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## **Coalition for Enforcement of Antidumping And Countervailing Duty Orders**

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### **CASE STUDY: MID CONTINENT NAIL COMPANY (POPLAR BLUFF, MO)**

David and Doug Libla started a company that produced pallets in Poplar Bluff, Missouri, in 1973. Nails were one of the primary components they needed.

More than two centuries ago, nails were made by hand and were so valued that they were reclaimed from burned houses and buildings. Over time, mass production turned nails into a relatively low-cost commodity. Today they are made all around the globe.

Due to quality and delivery considerations, the Liblas began to manufacture their own nails and also sold them to others. Over time, nails became the company's primary product. They dropped the pallet business altogether, and Mid Continent Nail Company became one of the country's largest suppliers of nails to the wooden pallet and crating industry as well as the home construction industry. It also became one of the largest employers in Southeast Missouri.

But the nail business isn't so wonderful these days. Yes, the recession has eaten into sales, but even worse has been illegal dumping of nails made in China at prices well below the cost of production. Chinese nails were slapped with a stiff antidumping duty following a 2007 ruling by the U.S. International Trade Commission. But some Chinese companies found a way around the duties by "transshipping" their nails to other countries where the labels are changed to falsely identify the nails as products of Taiwan or Korea or another country not subject to the duties.

An investigation by a coalition of U.S. steel wire products manufacturers reported clear evidence that these shipments are part of a widespread pattern of deliberate evasion of U.S. Government duties. This illegal practice costs the U.S. Treasury millions of dollars and costs Americans jobs.

"At first, they were shipping through Taiwan, Korea and other countries," said George Skarich, Executive V.P. of Sales for Mid Continent Nail. "Now they don't even bother with that – they simply print boxes marked 'Made in Taiwan' or 'Made in Korea' and ship the products to the U.S. directly from China, falsely stating the country of origin on the shipping documents.

“Prior to the first antidumping case, nails were becoming a commodity, but the margin wasn’t so terrible,” Mr. Skarich said. “With the way things are today, almost every nail has become a commodity. And with the rising costs of steel and other raw materials, plus health care and taxes, you ask yourself, where does it end?” Mr. Skarich estimates that, over the last decade, shipments of Chinese-produced nails into the U.S. have doubled.

Mid Continent has reduced its workforce by 70 employees over the last 18 months. That equates not only to lost wages, but to lost taxes as well

“We keep cutting costs everywhere we can,” Mr. Skarich said. “We’re a family-owned business that works very hard to remain competitive by investing in good hard-working Americans and by reinvesting in new state-of-the-art equipment. We fight every day for every margin dollar we can get.

“We need both Congress and the Executive Branch to consider what’s happening in our industry and determine how best to enforce existing antidumping orders,” he said. “These illegal practices are costing American taxpayers hundreds of millions of dollars and costing American workers and their families, jobs and benefits.”

**Source: Coalition for Enforcement of Antidumping and  
Countervailing Duty Orders**

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