

Ministry of **Economic
Development**



M a n a t ū Ō h a n g a

Wire Nails from the People's Republic of China

Limited Review Final Report

NON-CONFIDENTIAL

Dumping and Countervailing Duties Act 1988

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Abbreviations

The following abbreviations are used in this Report:

Act (the)	Dumping and Countervailing Duties Act 1988
Allied	Allied Fastenings Limited
Anti-Dumping Agreement (the)	WTO Agreement on Implementation of Article VI of the GATT 1994
Arrownail	Arrownail Industries Limited
BRANZ	Building Research Association of New Zealand
Chief Executive	Chief Executive of the Ministry of Economic Development
Gibson	Gibson Anchoring Systems Limited
Inter Build	Inter Build Products Limited
Macsim	Macsim Fasteners (NZ) Pty Limited
Ministry (the)	Ministry of Economic Development
NZCS	New Zealand Customs Service
NZD	New Zealand Dollars
NZ Nail	N.Z. Nail Industries Limited
USD	United States Dollar
USL	United Steel Limited
Wireplus	Wireplus Limited
Winstone Wallboards	Winstone Wallboards Limited
WTO	World Trade Organisation

1. Executive Summary

Introduction

A limited (“like goods”) review of the anti-dumping duty on wire nails from the People’s Republic of China (China) was initiated on 4 April 2012 following a number of queries by importers about whether the New Zealand industry produced nails that are equivalent (or “like”) several types of specialised nails imported from China.

The Chief Executive of the Ministry (the Chief Executive) initiated the review on 4 April 2012, pursuant to section 14(8) of the Dumping and Countervailing Duties Act 1988 (the Act). The objective of the review is to examine whether the continued imposition of the anti-dumping duty is necessary in respect of four types of specialised nails.

The Ministry released an interim report, which had two submissions made on it. As a result of these submissions the Ministry changed some of its conclusions and as a result released a second interim report. No submissions were made on the second interim report.

Wire Nails Subject to Review

The goods subject to review are: Hammer Drive Anchors; Nail-in Plugs; Drive Pins; and GIB Braceline Nails. All four goods currently fall under the description of goods subject to duty, which are described as follows:

Wire nails of iron or steel, bright (plain) and galvanised (coated), excluding wire nails that meet any of the following criteria:

- *those made of stainless steel;*
- *those equal to or greater than 155mm in length;*
- *those equal to or greater than 7mm in diameter;*
- *those that are collated or for collation;*
- *horseshoe nails.*

Key Issues and Findings

Because the domestic industry said it does not produce nails like Nail-in Plugs, Drive Pins, or Hammer Drive Anchors, and did not oppose their exemption from the anti-dumping duty, the Ministry concluded they should be exempted from the anti-dumping duty without the need to analyse in detail whether the New Zealand industry produces a like product.

The Ministry concluded, after analysing submissions made by the New Zealand industry, that it does not produce a nail that is like the GIB Braceline nail.

Recommendations

The Ministry has consequently recommended that all four of the following specialised nails imported from China should be exempted from the anti-dumping duty:

- Hammer Drive Anchors
- Nail-in Plugs
- Drive Pins
- GIB Braceline nails

The Ministry has also recommended that the above nails be exempted from duty by the Minister terminating the duty in respect of these nails under section 14(7) of the Act, which allows the Minister to terminate any anti-dumping duty, by notice, in whole or in part.

2. Introduction

2.1 Proceedings

1. On 2 June 2011, the Ministry completed an anti-dumping investigation into imports of wire nails from China. The investigation established that wire nails were being dumped and, by reason thereof, were causing material injury to the New Zealand industry. The Minister of Commerce subsequently imposed anti-dumping duties on wire nails imported from China.

2. On 4 April 2012, the Chief Executive initiated pursuant to section 14(8) of the Act a limited “like goods” review of the anti-dumping duty on four types of specialised nails imported from China.

3. The purpose of the Ministry’s review is to examine whether the continued imposition of the anti-dumping duty is necessary in respect of four types of specialised nails, in accordance with Article 11.2 of the World Trade Organisation (WTO) Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (the Anti-Dumping Agreement). The review is premised on claims that the New Zealand industry might not produce a good that is “like” these particular types of nails.

4. Interested parties were advised in writing of the initiation of this review and were provided with questionnaires, giving the opportunity to make submissions to the Ministry. Only Allied Fastenings Limited responded fully to the questionnaire. All other parties provided brief comments, but did not respond in full to the Ministry’s questions.

5. Interested parties were given an opportunity to comment on an Interim Report released by the Ministry on 10 May 2012. Allied Fastenings Limited (Allied) and Inter Build Products Limited (Inter Build) both made a submission on that report, and their submissions have been considered in the writing of this report. The Ministry released a second Interim Report on 31 May 2012. No submissions were made on this report.

2.2 Grounds for the Review

6. Allied submitted to the Ministry that the domestic industry did not produce a “like good” to the GIB Braceline Nail that it imports from China, and that the nail should be exempted from the anti-dumping duty. Additionally, the customs agents for Macsim Fastenings (NZ) Pty Ltd (Macsim) queried the applicability of the anti-dumping duty to Nail-in Plugs and Drive Pin Nails that Macsim imports from China, as did the customs agents for Gibson Anchoring Systems Ltd (Gibson) in regard to Hammer Drive Anchors imported by Gibson. The Chief Executive responded to the importers’ concerns by initiating this review.

2.3 Interested Parties

New Zealand Industry

7. Section 3A of the Act provides the definition of “industry”:

3A. Meaning of “industry”—For the purposes of this Act, the term “industry”, in relation to any goods, means—

- (a) The New Zealand producers of like goods; or
- (b) Such New Zealand producers of like goods whose collective output constitutes a major proportion of the New Zealand production of like goods.

8. Like goods are defined in section 3 of the Act as follows:

“Like goods”, in relation to any goods, means -

- (a) Other goods that are like those goods in all respects; or
- (b) In the absence of goods referred to in paragraph (a) of this definition, goods which have characteristics closely resembling those goods.

9. From the 2011 anti-dumping investigation, New Zealand’s nail manufacturing industry is known to consist of three companies. These companies are:

- United Steel Limited (USL). USL was formed via the amalgamation of two companies in January 2012. One of those companies was Wireplus Limited, who, along with the two companies below, was an interested party in the Ministry’s 2011 anti-dumping investigation. USL manufactures various steel products for the building, engineering and construction industries, including nails. It is ultimately owned by the Singaporean company Wireplus Pte Limited.
- Arrownail Industries Limited (Arrownail) imports and produces wire nails, stainless steel nails and staples.
- N.Z. Nail Industries Limited (NZ Nail) imports and manufactures nails, and is understood to also manufacture screws.

Importers and Exporters

Importers

10. The review involved three importers of specialised nails from China. These parties are:

- Allied Fastenings Limited which imports GIB Braceline Nails from China. The nail was developed by Winstone Wallboards Limited (Winstone Wallboards) approximately eight years ago and forms part of a wallboard 'system'. The GIB Braceline Nail is distributed to retailers and trade resellers in New Zealand via Inter Build.
- Macsim Fastenings (NZ) Pty Limited which imports Nail-in Plugs and Drive Pin Nails from China.
- Gibson Anchoring Systems Limited which imports Hammer Drive Nails from China.

Exporters

11. NZCS data shows that the four types of specialised nails imported by the three importers were exported by the following Chinese companies:

- GIB Braceline Nails imported by Allied from [REDACTED].
- Hammer Drive Nails imported by Gibson from [REDACTED].
- Nail-In Plugs and Drive Pin Nails are imported from an unknown Chinese manufacturer via 'Macsim Fastening Systems' in Australia.

2.4 Goods Currently Subject to Anti-Dumping Duty

12. The goods currently subject to the anti-dumping duty are described as follows:

"Wire nails of iron or steel, bright (plain) and galvanised (coated), excluding wire nails that meet any of the following criteria:

- *those made of stainless steel;*
- *those equal to or greater than 155mm in length;*
- *those equal to or greater than 7mm in diameter;*
- *those that are collated or for collation;*
- *horseshoe nails."*

13. The Working Tariff of New Zealand classifies such goods under the following tariff classification:

Table 1.1: Tariff Classification

73.17 7317.00				Nails, tacks, drawing pins, corrugated nails, staples (other than those of heading 83.05) and similar articles, of iron or steel, whether or not with heads of other material, but excluding such articles with heads of copper:
				– Nails, hook-nails, corrugated nails:
7317.00.01	00K	kg	-- Peculiar to use in footwear; escutcheon pins	
7317.00.09				-- Other
... Made from wire, whether plain or coated:				
	01J	kg Collated or for collation	
	09D	kg Other	
	19A	kg	... Made from other materials	

14. Following the Ministry’s 2011 anti-dumping investigation into wire nails imported from China the Minister of Commerce imposed anti-dumping duties on particular Chinese manufacturers found to have been dumping wire nails into New Zealand, and imposed an anti-dumping duty of 6% for all other exporters of wire nails from China.

2.5 Imported Goods Subject to Review

15. The Hammer Drive Anchor, imported by Gibson, is an expanding anchor used for light duty fixing in concrete. It is comprised of a zinc plated steel nail and zinc alloy body. A description is attached as **Appendix 1**.

16. The Nail-In Plug, imported by Macsim, is a nylon Plug with an assembled steel nail, with round, flat, and mushroom head options. It is designed for securing light weight fixtures to either solid brick or concrete. A brochure is attached as **Appendix 2**.

17. The Drive Pin nail, imported by Macsim, is a steel nail complete with plastic sheath covering the tip. It is designed to fasten a fixture to concrete and steel, with the aid of a powder actuated tool. A brochure is attached as **Appendix 3**.

18. The GIB Braceline Nail, imported by Allied, is a zinc-plated nail which includes a firmly affixed disc attached to the head. It is manufactured solely for the purpose of affixing GIB Braceline wallboard. A (confidential) design drawing is attached as **Appendix 4**.

2.6 Provision of Information

19. The domestic industry provided limited information in response to the Ministry's request for assistance to determine whether they produce a "like good" to the four specialised nails. Generally, they indicated that they were not prepared to commit time to the matter. However, all the members of the domestic industry opposed the GIB Braceline nail being exempted from the anti-dumping duty.

20. Allied provided information to support its contention that the GIB Braceline nail was not a "like good" to any domestically produced good. Allied made a submission on the interim report, as did its distributor, Inter Build.

21. Arrownail advised the Ministry that it produces two types of clout nail that can be used to fasten plasterboard. It provided the Ministry with limited information regarding these nails.

22. Macsim and Gibson provided only limited information to the Ministry. However, as the domestic industry considered Macsim's specialised nails not to be "like" any they produce (and therefore did not oppose an exemption), and two of the three from the domestic industry said the same of Gibson's Hammer Drive Anchors, only limited material was sought from the two importers.

23. Article 6.8 of the Anti-Dumping Agreement provides as follows:

In cases in which any interested party refuses access to, or otherwise does not provide, necessary information within a reasonable period or significantly impedes the investigation, preliminary and final determinations, affirmative or negative, may be made on the basis of the facts available.

3. Like Goods Analysis

3.1 Scope of Analysis

24. Central to this review was determining whether the domestic industry produces goods which are “like goods” to the four types of imported specialised nails in all respects, and if not, whether other goods have characteristics closely resembling those specialised nails. This requirement reflects the definition of “like goods” as contained in both section 3 of the Act and Article 2.6 of the Anti-Dumping Agreement.

25. The Ministry considered the most efficient method of assessing whether any nail produced by the domestic industry is “like” the specialised nails was, in the first instance, to seek the position of the domestic industry itself in regard to each of those specialised nails. The domestic industry was canvassed on this matter in late 2011 and March 2012. Following the initiation of this review, the domestic industry was also sent Domestic Industry Questionnaires.

26. Both the domestic industry and the importers were given the opportunity to comment on the Ministry’s Interim Report. Only Allied Fastenings and Inter Build chose to make a submission. Their submissions have been considered in the writing of this report. No further submissions were made by any interested party on the Ministry’s second Interim Report.

Nail-In Plugs and Drive Pins

27. All of the domestic industry considered that the Nail-In Plugs and Drive Pins imported by Macsim were not “like goods” to any good that they produce and believed both goods should be exempt from the current anti-dumping duty.

28. Given the above responses, the Ministry considers that these types of nails should be exempted from the anti-dumping duty without the need to analyse whether the domestic industry manufactures a “like good”.

Hammer Drive Anchors

29. NZ Nail and USL considered that the Hammer Drive Anchors imported by Gibson were not “like goods” to any that they produce and believed they should be exempt from the current anti-dumping duty.

30. Arrownail did not indicate its position with respect to Hammer Drive Anchors. In the absence of a response from Arrownail, the Ministry has assumed that it does not produce a “like good” to the Hammer Drive Anchors imported by Gibson.

31. The Ministry consequently considers that this type of nail should also be exempted from the anti-dumping duty without the need to analyse whether the domestic industry manufactures a “like good”.

GIB Braceline Nails

32. All domestic producers believed that the GIB Braceline Nail was a “like good” and that it should therefore not be exempted from the current anti-dumping duty. USL noted that it could manufacture a nail like the GIB Braceline nail if required (this argument is considered separately below).

33. Arrownail advised it produces a galvanised plasterboard clout nail and a bugle plasterboard clout (zinc gold passivate) nail. It confirmed both nails can be used to affix bracing board. GIB Braceline, the plasterboard that can be affixed using the GIB Braceline nail, is a variety of bracing board.

34. NZ Nail advised it produces a screw that can be used to fasten bracing plasterboard.

35. The Ministry has considered below whether the two plasterboard clout nails produced by Arrownail are “like” the GIB Braceline nail.

3.2 Submissions on the Interim Reports

36. Two submissions were made on the Interim Report, released by the Ministry on 10 April 2012. One submission was by Allied Fastenings, the importer of GIB Braceline nails. The other was by Inter Build, the distributor of the aforementioned nail. Both companies have claimed that the GIB Braceline nail is not a like good to the Arrownail clouts.

37. Allied Fastenings submitted that the two Arrownail clouts are fundamentally different from the GIB Braceline nails. ‘Clout type’ heads and ‘washer type’ heads are two different products and should not be used in the same way. GIB Braceline nails are specifically for fastening GIB Braceline wallboard, while the clout nails are ‘all purpose’. Inter Build stated that the GIB Braceline nail has been designed for use with only GIB Braceline board to achieve a bracing element. It is not designed to be used with any other type of board or for any other purpose.

38. Allied claimed that the head size is fundamental to the effectiveness and use of the nail. The function of the washer head cannot be replicated by a clout head. Inter Build claimed that standard nails would not give the required performance for bracing elements under pressure. The size of the head is critical for performance to specification.

39. Inter Build compared the Arrownail clouts to a Standard GIB Nail produced by Winstone, stating they have similar characteristics. The Standard GIB Nail would not be approved for use in the same conditions as the GIB Braceline nail.

40. Both submissions have been considered in terms of determining like goods below. The Ministry changed its original conclusion in regard to GIB Braceline nails based on these submissions and as a result, released a second Interim Report on 31 May 2012. No further submissions were made on that report.

3.3 GIB Braceline Nails

41. To determine whether goods produced in New Zealand are like those that are imported, the Ministry considers physical characteristics, function and usage, pricing structures, marketing and any other relevant considerations.

42. This section of the report contains comment in regard to both the GIB Braceline Nail and, for comparability purposes, the two Arrownail nails. The Ministry notes that it was provided with limited information regarding the Arrownail nails. In particular, the Ministry has been unable to obtain from Arrownail any pictures, drawings or samples of the two clouts, although Arrownail has provided some information on the physical characteristics of the nails, including their dimensions.

Physical Characteristics

43. Assessing physical characteristics of a good involves looking at the appearance, size and dimensions, composition of the product and the production methods and technology utilised to create it.

Appearance

44. In the 2011 investigation, the Ministry found that wire nails produced by the domestic industry and imported wire nails are similar to each other in form and shape in most respects, and that there are two market segments: bright (iron or steel without a coating) or zinc plated nails and hot-dipped galvanised nails. The main difference in appearance between these types is whether the nails are coated in zinc or not, and the thickness of the coating.

45. The GIB Braceline nail is a silver zinc-plated nail manufactured by cold forging hard drawn wire, forming a smooth shank pin. The nail also consists of a second part, a concave () washer head which is drawn through the forged head of the pin and firmly affixed. Refer to the (confidential) diagram attached as **Appendix 4**. The appearance of the GIB Braceline Nail, to the layman, is not dissimilar to a spring head/roofing-type nail.

46. Both types of plasterboard clout produced by Arrownail are galvanised. The 'galvanised plasterboard clout' has the option of plain or grooved shank pins, while the 'bugle plasterboard clout' has only grooved shank pins. The bugle plasterboard clout nail also comes with an option of a 'flat head' or a 'dish head'; however the Ministry understands that both nails are constructed of one piece only, unlike the GIB Braceline Nail that is constructed of two pieces.

47. The Ministry considers the GIB Braceline nail and the two Arrownail nails to be similar in physical appearance; however, the GIB Braceline nail is made up of two parts, while the plasterboard clouts are made of a single piece. The washer of the GIB Braceline nail, which is larger in size than the Arrownail nails, appears to have an effect on the function of the good, as it makes for a more robust nail. This is discussed further below.

Size and Dimensions

Pack Sizes

48. Each member of the domestic industry has its own range of pack sizes. Plastic bucket style packaging and wooden boxes are common for the heavier weights, such as 25 kg. Plastic boxes are often used for the mid-range pack sizes, and packaging varies for the smaller pack weights from plastic bags and blister packs to plastic containers with clear plastic lids. This range of packaging is demonstrated on the cover of a product brochure provided by USL, a copy of which is attached as **Appendix 5**.

49. The GIB Braceline nail comes in a blister pack containing 60 individual nails for use with GIB Braceline wallboard. The pack weighs approximately 214 grams and is labelled with Winstone Wallboards' exclusive label. See photograph attached as **Appendix 6**.

50. The two Arrownail clouts come in 500 grams, 2.5 kg, 5 kg and 25 kg packaging options.

51. The GIB Braceline nail pack size contains only approximately a quarter of the nails that the smallest pack of either of the two Arrownail nails does. However the Ministry considers that pack size is of limited relevance in this like goods analysis as it does not affect the fundamental character of the nail within the pack, and in this case does not have any effect on the way the nails are distributed and marketed.

Nail Size

52. The GIB Braceline Nail has a length of 35mm and a diameter of 3.2 mm. The washer component's diameter is 15.8mm.

53. Arrownail's galvanised plasterboard clout is produced in three lengths – 25 mm, 30 mm and 40 mm and in two diameters, 2.5 mm and 2.8 mm. The diameter of the head on these clouts is 7mm. Arrownail's bugle plasterboard clouts come in two sizes of 30 mm x 2.8mm and 40mm x 2.8 mm, with a head diameter of 6.9mm.

54. Allied Fastenings stated that the head size of the GIB Braceline nail is fundamental to the performance of the good. The GIB Braceline Nail is designed to effectively fix GIB Braceline Board to achieve the required bracing element. The larger head has better holding power.

55. Inter Build stated that Winstone separately market a Standard GIB Nail, which has a head with a diameter of 7.2mm. The Standard GIB Nail is similar to the Arrownail clouts overall. Inter Build stated that under stress, such as an earthquake, the smaller head would simply pull through the GIB board. For this reason, they do not recommend the use of the Standard Nail with GIB Braceline Board when a bracing element is required. The Ministry has not received any information from Arrownail regarding the functionality of the head for the two clouts.

56. The shanks of the GIB Braceline Nail and the two Arrownail clouts are all of a similar length and diameter. However, the head of the two clouts and the washer on

the Braceline are significantly different. The heads on the Arrownail clouts are less than half the diameter of the washer on the GIB Braceline nail. Given that Arrownail has not provided the Ministry with information regarding the functionality of the head of Arrownail's clouts for fixing bracing plasterboard, the Ministry considers it likely that the GIB Braceline nail is considerably more suited to bracing plasterboard due to the size of the washer.

Composition of Product and Production Method

57. During the investigation, the Ministry found that production methods of wire nails made of iron or steel do not differ significantly between New Zealand and China. The Ministry does not have any information in regard to production methods of the nails under investigation other than that recorded in paragraph 37 above regarding the GIB Braceline nail. The Ministry notes that because the GIB Braceline nail is made of two separate parts there are likely to be some differences in the production method from the Arrownail nails which appear to be manufactured from a single part.

Function and Usage

58. Function and usage covers end use and consumer perceptions and expectations, which can assist in reaching conclusions regarding substitutability where relevant.

End Use

59. Almost all imported and locally produced wire nails are produced for the building construction and contracting industries and are distributed through resellers and retailers to businesses as end use customers. The GIB Braceline nail is no different; however its end use is strictly limited to a single function i.e. affixing plasterboard, specifically, GIB Braceline plasterboard.

60. GIB Braceline nails, according to technical documents published by BRANZ and Winstone Wallboards¹, may be used in conjunction with single-sided 10mm GIB Braceline plasterboard (BL1-H), 10mm GIB Braceline plasterboard with standard plasterboard on the reverse side (BLG-H) and 10mm GIB Braceline plasterboard with Ecopy on the reverse side (BLP-H). These products form part of the wider GIB EzyBrace Systems 2011 range. If the plasterboard is installed and maintained in accordance with the respective BRANZ Appraisal Certificate (No. 294 (2011)), it will meet Clause B1 of the New Zealand Building Code, relating to structure, Clause B2, relating to durability and Clause F2, relating to hazardous building materials.

61. Arrownail has stated that both the galvanised plasterboard clout and the bugle plasterboard clout are compliant with the building code. Further, they stated that BRANZ certification is not important for nails. The Ministry understands that a good does not have to be certified by BRANZ to be compliant with the building code, and can still be used legally if it is not certified.

¹ Changes to GIB EzyBrace System (May 2011), GIB EzyBrace Systems 2011 (June 2011) and BRANZ Appraisal Certificate N0.294 [2011]

62. The Ministry is not aware of any impediment to the domestic industry seeking BRANZ certification for a nail, or any other type of fastener it might produce, to attach GIB plasterboard, or any other brand of plasterboard.

63. Inter Build stated in their submission that while nails such as the Arrownail clouts can be used to fix standard GIB board or any other plasterboard, they are not tested or approved for use as part of the GIB Braceline System. It appears to the Ministry that it may be technically possible to use the clouts in this way, but not recommended in order to achieve optimal performance of the product of the bracing system.

64. GIB Braceline Nails can be used to affix other types of plasterboard, however, Inter Build stated in their submission that this would be more expensive and would require extra stopping and finishing than standard clouts.

65. GIB Braceline Screws and GIB Grabber Screws are also available to be used in conjunction with GIB Braceline plasterboard. Allied claimed that screws are used because they eliminate the need for large-headed GIB Braceline fasteners for some applications, and Inter Build claimed that they could be used instead of the GIB Braceline nail. NZ Nail claimed it produces a collated screw for fixing bracing plasterboard, which gives rise to the issue of substitutability.

Substitutability

66. A recent revision of New Zealand's timber-framed building standard resulted in an increase in the variety of GIB-branded screws that can also be used for affixing GIB Braceline plasterboard. USL's brief submission to the Ministry, in which it stated '*sales of nails or similar types of nail fixture have been declining and are substituted by screws and screw systems*', would appear to reflect this situation.

67. Substitutability has been defined as including the concept of functional likeness; that is, the extent to which two products perform the same function². With respect to the GIB Braceline nail and the NZ Nail wallboard screw, that function is affixing plasterboard - a task which both goods can perform.

68. The Ministry considers substitutability to be secondary to the physical characteristics of the goods. Screws are physically different to nails, as screws have a spiral groove and slots in the head which require use of a screwdriver to fasten. Nails do not have these characteristics. The Ministry considers that the difference in the design features is so significant that substitutability is not a relevant factor in determining whether screws constitute "like goods".

² "Like Products": The Differences in Meaning in GATT Article I and III', Robert E. Hardec, *Regulatory Barriers and the Principles of Non-Discrimination in World Trade Law*, Thomas Cotter & Petros Mavdrois (ed.s) (University of Michigan Press, 2000) page 101 - 123

Consumer Perception and Expectation

69. The Ministry considers that the branding of the GIB Braceline nails is likely to cause consumers to expect that the nails are for use with GIB-branded products forming a system to install wallboard.

70. The GIB Braceline nail is intended for use with GIB Braceline plasterboard and is produced for an approved fixing system of the building code. As the clouts are also intended for use with plasterboard and can be used to affix bracing board, the average consumer may use the types interchangeably. However, Winstone only recommends the Braceline nail for use with its Braceline System, so if a consumer were to follow recommendations, they would more than likely use the GIB Braceline nail, rather than the Arrow nail clouts.

Pricing Structures

71. Some goods are differentiated by the level at which they are priced to end users, by the costs that are built into the pricing structure, or the way in which prices are set.

72. GIB Braceline nails have a retail price of between NZD17.28/kg and NZD24.72/kg. The latest available data supplied by Arrow nail shows that the two Arrow nail clouts had a 2009 product list price of NZD [REDACTED]/kg to NZD [REDACTED]/kg, dependant on packaging size. The Ministry is unaware of any factor in production or supply for such a significant difference in price.

73. Inter Build stated in its submission on the Interim Report that the price of the GIB Braceline nail makes it unlikely that the GIB Braceline nail would be used for any purpose other than its intended purpose to fix GIB Braceline plasterboard.

Marketing

74. Marketing considerations include: the distribution channels used, customers (both actual and targeted), branding and advertising.

75. The Ministry was informed during its 2011 investigation that the distribution channels, customers, and means of advertising are similar for both New Zealand produced nails and imported nails. The majority of imported nails are sold to retailers and trade resellers and to 'business to business' customers. Wireplus, now USL, said that the market structure has changed over the last several years and is now characterised by trade resellers and retailers, which often deliver directly to customers. The large resellers are strongly focused on 'trade supply' and now offer total service packages to customers with which New Zealand manufacturers have to compete. Many trade resellers have pre-nailing departments which supply framing to builders. Wireplus estimated that trade resellers supply [REDACTED] percent of the market for nails across all pack sizes.

76. Allied imports GIB Braceline Nails from China which are then distributed, via Inter Build, to large retailers and resellers such as Placemakers, Carters and Bunnings, as part of the GIB Braceline system.

77. Inter Build has advised the Ministry that the marketing of the product is conducted solely by Winstone Wallboards. Given the aforementioned distribution channels and domestic industry comments made during the Ministry's 2011 investigation, the Ministry considers that the GIB Braceline Nail is primarily marketed to trade end users looking to install GIB Braceline wallboard, via large retailers and resellers.

78. Arrownail has stated that it distributes to resellers. The Ministry is not aware of its marketing methods or any other parts of the distribution chain. However, it seems logical that Arrownail and Winstone would compete in the same markets and would have similar marketing considerations, although the Arrownail nails are not likely to be sold in conjunction with plasterboard as part of a total package.

Other – Potential Ability of the Domestic Industry to Produce a “Like Good”

79. In December 2011, USL forwarded an e-mail to the Ministry that it had previously sent to NZCS. In that email USL stated *'Our technical people have reviewed the information and advise that these nails can be manufactured in NZ and therefore should attract the relevant duty'*. USL subsequently confirmed with the Ministry that it did not currently manufacture a similar type of nail, but could if required to. USL later listed various features of the GIB Braceline Nail and commented that it produced [REDACTED] but that it did [REDACTED].

80. Both the Act and the Anti-Dumping Agreement are premised on the basis that the domestic industry is currently producing a purported “like good”, not a notional ability to do so.

81. The Ministry considers that it can only compare existing goods with existing goods, and not those that are merely notional. For that reason the only comparison made in regard to the review is between the GIB Braceline Nail and the two Arrownail plasterboard clouts.

Conclusions Relating to “ Like Goods”

82. The Ministry has considered the limited information provided by the New Zealand industry in regard to “like goods” and has compared this information with the characteristics of the GIB Braceline Nail. The Ministry has considered the physical characteristics, function and usage, pricing, and marketing of the GIB Braceline Nail and the two Arrownail plasterboard clouts.

83. The GIB Braceline Nail and the two Arrownail clouts are considered similar in general appearance, albeit the disc affixed to the GIB Braceline Nail differs from the Arrownail nails by virtue of the fact it is constructed of two pieces.

84. The size and dimensions of the GIB Braceline nails sits within the same range as the two Arrownail nails except for the head of the clouts and the washer of the GIB Braceline. The diameter of the washer on the GIB Braceline nail measures over twice that of the two Arrownail clouts.

85. The GIB Braceline Nails appear to be sold in similar packaging to the two Arrownail nails, except for the smaller pack size of the GIB Braceline Nails.

86. Both the GIB Braceline nails and the two Arrownail clouts perform the function of affixing plasterboard. However, the GIB Braceline nail is only intended for use to affix GIB Braceline wallboard as part of the GIB Braceline System. The evidence available indicates that the clouts would not adequately secure bracing plasterboard.

87. The two Arrownail nails do not compete at the same price point in the market as the GIB Braceline nail, which is significantly more expensive. The Ministry is unaware of any factor in its production or supply for this being the case.

88. The GIB Braceline Nails are sold via large retailers and resellers. The two Arrownail nails can also be considered to compete in the same market.

89. The Ministry does not consider that a screw is a “like good” to a nail, although it is substitutable in some instances.

90. The Ministry concludes that the plasterboard clouts produced by Arrownail as part of the NZ industry, a galvanised plasterboard clout and a bugle plasterboard clout (zinc gold passivate), are not like goods to the GIB Braceline nail. Although the goods are similar in some respects, the clouts do not appear able to adequately perform the same function as the GIB Braceline nail. Use of a clout in the GIB Braceline System would compromise the effective bracing of the wallboard.

91. The Ministry notes that the conclusion reached in this report differs from that reached in the interim report. This conclusion is based on the submissions received in response to that interim report.

92. The nails may be exempted from the duty by terminating the duty in respect of these nails under provision 14(7) of the Act which allows the Minister to terminate any anti-dumping duty, by notice, in whole or in part.

93. The Ministry has recommended wording for the exemptions of the nails that have been examined – this wording is outlined in the recommendations. This wording will be added to the subject goods description applying to wire nails from China.

4. Conclusions

94. The New Zealand industry itself does not consider that it produces “like goods” to the following specialised nails, nor does it oppose their exemption from the current anti-dumping duty:

- Nail-In Plugs
- Drive Pins
- Hammer Drive Nails

95. The Ministry therefore concludes that these nails should be exempted from the duty.

96. Because the Ministry has concluded that the plasterboard clouts produced by Arrownail are not like goods to the GIB Braceline nail, the Ministry concludes that the GIB Braceline nail should be exempted from the anti-dumping duty.

5. Recommendations

97. It is recommended that the Minister of Commerce, pursuant to section 14(7) of the Act, removes the current duty applicable to wire nails from China for the following specialised nails:

- Nail-In Plugs
- Drive Pin nails
- Hammer Drive Nails
- GIB Braceline Nails

98. The exemptions should be worded as follows:

- Nail-in plugs, consisting of an assembled steel nail and nylon sleeve; the nail having a round, flat or mushroom head and being plated with zinc or stainless steel;
- Drive Pins, consisting of a two-part steel nail with a plastic sheath for use in a powder actuated tool;
- Hammer Drive Anchors, consisting of a zinc galvanised steel expanding anchor comprised of a nail and a body;
- Gib Braceline Nails, branded as GIB Braceline®, a hard drawn wire nail made up of a smooth shank pin and a concave washer head that has been silver zinc-plated and is intended for use in securing bracing plasterboard.

Appendices

Appendix 1	Hammer Drive Anchor Drawing and Description
Appendix 2	Macsim Nail-In Plug Brochure
Appendix 3	Macsim Drive Pin Nail Brochure
Appendix 4	(Confidential) GIB Braceline Design Drawing
Appendix 5	Cover page – Wireplus Nail Brochure
Appendix 6	Photograph of GIB Braceline Packaging