S. market or in the market for certain steel nails in United Arab Emirates since 2012?

b.) Do you anticipate any changes in the end uses and applications of certain steel nails in the U.S. market or in the market for certain steel nails in United Arab Emirates within a reasonably foreseeable time?

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

5. a.) Have there been any changes in the existence and availability of substitute products for certain steel nails in the U.S. market or in the market for certain steel nails in United Arab Emirates since 2012?

b.) Do you anticipate any changes in the existence and availability of substitute products for certain steel nails in the U.S. market or in the market for certain steel nails in United Arab Emirates within a reasonably foreseeable time?

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

6. a.) Have there been any changes in the level of competition between certain steel nails produced in the United States, certain steel nails produced in United Arab Emirates, and such merchandise from other countries in the U.S. market or in the market for certain steel nails in United Arab Emirates since 2012?

b.) Do you anticipate any changes in the level of competition between certain steel nails produced in the United States, certain steel nails produced in United Arab Emirates, and such merchandise from other countries in the U.S. market or in the market for certain steel nails in United Arab Emirates within a reasonably foreseeable time?

<b>Purchaser</b>	<b>Changes that have occurred</b>	<b>Anticipated changes</b>
***	No.	No.
***	No.	No.
***	Yes. Less availability, more competitive in general since the Order Date.	No.
***]	No.	No.

7. a.) Have there been any changes in the business cycle for certain steel nails in the U.S. market or in the market for certain steel nails in United Arab Emirates since 2012?

b.) Do you anticipate any changes in the business cycle for certain steel nails in the U.S. market or in the market for certain steel nails in United Arab Emirates within a reasonably foreseeable time?

<b>Purchaser</b>	<b>Changes that have occurred</b>	<b>Anticipated changes</b>
***	No.	No.
***	No.	No.
***	Yes. Have not seen steel nails from UAE in the US in some time.	No.
***]	No.	No.

