



A-583-854

Period of Review (POR):

7/1/16-6/30/17

E&C VI: CSimonovich SHoefke

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August 3, 2018

MEMORANDUM TO: Christian Marsh  
Deputy Assistant Secretary  
for Enforcement and Compliance

FROM: James Maeder  
Associate Deputy Assistant Secretary  
for Antidumping and Countervailing Duty Operations  
performing the duties of Deputy Assistant Secretary  
for Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for Preliminary Results of Antidumping  
Duty Administrative Review: Certain Steel Nails from Taiwan;  
2016-2017

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### Summary

The Department of Commerce (Commerce) is conducting an administrative review of the antidumping duty order<sup>1</sup> on certain steel nails (nails) from Taiwan. The review covers Bonuts Logistics Co., LLC (Bonuts); PT Enterprise, Inc. (PT Enterprise) and its affiliated producer Pro-Team Coil Nail Enterprise, Inc. (Pro-Team) (collectively, PT);<sup>2</sup> and Unicatch Industrial Co. Ltd. (Unicatch). The period of review (POR) is May 20, 2016, through June 30, 2017. For Bonuts we preliminarily find that sales of the subject merchandise were made at prices below normal value. For PT and Unicatch, we preliminarily find that sales of the subject merchandise were not made at prices below normal value. The estimated weight-average dumping margins are shown in the “Preliminary Results” section of the accompanying *Federal Register* notice.

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<sup>1</sup> See *Certain Steel Nails from the Republic of Korea, Malaysia, the Sultanate of Oman, Taiwan, and the Socialist Republic of Vietnam: Antidumping Duty Orders*, 80 FR 39994 (July 13, 2015) (the *Order*).

<sup>2</sup> Commerce collapsed Pro-Team and PT Enterprise in a prior proceeding, and we find no new information in this proceeding that contradicts that finding. See *Certain Steel Nails from Taiwan: Preliminary Results of Antidumping Duty Administrative Review and Partial Rescission of Administrative Review; 2015-2016*, 82 FR 36744 (August 7, 2017) (*Preliminary Results*), and accompanying Preliminary Decision Memorandum, unchanged in *Certain Steel Nails from Taiwan: Final Results of Antidumping Duty Administrative Review and Partial Rescission of Administrative Review; 2015-2016*, 83 FR 6163 (February 13, 2018). Accordingly, we have preliminarily continued to treat PT Enterprise and Pro-Team as a single entity.

## Background

Pursuant to section 751(a)(1) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.213(b), PT, Unicatch, and Mid Continent Steel & Wire, Inc. (Mid Continent), a domestic producer and interested party, requested an administrative review of the antidumping duty order on nails from Taiwan.<sup>3</sup> On September 13, 2017, in accordance with 19 CFR 351.221(c)(1)(i), we published a notice of initiation of administrative review of the antidumping duty order on certain nails from Taiwan.<sup>4</sup>

On September 26, 2017, we invited interested parties to comment on the U.S. Customs and Border Protection (CBP) data query placed on record for this administrative review.<sup>5</sup> Between October 10, 2017 and October 16, 2016, we received comments and rebuttal comments on the CBP Data from PT, Unicatch, and Mid Continent.

On December 6, 2017, we issued our Respondent Selection Memorandum<sup>6</sup> for this administrative review, in which we selected Bonuts, PT, and Unicatch as mandatory respondents. We issued Commerce's antidumping questionnaire to Bonuts, PT, and Unicatch on December 8, 2017.<sup>7</sup> On December 8, 2017, Mid Continent withdrew its request for administrative review with respect to all companies in the *Initiation Notice* except Bonuts, PT, and Unicatch.<sup>8</sup>

Between January 9, 2018, and April 10, 2018, PT timely submitted responses to Commerce's original and supplemental questionnaires.<sup>9</sup> Between January 9, 2018, and April 17, 2018, Unicatch submitted timely responses to Commerce's original and supplemental questionnaires.<sup>10</sup> Bonuts did not respond to our original questionnaire. Between June 18, 2018, and June 29, 2018, we conducted verification of PT and Unicatch pursuant to section 782(i)(3) of the Act.<sup>11</sup>

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<sup>3</sup> See PT July 31, 2017 Request for Administrative Review (PT Request for Review); Unicatch July 31, 2017 Request for Administrative Review (Unicatch Request for Review); Mid Continent July 31, 2017 Request for Administrative Review (Mid Continent's Request for Review).

<sup>4</sup> See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 82 FR 42974 (September 13, 2017) (*Initiation Notice*).

<sup>5</sup> See Memorandum, "Certain Steel Nails from Taiwan: U.S. Customs and Border Protection Information for 7/01/16-6/30/2017 Review Period," dated September 26, 2017 (CBP Data).

<sup>6</sup> See Memorandum, "Selection of Respondents for the 2016-2017 Administrative Review of the Antidumping Duty Order on Certain Steel Nails from Taiwan," dated December 6, 2017 (Respondent Selection Memorandum).

<sup>7</sup> See Commerce's December 8, 2017 letters to Bonuts, PT, and Unicatch (Initial Questionnaires).

<sup>8</sup> See Mid Continent's December 8, 2017, Withdrawal of Request for Administrative Reviews.

<sup>9</sup> See PT's January 9, 2018, Section A Response (PT's Section A Response); PT's January 29, 2018, Section C Response (PT's Section C Response); PT's January 29, 2018, Section D Response (PT's Section D Response); PT's April 10, 2018, supplemental response (PT's supplemental response).

<sup>10</sup> See Unicatch's January 9, 2018, Section A Response (Unicatch's Section A Response); Unicatch's January 29, 2018, Section C Response (Unicatch's Section C Response); Unicatch's January 29, 2018, Section D Response (Unicatch's Section D Response); Unicatch's April 17, 2018, supplemental response (Unicatch's supplemental response).

<sup>11</sup> See Memorandum, "Verification of the Sales Response of PT Enterprises, Inc and Proteam Coil Nail Enterprises, Inc. in the 16/17 Administrative Review of Nails from Taiwan" (PT Verification Report), dated August 3, 2018; see also Memorandum, "Verification of the Sales Response of Unicatch Industrial Co. Ltd. in the 16/17 Administrative Review of Nails from Taiwan" (Unicatch Verification Report), dated August 3, 2018.

On January 23, 2018, Commerce exercised its discretion to toll all deadlines affected by the closure of the Federal Government.<sup>12</sup> On March 22, 2018, we extended the deadline for the preliminary results to July 16, 2018.<sup>13</sup> On July 12, 2018, we extended the deadline for the preliminary results to August 3, 2018.<sup>14</sup>

### Scope of the Order

The merchandise covered by this order is certain steel nails having a nominal shaft length not exceeding 12 inches.<sup>15</sup> Certain steel nails include, but are not limited to, nails made from round wire and nails that are cut from flat-rolled steel. Certain steel nails may be of one piece construction or constructed of two or more pieces. Certain steel nails may be produced from any type of steel, and may have any type of surface finish, head type, shank, point type and shaft diameter. Finishes include, but are not limited to, coating in vinyl, zinc (galvanized, including but not limited to electroplating or hot dipping one or more times), phosphate, cement, and paint. Certain steel nails may have one or more surface finishes. Head styles include, but are not limited to, flat, projection, cupped, oval, brad, headless, double, countersunk, and sinker. Shank styles include, but are not limited to, smooth, barbed, screw threaded, ring shank and fluted. Screw-threaded nails subject to this proceeding are driven using direct force and not by turning the nail using a tool that engages with the head. Point styles include, but are not limited to, diamond, needle, chisel and blunt or no point. Certain steel nails may be sold in bulk, or they may be collated in any manner using any material.

Excluded from the scope of these orders are certain steel nails packaged in combination with one or more non-subject articles, if the total number of nails of all types, in aggregate regardless of size, is less than 25. If packaged in combination with one or more non-subject articles, certain steel nails remain subject merchandise if the total number of nails of all types, in aggregate regardless of size, is equal to or greater than 25, unless otherwise excluded based on the other exclusions below.

Also, excluded from the scope are certain steel nails with a nominal shaft length of one inch or less that are (a) a component of an unassembled article, (b) the total number of nails is sixty (60) or less, and (c) the imported unassembled article falls into one of the following eight groupings: 1) builders' joinery and carpentry of wood that are classifiable as windows, French windows and their frames; 2) builders' joinery and carpentry of wood that are classifiable as doors and their frames and thresholds; 3) swivel seats with variable height adjustment; 4) seats that are convertible into beds (with the exception of those classifiable as garden seats or camping equipment); 5) seats of cane, osier, bamboo or similar materials; 6) other seats with wooden frames (with the exception of seats of a kind used for aircraft or motor vehicles); 7) furniture

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<sup>12</sup> See Memorandum, "Deadlines Affected by the Shutdown of the Federal Government" (Tolling Memorandum), dated January 23, 2018. All deadlines in this segment of the proceeding have been extended by 3 days.

<sup>13</sup> See Memorandum, "Certain Steel Nails from Taiwan: Extension of Time Limit for Preliminary Results of Antidumping Duty Administrative Review," dated March 22, 2018 (First Prelim Extension).

<sup>14</sup> See Memorandum, "Certain Steel Nails from Taiwan: Extension of Time Limit for Preliminary Results of Antidumping Duty Administrative Review," dated July 12, 2018 (Second Prelim Extension).

<sup>15</sup> The shaft length of certain steel nails with flat heads or parallel shoulders under the head shall be measured from under the head or shoulder to the tip of the point. The shaft length of all other certain steel nails shall be measured overall.

(other than seats) of wood (with the exception of i) medical, surgical, dental or veterinary furniture; and ii) barbers' chairs and similar chairs, having rotating as well as both reclining and elevating movements); or 8) furniture (other than seats) of materials other than wood, metal, or plastics (e.g., furniture of cane, osier, bamboo or similar materials). The aforementioned imported unassembled articles are currently classified under the following Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 4418.10, 4418.20, 9401.30, 9401.40, 9401.51, 9401.59, 9401.61, 9401.69, 9403.30, 9403.40, 9403.50, 9403.60, 9403.81 or 9403.89.

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

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

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

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

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

Certain steel nails subject to these orders are currently classified under HTSUS subheadings 7317.00.55.02, 7317.00.55.03, 7317.00.55.05, 7317.00.55.07, 7317.00.55.08, 7317.00.55.11, 7317.00.55.18, 7317.00.55.19, 7317.00.55.20, 7317.00.55.30, 7317.00.55.40, 7317.00.55.50, 7317.00.55.60, 7317.00.55.70, 7317.00.55.80, 7317.00.55.90, 7317.00.65.30, 7317.00.65.60 and 7317.00.75.00. Certain steel nails subject to these orders also may be classified under HTSUS subheadings 7907.00.60.00, 8206.00.00.00 or other HTSUS subheadings.

While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of these orders is dispositive.

## Partial Rescission of Administrative Review

Pursuant to 19 CFR 351.213(d)(1), Commerce will rescind an administrative review, in whole or in part, if the party that requested the review withdraws its request within 90 days of the date of publication of the *Initiation Notice* of the requested review. On July 31, 2017, Mid Continent requested administrative reviews<sup>16</sup> of certain companies,<sup>17</sup> including Bonuts, PT, and Unicatch. Commerce subsequently initiated a review with respect to all such companies.<sup>18</sup>

On December 8, 2017, Mid Continent withdrew its request for administrative review with respect to all companies in the *Initiation Notice* except Bonuts, PT, and Unicatch.<sup>19</sup> Because Mid Continent timely withdrew its request for administrative reviews of these companies within 90 days of the date of publication of the *Initiation Notice*, and no other interested party requested a review of these companies, Commerce is rescinding this review with respect to these companies, in accordance with 19 CFR 351.213(d)(1). The review will continue with respect to the remaining companies: Bonuts, PT, and Unicatch.

## Duty Absorption

Section 751(a)(4) of the Act provides that, if requested during an administrative review initiated two or four years after the publication of the order, Commerce will determine whether antidumping duties have been absorbed by a foreign producer or exporter through an affiliated importer. On October 10, 2017, Mid Continent requested that, pursuant to 19 CFR

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<sup>16</sup> See Mid Continent's Request for Reviews.

<sup>17</sup> Air Sea Transport, Inc., All Precision Co., Ltd., Apex Maritime Co., Inc., Aplus Pneumatic Corp., Astrotech Steels Private Ltd., Basso Industry Corporation, Bollore Logistics (Vietnam) Co. Ltd., C.H. Robinson Freight Services, Challenge Industrial Co., Ltd., Cheng Ch International Co. Ltd., Chia Pao Metal Co. Ltd., China International Freight Co. Ltd., Chite Enterprises Co., Ltd., Crown Run Industrial Corp., Daejin Steel Company Ltd., E&E Transport International Co., Ltd., Easylink Industrial Co., Ltd., ECI Taiwan Co., Ltd., Everise Global Logistics Co., Ltd., Faithful Engineering Products Co. Ltd., Fastenal Asia Pacific Ltd., Four Winds Corporation, Fuzhou Important Countries Import & Export, Fuzhou Royal Floor Co., Ltd., Fuzhou Top Golden Import & Export Co., General Merchandise Consolidators, Ginfa World Co. Ltd., Gloex Company, H&W International Forwarders Co., Ltd., Hanbit Logistics Co., Ltd., Hecny Shipping Limited, Hi-Sharp Industrial Corp. Ltd., Home Value Co., Ltd., Honour Lane Logistics Co., Ltd., Hor Liang Industrial Corp., Hyup Sung Indonesia, Inmax Industries Sdn. Bhd., Jade Shuttle Enterprise Co., Ltd., Jia Jue Industry Co. Ltd., Jinhai Hardware Co., Ltd., Jinsco International Corp., Joo Sung Sea & Air Co., Ltd., K Win Fasteners Inc., King Freight International Corporation, Korea Wire Co., Ltd., Liang Chyuan Industrial Co., Ltd., Locksure Inc., Lu Kang Hand Tools Industrial Co., Ltd., ML Global Ltd., Master United Corp., Nailermate Enterprise Corporation, Newrex Screw Corporation, NMC Logistics International Company, Noble Shipping Pvt. Ltd., NS International Ltd., OOCL Logistics Ltd., Orient Express Container Co., Ltd., Oriental Power Logistics Co., Ltd., Oriental Vanguard Logistics Co. Ltd., Pacific Concord International Ltd., Pacific Star Express Corp., Panda Logistics Co., Ltd., Panther T&H Industry Co., Patek Tool Co., Ltd., Point Edge Corp., President Industrial Inc., Romp Coil Nail Industries Inc., Scanwell, Schenker, Seamaster Logistics Sdn Bhd, Star World Product and Trading Co., Ltd., Sun VN Transport Co., T.H.I. Logistics Co. Ltd., Taiwan Wakisangyo Co. Ltd., The Ultimate Freight Management, Topps Wang International Ltd., Trans Wagon International Co. Ltd., Trans-Top Enterprise Co., Ltd., Transwell Logistics Co., Ltd., Transworld Transportation Co., Ltd., Trim International Inc., Tsi-Translink (Taiwan) Co. Ltd., UC Freight Forwarding Co. Ltd., U-Can-Do Hardware Corp., Universal Power Shipping Ltd., UPS Supply Chain Solutions, VIM International Enterprise Co., Ltd., Victory Co. Ltd., Yeh Fong Hsin, Yehdyi Enterprise Co., Ltd., Yu Tai World Co., Ltd., and Yusen Logistics (Taiwan) Ltd.

<sup>18</sup> See *Initiation Notice*, 82 FR 42980-42981.

<sup>19</sup> See Mid Continent's December 12, 2017 Withdrawal of Request for Administrative Reviews.

351.213(j)(1), we conduct a duty absorption inquiry for PT and Unicatch.<sup>20</sup> On January 9, 2018, we issued letters to PT and Unicatch, requesting information regarding duty absorption.<sup>21</sup> The deadline for submitting information regarding duty absorption was January 19, 2018.<sup>22</sup> We received no response regarding duty absorption from either PT or Unicatch.

PT reported that it had exclusively export price (EP) sales during the POR.<sup>23</sup> Accordingly, because the subject merchandise was not sold through an importer who is affiliated with the foreign producer/exporter, we have preliminarily determined not to examine duty absorption for PT.<sup>24</sup>

Unicatch reported that it has EP sales and constructed export price (CEP) sales through its U.S. affiliate TC International, Inc. (TC) during the POR.<sup>25</sup> Accordingly, because Unicatch's EP sales were not sold through an importer who is affiliated with the foreign producer/exporter, we have preliminarily determined not to examine duty absorption for such sales.<sup>26</sup>

However, because Unicatch reported CEP sales through its U.S. affiliate TC, we have examined duty absorption for such sales. In determining whether the antidumping duties have been absorbed by the respondents, we examine the AD duties calculated in the administrative review in which the duty absorption inquiry is requested.<sup>27</sup> Commerce presumes the duties will be absorbed for those sales sold through their affiliated importers that have been made at less than NV. This presumption can be rebutted with evidence (*e.g.*, an agreement between the affiliated importer and unaffiliated purchaser) that the unaffiliated purchaser will pay the full duty ultimately assessed on the subject merchandise.<sup>28</sup> As noted above, Commerce requested that Unicatch provide evidence that its unaffiliated purchaser ultimately will pay the AD duties to be assessed on entries of subject merchandise during the instant POR. Unicatch did not submit any evidence in response to Commerce's request. Accordingly, based on the information on the record, we cannot conclude that Unicatch's unaffiliated purchaser in the United States ultimately will pay the full assessed duties. Because Unicatch did not rebut the duty-absorption presumption with evidence that its unaffiliated U.S. purchaser will pay the full duty ultimately

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<sup>20</sup> See Mid Continent's October 10, 2017 Request for Duty Absorption Inquiry.

<sup>21</sup> See Letter re: Nails from Taiwan: Duty Absorption, dated January 9, 2018 (Unicatch Duty Absorption Questionnaire); Letter re: Nails from Taiwan: Duty Absorption, dated January 9, 2018 (PT Duty Absorption Questionnaire).

<sup>22</sup> *Id.*

<sup>23</sup> See PT's Section A Questionnaire Response, at Exhibit A-1.

<sup>24</sup> See section 751(a)(4) of the Act and *Agro Dutch Industries, Ltd. v. United States*, 508 F.3d 1024 (Fed. Cir. 2007).

<sup>25</sup> See Unicatch's Section A Questionnaire Response, at Exhibit A-1.

<sup>26</sup> See section 751(a)(4) of the Act and *Agro Dutch Industries, Ltd. v. United States*, 508 F.3d 1024 (Fed. Cir. 2007).

<sup>27</sup> See 19 CFR 351.213(j)(3).

<sup>28</sup> See, *e.g.*, *Certain Oil Country Tubular Goods From the Republic of Korea: Final Results of Antidumping Duty Administrative Review and Final Determination of No Shipments; 2015-2016*, 83 FR 17146 (April 18 2018) and accompanying Issues and Decision Memorandum at Comment 5; *Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules, From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review and Preliminary Determination of No Shipments; 2013-2014*, 80 FR 80746 (December 28, 2015), and accompanying Decision Memorandum at 5, unchanged in *Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules, From the People's Republic of China: Final Results of Antidumping Duty Administrative Review and Final Determination of No Shipments; 2013-2014*, 81 FR 39905 (June 20, 2016).

assessed on the subject merchandise, we preliminarily find that AD duties have been absorbed by Unicatch on all its CEP sales.

### Use of Facts Available with an Adverse Inference

For the reasons discussed below, we preliminarily determine that the application of total adverse facts available (AFA) is appropriate with respect to Bonuts.

Section 776(a) of the Act provides that, subject to section 782(d) of the Act, Commerce shall apply “facts otherwise available” if: (1) necessary information is not on the record; or (2) an interested party or any other person (A) withholds information that has been requested, (B) fails to provide information within the deadlines established, or in the form and manner requested by Commerce, subject to subsections (c)(1) and (e) of section 782 of the Act, (C) significantly impedes a proceeding, or (D) provides information that cannot be verified as provided by section 782(i) of the Act.

Where Commerce determines that a response to a request for information does not comply with the request, section 782(d) of the Act provides that Commerce will so inform the party submitting the response and will, to the extent practicable, provide that party an opportunity to remedy or explain the deficiency. If the party fails to remedy or satisfactorily explain the deficiency within the applicable time limits, subject to section 782(e) of the Act, Commerce may disregard all or part of the original and subsequent responses, as appropriate.

Section 776(b) of the Act provides that Commerce may use an adverse inference in applying the facts otherwise available when a party fails to cooperate by not acting to the best of its ability to comply with a request for information. In doing so, Commerce is not required to determine, or make any adjustments to, a weighted-average dumping margin based on any assumptions about information an interested party would have provided if the interested party had complied with the request for information.<sup>29</sup> Further, section 776(b)(2) states that an adverse inference may include reliance on information derived from the petition, the final determination from the less than fair value (LTFV) investigation, a previous administrative review, or other information placed on the record.<sup>30</sup>

Section 776(c) of the Act provides that, when Commerce relies on secondary information rather than on information obtained in the course of an investigation, it shall, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal.<sup>31</sup> Secondary information is defined as information derived from the petition that gave rise to the investigation or review, the final determination concerning the subject merchandise, or any previous review under section 751 of the Act concerning the subject merchandise.<sup>32</sup> Further,

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<sup>29</sup> See section 776(b)(1)(B) of the Act.

<sup>30</sup> See also 19 CFR 351.308(c).

<sup>31</sup> See also 19 CFR 351.308(d).

<sup>32</sup> See SAA at 870.

Commerce is not required to corroborate any dumping margin applied in a separate segment of the same proceeding.<sup>33</sup>

Finally, under the new section 776(d) of the Act, Commerce may use any dumping margin from any segment of a proceeding under an antidumping order when applying an adverse inference, including the highest of such margins.<sup>34</sup> When selecting an AFA margin, Commerce is not required to estimate what the dumping margin would have been if the interested party failing to cooperate had cooperated or to demonstrate that the dumping margin reflects an “alleged commercial reality” of the interested party.<sup>35</sup>

### *I. Use of AFA*

On December 6, 2018, we selected Bonuts as a mandatory respondent, and on December 8, 2018, we issued Commerce’s AD questionnaire to Bonuts. Bonuts failed to respond to Commerce’s AD questionnaire or request an extension. As a result of its non-participation, we preliminarily find that Bonuts failed to provide necessary information, withheld information requested by Commerce, and significantly impeded this proceeding by not submitting the requested information. Accordingly, we preliminarily determine that the use of facts available is warranted in determining the rate for Bonuts, pursuant to sections 776(a)(1), (a)(2)(A) and (a)(2)(C) of the Act.<sup>36</sup>

Further, pursuant to section 776(b) of the Act, we preliminarily determine that Bonuts has failed to cooperate by not acting to the best of its ability to comply with a request for information because it did not respond to our AD questionnaire. Specifically, we preliminarily determine that Bonuts has failed to cooperate by not acting to the best of its ability to provide, in a timely manner, the information requested by and necessary for Commerce to calculate a weighted-average dumping margin for exports of subject merchandise by Bonuts to the United States for this POR. Thus, we find that Bonuts’ non-responsiveness constitutes circumstances under which it is reasonable to conclude that it failed to cooperate by not acting to the best of its ability.<sup>37</sup> Therefore, we preliminarily find that an adverse inference is warranted in selecting from the facts otherwise available with respect to Bonuts in accordance with section 776(b) of the Act and 19 CFR 351.308(a).<sup>38</sup>

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<sup>33</sup> See section 776(c)(2) of the Act.

<sup>34</sup> See section 776(d)(1)-(2) of the Act.

<sup>35</sup> See section 776(d)(3) of the Act.

<sup>36</sup> See, e.g., *Notice of Preliminary Determination of Sales at Less Than Fair Value, Affirmative Preliminary Determination of Critical Circumstances and Postponement of Final Determination: Certain Frozen Fish Fillets from the Socialist Republic of Vietnam*, 68 FR 4986, 4991 (January 31, 2003), unchanged in *Notice of Final Determination of Sales at Less Than Fair Value and Affirmative Critical Circumstances: Certain Frozen Fish Fillets from the Socialist Republic of Vietnam*, 68 FR 37116 (June 23, 2003).

<sup>37</sup> See *Nippon Steel Corporation v. United States*, 337 F.3d 1373, 1383 (Fed. Cir. 2003) (*Nippon 2003*) (noting that Commerce need not show intentional conduct existed on the part of the respondent, but merely that a “failure to cooperate to the best of a respondent’s ability” existed (*i.e.*, information was not provided “under circumstances in which it is reasonable to conclude that less than full cooperation has been shown.”))

<sup>38</sup> *Id.* at 1382.



## 2. AFA rate

In relying on AFA, Commerce may rely on information derived from the petition, the final determination in the investigation, any previous review, or any other information placed on the record.<sup>24</sup> In selecting an AFA rate, Commerce selects a rate that is sufficiently adverse to ensure that the uncooperative party does not obtain a more favorable result by failing to cooperate than if it had fully cooperated.<sup>25</sup> Under section 776(d) of the Act, Commerce may use any dumping margin from any segment of the proceeding when applying an adverse inference, including the highest of such margins. Therefore, we are assigning to Bonuts a margin of 78.17 percent based on total AFA, which is the highest margin applied in any segment of the proceeding.<sup>39</sup> Pursuant to section 776(c)(2) of the Act, Commerce is not required to corroborate any dumping margin applied in a separate segment of the same proceeding.

### Comparisons to Normal Value

Pursuant to section 773(a) of the Act and 19 CFR 351.414(c)(1), to determine whether PT's and Unicatch's sales of nails from Taiwan were made in the United States at less than normal value, we compared the constructed export price (CEP) or export price (EP) to the normal value (NV) as described in the "Export Price and Constructed Export Price" and "Normal Value" sections of this notice.

#### A. Determination of Comparison Method

Pursuant to 19 CFR 351.414(c)(1), Commerce calculates dumping margins by comparing weighted-average NVs to weighted-average export prices (EPs) (or constructed export prices (CEPs)) (the average-to-average or A-to-A method) unless Commerce determines that another method is appropriate in a particular situation. In antidumping duty investigations, Commerce examines whether to compare weighted-average NVs with transaction-specific EPs (or CEPs) (the average-to-transaction or A-to-T method) as an alternative comparison method using an analysis consistent with section 777A(d)(1)(B) of the Act. Although section 777A(d)(1)(B) of the Act does not strictly govern Commerce's examination of this question in the context of administrative reviews, Commerce nevertheless finds that the issue arising under 19 CFR 351.414(c)(1) in administrative reviews is, in fact, analogous to the issue in antidumping duty investigations.<sup>40</sup>

In recent investigations, Commerce applied a "differential pricing" analysis for determining whether application of A-to-T comparisons is appropriate in a particular situation pursuant to

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<sup>39</sup> See *Certain Steel Nails from Taiwan: Preliminary Results of Antidumping Duty Administrative Review and Partial Rescission of Administrative Review*; 2015-2016, 82 FR 36744 (August 7, 2017) and accompanying Preliminary Decision Memorandum, unchanged in *Certain Steel Nails from Taiwan: Final Results of Antidumping Duty Administrative Review and Partial Rescission of Administrative Review*; 2015-2016, 83 FR 6163 (February 13, 2018).

<sup>40</sup> See *Ball Bearings and Parts Thereof from France, Germany, and Italy: Final Results of Antidumping Duty Administrative Reviews*; 2010-2011, 77 FR 73415 (December 10, 2012), and accompanying Issues and Decision Memorandum at comment 1.

19 CFR 351.414(c)(1) and consistent with section 777A(d)(1)(B) of the Act.<sup>41</sup> Commerce finds that the differential pricing analysis used in recent investigations may be instructive for purposes of examining whether to apply an alternative comparison method in this administrative review. Commerce will continue to develop its approach in this area based on comments received in this and other proceedings, and on Commerce's additional experience with addressing the potential masking of dumping that can occur when Commerce uses the A-to-A method in calculating weighted-average dumping margins.

The differential pricing analysis used in these preliminary results requires a finding of a pattern of EPs (or CEPs) for comparable merchandise that differs significantly among purchasers, regions, or time periods. If such a pattern is found, then the differential pricing analysis evaluates whether such differences can be taken into account when using the A-to-A method to calculate the weighted-average dumping margin. The differential pricing analysis used here evaluates all purchasers, regions, and time periods to determine whether a pattern of prices that differ significantly exists. The analysis incorporates default group definitions for purchasers, regions, time periods, and comparable merchandise. Purchasers are based on the reported or consolidated customer codes. Regions are defined using the reported destination code (*i.e.*, zip) and are grouped into regions based upon standard definitions published by the U.S. Census Bureau. Time periods are defined by the quarter within the POR being examined based upon the reported date of sale. For purposes of analyzing sales transactions by purchaser, region and time period, comparable merchandise is considered using the product control number (nail form, product form, steel type, surface finish, diameter, shank length, collation material, head style, shank style, head treatment) and any characteristics of the sales, other than purchaser, region and time period, that Commerce uses in making comparisons between EPs or CEPs and NVs for the individual dumping margins.

In the first stage of the differential pricing analysis used here, the "Cohen's *d* test" is applied. The Cohen's *d* test is a generally recognized statistical measure of the extent of the difference between the mean of a test group and the mean of a comparison group. First, for comparable merchandise, the Cohen's *d* coefficient is calculated when the test and comparison groups of data each have at least two observations, and when the sales quantity for the comparison group accounts for at least five percent of the total sales quantity of the comparable merchandise. Then, the Cohen's *d* coefficient is used to evaluate the extent to which the net prices to a particular purchaser, region or time period differ significantly from the net prices of all other sales of comparable merchandise. The extent of these differences can be quantified by one of three fixed thresholds defined by the Cohen's *d* test: small, medium or large. Of these thresholds, the large threshold provides the strongest indication that there is a significant difference between the means of the test and comparison groups, while the small threshold provides the weakest indication that such a difference exists. For this analysis, the difference was considered significant, and the sales in the test groups pass the Cohen's *d* test, if the calculated Cohen's *d* coefficient is equal to or exceeds the large threshold (*i.e.*, 0.8).

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<sup>41</sup> See, e.g., *Xanthan Gum from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 78 FR 33351 (June 4, 2013); *Steel Concrete Reinforcing Bar from Mexico: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*, 79 FR 54967 (September 15, 2014); *Welded Line Pipe from the Republic of Turkey: Final Determination of Sales at Less Than Fair Value*, 80 FR 61362 (October 13, 2015).

Next, the “ratio test” assesses the extent of the significant price differences for all sales as measured by the Cohen’s *d* test. If the value of sales to purchasers, regions, and time periods that pass the Cohen’s *d* test account for 66 percent or more of the value of total sales, then the identified pattern of prices that differ significantly supports the consideration of the application of the A-to-T method to all sales as an alternative to the A-to-A method. If the value of sales to purchasers, regions, and time periods that pass the Cohen’s *d* test accounts for more than 33 percent and less than 66 percent of the value of total sales, then the results support consideration of the application of an A-to-T method to those sales identified as passing the Cohen’s *d* test as an alternative to the A-to-A method, and application of the A-to-A method to those sales identified as not passing the Cohen’s *d* test. If 33 percent or less of the value of total sales passes the Cohen’s *d* test, then the results of the Cohen’s *d* test do not support consideration of an alternative to the A-to-A method.

If both tests in the first stage (*i.e.*, the Cohen’s *d* test and the ratio test) demonstrate the existence of a pattern of prices that differ significantly such that an alternative comparison method should be considered, then in the second stage of the differential pricing analysis, we examine whether using only the A-to-A method can appropriately account for such differences. In considering this question, Commerce tests whether using an alternative method, based on the results of the Cohen’s *d* and ratio tests described above, yields a meaningful difference in the weighted-average dumping margin as compared to that resulting from the use of the A-to-A method only. If the difference between the two calculations is meaningful, then this demonstrates that the A-to-A method cannot account for differences such as those observed in this analysis, and, therefore, an alternative method would be appropriate. A difference in the weighted-average dumping margins is considered meaningful if 1) there is a 25 percent relative change in the weighted-average dumping margin between the A-to-A method and the appropriate alternative method where both rates are above the *de minimis* threshold, or 2) the resulting weighted-average dumping margin moves across the *de minimis* threshold.

Interested parties may present arguments and justifications in relation to the above-described differential pricing approach used in these preliminary results, including arguments for modifying the group definitions used in this proceeding.<sup>42</sup>

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<sup>42</sup> The Court of Appeals for the Federal Circuit (CAFC) in *Apex Frozen Foods v. United States*, 16-1789 (Fed. Cir. July 12, 2017) recently affirmed much of Commerce’s differential pricing methodology. We ask that interested parties present only arguments on issues which have not already been decided by the CAFC.

## B. Results of the Differential Pricing Analysis

### PT

Based on the results of the DP analysis, we find that 26.00 percent of PT's U.S. sales pass the Cohen's *d* test, which confirms that there is not a pattern of EPs for comparable merchandise that differ significantly among purchasers or time periods.<sup>43</sup> Accordingly, we have determined to use the A-to-A method for all U.S. sales to calculate the preliminary weighted-average dumping margin for PT.<sup>44</sup>

### Unicatch

Based on the results of the differential pricing analysis, we find that 52.88 percent of Unicatch's sales pass the Cohen's *d* test.<sup>45</sup> However, we preliminarily find that the average-to-average (A-to-A) method accounts for such differences because the weighted-average dumping margin does not cross the *de minimis* threshold when calculated using an alternative comparison method based on applying the average to transaction method to those U.S. sales which passed the Cohen's *d* test and the average to average method to those U.S. sales which did not pass the Cohen's *d* test. Accordingly, we have determined to use the A-to-A method for all U.S. sales to calculate the preliminary weighted-average dumping margin for Unicatch.

## C. Product Comparisons

For PT and Unicatch, we based NV on CV because neither PT nor Unicatch had viable home or third-country markets during the POR.<sup>46</sup> Therefore, for PT and Unicatch, no comparisons are made of EPs or CEPs with NVs based on home market or third-country market sales where it would be necessary to identify identical or similar merchandise. CV is based on PT's and Unicatch's reported COP, which is reported on the basis of product control numbers (CONNUM)s. CONNUMs are defined by the reported physical characteristics established by Commerce for nails, which are listed above.

### Date of Sale

Section 351.401(i) of Commerce's regulations states that, in identifying the date of sale of the merchandise under consideration or foreign like product, the Secretary normally will use the date of invoice, as recorded in the exporter or producer's records kept in the ordinary course of business. Additionally, under that regulation, the Secretary may use a date other than the date of invoice if the Secretary is satisfied that a different date better reflects the date on which the

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<sup>43</sup> See Memorandum, "Antidumping Administrative Review of Certain Steel Nails from Taiwan; 2016-2017: PT Enterprise Inc. Preliminary Analysis Memorandum," dated concurrently with this memorandum (PT Preliminary Analysis Memorandum).

<sup>44</sup> *Id.*

<sup>45</sup> See Memorandum, "Antidumping Administrative Review of Certain Steel Nails from Taiwan; 2016-2017: Unicatch Preliminary Analysis Memorandum," dated concurrently with this memorandum (Unicatch Preliminary Analysis Memorandum).

<sup>46</sup> See PT's Section A Response, at 2 and Exhibit 1; Unicatch's Section A Response, at 2 and Exhibit 1.

exporter or producer establishes the material terms of sale.<sup>47</sup> Furthermore, consistent with Commerce's practice, we use the shipment date as the date of sale where the shipment date occurs before the invoice date because the price and quantity are fixed at the time of shipment.<sup>48</sup>

For U.S. sales, Unicatch reported the date of invoice as its date of sale for CEP sales.<sup>49</sup> For its EP sales, Unicatch reported the date of sale as the date when its sales are recorded in its financial accounting system (*i.e.*, internal sales order date). Specifically, for Unicatch's EP sales, Unicatch's internal sales order date is the same as the invoice date during the POR.<sup>50</sup> Therefore, in accordance with our normal practice, in the absence of information indicating a different date of sale better reflects the date on which the material terms of sale are established, we are using invoice date as date of sale. Thus, because the material terms of sale are not established until the invoice date for Unicatch, we are relying on the date of invoice as the date of sale for U.S. sales.<sup>51</sup>

For U.S. sales, PT stated that terms of sale are subject to change after order contracts are issued, up until the time of shipment, and commercial invoices are issued at or about the time of shipment.<sup>52</sup> Therefore, in accordance with our normal practice, in the absence of information indicating a different date of sale better reflects the date on which the material terms of sale are established, we are using invoice date as date of sale. Thus, because the material terms of sale are not established until the invoice date for PT, we are relying on the date of invoice as the date of sale for U.S. sales.<sup>53</sup>

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<sup>47</sup> See 19 CFR 351.401(i); see also *Allied Tube & Conduit Corp. v. United States*, 132 F. Supp. 2d 1087, 1090-1092 (CIT 2001) (*Allied Tube & Conduit Corp.*) ("As elaborated by Department practice, a date other than invoice date 'better reflects' the date when 'material terms of sale' are established if the party shows that the 'material terms of sale' undergo no meaningful change (and are not subject to meaningful change) between the proposed date and the invoice date.").

<sup>48</sup> See *Stainless Steel Sheet and Strip in Coils from the Republic of Korea: Preliminary Results and Partial Rescission of Antidumping Duty Administrative Review*, 71 FR 18074, 18079-80 (April 10, 2006), unchanged in *Stainless Steel Sheet and Strip in Coils from the Republic of Korea: Final Results and Rescission of Antidumping Duty Administrative Review in Part*, 72 FR 4486 (January 31, 2007), and the accompanying Issues and Decision Memorandum at Comments 4 and 5; see also *Seamless Refined Copper Pipe and Tube from Mexico: Preliminary Results of Antidumping Duty Administrative Review; 2010-2011*, 77 FR 73422 (December 10, 2012), and accompanying Preliminary Issues and Decision Memorandum at 7, unchanged in *Seamless Refined Copper Pipe and Tube from Mexico: Final Results of Antidumping Duty Administrative Review; 2010-2011*, 78 FR 35244 (June 12, 2013).

<sup>49</sup> See Unicatch's Section A Response, at 12-13; Unicatch's Section C Response, at 14-15.

<sup>50</sup> *Id.*

<sup>51</sup> *Id.*

<sup>52</sup> See PT's Section A Response, at 12; PT's Section C Response, at 14-15.

<sup>53</sup> *Id.*

## Export Price and Constructed Export Price

In accordance with section 772(a) of the Act, “the term ‘export price’ means the price at which the subject merchandise is first sold (or agreed to be sold) before the date of importation by the producer or exporter of the subject merchandise outside of the United States to an unaffiliated purchaser in the United States or to an unaffiliated purchaser for exportation to the United States, as adjusted under subsection (c).” Section 772(b) of the Act defines CEP as “the price at which the subject merchandise is first sold (or agreed to be sold) in the United States before or after the date of importation by or for the account of the producer or exporter of such merchandise or by a seller affiliated with the producer or exporter, to a purchaser not affiliated with the producer or exporter, as adjusted under subsections (c) and (d).” As explained below, we based the U.S. price on EP for PT and EP and CEP for Unicatch.

For PT’s and Unicatch’s EP sales, we based U.S. price on the price at which merchandise under consideration was sold to the first unaffiliated purchaser in the United States. Where appropriate, we made deductions, consistent with section 772(c)(2)(A) of the Act, for the following movement expenses: domestic inland freight, domestic brokerage and handling, U.S. brokerage and handling, international freight, marine insurance, U.S. duty, and other international movement expenses.

For Unicatch’s CEP sales, we based the price as defined in section 772(b) of the Act, for the subject merchandise sold, before importation, by a U.S.-based seller affiliated with the producer to unaffiliated purchasers in the United States. We made deductions from the starting price for movement expenses (*e.g.*, inland freight, warehousing, international freight, marine insurance, brokerage and handling, and U.S. duties), in accordance with section 772(c)(2) of the Act and 19 CFR 351.401(e).

In accordance with section 772(d)(1) of the Act, we calculated the CEP by deducting selling expenses associated with economic activities occurring in the United States, which includes direct selling expenses and those indirect selling expenses associated with economic activities occurring in the United States. We also deducted the profit allocated to expenses deducted under section 772(d)(1) of the Act, in accordance with section 772(d)(3) of the Act.

## Normal Value

### A. Home Market Viability and Comparison Market

To determine whether a sufficient volume of sales of nails exists in the home market to serve as a viable basis for calculating NV (*i.e.*, the aggregate volume of home market sales of the foreign like product is equal to or greater than five percent of the aggregate volume of U.S. sales), we compared PT’s and Unicatch’s volume of home market sales of the foreign like product to their volume of U.S. sales of the subject merchandise, in accordance with section 773(a)(1)(C) of the Act. When sales in the home market are not viable, section 773(a)(1)(B)(ii) of the Act provides that sales to a third-country market may be utilized if: (1) the prices in such market are representative; (2) the aggregate quantity of the foreign like product sold by the producer or exporter in the third-country market is five percent or more of the aggregate quantity of the

subject merchandise sold in or to the United States; and (3) Commerce does not determine that a particular market situation in the third-country market prevents a proper comparison with the U.S. price.

Based on this comparison for PT and Unicatch, we preliminarily determine that PT and Unicatch did not have a viable home market during the POR. We find that the aggregate volume of home market sales of the foreign like product is less than five percent of the aggregate volume of U.S. sales, and, thus, PT's and Unicatch's sales in the home market were not viable.<sup>54</sup> We also preliminarily find that the aggregate quantity of the foreign like product sold by PT and Unicatch in any third-country market was less than five percent of the aggregate volume of U.S. sales, and, therefore, neither PT nor Unicatch have a viable third-country market.<sup>55</sup> As a result, we used CV as the basis for calculating NV, in accordance with section 773(a)(4) of the Act.

#### B. Normal Value Based on Constructed Value

In accordance with section 773(e) of the Act, we calculated CV based on the sum of PT's and Unicatch's cost of materials and fabrication employed in producing the subject merchandise, plus amounts for general and administrative (G&A) expenses, interest, profit, selling expenses, and U.S. packing costs. We calculated the cost of materials and fabrication, G&A expenses, and interest based on information submitted by Unicatch in its original and supplemental questionnaire responses, except in instances where we determined that the information was not valued correctly, as described below.

During the POR, neither PT nor Unicatch had a viable home or third-country market to serve as a basis for NV; thus, NV must be based on CV, in accordance with section 773(a)(4) of the Act. Likewise, in the absence of a comparison market, we are unable to calculate CV profit using the preferred method and must instead rely on one of the three alternatives outlined in sections 773(e)(2)(B)(i) through (iii) of the Act. Those alternatives are: (i) the use of the actual amounts incurred and realized by the specific exporter or producer in connection with the production and sale in the foreign country of merchandise that is in the same general category of products as the subject merchandise; (ii) the use of the weighted average of the actual amounts incurred and realized by exporters or producers (other than the respondent) in connection with the production and sale of the foreign like product, in the ordinary course of trade country, for consumption in the foreign country; or (iii) based on any other reasonable method, except that the amount for profit may not exceed the amount realized by exporters or producers (other than the respondent) in connection with the sale, for consumption in the foreign country, of merchandise that is in the same general category of products as the subject merchandise (*i.e.*, the "profit cap").

Because PT and Unicatch did not sell any non-subject comparable merchandise in the home market during the POR, we are unable to calculate profit under section 773(e)(2)(B)(i), *i.e.*, based on sales of the same general category of product. We also cannot calculate CV profit or selling expenses under 773(e)(2)(B)(ii), amounts incurred and realized by other producers subject to the review, because PT and Unicatch are the only two cooperating respondents subject

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<sup>54</sup> See 19 CFR 351.404(b)(2); see also PT's Section A Response, at 3 and Exhibit A-1; Unicatch's Section A Response, at 2-3 and Exhibit A-1.

<sup>55</sup> *Id.*

to this review. Thus, we are calculating profit under 773(e)(2)(B)(iii), *i.e.*, any other reasonable method for these preliminary results.

On June 1, 2018, we sent a request to all parties for CV profit and selling expense comments and information. Parties provided responses on June 15, 2018, and June 29, 2018, and rebuttal submissions on July 10, 2018.<sup>56</sup> Based on the information on the record of this administrative review and past proceedings, we have considered CV profit under section 773(e)(2)(B)(iii) of the Act: the profit reflected in the 2016 audited financial statements for three Taiwanese producers (*i.e.*, Chun Yu Work and Co., Ltd.; OFCO Industrial Corp.; and Sheh Fung Screws Co. Ltd.) of screws, bolts, and fasteners, which are comparable to nails (*i.e.*, the subject merchandise).<sup>57</sup> The financial statements of these three Taiwanese companies are fully translated, complete and contemporaneous with the POR.

Interested parties also submitted fully translated and contemporaneous financial statements of one other Taiwanese company (Sumeeko Industries Co. Ltd.) that produces screws, bolts, and other fasteners. However, Sumeeko Industries Co. Ltd.'s financial statements show that 58 percent of its sales are to the U.S. market.<sup>58</sup> It is Commerce's practice to exclude financial statements that have sales predominately or exclusively to the U.S. market.<sup>59</sup> Therefore, in accordance with our practice, we have preliminarily not used Sumeeko Industries Co. Ltd.'s financial statement in our CV profit calculation.

Additionally, interested parties also placed financial statements from India, Thailand, Canada, Japan, and Czech Republic on the record. However, Commerce's preference is to use financial statements from companies that primarily produce and sell either identical or comparable products in the country under consideration, and we find that such information is available on the record of this proceeding.<sup>60</sup> Therefore, we did not use financial statements from countries other than Taiwan in our CV profit calculation. Further, interested parties placed on the record the financial statements of Taiwanese producer Quintain Steel Co., Ltd. (Quintain), which produces wire rod (an input for nails). It is our preference to use financial statements from companies that

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<sup>56</sup> See Mid Continent's June 29, 2018, Submissions of Factual Information for CV Profit and Selling Expenses; Mid Continent's July 10, 2018, Submission of CV Profit Rebuttal Comments; PT and Unicatch's June 15, 2018, Submission of Factual Information for CV Profit and Selling Expenses; PT and Unicatch's July 10, 2018, Submission of CV Profit Rebuttal Comments.

<sup>57</sup> See PT and Unicatch's June 10, 2018, Submission of Factual Information for CV Profit and Selling Expenses, at Exhibits 13-15.

<sup>58</sup> See Mid Continent's June 29, 2018, Submissions of Factual Information for CV Profit and Selling Expenses, at Exhibit 6. We also note that this is the first time Commerce has addressed the substantive quality of Sumeeko Industries Co. Ltd.'s financial statements in this proceeding (partially translated financial statements for Sumeeko Industries Co. Ltd. were on the record in the investigation, and thus were not used, and no financial statements for Sumeeko Industries Co. Ltd. were on the record of the first administrative review). See *Certain Steel Nails From Taiwan: Final Determination of Sales at Less Than Fair Value*, 80 FR 28959 (May 20, 2015) and *Certain Steel Nails From Taiwan: Final Results of Antidumping Duty Administrative Review and Partial Rescission of Administrative Review; 2015-2016*, 83 FR 6163 (February 13, 2018).

<sup>59</sup> See *Notice of Final Determination of Sales at Less Than Fair Value: Pure Magnesium from Israel*, 66 FR 49349 (Sept. 27, 2001) (*Pure Magnesium from Israel*) and accompanying decision memorandum at Comment 8.

<sup>60</sup> See *e.g.* *Certain Steel Nails from Taiwan: Final Determination of Sales at Less Than Fair Value*, 80 FR 28959 (May 20, 2015), and accompanying decision memorandum at Comment 1.



primarily produce and sell either identical or comparable products in Taiwan. Consistent with past practice, we find that although Quintain (Taiwanese producer of wire rod) may have similar business operations and production process to our mandatory respondents, this does not represent the profit experience of a predominant nail producer to the same extent as the financial statements for producers of screws, bolts, and other fasteners.<sup>61</sup> Moreover, we find that Quintain's customer base does not represent the most similar customer base. Therefore, we did not use the financial statements of Quintain in our CV profit calculation. Thus, in having to choose a reasonable source for CV profit data amongst the available options before us, we have preliminarily determined to use the simple-average profit earned by OFCO Industrial Corp.; Sheh Feng Screws Co. Ltd.; and Chun Yu Work and Co., Ltd., Taiwanese producers of comparable merchandise, in accordance with section 773(e)(2)(B)(iii) of the Act.

### C. Cost of Production Analysis

Section 773(b)(2)(A)(ii) of the Act controls all determinations in which the complete initial questionnaire has not been issued as of August 6, 2015.<sup>62</sup> It requires Commerce to request CV and COP information from respondent companies in all AD proceedings.<sup>63</sup>

Accordingly, Commerce requested this information from PT and Unicatch. We examined PT's and Unicatch's cost data and determined that our quarterly cost methodology is not warranted, and, therefore, we have applied our standard methodology of using annual costs based on Unicatch's reported data.

In accordance with section 773(b)(3) of the Act, we calculated COP based on the sum of PT's and Unicatch's cost of materials and fabrication for the foreign like product, plus amounts for selling, general, and administrative (SG&A) expenses, interest expenses, and home market packing costs.

Based on our analysis of PT's and Unicatch's questionnaire responses, we have made no adjustments to PT's or Unicatch's reported COP.

### Currency Conversion

We made currency conversions into U.S. dollars in accordance with section 773A(a) of the Act and 19 CFR 351.415, based on the exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank. The exchange rates are available on the Enforcement and Compliance web site at <http://enforcement.trade.gov/exchange/index.html>.

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<sup>61</sup> See *Certain Steel Nails from the Sultanate of Oman: Preliminary Results of Antidumping Duty Administrative Review and Partial Rescission of Antidumping Duty Administrative Review*; 2016-2017, 83 FR 22246 (May 14, 2018), and accompanying Preliminary Decision Memorandum. See also *Notice of Final Determination of Sales at Not Less Than Fair Value: Certain Color Television Receivers from Malaysia*, 69 FR 20592 (April 16, 2004), and accompanying Issues and Decision Memorandum at Comment 26.

<sup>62</sup> See *Dates of Application of Amendments to the Antidumping and Countervailing Duty Laws Made by the Trade Preferences Extension Act of 2015*, 80 FR 46793 (August 6, 2015).

<sup>63</sup> *Id.*, 80 FR at 46794-95.

## Verification

From June 18, 2018 through June 29, 2018, we conducted verification of PT and Unicatch.<sup>64</sup> These verifications were conducted pursuant to section 782(i)(3) of the Act because Mid Continent, a domestic interested party pursuant to section 771(9)(C) of the Act, requested a verification, and no verification was conducted during the two prior segments of the proceeding for these companies, and good cause was shown.<sup>65</sup>

## Recommendation

We recommend applying the above methodology for these preliminary results.



\_\_\_\_\_  
Agree

\_\_\_\_\_  
Disagree

8/3/2018

X 

Signed by: CHRISTIAN MARSH

Christian Marsh  
Deputy Assistant Secretary  
for Enforcement and Compliance

<sup>64</sup> See PT Verification Report; Unicatch Verification Report.

<sup>65</sup> See Mid Continent's December 8, 2017 Request for Verification.