

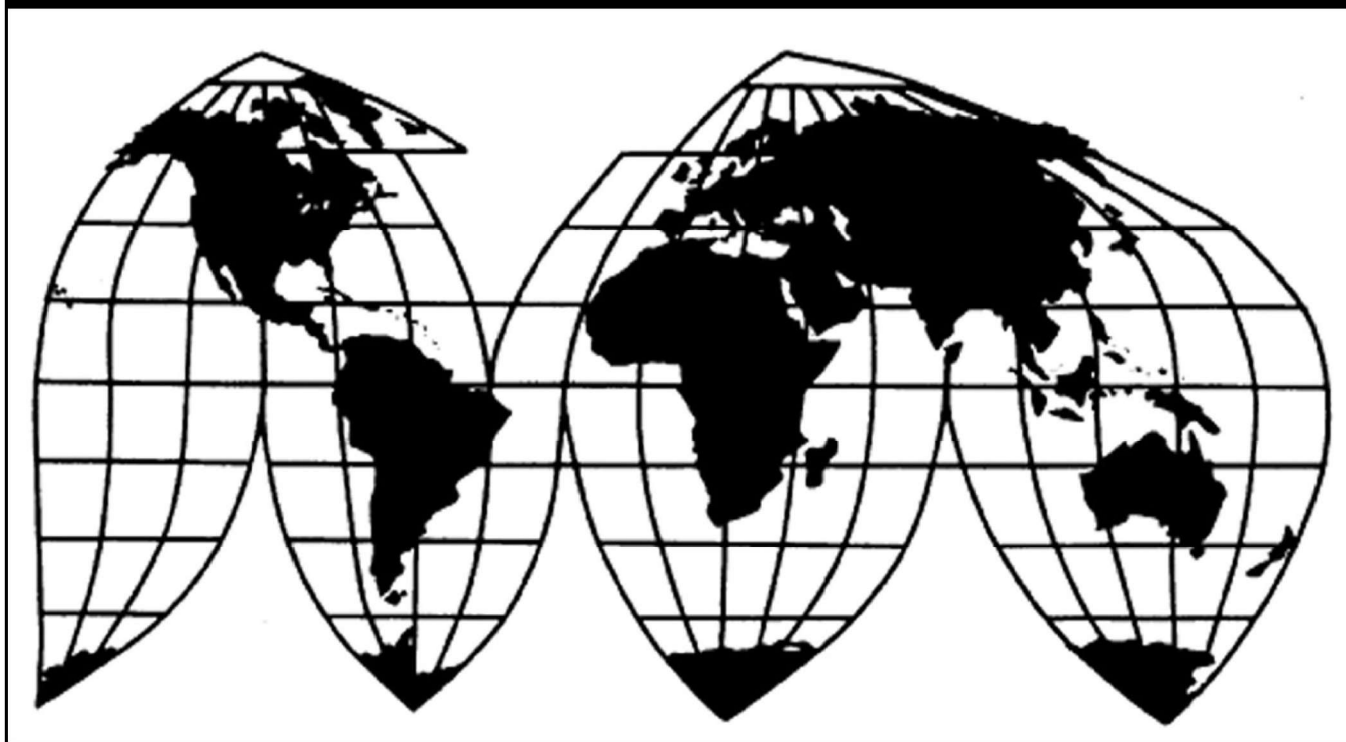
# Steel Nails from China

Investigation No. 731-TA-1114 (Second Review)

Publication 4920

July 2019

**U.S. International Trade Commission**



Washington, DC 20436

# U.S. International Trade Commission

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Note.—Information that would reveal confidential operations of individual concerns may not be published. Such information is identified by brackets in confidential reports and is deleted and replaced with asterisks in public reports.

## UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-1114 (Second Review)  
Steel Nails from China

### 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 China 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 December 3, 2018 (83 FR 62342, December 3, 2018) and determined on April 12, 2019 that it would conduct an expedited review (84 FR 26445, June 6, 2019).

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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 certain steel nails from China would likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>1</sup>

### I. Background

The original investigation was instituted in response to antidumping duty petitions on steel nails from China and the United Arab Emirates (“UAE”) filed on May 29, 2007 by Davis Wire Corp., Gerdau Ameristeel Corp., Maze Nails, Mid Continent Nail Corp., Treasure Coast Fasteners, Inc., and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union.<sup>2</sup> The Commission made a final affirmative determination with respect to subject imports from China in July 2008.<sup>3</sup> Commerce issued an antidumping duty order covering steel nails from China on August 1, 2008.<sup>4</sup>

The Commission instituted its first review on July 1, 2013. After conducting an expedited review, the Commission reached an affirmative determination in December 2013.<sup>5</sup> Effective January 10, 2014, Commerce issued a continuation of the antidumping duty order on imports of steel nails from China.<sup>6</sup>

The Commission instituted this second review on December 3, 2018.<sup>7</sup> Mid Continent Steel & Wire, Inc. (“Mid Continent”), a domestic producer of nails, filed the sole response to the notice of institution. On April 12, 2019, the Commission determined that the domestic

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<sup>1</sup> Due to the lapse in appropriations and ensuing cessation of Commission operations in December 2018 and January 2019, the Commission’s deadline in this review was tolled.

<sup>2</sup> *Certain Steel Nails from China*, Inv. No. 731-TA-1114 (Final), USITC Pub. 4022 (July 2008) (“*Original Determination*”); *Certain Steel Nails from China*, Inv. No. 731-TA-1114 (Final), EDIS Doc. 668195 (“*Confidential Original Determination*”). The Commission terminated the investigation on steel nails from the UAE following a negative final dumping determination from Commerce. *Id.* at 3 n.1.

<sup>3</sup> *Original Determination*, USITC Pub. 4022; *Certain Steel Nails from the People’s Republic of China*, 73 Fed. Reg. 43474 (July 25, 2008).

<sup>4</sup> *Certain Steel Nails from the People’s Republic of China*, 73 Fed. Reg. 44961 (Aug. 1, 2008). Steel nails exported by Chinese producer/exporter Paslode Fasteners (Shanghai) Co. (“Paslode Fasteners”) received a zero dumping margin and hence were excluded from the order. *See id.* at 44963.

<sup>5</sup> *Steel Nails From China*, Inv. No. 731-TA-1114 (Review), USITC Pub. 4442 (Dec. 2013) (“*First Review Determination*”); *Steel Nails From China*, Inv. No. 731-TA-1114 (Review), EDIS Doc. 668211 (“*Confidential First Review Determination*”); *see Steel Nails From China; Determination*, 78 Fed. Reg. 78382 (Dec. 26, 2013); *see also* Confidential Report, Memorandum INV-RR-019 (Apr. 1, 2019) (“CR”), at I-4, Public Report (“PR”) at I-3.

<sup>6</sup> *Continuation of Antidumping Duty Order on Certain Steel Nails From the People’s Republic of China*, 79 Fed. Reg. 1830 (Jan. 10, 2014).

<sup>7</sup> *Steel Nails from China; Institution of a Five-Year Review*, 83 Fed. Reg. 62342 (Dec. 3, 2018).

interested party group response to the notice of institution was adequate and the respondent interested party group response to the notice of institution was inadequate. Finding that no other circumstances warranted conducting a full review, the Commission determined to conduct an expedited review pursuant to section 751(c)(3) of the Tariff Act.<sup>8</sup>

Mid Continent also filed comments on the determination the Commission should reach pursuant to 19 CFR § 207.62(d).<sup>9</sup>

U.S. industry data are based on information Mid Continent submitted in its response to the notice of institution. Mid Continent estimates that it accounted for approximately 50 percent of domestic production of steel nails in 2017.<sup>10</sup> U.S. import data and related information are based on official import statistics of the U.S. Department of Commerce (“Commerce”) as adjusted by \*\*\*.<sup>11</sup> Foreign industry data and related information are based on information Mid Continent submitted, questionnaire responses from the original investigation and prior review, as well as publicly available information gathered by staff.<sup>12</sup>

## II. Domestic Like Product and 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>13</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>14</sup> The Commission’s practice in five-year reviews is to examine the domestic like product definition from the original investigation and consider whether the record indicates any reason to revisit the prior findings.<sup>15</sup>

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<sup>8</sup> Explanation of Commission Determinations on Adequacy, EDIS Doc. 673643 (Apr. 12, 2019).

<sup>9</sup> Mid Continent’s Final Comments, EDIS Doc. 678204 (Jun. 11, 2019). In its Final Comments, Mid Continent indicated it had no additional argument or analysis and rested on its previous submissions.

<sup>10</sup> Mid Continent’s Substantive Response to the Notice of Institution, EDIS Docs. 665625 and 665627 (both filed on Jan. 31, 2019) (“Response”) at 1.

<sup>11</sup> CR at Table I-5.

<sup>12</sup> These include Global Trade Atlas data, which appear in the record in EDIS Doc. 668341 (Feb. 26, 2019). *See also generally* the data tables in CR at Tables I-8 and I-9.

<sup>13</sup> 19 U.S.C. § 1677(4)(A).

<sup>14</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>15</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).

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

{C}ertain 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 proceeding 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. Finished 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 the 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 the order are steel roofing nails of all lengths and diameter, whether collated or in bulk, and whether or not galvanized. Steel roofing nails are specifically enumerated and identified in ASTM Standard F 1667 (2005 revision) as Type I, Style 20 nails. Also excluded from the scope are the following steel nails: 1) Non-collated (*i.e.*, hand-driven 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; and 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; 2) Non-collated (*i.e.*, hand-driven or bulk), steel nails having a bright or galvanized finish, a smooth, barbed or ringed shank, an actual length of 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; 3) 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; and 4) Non-collated (*i.e.*, hand-driven 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.

Also excluded from the scope of the order are corrugated nails. A corrugated nail is made of a small strip of corrugated steel with sharp points on one side. Also excluded from the scope of the order are 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. Also excluded from the scope of the order are thumb tacks, which are currently classified under HTSUS 7317.00.10.00.

Also excluded from the scope of the order are certain brads and finish 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. Also excluded from the scope of the order are 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.<sup>16</sup>

A steel nail is a type of fastener with a sharp point on one end and a flattened head or headless on the other. Nails covered by the scope are produced from low-carbon, stainless, or hardenable medium- to high-carbon steel. They are packaged either in bulk (loose in a container) or collated (joined into strips for use in pneumatic nailing tools). While most nails are produced from a single piece of steel, some are produced from two or more pieces.<sup>17</sup>

In the original investigation, the Commission found a single domestic like product, coextensive with Commerce's scope.<sup>18</sup> In the first five-year review, the Commission also defined a single domestic like product coextensive with Commerce's scope definition.<sup>19</sup>

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<sup>16</sup> *Steel Nails from the People's Republic of China: Final Results of Expedited Sunset Review of the Antidumping Duty Order*, 84 Fed. Reg. 22449, 22449-50 (May 17, 2019). The scope definition set out above is the same as that in the first review but different from Commerce's scope definition in the original investigation. Shortly after the original investigation, Commerce initiated a changed circumstances review at Mid Continent's request and as a result revoked the order with regard to four specific products, which correspond to the four specific product exclusions referenced in the second paragraph of the scope definition quoted above. *Certain Steel Nails From the People's Republic of China: Final Results of Antidumping Duty Changed Circumstances Review*, 76 Fed. Reg. 30101 (May 24, 2011).

<sup>17</sup> CR at I-12, PR at I-6.

<sup>18</sup> *Original Determination*, USITC Pub. 4022 at 5-6. The Commission found that steel nails, whether used by the construction industry, woodworkers, or other sectors, share certain general physical characteristic and uses, are interchangeable in most end uses, are sold to end users and distributors, are produced by similar production processes, and are generally perceived to be similar products. *Id.* at 6.

<sup>19</sup> As indicated above, the scope was modified from that of the original investigation. Mid Continent, the sole party participating in the first review, did not seek a different domestic like product definition, and there was no new information obtained during the review that suggested any reason to (Continued...)

In this second five-year review, Mid Continent agrees with the Commission's definition of the domestic like product from the prior proceedings.<sup>20</sup> The record contains no information suggesting that the characteristics and uses of domestically produced steel nails have changed since the prior proceedings which would warrant revisiting the definition.<sup>21</sup> Therefore, we define a single domestic like product of steel nails, coextensive with Commerce's scope definition.

## **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>22</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 determination, the Commission excluded three domestic producers, Senco, Stanley Fastening Systems, and Specialty Fastening, from the domestic industry pursuant to the related parties provision.<sup>23</sup> In the first review, the Commission identified no related party issues among the responding domestic producers, and defined the domestic industry to include all domestic producers of steel nails.<sup>24</sup>

There are no related party or other domestic industry issues in this review.<sup>25</sup> Accordingly, we define the domestic industry to include all domestic producers of steel nails.

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(...Continued)

revisit the Commission's domestic like product definition in the original determination. *First Review Determination*, USITC Pub. 4442 at 5-6.

<sup>20</sup> Response at 6, Exhibit 1 at 2.

<sup>21</sup> See generally CR at I-12 – I-15, PR at I-6 – I-8.

<sup>22</sup> 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable 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>23</sup> *Original Determination*, USITC Pub. 4022 at 7-8. The Commission found that appropriate circumstances did not exist to exclude two other producers from the domestic industry as related parties. *Id.* at 11-12.

<sup>24</sup> *First Review Determination*, USITC Pub. 4442 at 7.

<sup>25</sup> Mid Continent contends that the Commission should define the domestic industry as it did in the prior review. Response at 6 and Ex. 1. It indicates that it neither imported nor was affiliated with an exporter of subject merchandise during the period of review. See *id.* at 5. See also CR at I-21, PR at I-12.

### 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>26</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>27</sup> Thus, the likelihood standard is prospective in nature.<sup>28</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>29</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

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<sup>26</sup> 19 U.S.C. § 1675a(a).

<sup>27</sup> Uruguay Round Agreements Act Statement of Administrative Action, H.R. Doc. 103-316, vol. I at 883-84 (1994) (“SAA”). 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 investigations that were never completed.” *Id.* at 883.

<sup>28</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>29</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’”).

time.”<sup>30</sup> According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original investigations.”<sup>31</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>32</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 the orders are 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>33</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>34</sup>

In evaluating the likely volume of imports of subject merchandise if the order under review is revoked, 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>35</sup> 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>36</sup>

In evaluating the likely price effects of subject imports if the order under review is revoked, 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

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<sup>30</sup> 19 U.S.C. § 1675a(a)(5).

<sup>31</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>32</sup> 19 U.S.C. § 1675a(a)(1).

<sup>33</sup> 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings with respect to the subject order. *See generally* CR at I-7, PR at I-6.

<sup>34</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>35</sup> 19 U.S.C. § 1675a(a)(2).

<sup>36</sup> 19 U.S.C. § 1675a(a)(2)(A-D).

subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.<sup>37</sup>

In evaluating the likely impact of imports of subject merchandise if the order under review is revoked, 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>38</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 order under review and whether the industry is vulnerable to material injury upon revocation.<sup>39</sup>

No respondent interested party participated in this expedited review. The record, therefore, contains limited information with respect to the steel nail industry in China. There is also limited information regarding the steel nail market in the United States during the period of review. Accordingly, for our determination, we rely on the facts available from the prior proceedings and the new information on the record in this five-year review, including data submitted in the response to the notice of institution.

## **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>40</sup> The following conditions of competition inform our determination.

***Demand Conditions.*** In the original investigation, the Commission found that steel nails were used primarily in the construction and industrial sectors. The primary uses in construction involved the building of houses and other structures, and the primary uses in industrial sectors

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<sup>37</sup> See 19 U.S.C. § 1675a(a)(3). The SAA states that “{c}onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

<sup>38</sup> 19 U.S.C. § 1675a(a)(4).

<sup>39</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>40</sup> 19 U.S.C. § 1675a(a)(4).



were the manufacture of shipping crates and pallets. Nails were packaged either in bulk or collated form, and the Commission observed a shift in sales from bulk nails to collated nails during the original period of investigation (“POI”). The Commission found that demand for steel nails was largely determined by the size of the residential and commercial construction markets, the largest end users of steel nails.<sup>41</sup>

In the expedited first review, the Commission found that U.S. demand for steel nails was still influenced by activity in the residential and commercial construction and industrial markets.<sup>42</sup> Likewise, in this review, there is no information indicating that the conditions of competition that influence demand for steel nails have changed significantly since the original investigation.<sup>43</sup>

In the original investigation, apparent U.S. consumption of steel nails declined steadily from 1.2 million short tons in 2005 to 912,175 short tons in 2007.<sup>44</sup> In the expedited first review, apparent U.S. consumption in 2012 was lower than during the original investigation.<sup>45</sup>

In the current review, apparent U.S. consumption was higher than in the first review: \*\*\* short tons in 2017, compared with \*\*\* short tons in 2012.<sup>46</sup> Mid Continent attributes the greater apparent U.S. consumption since the first review to increases in both U.S. housing starts and the value of residential and non-residential construction.<sup>47</sup>

**Supply Conditions.** In the original investigation, the Commission observed that, historically, the domestic industry supplied only a portion of the U.S. steel nails market, with the remainder being supplied by imports.<sup>48</sup> The Commission found that 17 domestic producers accounted for \*\*\* U.S. production of steel nails and that the domestic industry had substantial and increasing excess capacity, largely due to a decline in production during the POI.<sup>49</sup> In the first review, the Commission observed that the domestic industry had undergone further consolidation and restructuring.<sup>50</sup>

During the original investigation, the included domestic industry’s share of the U.S. market declined steadily, from \*\*\* percent in 2005 to \*\*\* percent in 2007, while subject imports increased their share of the U.S. market from \*\*\* percent in 2005 to \*\*\* percent in

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<sup>41</sup> *Original Determination*, USITC Pub. 4022 at 14.

<sup>42</sup> *First Review Determination*, USITC Pub. 4442 at 10.

<sup>43</sup> Mid Continent contends that demand for steel nails continues to be tied to conditions in the construction and housing markets. Response at 27-28.

<sup>44</sup> *Original Determination*, USITC Pub. 4022 at 14-15.

<sup>45</sup> *First Review Determination*, USITC Pub. 4442 at 10-11. U.S. housing starts, a major factor influencing overall U.S. demand for nails, declined in 2008 and by June 2013 remained at levels below those in beginning of 2008 despite intervening increases. *First Review Determination*, USITC Pub. 4442 at 10.

<sup>46</sup> CR/PR at Table I-6.

<sup>47</sup> Response at 29-30.

<sup>48</sup> *Original Determination*, USITC Pub. 4022 at 15.

<sup>49</sup> *Original Determination*, USITC Pub. 4022 at 15; *Confidential Original Determination*, EDIS Doc. 668195 at 20; CR/PR at Table C-2.

<sup>50</sup> *First Review Determination*, USITC Pub. 4442 at 11.

2007. Nonsubject imports' share of the U.S. market decreased steadily, from \*\*\* percent in 2005 to \*\*\* percent in 2007.<sup>51</sup> During 2012, the domestic industry had \*\*\* percent of apparent U.S. consumption, subject imports \*\*\* percent, and nonsubject imports \*\*\* percent.<sup>52</sup> The Commission observed that steel nails from the UAE had become subject to an antidumping duty order in 2012.<sup>53</sup>

In the current review, the U.S. industry has experienced additional restructuring, with one firm shutting operations;<sup>54</sup> Mid Continent identified 13 known and currently operating U.S. producers.<sup>55</sup> Mid Continent, the sole responding domestic producer, accounted for \*\*\* percent of apparent U.S. consumption during 2017.<sup>56</sup>

In 2017, subject imports were the second largest source of supply to the U.S. market, holding \*\*\* percent of reported apparent U.S. consumption. Nonsubject imports, the largest source of supply, accounted for \*\*\* percent of reported apparent U.S. consumption in 2017.<sup>57</sup> Nonsubject sources during the period of review include Paslode Fasteners, the steel nail producer from China not subject to the antidumping duty order; in 2017, this producer held \*\*\* percent of apparent U.S. consumption.<sup>58</sup> Nonsubject sources also include imports from the UAE, which remain subject to an antidumping duty order, imports from Korea, Oman, Taiwan, and Malaysia, which became subject to antidumping duty orders in 2015, and imports from Vietnam, which became subject to an antidumping duty order and a countervailing duty order in 2015.<sup>59</sup> Mid Continent identified India and Turkey as other principal nonsubject sources.<sup>60</sup>

***Substitutability and Other Conditions.*** In the original investigation and first expedited review, the Commission found that steel nails, regardless of where they were produced, were generally interchangeable within each type, size, and finish. The majority of responding U.S. producers, importers, and purchasers stated that there was a high degree of substitutability

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<sup>51</sup> *Original Determination*, USITC Pub. 4022 at 15; *Confidential Original Determination* at 21.

<sup>52</sup> Confidential Report, Memorandum INV-LL-099 (Nov. 20, 2013) at Table I-7.

<sup>53</sup> *First Review Determination*, USITC Pub. 4442 at 11-12; *Confidential First Review Determination* at 15-16.

<sup>54</sup> CR at I-17, PR at I-13. In early 2015, Davis Wire Corp. closed all operations at its Puebla, Colorado plant.

<sup>55</sup> CR at I-17, PR at I-13.

<sup>56</sup> CR/PR at Table I-7. Mid Continent estimates that it accounted for approximately 50 percent of total domestic steel nail production in 2017. CR/PR at Table I-1. Because Mid Continent was the sole domestic producer to respond to the notice of institution, domestic industry shipments and hence, apparent consumption, may be under reported. Consequently, their reported shares of apparent consumption may be overstated.

<sup>57</sup> CR/PR at Table I-7.

<sup>58</sup> CR/PR at Table I-7.

<sup>59</sup> *Certain Steel Nails From the Republic of Korea, Malaysia, the Sultanate of Oman, Taiwan, and the Socialist Republic of Vietnam: Antidumping Duty Orders*, 80 Fed. Reg. 39994 (July 13, 2015); *Certain Steel Nails From the Socialist Republic of Vietnam: Countervailing Duty Order*, 80 Fed. Reg. 41006 (July 14, 2015). See generally Response at 10.

<sup>60</sup> Response at 47.

between U.S. steel nails and subject imports.<sup>61</sup> They also reported that there were no direct substitutes for nails and that any substitute fastening product would be usable only in certain specific applications.<sup>62</sup> Additionally, the Commission found that price was the single factor that most affected purchasing decisions provided the nails met the specifications required for the specific end use.<sup>63</sup>

There is no additional information available in this review to indicate that the substitutability between subject and domestic steel nails or the interchangeability of steel nails regardless of source has changed since the original investigation. Accordingly, we again find that there is generally a high degree of substitutability between domestic and subject steel nails and that price continues to be an important factor in purchasing decisions.

Mid Continent observes that wire rod accounts for 60 to 65 percent of the domestic industry's cost of goods sold ("COGS") and has a direct impact on the price of steel nails.<sup>64</sup> It asserts that tariffs imposed under section 232 of the Trade Expansion Act of 1962<sup>65</sup> ("section 232 tariffs") apply to its inputs.<sup>66</sup> Section 232 tariffs do not apply to imported steel nails.<sup>67</sup> As a result, Mid Continent asserts that while the domestic industry's costs have increased, its ability to pass those cost increases on to the market are constrained.<sup>68</sup>

Since 2018, additional tariffs have been levied on subject imports pursuant to Section 301 of the Trade Act of 1974<sup>69</sup> ("section 301 tariffs"). At the time of the record closing, steel nails within the scope definition were subject to section 301 tariffs at an *ad valorem* duty rate of 10 percent, and an increase to 25 percent had been postponed.<sup>70</sup>

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<sup>61</sup> *Original Determination*, USITC Pub. 4022 at 16.

<sup>62</sup> *Original Determination*, USITC Pub. 4022 at 16.

<sup>63</sup> *Original Determination*, USITC Pub. 4022 at 15-16; *First Review Determination*, USITC Pub. 4442 at 12.

<sup>64</sup> Response at 32.

<sup>65</sup> 19 U.S.C. § 1862.

<sup>66</sup> Response at 33.

<sup>67</sup> CR at I-11, PR at I-9.

<sup>68</sup> Response at 35.

<sup>69</sup> 19 U.S.C. § 2411.

<sup>70</sup> CR at I-11, PR at I-9. In December 2018, the United States Trade Representative had scheduled the increase to take place on March 2, 2019. *Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 83 Fed. Reg. 65198 (Dec. 19, 2018). In March 2019, this action was again modified so that the duty would remain at 10 percent until further notice. *China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 84 Fed. Reg. 7966 (Mar. 5, 2019) (notice of modification of Section 301 Action). Subsequently, the rate of Section 301 tariffs was increased to 25 percent *ad valorem*. *China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 84 Fed. Reg. 20459 (May 9, 2019) (notice of modification of Section 301 Action).

### C. Likely Volume of Subject Imports

**Original Investigation.** In the original investigation, the Commission found that subject imports accounted for a large and increasing share of apparent U.S. consumption and increased relative to U.S. production during the POI. Subject import volume increased from 2005 to 2007, notwithstanding a decline from 2006 to 2007.<sup>71</sup> Subject import market share increased steadily from \*\*\* percent in 2005 to \*\*\* percent in 2006 and \*\*\* percent in 2007, and the ratio of subject imports to U.S. production also rose steadily during the POI.<sup>72</sup> The Commission found that subject imports gained market share largely at the expense of the domestic industry. As subject imports increased their market share from 2005 to 2007, domestic producers' market share declined steadily from \*\*\* percent in 2005 to \*\*\* percent in 2007. The Commission found that nonsubject imports also declined during the POI, both in absolute terms and relative to U.S. consumption. The Commission found the volume of subject imports to be significant, both in absolute terms and relative to consumption and production in the United States.<sup>73</sup>

**First Review.** In the expedited first review, the Commission found that the volume of subject imports had declined significantly since the imposition of the order. Although there was no information on the record concerning the levels of production capacity in China, available data suggested that subject producers continued to manufacture steel nails and were highly export oriented. The Commission also found that China was the largest exporter of nails, tacks, and staples (a category that included merchandise outside the scope of the review) since the original investigation and the United States had been China's largest export market for nails, tacks, and staples since 2008.<sup>74</sup> The Commission found that the steel nail industry in China had the ability to increase exports of subject merchandise to the United States upon revocation, as it did during the original investigation. The Commission similarly found that the steel nail industry in China had the incentive to do so because the United States was the world's largest importer of nails, tacks, and staples, thus making it a highly attractive export market for producers of steel nails in China, and there were barriers to the importation of subject merchandise into countries other than the United States.<sup>75</sup>

In light of these considerations, the Commission found that the subject producers were likely, absent the restraining effects of the order, to direct increasing volumes of steel nails to the U.S. market, as they did during the original POI. Accordingly, the Commission found that

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<sup>71</sup> *Original Determination*, USITC Pub. 4022 at 16-17. The Commission observed that the 2007 decrease in the volume of subject imports was attributable to the pendency of the original investigation.

<sup>72</sup> *Original Determination*, USITC Pub. 4022 at 17; *Confidential Original Determination* at 22-23.

<sup>73</sup> *Original Determination*, USITC Pub. 4022 at 17; *Confidential Original Determination* at 23.

<sup>74</sup> *First Review Determination*, USITC Pub. 4442 at 13.

<sup>75</sup> *First Review Determination*, USITC Pub. 4442 at 13. Mexico issued an antidumping duty order on concrete steel nails from China in November 2004. New Zealand maintained antidumping duties on imports of steel nails from China since June 3, 2011. The Commission found that, while these orders were not coextensive in scope with the U.S. order, they did have sufficient overlap to constitute a barrier to entry. *Id.*

the likely volume of subject imports, both in absolute terms and relative to consumption in the United States, would be significant if the order were revoked.<sup>76</sup>

**Current Review.** Subject imports have been present in the U.S. market in appreciable, if fluctuating, quantities throughout the period of review. In this review, the information available indicates that the order has had a disciplining effect on the volume of subject imports, which throughout the review period were considerably lower than at the conclusion of the original POI.<sup>77</sup> During the period of review, the quantity of subject imports ranged between an annual low of \*\*\* short tons in 2018 and an annual high of \*\*\* short tons in 2015.<sup>78</sup> By contrast, subject import quantity was \*\*\* short tons in 2007.<sup>79</sup> Subject imports' share was \*\*\* percent in 2017, which was lower than their \*\*\* percent share in 2007.<sup>80</sup>

The record contains no current data specific to subject steel nail capacity or production because subject producers in China failed to participate or furnish information in this review. However, Mid Continent identified 208 Chinese producers of subject steel nails.<sup>81</sup> Moreover, the data available in the record indicate that subject producers continue to be highly export oriented. China has been the world's largest exporter of nails, tacks, and staples (a category that includes both the subject merchandise and merchandise outside the scope of this review) during the period of review.<sup>82</sup> We find that the steel nail industry in China has the ability to increase exports of subject merchandise to the United States upon revocation, as it did during the original investigation, in light of its position as the world's largest exporter of nails, tacks, and staples.<sup>83</sup>

Moreover, the subject producers are likely to increase exports upon revocation in light of their continued interest in the U.S. market. As discussed above, subject imports were present in the U.S. market in appreciable quantities throughout the period of review.<sup>84</sup> Indeed, the United States was China's largest export market for nails, tacks, and staples during the period of review.<sup>85</sup> Moreover, the United States is the world's largest importer of nails, tacks and staples, thus making it a highly attractive export market for producers of steel nails in China.<sup>86</sup> The record also indicates that there is a barrier to the importation of subject

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<sup>76</sup> *First Review Determination*, USITC Pub. 4442 at 13-14.

<sup>77</sup> *See, e.g.*, CR at Table I-6.

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

<sup>79</sup> CR/PR at Table I-6.

<sup>80</sup> CR/PR at Table I-7.

<sup>81</sup> CR at I-25, PR at I-19.

<sup>82</sup> CR/PR at Table I-8. The data in Table I-8 are for HTS heading 7317, which encompasses a broader range of nails and fasteners than covered by the scope of this review. *Id.*

<sup>83</sup> CR/PR at Table I-9

<sup>84</sup> CR/PR at Tables I-8, I-9.

<sup>85</sup> CR/PR at Table I-8, CR at I-25, PR at I-21.

<sup>86</sup> CR/PR at Table I-8.

merchandise into a country other than the United States. Mexico currently maintains antidumping duties on certain steel nails from China.<sup>87</sup>

In light of these considerations, we find that the subject producers are likely, absent the restraining effects of the order, to direct increasing volumes of steel nails to the U.S. market, as they did during the original POI.<sup>88</sup> We find that the likely volume of subject imports, both in absolute terms and relative to consumption in the United States, would be significant if the order were revoked.<sup>89</sup>

#### **D. Likely Price Effects**

**Original Investigation.** In the original investigation, the Commission found that imports of steel nails from China had significant effects on domestic prices. The Commission found that price was generally the most important factor affecting purchasing decisions, but acknowledged that the record showed the majority of responding importers reported that non-price differences were sometimes important.<sup>90</sup> The Commission observed that the record showed subject imports underselling domestic nails in 41 out of 84 comparisons at margins ranging up to 32.1 percent. In addition, approximately 82 percent of responding purchasers reported that subject imports were priced lower than domestic steel nails.<sup>91</sup> In light of these facts and the high degree of substitutability of the domestic like product and the subject imports, the Commission found the underselling to be significant. The Commission concluded that the record as a whole demonstrated that subject imports depressed domestic prices to a significant degree in light of price declines from 2005 to the first half of 2007.<sup>92</sup> Thus, the Commission found that subject imports had significant effects on domestic prices.<sup>93</sup>

**First Review.** In the expedited first review, the Commission found that subject imports continued to be close substitutes for domestic steel nails and that price continued to be an important factor in purchasing decisions. Because of its expedited nature, the record of the first review contained no pricing comparisons. The Commission found that the significant

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<sup>87</sup> Mexico issued an antidumping duty order on concrete steel nails from China in November 29, 2004. CR at I-27 – I-28, PR at I-22 – I-23.

<sup>88</sup> Because of the expedited nature of the review, the Commission has no data on the record concerning inventories of subject merchandise or the potential for product shifting.

<sup>89</sup> None of the purchasers responding to the Commission's questionnaires reported that Section 301 tariffs have impacted the conditions of competition for steel nails, nor that they anticipate such impact in the future. See CR/PR at App. D.

<sup>90</sup> *Original Determination*, USITC Pub. 4022 at 17-18.

<sup>91</sup> *Original Determination*, USITC Pub. 4022 at 18.

<sup>92</sup> *Original Determination*, USITC Pub. 4022 at 19-20. The Commission found that price increases in the second half of 2007 were related to the filing of the petition. See *also id.* at 20 nn.30-32 (discussing observations that the domestic industry was barely able to cover its increases in unit COGS during the POI and a finding by three Commissioners that subject imports to a limited extent prevented domestic price increases that would otherwise have occurred).

<sup>93</sup> *Original Determination*, USITC Pub. 4022 at 20.

underselling observed during the original investigation would likely recur if the antidumping duty order was revoked. This in turn would likely cause the domestic producers to cut prices or restrain price increases to avoid losing sales. Accordingly, the Commission concluded that the subject imports would likely undersell the domestic like product to gain market share and would likely have significant effects on the price of the domestic like product if the antidumping duty order was revoked.<sup>94</sup>

**Current Review.** We find that subject imports continue to be close substitutes for domestic steel nails and that price continues to be an important factor in purchasing decisions. Because of the expedited nature of this review, the record does not contain new pricing data. We find that significant underselling observed during the original investigation would likely recur if the antidumping order was revoked. This in turn would likely cause the domestic producers to cut prices or restrain price increases to avoid losing sales. Accordingly, we conclude that the subject imports would likely undersell the domestic like product to gain market share and would likely have significant effects on the price of the domestic like product if the antidumping duty order was revoked.

## E. Likely Impact

**Original Investigation.** In the original investigation, the Commission found that the domestic industry's production, capacity utilization, shipments, and net sales quantity and value all declined overall during the POI. Domestic producers' U.S. production and U.S. shipments of steel nails declined each year from 2005 to 2007.<sup>95</sup> Capacity declined from 2005 to 2007, and capacity utilization followed production and shipment trends, declining steadily throughout the POI.<sup>96</sup> Domestic producers' inventories decreased over the POI in absolute terms, but increased during the POI when measured as a share of U.S. shipments.<sup>97</sup> The average number of production and related workers, hours worked, and wages paid also declined from 2005 to 2007.<sup>98</sup>

The Commission also found that the domestic industry's financial indicators declined steadily over the POI. In particular, the domestic industry experienced a cost/price squeeze over the POI, as reflected in an increase in the ratio of COGS to net sales.<sup>99</sup> Operating income declined in each year of the POI, with the largest decline reported between 2005 and 2006, coinciding with an increase in subject imports.<sup>100</sup> The domestic industry's ratio of operating income to net sales declined from \*\*\* percent in 2005 to \*\*\* percent in 2006 and \*\*\* percent in 2007.<sup>101</sup>

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<sup>94</sup> *First Review Determination*, USITC Pub. 4442 at 14.

<sup>95</sup> *Original Determination*, USITC Pub. 4022 at 21.

<sup>96</sup> *Original Determination*, USITC Pub. 4022 at 21.

<sup>97</sup> *Original Determination*, USITC Pub. 4022 at 21.

<sup>98</sup> *Original Determination*, USITC Pub. 4022 at 21.

<sup>99</sup> *Original Determination*, USITC Pub. 4022 at 22.

<sup>100</sup> *Original Determination*, USITC Pub. 4022 at 21-22.

<sup>101</sup> *Original Determination*, USITC Pub. 4022 at 21-22; *Confidential Original Determination* at 30.

The Commission concluded that subject imports had an adverse impact on the condition of the domestic industry during the POI. It found that the subject imports gained market share at the expense of the domestic industry, undersold the domestic like product, and depressed prices to a significant degree. The Commission further concluded that the depressed prices and reduced sales volumes caused declines in the domestic industry's financial performance over the POI.<sup>102</sup>

**First Review.** During the first review, the Commission concluded that the limited record was insufficient for it to make a finding as to whether the domestic industry was vulnerable to the continuation or recurrence of material injury in the event of revocation of the order. However, based on the information on the record, the Commission found that should the order be revoked, the likely significant volume and price effects of the subject imports would likely have a significant impact on the production, shipments, sales, market share, and revenues of the domestic industry.<sup>103</sup> The Commission found that these declines would likely have a direct adverse impact on the domestic industry's profitability.<sup>104</sup>

In its non-attribution analysis, the Commission acknowledged that nonsubject imports had been present in increasing quantities in the U.S. market since the order was imposed.<sup>105</sup> It found that, upon revocation, the significant volume of subject imports would likely take market share from both the domestic industry and the nonsubject imports, and would likely reduce overall price levels in the U.S. market, as they did during the original investigation.<sup>106</sup> Accordingly, the Commission concluded that, if the antidumping duty order were revoked, subject imports would likely have a significant impact on the domestic industry within a reasonably foreseeable time.<sup>107</sup>

**Current Review.** The information available concerning the domestic industry's condition in this review consists of the data that Mid Continent provided in response to the notice of institution. In 2017, Mid Continent's capacity was \*\*\* short tons.<sup>108</sup> Reported production was \*\*\* short tons in 2017; accordingly, capacity utilization was \*\*\* percent.<sup>109</sup> U.S. shipments were \*\*\* short tons in 2017.<sup>110</sup> Mid Continent reported an operating income of \$\*\*\* from sales of \$\*\*\*, resulting in an operating income margin of \*\*\* percent in 2017.<sup>111</sup> As previously discussed, its market share in 2017 was \*\*\* percent.<sup>112</sup>

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<sup>102</sup> *Original Determination*, USITC Pub. 4022 at 23.

<sup>103</sup> *First Review Determination*, USITC Pub. 4442 at 16.

<sup>104</sup> *First Review Determination*, USITC Pub. 4442 at 16.

<sup>105</sup> *First Review Determination*, USITC Pub. 4442 at 16.

<sup>106</sup> *First Review Determination*, USITC Pub. 4442 at 16.

<sup>107</sup> *First Review Determination*, USITC Pub. 4442 at 16.

<sup>108</sup> CR/PR at Table I-4.

<sup>109</sup> CR/PR at Table I-4.

<sup>110</sup> CR/PR at Table I-4.

<sup>111</sup> CR/PR at Table I-4. By contrast, the operating income margin for reporting producers included in the domestic industry was higher in both 2007 (when it was \*\*\* percent) and 2012 (when it was \*\*\* percent). *Id.*

<sup>112</sup> CR/PR at Table I-7.



The limited record is insufficient for us to make a finding as to whether the domestic industry is vulnerable to the continuation or recurrence of material injury in the event of revocation of the order.

Based on the information on the record, we find that should the order be revoked, the likely significant volume and price effects of the subject imports would likely have a significant adverse impact on the domestic industry's production, shipments, sales, market share, and revenues. These declines would likely have a direct adverse impact on the domestic industry's profitability.

We also have considered the role of factors other than subject imports, including the presence of nonsubject imports, so as not to attribute injury from other factors to the subject imports. Nonsubject imports have been present in increasing quantities in the U.S. market during the period of review and accounted for \*\*\* percent of apparent U.S. consumption during 2017.<sup>113</sup> In light of the general interchangeability of nails from all sources, we find that upon revocation the significant volume of subject imports would again likely take market share from the domestic industry irrespective of the large volume of nonsubject imports, as they did during the original investigation. Consequently, the subject imports would likely have adverse effects distinct from any that may be caused by nonsubject imports.

Accordingly, we conclude that, if the antidumping duty order were revoked, subject imports would likely have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

#### **IV. Conclusion**

For the above reasons, we determine that revocation of the antidumping duty order on steel nails from China 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>113</sup> CR/PR at Table I-7.



## INFORMATION OBTAINED IN THIS REVIEW

### BACKGROUND

On December 3, 2018, 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 the antidumping duty order on steel nails from China 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:<sup>5</sup>

Effective date	Action
December 1, 2018	Notice of initiation by Commerce (83 FR 62296, December 3, 2018)
December 3, 2018	Notice of institution by Commission (83 FR 62296, December 3, 2018)
April 12, 2019	Commission’s vote on adequacy
May 17, 2019	Commerce’s results of its expedited review
July 12, 2019	Commission’s determination and views

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

<sup>2</sup> *Steel Nails From China; Institution of a Five-Year Review*, 83 FR 62342, December 3, 2018. 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. *Initiation of Five-Year (Sunset) Reviews*, 83 FR 62296, December 3, 2018. 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.

<sup>5</sup> Due to the lapse in appropriations and ensuing cessation of Commission operations, all import injury reviews conducted under authority of Title VII of the Tariff Act of 1930 accordingly have been tolled pursuant to 19 U.S.C. SS 1675 (c) (5). The Commission’s deadlines in the tabulation reflect a 35-day toll.

## 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 Mid Continent Steel & Wire, Inc. (“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—Mid Continent	1	50% <sup>1</sup>

<sup>1</sup> In its response to the notice of institution, the domestic interested party estimated that it accounts for this share of total U.S. production of steel nails during 2017. *Domestic Interested Party’s Response to the Notice of Institution*, January 2, 2019, exhibit 1, p. 2.

### Party comments on adequacy

The Commission received one submission from parties commenting on the adequacy of responses to the notice of institution and whether the Commission should conduct an expedited or full review. The submission was filed on behalf of the domestic interested party, Mid Continent.

The domestic interested party submits that its substantive response to the notice of institution is adequate on an individual and group basis, as it responded to each of the items specified in the notice and it accounts for approximately 50 percent of U.S. production of steel nails. The domestic interested party argues that the Commission should find the respondent interested party group response to be inadequate since there was no 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 last five-year review, the domestic party requests that the Commission conduct an expedited review of the antidumping duty order on steel nails from China.<sup>6</sup>

## THE ORIGINAL INVESTIGATIONS AND SUBSEQUENT REVIEW

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<sup>6</sup> *Domestic Interested Party’s Comments on Adequacy*, March 4, 2019, pp. 2 and 4.

## The original investigations

The original investigations resulted from petitions filed on May 29, 2007 with Commerce and the Commission by five U.S. producers of steel nails alleging that an industry in the United States was materially injured or threatened with material injury by reason of less-than-fair-value (“LTFV”) imports of steel nails from China and the United Arab Emirates (“UAE”).<sup>7</sup> <sup>8</sup> On June 16, 2008, Commerce determined that imports of steel nails from China were being sold at less than fair value (“LTFV”). Commerce determined that exports from ITW’s related Chinese producer ITW Paslode Fasteners (Shanghai) were not sold at LTFV.<sup>9</sup> On July 21, 2008, the Commission issued its determination that an industry in the United States was materially injured by reason of LTFV imports of steel nails from China.<sup>10</sup> Commerce issued its antidumping duty order of steel nails from China on August 1, 2008.<sup>11</sup>

## The first five-year review

On October 21, 2013, the Commission determined that it would conduct an expedited review of the antidumping duty order on steel nails from China.<sup>12</sup> On November 20, 2013, Commerce published its determination that revocation of the antidumping duty order on steel nails from China would be likely to lead to continuation or recurrence of dumping.<sup>13</sup> On December 19, 2013, the Commission notified Commerce of its determination that material injury would be likely to continue or recur within a reasonably foreseeable time.<sup>14</sup> Following affirmative determinations in the five-year reviews by Commerce and the Commission,

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<sup>7</sup> The five petitioner producers were: Davis Wire Corp., Irwindale, California; Gerdau Ameristeel Corp., Tampa, Florida; Maze Nails, Peru, Illinois; Mid Continent Nail Corp., Poplar Bluff, Missouri; and Treasure Coast Fasteners, Inc., Fort Pierce, Florida.

<sup>8</sup> On June 22, 2007, the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union was added as a co-petitioner.

<sup>9</sup> *Certain Steel Nails from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances*, 73 FR 33977, June 16, 2008. On June 16, 2008, Commerce found that certain steel nails from the UAE were not being, or were not likely to be, sold in the United States at LTFV, and thus certain steel nails from the UAE were no longer considered to be subject merchandise. *Certain Steel Nails from the United Arab Emirates: Notice of Final Determination of Sales at Not Less Than Fair Value*, 73 FR 33985, June 16, 2008. Accordingly, the Commission terminated the final phase of its investigation regarding the UAE. *Certain Steel Nails From the United Arab Emirates*, 73 FR 39041, July 8, 2008.

<sup>10</sup> *Certain Steel Nails from China: Determination*, 73 FR 43474, July 25, 2008.

<sup>11</sup> *Notice of Antidumping Duty Order: Certain Steel Nails From the People’s Republic of China*, 73 FR 44961, August 1, 2008.

<sup>12</sup> *Steel Nails From China: Scheduling of an Expedited Five-Year Review Concerning the Antidumping Duty Order on Steel Nails from China*, 78 FR 68472, November 14, 2013.

<sup>13</sup> *Certain Steel Nails From the People’s Republic of China: Final Results of Expedited First Sunset Review of the Antidumping Duty Order*, 78 FR 69644, November 20, 2013.

<sup>14</sup> *Steel Nails From China; Determination*, 78 FR 78382, December 26, 2013.

effective, January 6, 2014, Commerce issued a continuation of the antidumping duty order on imports of steel nails from China.<sup>15</sup>

### **PREVIOUS AND RELATED INVESTIGATIONS**

Steel nails has been the subject of several Commission investigations. A listing of these investigations is presented in table I-2.

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<sup>15</sup> *Certain Steel Nails From the People's Republic of China: Continuation of Antidumping Duty Order*, 79 FR 1830, January 10, 2014.

**Table I-2**  
**Steel nails: Previous and related investigations**

Year petition filed	Inv. number	Product/country	USITC PUB./FR CITE	Action/status
1977	AA1921-189	Steel wire nails/Canada	Pub. 937, Feb. 1979	ITC negative final
1979	731-TA-26	Steel wire nails/Korea	Pub. 1088, Aug. 1980	ITC negative final
1981	731-TA-45-47	Steel wire nails/ Japan, Korea, and Yugoslavia	Pub. 1175, Aug. 1981	ITC negative preliminary for Yugoslavia, terminated investigation for Japan, and AD order issued for Korea (revoked in October 1984)
1982	701-TA-145	Steel wire nails/Korea	47 FR 39549, Sep. 1982	Investigation terminated
1984	TA-201-51	Carbon and certain alloy steel products (including steel wire nails)/Global	Pub. 1553, July 1984	ITC affirmative determination, July 1984
1985	731-TA-266	Steel wire nails/ China, Poland, and Yugoslavia	Pub. 1842, April 1986	Terminated investigations for Poland and Yugoslavia, AD order issued for China (revoked September 1987, retroactive to January 1986)
1987	C-594-701 and C-614-701	Steel wire nails/ New Zealand and Thailand	52 FR 36987 and 52 FR 37196, Oct. 1987	CVD revoked for New Zealand and Thailand in August 1995, (60 FR 40568)
1989	C-557-804	Steel wire nails/Malaysia	54 FR 15534, April 1989	CVD investigation terminated by Commerce (54 FR 36841, September 1989)
1996	731-TA-757-759	Collated roofing nails/China, Korea, and Taiwan	Pub. 3070, Nov. 1997	Terminated investigation for Korea, AD orders issued for China and Taiwan (both AD orders were revoked November 2002)
2001	TA-201-73	Steel (including carbon and alloy steel nails)/Global	Pub. 3479, Dec. 2001	ITC negative determination
2007	731-TA-1114-1115	Steel nails/China and United Arab Emirates	Pub. 4022 July 2008	Terminated investigation for UAE, AD order for China subject to current five-year review
2011	731-TA-1185	Steel nails/United Arab Emirates	Pub. 4321 May 2012	AD order (currently in effect (82 FR 48681))
2014	701-TA-515-521 and 731-1251-1257	Steel nails/India, Korea, Malaysia, Oman, Taiwan, Turkey, and Vietnam	Pub. 4541 July 2015	ITC preliminary negative for India and Turkey, Commerce negative final CVD determination for Oman, Taiwan, Korea, and Malaysia, AD orders currently in effect for Korea, Oman, Malaysia, Taiwan, and Vietnam, CVD order currently in effect for Vietnam

Source: Various *Federal Register* notices and U.S. International Trade Commission publications.

## ACTIONS AT COMMERCE

Commerce has not conducted any changed circumstances reviews, critical circumstances reviews, or issued any anti-circumvention findings since the completion of the last five-year review. In addition, Commerce has not issued duty absorption findings or any company revocations since the imposition of the order. The original order did not include exports from Chinese producer ITW/Paslode Fasteners (Shanghai).

### Scope rulings

Commerce has completed 10 scope rulings concerning the antidumping duty order on imports of steel nails from China. Table I-3 presents these rulings.

**Table I-3**  
**Steel nails: Commerce's scope rulings**

Requestor	Product to be excluded	Commerce ruling	<i>Federal Register cite</i>
Trackers, Inc.	Color coded steel nails	Denied	73 FR 72771, December 1, 2008
Shanghai March Import & Export Co., Ltd.	Horseshoe nails exported by Shanghai March Import & Export Co., Ltd.	Granted	74 FR 49860, September 29, 2009
Itochu Building Products ("IBP")	IBP's plastic cap roofing nails	Denied	75 FR 52311, August 25, 2010
IBP	IBP's plastic cap steel nails	Denied	75 FR 79340, December 20, 2010
IBP	IBP's Grip Rite fasteners	Denied	76 FR 10558, February 25, 2011
Mazel & Co., Inc.	Mazel's roofing nails falling within certain ASTM standard gaps	Denied	76 FR 31301, May 31, 2011
Target Corporation	Steel nails found within toolkits, including those imported by Target Corporation.	Denied	77 FR 46687, August 6, 2012
Cobra Anchors Co. Ltd.	Cobra's zinc anchors	Denied	79 FR 6166, February 3, 2014
Lumber Liquidators Services, LLC	Lumber Liquidators' LCleat Brads	Denied	81 FR 14421, March 17, 2016
Midwest Fastener Corp.	Midwest's strike pin anchors	Denied	84 FR 9295, March 14, 2019

Source: Cited *Federal Register* notices.



## **Current five-year review**

Commerce is conducting an expedited review with respect to steel nails from China and intends to issue the final results of this review based on the facts available not later than May 13, 2019.<sup>16</sup>

### **THE PRODUCT**

#### **Commerce's scope**

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

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 proceeding 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. Finished 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 the 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 the order are steel roofing nails of all lengths and diameter, whether collated or in bulk, and whether or not galvanized. Steel roofing nails are specifically enumerated and identified in ASTM Standard F 1667 (2005 revision) as Type I, Style 20 nails. Also excluded from the scope are the following steel nails: 1) Non-collated (i.e., hand-driven or bulk), two-piece steel nails having plastic or steel

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<sup>16</sup> Letter from Edward Yang, Director, AD/CVD Operations, Enforcement and Compliance, U.S. Department of Commerce to Nannette Christ, February 12, 2019. Phone notes from conversation with \*\*\*, Analyst, Enforcement and Compliance, U.S. Department of Commerce, March 27, 2019.

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; and 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; 2) Non-collated (i.e., hand-driven or bulk), steel nails having a bright or galvanized finish, a smooth, barbed or ringed shank, an actual length of 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; 3) 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; and 4) Non-collated (i.e., hand-driven 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. Also excluded from the scope of the order are corrugated nails. A corrugated nail is made of a small strip of corrugated steel with sharp points on one side. Also excluded from the scope of the order are fasteners suitable for use in power-actuated hand tools, not threaded and threaded, which are currently classified under HTSUS 7317.00.20 and 7317.00.30. Also excluded from the scope of the order are thumb tacks, which are currently classified under HTSUS 7317.00.10.00. Also excluded from the scope of the order are certain brads and finish 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. Also excluded from the scope of the order are 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. While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of the order is dispositive.<sup>17</sup>

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<sup>17</sup> *Certain Steel Nails From the People's Republic of China: Final Results of Expedited First Sunset Review of the Antidumping Duty Order*, 78 FR 69644, November 20, 2013 and *Certain Steel Nails from the People's Republic of China: Issues and Decision Memorandum for the Final Results of Expedited First Sunset Review of the Antidumping Duty Order*, from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Ronald K. Lorentzen, Acting Assistant Secretary for Enforcement and Compliance, November 13, 2013.

## U.S. tariff treatment

Based on the scope set forth by Commerce, steel nails subject to this review are provided for in subheadings 7317.00.55, 7317.00.65, and 7317.00.75<sup>18</sup> of the Harmonized Tariff Schedule of the United States (“HTS”). Commerce’s scope excludes collated roofing nails, which are properly imported under HTS statistical reporting number 7317.00.5501. Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection. Imports classifiable under subheadings 7317.00.55, 7317.00.65, and 7317.00.75 are free of duty when they are the product of normal trade relations (NTR) countries, but imports of steel nails from China are subject to the section 301 tariffs as discussed below.

## Sections 232 and 301 tariff treatment

HTS subheadings 7317.00.55, 7317.00.65, and 7317.00.75 were included among the products imported from China subject to additional tariffs under Section 301 of the Trade Act of 1974. See U.S. notes 20(e) and 20(f), subchapter III of chapter 99 which discusses articles and products from China. For HTS subheading 9903.88.03, the ad valorem duties have an initial 10-percent duty rate.<sup>19</sup> The increase to 25 percent has been postponed until further notice.<sup>20</sup>

HTS subheading 7317.00 was not included in the enumeration of steel mill products that are subject to the additional 25-percent ad valorem Section 232 national-security duties under HTS chapter 99. See U.S. notes 16(a) and 16(b), subchapter III of chapter 99.<sup>21</sup>

## Description and uses<sup>22</sup>

A steel nail is a type of fastener with a sharp point on one end and a flattened head/headless on the other. Although most steel nails are produced of low-carbon steel, nails

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<sup>18</sup> (2019) *Basic edition*, USITC Publication 4862, January 2019, pp. 73-29.

<sup>19</sup> *Notice of Modification of Section 301 Action: China’s Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 83 FR 47974, September 21, 2018.

<sup>20</sup> *Notice of Modification of Section 301 Action: China’s Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 84 FR 65198, December 19, 2018, *Notice of Modification of Section 301 Action: China’s Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 84 FR 7966, March 5, 2019. See U.S. notes 20(e) and 20(f), *HTSUS (2019) Basic edition*, USITC Publication 4862, January 2019, pp. 99-III-21 - 99-III-22, 99-III-40, 99-III-68.

<sup>21</sup> *Imports of Steel Mill Articles (Steel Articles) Under Section 232 of the Trade Expansion Act of 1962, As Amended (19 U.S.C.1862)*, *Presidential Proclamation 9705*, March 8, 2018, 83 FR 11625, March 15, 2018. *HTSUS (2019) Basic edition*, USITC Publication 4862, January 2019, pp. 99-III-5 - 99-III-6.

<sup>22</sup> Unless otherwise noted, this information is based on the following publications: *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Review)*, USITC Publication 4442, December 2013, *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, USITC Publication 4022, July 2008, and *Certain Steel Nails from the United Arab Emirates, Inv. No. 731-TA-1185 (Final)*, USITC Publication 4321, May 2012.

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

### **Manufacturing processes<sup>23</sup>**

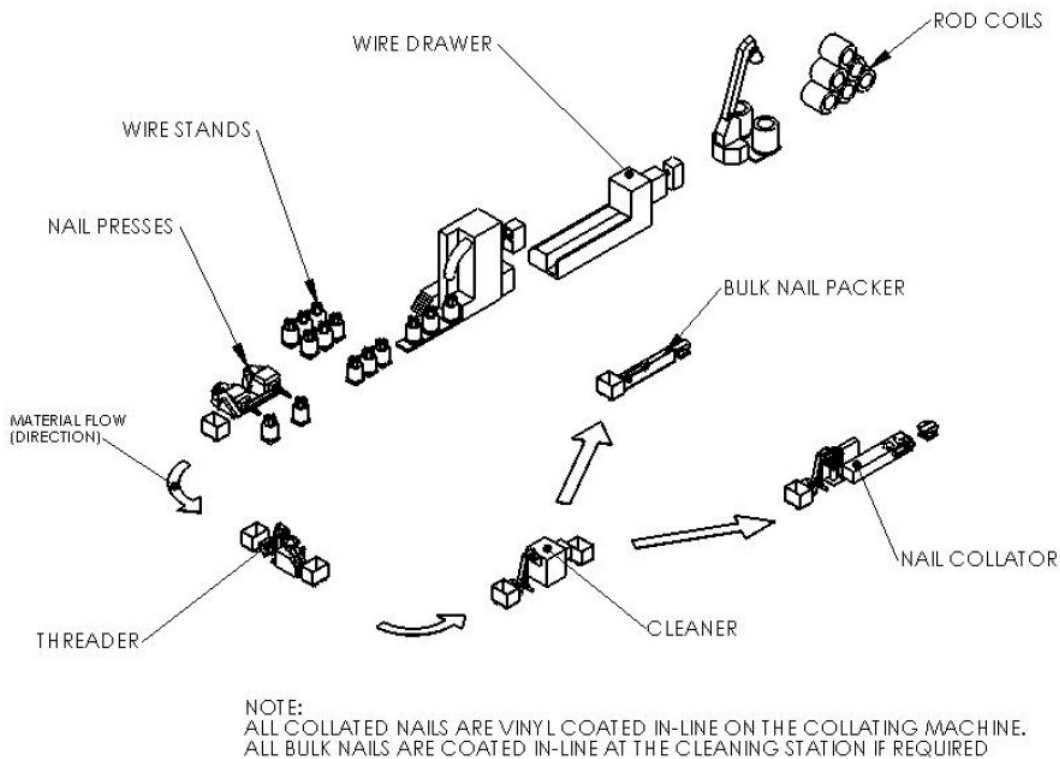
Most steel nails are produced from steel wire, and a small proportion of steel nails are produced from steel plate and referred to as “cut nails.” Some producers of wire nails use purchased steel wire as a starting raw material and are known as nonintegrated producers, whereas some producers utilize their own facilities to produce wire for nails, using steel wire rod as their starting material; these producers are called “integrated producers.” Some integrated producers are further integrated through the steelmaking process, and produce steel wire rod from raw materials such as scrap, pig iron, and ferroalloys.

To produce nails, wire is fed from a large coil into a nail machine that automatically straightens the wire, forms the head of the nail, and cuts the nail from the wire, simultaneously forming the point and ejecting the finished nail. Nail machines are of two general types: one, known as a “cold-heading machine,” holds the wire near its end in gripper dies and forms the head by striking the leading end of the wire, forcing the end of the wire to fill a die cavity of the desired shape. The wire is fed through the grippers, and shape cutters form the point and cut the nail free from the wire coming off the coil. The process is repeated for each individual nail produced by the cold-heading process. In the second type of nail machine, known as a “rotary heading machine,” the wire is fed continuously and cutting rollers cut individual nail blanks, simultaneously forming the point. The nail blanks are then inserted into a die ring and the heads are formed by compression of the end of the nail between the rotating ring and a heading roller. The completed nail is then ejected from the machine. Both types of nail machines are used to produce all styles of nails, and some manufacturers have both types in their facilities. These automatic machines are capable of producing a range of nail sizes and head and point styles by changing tooling and adjustment. Figure I-1 shows the general process for producing steel wire nails.

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<sup>23</sup> Unless otherwise noted, this information is based on the following publications: Certain Steel Nails from China, *Inv. No. 731-TA-1114 (Review)*, USITC Publication 4442, December 2013, Certain Steel Nails from China, *Inv. No. 731-TA-1114 (Final)*, USITC Publication 4022, July 2008, and Certain Steel Nails from the United Arab Emirates, *Inv. No. 731-TA-1185 (Final)*, USITC Publication 4321, May 2012.

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



Source: Kelley Drye & Warren.

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

After forming, nails are tumbled on themselves in rotating drums to remove particles of head flash and the whiskers, which often remain on the cut and pointed ends. The same drum may contain a medium (such as sawdust) which effects cleaning and polishing of the nails during tumbling, otherwise the tumbled nails can be transferred to units that clean the nails with solvents or vapor degreasers. After tumbling and cleaning, the nails may be given subsequent processing, such as painting, resin coating, or galvanizing. Finally, nails for use in pneumatic nailing tools are processed through automatic equipment to collate the nails using paper strips, plastic strips, fine steel wire, or adhesive; nails for hand-driving are packaged in bulk (loose) in cartons or other containers.

Cut nails are produced from 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 on pallets.

Steel nails are produced to certain industry specifications, notably those of the ICC Evaluation Service (“ICC-ES”) and the American Society for Testing and Materials (“ASTM”). The ICC-ES does technical evaluation of reports on building products, components, methods, and materials. The evaluation reports are used as evidence that the products and system are code-compliant, with the most relevant report to steel nails being ESR-1539.<sup>24</sup> The ASTM is an international standards organization and ASTM 1667<sup>25</sup> includes the technical specification for steel nails.

## THE INDUSTRY IN THE UNITED STATES

### U.S. producers

During the final phase of the original investigations, the Commission received U.S. producer questionnaires from 15 firms, which accounted for nearly all of U.S. production of steel nails during 2007.<sup>26</sup> In the original investigation, the Commission issued questionnaires to the 15 producers cited in the petition, and received questionnaire responses with usable data from all 5 petitioners, from 8 of the other 10 firms identified in the petition, and from 2 other firms that were identified after receiving the petition.<sup>27</sup> The five petitioners in the original investigation together accounted for \*\*\* percent of reported U.S. production of the domestic like product in 2007.<sup>28</sup>

During the expedited first five-year review, the Commission received one response to the notice of institution on behalf of Mid Continent. Mid Continent’s response included data of four additional firms, the following three of which were identified by Mid Continent: \*\*\*. These four producers accounted for a substantial portion of production of steel nails in the United States during 2012 (one additional firm (\*\*\*) was listed as unidentified).<sup>29</sup> The Commission’s

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<sup>24</sup> The ICC-ES performed the evaluation of steel nails in the report ESR-1539 for the International Staple, Nail, and Tool Association (“ISANTA”) on the behalf of various fasteners associations and companies. ICC Evaluation Service, General Listing Directory, <https://icc-es.org/general-listing-directory/> (accessed various dates).

<sup>25</sup> ASTM International, Steel Standards, <https://www.astm.org/Standards/steel-standards.html> (accessed various dates).

<sup>26</sup> *Certain Steel Nails from China, Investigation No. 731-TA-1114 (Final)*, USITC Publication 4022, July 2008, p. I-3.

<sup>27</sup> The ten firms other than the petitioners cited in the petition were (1) Air Nail ISM Fastening Systems, (2) Fox Valley Steel & Wire, (3) Keystone Steel & Wire Company, (4) Parker Metal Corporation, (5) ITW, (6) Pneu-Fast Co., (7) Senco, (8) Specialty Fastening, (9) Stanley, and (10) Tree Island.

<sup>28</sup> *Investigation No. 731-TA-1114 (Final): Steel Nails from China--Staff Report*, INV-FF-074, June 25, 2008, p. III-1.

<sup>29</sup> *Investigation No. 731-TA-1114 (First Review): Steel Nails from China—Staff Report*, INV-LL-099, November 20, 2013, pp. I-1, I-21 and table I-1.

report identified the following 10 companies that produced steel nails in the United States in 2012: (1) Mid Continent, (2) Davis Wire Corporation, (3) ITW, (4) Maze Nails, (5) Pneu-Fast Company, (6) Senco Brands, (7) Specialty Fastening, (8) Stanley Black and Decker, (9) Tree Island, and (10) PSW. These ten firms were thought to be nearly all of the domestic industry.<sup>30</sup>

In response to the Commission's notice of institution in this current second five-year review, the domestic interested party provided a list of thirteen known and currently operating U.S. producers of steel nails.<sup>31</sup>

### **Recent developments**

Since the Commission's last five-year review, the following developments have occurred in the steel nails industry.

- In May 2014, Mid Continent filed antidumping and countervailing duty petitions concerning imports from India, Korea, Oman, Malaysia, Taiwan, Turkey, and Vietnam.<sup>32</sup>
- In early 2015, Davis Wire Corp. closed all operations (including nail operations) at its Pueblo, Colorado plant.<sup>33</sup>
- In July 2015, the Commission published its final determinations in these investigations, finding that the industry in the United States was injured by reason of imports of certain steel nails from Korea, Malaysia, Oman, Taiwan, and Vietnam.<sup>34</sup>
- On March 8, 2018 under Presidential proclamation 9705 (Adjusting Imports of Steel Into the United States), including section 232 of the Trade Expansion Act of 1962, as amended, section 301 of title 3, United States Code, and section 604 of the Trade Act of 1974, the United States began imposing a 25 percent ad valorem tariff on steel articles imported from most countries. The HTS subheading for steel nails was not included in the enumeration of steel mill products that are subject to the section 232 duties.

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

The Commission asked domestic interested parties to provide trade and financial data in their response to the notice of institution of the current five-year review.<sup>35</sup> Table I-4 presents a

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<sup>30</sup> *Steel Nails from China, Inv. No. 731-TA-1114 (First Review)*, USITC Pub. 4442, December 2013, p. I-16.

<sup>31</sup> *Domestic Interested Parties' Response to the Notice of Institution*, January 2, 2019, p. 2.

<sup>32</sup> *Certain Steel Nails from Korea, Oman, Malaysia, Taiwan, and Vietnam, Inv. Nos. 701-TA-521-526 and 731-TA-1251-1257 (Preliminary)* USITC Pub. 4480, July 2014, pp. 14-18.

<sup>33</sup> *Certain Steel Nails from United Arab Emirates, Inv. No. 731-TA-1185 (Review)* USITC Pub. 4729, July 2014, p. I-3.

<sup>34</sup> *Certain Steel Nails from Korea, Oman, Malaysia, Taiwan, and Vietnam, Inv. Nos. 701-TA-521 and 731-TA-1252-1255 and 1257 (Final)*, USITC Pub. 4541, July 2015, pp. 1-3. The Commission terminated the investigations concerning India and Turkey based on negligibility.

<sup>35</sup> Individual company trade and financial data are presented in app. B.

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 and expedited first five-year review.

**Table I-4**  
**Steel nails: Trade and financial data submitted by U.S. producers, 2007, 2012, and 2017**

\* \* \* \* \*

#### **DEFINITIONS OF THE DOMESTIC LIKE PRODUCT AND DOMESTIC INDUSTRY**

The domestic like product is defined as the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the subject merchandise. 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>36</sup>

In its original investigations, the Commission defined a single domestic like product consisting of certain steel nails coextensive with Commerce’s scope and it defined the domestic industry as all producers of the domestic like product excluding related parties Senco, Specialty Fastening, and Stanley Fastening Systems. In its expedited first five-year review determination, the Commission defined the domestic like product as certain steel nails corresponding to Commerce’s scope and it defined the domestic industry as all U.S. producers of the domestic like product.<sup>37</sup>

In its notice of institution for this second five-year review, the Commission solicited comments from interested parties regarding what they deemed to be the appropriate definitions of the domestic like product and domestic industry and inquired as to whether any related parties issues existed. 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 investigations and the first five-year review.<sup>38</sup> The domestic interested parties did not cite any potential related parties issues and agreed with the Commission’s prior definition of the domestic industry.<sup>39</sup>

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<sup>36</sup> Section 771(4)(B) of the Tariff Act of 1930, 19 U.S.C. § 1677(4)(B).

<sup>37</sup> *Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, USITC Pub. 4022, July 2008, pp. 3-4; *Steel Nails from China, Inv. No. 731-TA-1114 (First Review)*, USITC Pub. 4442, December 2013, p. 4.

<sup>38</sup> *Domestic Interested Party’s Response to the Notice of Institution*, January 2, 2019, Exhibit 1, p.2.

<sup>39</sup> *Domestic Interested Party’s Response to the Notice of Institution*, January 2, 2019, Exhibit 1, p.2.



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

### U.S. importers

In the original investigation, 41 firms provided usable importer questionnaire responses, 38 of which imported steel nails from China, accounting for \*\*\* percent of the quantity of subject U.S. imports from China during 2005-07.<sup>40</sup>

In its first five-year review, the Commission did not receive responses from any respondent interested parties, although domestic interested party Mid Continent provided a list of 86 firms that were known to have imported steel nails from China.<sup>41</sup>

Although the Commission did not receive responses from any respondent interested parties in this current second five-year review, in its response to the Commission's notice of institution, the domestic interested party provided a list of 72 potential U.S. importers of steel nails.<sup>42</sup>

### U.S. imports

Table I-5 presents the quantity, value, and unit value for imports from China, as well as all other sources of U.S. imports (shown in descending order of 2018 imports by quantity). From 2013 to 2018, the quantity of imports of steel nails from China fluctuated from year to year, but decreased slightly from 2013 to 2018. The quantity of all imports of steel nails increased each year until 2018, while the value of Chinese and all other imports increased slightly during 2013-18. Unit values fluctuated but decreased (for both Chinese and all other imports) from 2013-18.

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<sup>40</sup> *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, USITC Publication 4022, July 2008, III-3 and IV-1.

<sup>41</sup> *Steel Nails from China, Inv. No. 731-TA-1114 (First Review)*, USITC Publication 4442, December 2013, p. I-18.

<sup>42</sup> *Domestic Interested Party's Response to the Notice of Institution*, January 2, 2019, Exhibit 2.

**Table I-5**  
**Steel nails: U.S. imports, 2013-18**

	2013	2014	2015	2016	2017	2018
	<b>Quantity (short tons)</b>					
China subject	***	***	***	***	***	***
China nonsubject	***	***	***	***	***	***
All other imports	363,576	391,700	432,695	458,697	497,549	465,205
Total imports	505,552	548,900	611,563	621,123	644,020	603,809
	<b>Value (\$1,000)</b>					
China subject	***	***	***	***	***	***
China nonsubject	***	***	***	***	***	***
All other imports	497,234	489,688	501,096	474,120	511,848	593,854
Total imports	696,907	691,775	710,684	650,989	687,751	786,340
	<b>Unit value (dollars per short ton)</b>					
China subject	***	***	***	***	***	***
China nonsubject	***	***	***	***	***	***
All other imports	1,368	1,251	1,158	1,034	1,029	1,277
Total imports	1,379	1,260	1,162	1,048	1,068	1,302

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

Source: Official statistics of Commerce for HTS statistical reporting numbers 7317.00.55, 7317.00.65, 7317.00.75, excluding 7317.00.5501. China's imports calculated \*\*\*.

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

Table I-6 presents data on U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, while table I-7 presents data on U.S. market shares of U.S. apparent consumption.

**Table I-6**  
**Steel nails: U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, 2007,**  
**2012, and 2017**

Item	2007	2012	2017
	<b>Quantity (short tons)</b>		
U.S. producers' U.S. shipments	143,868	***	***
U.S. imports from—			
China subject	***	***	***
China nonsubject	***	***	***
All other sources	206,818	316,878	497,549
Total imports	768,307	461,814	644,020
Apparent U.S. consumption	912,175	***	***
	<b>Value (1,000 dollars)</b>		
U.S. producers' U.S. shipments	220,411	***	***
U.S. imports from—			
China subject	***	***	***
China nonsubject	***	***	***
All other sources	271,225	445,617	511,848
Total imports	763,859	652,853	687,751
Apparent U.S. consumption	984,270	***	***

Source: *Certain Steel Nails from China*, Inv. No. 731-TA-1114 (Final), USITC Publication 4022, July 2008, p. III-5, *Certain Steel Nails from China*, Inv. No. 731-TA-1114 (Final), Staff Report, INV-FF-074, June 25, 2008, p. IV-4, and *Certain Steel Nails from China*, Inv. No. 731-TA-1114 (First Review), Staff Report, INV-LL-099, November 20, 2013, p. I-31, and *Domestic Interested Party's Response to the Notice of Institution*, January 2, 2019, pp. 45-46, and compiled from official Commerce statistics adjusted \*\*\*.

**Table I-7****Steel nails: Apparent U.S. consumption and U.S. market shares, 2007, 2012, and 2017**

Item	2007	2012	2017
	<b>Quantity (1,000 short tons)</b>		
Apparent U.S. consumption	912,175	***	***
	<b>Value (1,000 dollars)</b>		
Apparent U.S. consumption	984,270	***	***
	<b>Share of consumption based on quantity (percent)</b>		
U.S. producer's share	15.8	***	***
U.S. imports from--			
China subject	***	***	***
China nonsubject	***	***	***
All other sources	22.7	***	***
Total imports	84.2	***	***
	<b>Share of consumption based on value (percent)</b>		
U.S. producer's share	22.4	***	***
U.S. imports from--			
China subject	***	***	***
China nonsubject	***	***	***
All other sources	27.6	***	***
Total imports	77.6	***	***

Source: *Certain Steel Nails from China*, Inv. No. 731-TA-1114 (Final), USITC Publication 4022, July 2008, p. III-5, *Certain Steel Nails from China*, Inv. No. 731-TA-1114 (Final), Staff Report, INV-FF-074, June 25, 2008, p. IV-4, and *Certain Steel Nails from China*, Inv. No. 731-TA-1114 (First Review), Staff Report, INV-LL-099, November 20, 2013, p. I-31, and *Domestic Interested Party's Response to the Notice of Institution*, January 2, 2019, pp. 45-46, and compiled from official Commerce statistics adjusted \*\*\*.

## THE INDUSTRY IN CHINA

During the original investigation, the petition identified 75 alleged producers of steel nails in China. Chinese producers and exporters of steel nails supplied 8 questionnaires, accounting for \*\*\* percent of U.S. imports of steel nails from China during 2007.<sup>43</sup>

Although the Commission did not receive responses from any respondent interested parties in its expedited first five-year review, the domestic interested parties provided a list of 63 firms that they believed produced/exported steel nails in China at that time.<sup>44</sup>

The Commission once again did not receive any responses to the notice of institution from respondent interested parties in this current second five-year review. The domestic interested party identified 208 Chinese producers/exporters of steel nails in its response.<sup>45</sup>

Table I-8 presents export data for steel nails from China in descending order of quantity for 2013-17. The United States has been the largest market for the Chinese product since at least 2013. Total Chinese exports increased from 2013 to 2015, but fell in 2016 and 2017 to a level below that reported for 2013. Chinese exports to the United States increased overall from 2013 to 2017.

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<sup>43</sup> *Investigation Nos. 731-TA-1114 (Final): Steel Nails from China—Staff Report*, INV-FF-074, June 25, 2008, p. VII-1.

<sup>44</sup> *Investigation No. 731-TA-1114 (First Review): Steel Nails from China—Staff Report*, INV-11-099, November 20, 2013, p. I-35.

<sup>45</sup> *Domestic Interested Party's Response to the Notice of Institution*, January 2, 2019, Exhibit 3.

**Table I-8**  
**Nails, tacks, drawing pins, corrugated nails, staples, and other similar articles of iron and steel:**  
**Exports of nails and staples from China, by destination, 2013-17**

Partner country	Calendar year				
	2013	2014	2015	2016	2017
<b>Quantity (short tons)</b>					
United States	232,507	248,525	271,320	295,695	287,874
Japan	94,890	86,694	86,805	87,583	86,912
Canada	50,246	62,424	65,264	68,056	67,995
Korea South	36,286	42,230	48,520	50,431	54,212
Indonesia	37,697	43,078	39,258	33,157	32,823
Nigeria	36,967	33,006	35,237	21,577	24,753
Germany	19,420	24,177	25,108	26,280	26,194
India	9,316	12,431	15,077	15,275	16,801
United Kingdom	25,155	28,521	26,798	28,284	26,767
UAE	32,368	35,346	36,331	26,581	26,697
All Others	518,815	626,766	649,789	658,156	654,250
World	1,092,044	1,158,663	1,192,638	1,128,968	1,088,055
<b>Value (1,000 dollars)</b>					
United States	247,525	256,880	271,005	248,142	281,743
Japan	100,795	88,115	76,403	74,422	85,505
Canada	50,675	60,425	55,785	52,005	60,910
Korea South	35,756	40,306	36,471	36,859	47,408
Indonesia	33,577	59,792	64,628	30,860	34,401
India	14,301	19,411	21,599	19,937	24,654
United Kingdom	31,477	35,336	30,718	29,112	32,272
UAE	28,353	34,740	33,410	23,117	25,457
Germany	22,305	26,472	24,728	22,038	25,007
Tanzania	14,987	19,303	27,067	14,844	18,447
All Others	631,304	697,709	742,733	552,057	541,688
World	1,211,055	1,338,490	1,384,547	1,103,393	1,177,492

Table continued on next page.

**Table I-8--Continued**

**Nails, tacks, drawing pins, corrugated nails, staples, and other similar articles of iron and steel:  
Exports of nails and staples from China, by destination, 2013-17**

Partner country	Calendar year				
	2013	2014	2015	2016	2017
<b>Unit value (dollars/ short tons)</b>					
United States	1,065	1,034	999	839	979
Japan	1,062	1,016	880	850	984
Canada	1,009	968	855	764	896
Korea South	985	954	752	731	874
Indonesia	891	1,388	1,646	931	1,048
Nigeria	870	913	958	737	813
Germany	1,149	1,095	985	839	955
India	1,535	1,562	1,433	1,305	1,467
United Kingdom	1,251	1,239	1,146	1,029	1,206
United Arab Emirates	876	983	920	870	954
All Others	1,221	1,287	1,368	1,160	1,239
World	1,065	1,034	999	839	979

Note.--Because of rounding, figures may not add to totals shown. Some of the countries did not report annual data for 2018. Therefore, data were not retrieved for the 2018 calendar year and the reference period used ranged from 2013-17. Data presented include not only subject nails, but also other out-of-scope items such as tacks, drawing pins, corrugated nails, and staples.

Source: Global Trade Information Services, Inc., Global Trade Atlas, HTS subheading 7317.00. If applicable then: These data may be overstated as HTS 7317.00 may contain products outside the scope of this review.

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

The only known trade remedy action on steel nails and staples (HS 7317.00) from China in third-country markets occurred on November 29, 2004, when Mexico imposed an antidumping duty order on concrete steel nails from China. That order is currently still in effect.<sup>46</sup>

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<sup>46</sup> World Trade Organization ("WTO"), Trade Topics, "Anti-dumping".

## THE GLOBAL MARKET

According to GTA data, in 2017, the five leading exporters of nails and staples (HS 7317.00) were China, Taiwan, Germany, Poland, and Switzerland. These five countries accounted for approximately 60 percent of total global exports of steel nails and staples. However, because GTA data only provides trade data at the six-digit HS level, and HS 7317.00 includes products outside of Commerce's scope, it may not be representative of global steel nail exports subject to this review.

Table I-9 presents the largest global export sources of nails, tacks, drawing pins, corrugated nails, staples, and other similar articles of iron and steel during 2013-17. China is the largest exporter of these items, accounting for 44.9 percent of global exports during 2017.



**Table I-9**  
**Nails, tacks, drawing pins, corrugated nails, staples, and other similar articles of iron or steel:**  
**Global exports by major sources, 2013-17**

Exporter	Calendar year				
	2013	2014	2015	2016	2017
	<b>Value (1,000 dollars)</b>				
United States	59,116	62,439	57,421	54,410	60,048
China	1,211,055	1,338,490	1,384,547	1,103,393	1,177,492
All other major reporting exporters.-- Taiwan	123,347	133,092	133,110	118,947	123,903
Germany	113,503	119,981	103,732	106,331	113,070
Poland	84,242	83,544	74,030	73,727	77,675
Switzerland	60,439	69,257	65,193	72,400	74,302
Austria	71,271	76,588	67,239	65,988	74,204
Oman	64,148	84,598	77,909	60,812	67,378
Netherlands	56,470	64,638	51,999	64,523	64,916
Canada	37,199	35,281	44,935	49,675	63,134
All Other exporters	815,837	794,273	670,439	647,322	725,111
Total Global Exports	2,696,627	2,862,181	2,730,553	2,417,528	2,621,234
	<b>Share of value (percent)</b>				
United States	2.2	2.3	2.1	2.0	2.2
China	44.9	49.6	51.3	40.9	43.7
All other major reporting exporters.-- Taiwan	4.6	4.9	4.9	4.4	4.6
Germany	4.2	4.4	3.8	3.9	4.2
Poland	3.1	3.1	2.7	2.7	2.9
Switzerland	2.2	2.6	2.4	2.7	2.8
Austria	2.6	2.8	2.5	2.4	2.8
Oman	2.4	3.1	2.9	2.3	2.5
Netherlands	2.1	2.4	1.9	2.4	2.4
Canada	1.4	1.3	1.7	1.8	2.3
All Other exporters	30.3	29.5	24.9	24.0	26.9
Total Global Exports	100	100	100	100	100

Note.--Because of rounding, figures may not add to total shown. Some of the major exporting countries did not report annual data for 2018. Therefore, data were not retrieved for the 2018 calendar year and the reference period used ranged from 2013 – 2017. Data presented include not only subject nails, but also other out-of-scope items such as tacks, drawing pins, corrugated nails, and staples.

Source: Global Trade Information Services, Inc., Global Trade Atlas, HTS heading 7317.00. If applicable then: these data may be overstated as HS 7317.00 may contain products outside the scope of this review.



**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
83 FR 62296 December 3, 2018	<i>Initiation of Five-Year (Sunset) Reviews</i>	<a href="https://www.gpo.gov/fdsys/pkg/FR-2018-12-03/pdf/2018-26213.pdf">https://www.gpo.gov/fdsys/pkg/FR-2018-12-03/pdf/2018-26213.pdf</a>
83 FR 62342 December 3, 2018	<i>Steel Nails From China; Institution of a Five-Year Review</i>	<a href="https://www.gpo.gov/fdsys/pkg/FR-2018-12-03/pdf/2018-26136.pdf">https://www.gpo.gov/fdsys/pkg/FR-2018-12-03/pdf/2018-26136.pdf</a>



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





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

\* \* \* \* \*



**APPENDIX C**

**SUMMARY DATA COMPILED FROM PREVIOUS PROCEEDINGS**



**DATA COMPILED IN ORIGINAL INVESTIGATIONS**



**Table C-1**

**Steel nails: Summary data concerning the U.S. market, 2005-07**

(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		
	2005	2006	2007	2005-07	2005-06	2006-07
U.S. consumption quantity:						
Amount . . . . .	1,180,449	1,124,792	912,175	-22.7	-4.7	-18.9
Producers' share (1) . . . . .	23.3	17.5	15.8	-7.6	-5.9	-1.7
Importers' share (1):						
China (subject) . . . . .	***	***	***	***	***	***
All other sources . . . . .	***	***	***	***	***	***
Total imports . . . . .	76.7	82.5	84.2	7.6	5.9	1.7
U.S. consumption value:						
Amount . . . . .	1,267,936	1,148,804	984,270	-22.4	-9.4	-14.3
Producers' share (1) . . . . .	30.4	25.0	22.4	-8.0	-5.3	-2.6
Importers' share (1):						
China (subject) . . . . .	***	***	***	***	***	***
All other sources . . . . .	***	***	***	***	***	***
Total imports . . . . .	69.6	75.0	77.6	8.0	5.3	2.6
U.S. imports from:						
China (subject):						
Quantity . . . . .	***	***	***	***	***	***
Value . . . . .	***	***	***	***	***	***
Unit value . . . . .	\$***	\$***	\$***	***	***	***
Ending inventory quantity . . . . .	***	***	***	***	***	***
All other sources (2):						
Quantity . . . . .	***	***	***	***	***	***
Value . . . . .	***	***	***	***	***	***
Unit value . . . . .	\$***	\$***	\$***	***	***	***
Ending inventory quantity . . . . .	***	***	***	***	***	***
All sources:						
Quantity . . . . .	905,001	928,191	768,307	-15.1	2.6	-17.2
Value . . . . .	882,879	861,198	763,859	-13.5	-2.5	-11.3
Unit value . . . . .	\$976	\$928	\$994	1.9	-4.9	7.2
Ending inventory quantity . . . . .	137,374	169,079	145,813	6.1	23.1	-13.8

Table continued on next page.

**Table C-1--Continued**  
**Steel nails: Summary data concerning the U.S. market, 2005-07**

(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		
	2005	2006	2007	2005-07	2005-06	2006-07
U.S. producers':						
Average capacity quantity . . . . .	694,236	704,958	645,227	-7.1	1.5	-8.5
Production quantity . . . . .	276,358	196,488	146,259	-47.1	-28.9	-25.6
Capacity utilization (1) . . . . .	39.8	27.9	22.7	-17.1	-11.9	-5.2
U.S. shipments:						
Quantity . . . . .	275,448	196,601	143,868	-47.8	-28.6	-26.8
Value . . . . .	385,057	287,606	220,411	-42.8	-25.3	-23.4
Unit value . . . . .	\$1,398	\$1,463	\$1,532	9.6	4.6	4.7
Export shipments:						
Quantity . . . . .	***	***	***	***	***	***
Value . . . . .	***	***	***	***	***	***
Unit value . . . . .	\$***	\$***	\$***	***	***	***
Ending inventory quantity . . . . .	23,632	20,317	19,923	-15.7	-14.0	-1.9
Inventories/total shipments (1) . . . . .	***	***	***	***	***	***
Production workers . . . . .	1,401	1,136	791	-43.5	-18.9	-30.4
Hours worked (1,000s) . . . . .	3,012	2,456	1,622	-46.1	-18.4	-34.0
Wages paid (\$1,000s) . . . . .	41,419	38,701	27,710	-33.1	-6.6	-28.4
Hourly wages . . . . .	\$13.75	\$15.76	\$17.08	24.2	14.6	8.4
Productivity (tons/1,000 hours) . . . . .	91.8	80.0	90.2	-1.7	-12.8	12.7
Unit labor costs . . . . .	\$149.88	\$196.96	\$189.46	26.4	31.4	-3.8
Net sales:						
Quantity . . . . .	279,790	204,082	155,699	-44.4	-27.1	-23.7
Value . . . . .	391,509	299,920	238,774	-39.0	-23.4	-20.4
Unit value . . . . .	\$1,399	\$1,470	\$1,534	9.6	5.0	4.4
Cost of goods sold (COGS) . . . . .	326,652	251,886	199,460	-38.9	-22.9	-20.8
Gross profit or (loss) . . . . .	64,857	48,034	39,314	-39.4	-25.9	-18.2
SG&A expenses . . . . .	36,098	29,812	30,184	-16.4	-17.4	1.2
Operating income or (loss) . . . . .	28,759	18,222	9,130	-68.3	-36.6	-49.9
Capital expenditures . . . . .	***	***	***	***	***	***
Unit COGS . . . . .	\$1,167	\$1,234	\$1,281	9.7	5.7	3.8
Unit SG&A expenses . . . . .	\$129	\$146	\$194	50.3	13.2	32.7
Unit operating income or (loss) . . . . .	\$103	\$89	\$59	-43.0	-13.1	-34.3
COGS/sales (1) . . . . .	83.4	84.0	83.5	0.1	0.6	-0.4
Operating income or (loss)/ sales (1) . . . . .	7.3	6.1	3.8	-3.5	-1.3	-2.3

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

(2) Consists of imports from China by ITW/Paslode and imports from all countries other than China.

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.



**Table C-2**  
**Steel nails: Summary data concerning the U.S. market (excluding 3 firms from U.S. producer data),**  
**2005-07**

\* \* \* \* \*



**DATA COMPILED IN FIRST REVIEW**



investigation (2005-07) and the response to the notice of institution (2012). The table presents data provided by 14 firms for the period 2005-07, and presents data for 2012 in two ways: (1) for the four identified firms and (2) for the five firms, including the unidentified firm.

**Table I-2**  
**Steel nails: U.S. producers' trade and financial data, 2005-07 and 2012**

Item	2005	2006	2007	2012 <sup>1</sup>	2012 <sup>2</sup>
Capacity ( <i>short tons</i> )	694,236	704,958	645,227	***	***
Production ( <i>short tons</i> )	276,358	196,488	146,259	***	***
Capacity utilization ( <i>percent</i> )	39.8	27.9	22.7	***	***
U.S. shipments					
Quantity ( <i>short tons</i> )	275,448	196,601	143,868	***	***
Value ( <i>1,000 dollars</i> )	385,057	287,606	220,411	***	***
Unit value ( <i>dollars per short ton</i> )	1,398	1,463	1,532	***	***
Net sales value ( <i>1,000 dollars</i> )	391,509	299,920	238,774	***	***
Cost of goods sold (COGS) ( <i>\$1,000</i> )	326,652	251,886	199,460	***	***
Gross profit or (loss) ( <i>\$1,000</i> )	64,857	48,034	39,314	***	***
SG&A ( <i>\$1,000</i> )	36,098	29,812	30,184	***	***
Operating income or (loss) ( <i>\$1,000</i> )	28,759	18,222	9,130	***	***
COGS/sales ( <i>percent</i> )	83.4	84.0	83.5	***	***
Operating income or (loss)/sales ( <i>percent</i> )	7.3	6.1	3.8	***	***

<sup>1</sup> Data for four identified producers.

<sup>2</sup> Data for five producers.

Source: *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, USITC Publication 4022, July 2008, III-3 and VI-2. Mid Continent's Substantive Response To The Notice Of Institution, July 31, 2013, exh. 1 and exh. 4.

Mid Continent contends that the domestic industry is extremely vulnerable to injury from unfairly traded imports from China. Mid Continent stated that the domestic industry is in an even more weakened state than that prior to the imposition to the antidumping duty order on nails from China. It points to the investigation on steel nails from the UAE, in which the Commission found that the domestic industry was unable to take full advantage of the order and unable to take advantage of improvements in the economy and housing market. Mid Continent argues that the domestic industry's market share decreased between 2009 and 2011, a period of gradually increasing demand.<sup>74</sup> Financial indicators also declined during this period, production increased slightly, production capacity declined, and capacity utilization rates were characterized as low.<sup>75</sup> Mid Continent contends that little has changed since the investigation on nails from the UAE, as illustrated by industry data provided for 2012.

<sup>74</sup> Mid Continent's Substantive Response To The Notice Of Institution, July 31, 2013, p. 23.

<sup>75</sup> Ibid.

**Table I-3**  
**Steel nails: U.S. import data, 2005-07 and 2012**

Item	2005	2006	2007	2012
<b>Quantity (short tons)</b>				
China - subject	***	***	***	***
China - nonsubject	***	***	***	***
All other	425,250	312,644	206,818	316,878
Subtotal - nonsubject	***	***	***	***
Total imports	905,001	928,191	768,307	461,814
<b>Value (\$1,000)</b>				
China - subject	***	***	***	***
China - nonsubject	***	***	***	***
All other	491,721	375,204	271,225	445,617
Subtotal - nonsubject	***	***	***	***
Total imports	882,879	861,198	763,859	652,853
<b>Unit value (dollars per short ton)</b>				
China - subject	***	***	***	***
China - nonsubject	***	***	***	***
All other	1,156	1,200	1,311	1,406
Subtotal - nonsubject	***	***	***	***
Total imports	976	928	994	1,414
<b>Share of quantity (percent)</b>				
China - subject	***	***	***	***
China - nonsubject	***	***	***	***
All other	47.0	33.7	26.9	68.6
Subtotal - nonsubject	***	***	***	***
Total imports	100.0	100.0	100.0	100.0

Source: *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, Staff Report, INV-FF-074, June 25, 2008, p. IV-4 and compiled from official Commerce statistics, adjusted \*\*\*.

Table I-4 presents the quantity, value, unit value, and share of quantity for the top ten sources of U.S. imports as well as China.

### Ratio of imports to U.S. production

Imports of subject steel nails from China ranged from \*\*\* percent to \*\*\* percent of reported U.S. production during 2005-07. Imports from nonsubject sources ranged from \*\*\* percent to \*\*\* percent of reported U.S. production. Total imports ranged from 327.5 percent to 525.3 percent of total reported U.S. production during 2005-07. The ratios of imports from China and nonsubject countries during 2005-07 and 2012 are shown in table I-5 below.

**Table I-5**

**Steel nails: Ratio of U.S. imports to U.S. production, 2005-07 and 2012**

Item	Calendar year				
	2005	2006	2007	2012 <sup>1</sup>	2012 <sup>2</sup>
	<b>Ratio of imports to U.S. production (percent)</b>				
China - subject	***	***	***	***	***
China - nonsubject	***	***	***	***	***
All other	153.9	159.1	141.4	***	***
Subtotal - nonsubject	***	***	***	***	***
All countries	327.5	472.4	525.3	***	***

<sup>1</sup> Data for four identified producers.

<sup>2</sup> Data for five producers.

Source: *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, Staff Report, INV-FF-074, June 25, 2008, pp. III-3 and IV-4 and compiled from official Commerce statistics, adjusted \*\*\*.

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

Table I-6 shows U.S. shipments of domestic product, U.S. imports and apparent U.S. consumption in 2005-07 and 2012. Table I-7 shows U.S. market shares during 2005-07 and 2012. Apparent consumption decreased from 1.2 million short tons in 2005 to approximately 900,000 short tons in 2007. In 2012, consumption was \*\*\*-\*\*\* short tons. The responding producers' share of consumption was 15.8 percent in 2007 and \*\*\*-\*\*\* percent in 2012.

**Table I-6**

**Steel nails: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2005-07 and 2012**

Item	2005	2006	2007	2012 <sup>1</sup>	2012 <sup>2</sup>
<b>Quantity (short tons)</b>					
U.S. producers' U.S. shipments	275,448	196,601	143,868	***	***
U.S. imports from--					
China - subject	***	***	***	***	***
China - nonsubject	***	***	***	***	***
All other sources	425,250	312,644	206,818	316,878	316,878
Subtotal - nonsubject	***	***	***	***	***
Total imports	905,001	928,191	768,307	461,814	461,814
Apparent U.S. consumption	1,180,449	1,124,792	912,175	***	***
<b>Value (1,000 dollars)</b>					
U.S. producers' U.S. shipments	385,057	287,606	220,411	***	***
U.S. imports from--					
China - subject	***	***	***	***	***
China - nonsubject	***	***	***	***	***
All other sources	491,721	375,204	271,225	445,617	445,617
Subtotal - nonsubject	***	***	***	***	***
Total imports	882,879	861,198	763,859	652,853	652,853
Apparent U.S. consumption	1,267,936	1,148,804	984,270	***	***

<sup>1</sup> Data for four identified producers.

<sup>2</sup> Data for five producers.

Source: *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, USITC Publication 4022, July 2008, p. III-5, *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, Staff Report, INV-FF-074, June 25, 2008, p. IV-4, compiled from official Commerce statistics, adjusted \*\*\*, and Mid Continent's Substantive Response To The Notice Of Institution, July 31, 2013, exh. 1 and exh. 4.



**Table I-7**  
**Steel nails: U.S. market shares, 2005-07 and 2012**

Item	2005	2006	2007	2012 <sup>1</sup>	2012 <sup>2</sup>
<b>Quantity (short tons)</b>					
Apparent U.S. consumption	1,180,449	1,124,792	912,175	***	***
<b>Value (1,000 dollars)</b>					
Apparent U.S. consumption	1,267,936	1,148,804	984,270	***	***
<b>Share of quantity (percent)</b>					
U.S. producers' U.S. shipments	23.3	17.5	15.8	***	***
U.S. imports from--					
China - subject	***	***	***	***	***
China - nonsubject	***	***	***	***	***
All other sources	36.0	27.8	22.7	***	***
Subtotal - nonsubject	***	***	***	***	***
Total imports	76.7	82.5	84.2	***	***
<b>Share of value (percent)</b>					
U.S. producers' U.S. shipments	30.4	25.0	22.4	***	***
U.S. imports from--					
China - subject	***	***	***	***	***
China - nonsubject	***	***	***	***	***
All other sources	38.8	32.7	27.6	***	***
Subtotal - nonsubject	***	***	***	***	***
Total imports	69.6	75.0	77.6	***	***

<sup>1</sup> Data for four identified producers.

<sup>2</sup> Data for five producers.

Source: *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, USITC Publication 4022, July 2008, p. III-5, *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, Staff Report, INV-FF-074, June 25, 2008, p. IV-4, compiled from official Commerce statistics, adjusted \*\*\*, and Mid Continent's Substantive Response To The Notice Of Institution, July 31, 2013, exh. 1 and exh. 4.

In its original determination, the Commission found that demand for steel nails is largely determined by the size of the construction market, both residential and commercial, which is the single largest end user of steel nails.<sup>83</sup> Mid Continent notes the Commission's determination in the investigation on nails from the UAE "confirmed the new residential housing starts in the U.S. are a major factor influencing the overall demand for steel nails" and that the market indicators were below historic averages.<sup>84</sup> According to Mid Continent, this key demand condition still exists. Figure I-3 shows that new housing starts declined during 2008, and in spite of increasing since then, have remained at levels below those in the beginning of 2008. In

<sup>83</sup> *Certain Steel Nails from China, Inv. No. 731-TA-1114 (Final)*, Confidential Views of the Commission, p. 14.

<sup>84</sup> Mid Continent's Substantive Response To The Notice Of Institution, July 31, 2013, p. 26.



**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 six firms as the top purchasers of steel nails: \*\*\*. Purchaser questionnaires were sent to these six firms and two firms (\*\*\*) provided responses which are presented below.

1. Have there been any significant changes in the supply and demand conditions for steel nails that have occurred in the United States or in the market for steel nails in China since January 1, 2013?

<b>Purchaser</b>	<b>Changes that have occurred</b>
***	No
***	No

2. Do you anticipate any significant changes in the supply and demand conditions for steel nails in the United States or in the market for steel nails in China within a reasonably foreseeable time?

<b>Purchaser</b>	<b>Anticipated changes</b>
***	No
***	No

