



XL SCREW CORPORATION

October 16, 2009

Re: Petition for the Imposition of Antidumping and Countervailing Duties on Standard Steel Fasteners from China and Taiwan

To Our Valued Customers:

I am sure you have heard about the above actions filed by Nucor Fastener. If you have not heard, Nucor Fastener has petitioned the US government for antidumping and anti-subsidy duties (countervailing) on imports of certain fasteners from China and Taiwan. The purpose of this letter is to briefly explain the nature of these actions, to encourage your company to oppose this petition, to seek a reduced scope and to inform you the measures XL Screw Corporation (XL) has taken to minimize the impact on our valued customers.

The scope of Nucor's petition is not entirely clear yet, but they are seeking to cover all cap screws, bolts and nuts. You can view the "Scope of Investigation" which sets forth the fasteners that Nucor includes in the proceedings by reading the document at the end of this letter. As you can see, Nucor seemingly has taken a very broad position with respect to the standard fasteners included in the petition. Nucor has included a wide range of products it is not currently producing and has not produced for many years. It is an oddity of U.S. antidumping law that a U.S. producer is permitted to target imported products it does not manufacture.

Antidumping Actions. As to the antidumping action (AD), Nucor has alleged margins of 50% to 112% against Taiwan and 69% to 186% against China on fasteners covered by the scope. Antidumping duties can be assessed only if the imports are found to be unfairly priced AND that such unfairly priced imports are injuring or threatening injury to the domestic industry. The Department of Commerce (DOC) determines whether the imports are unfairly priced and if so, the International Trade Commission (ITC) independently determines whether such imports are injuring the domestic industry.

Countervailing Duty Action. Nucor also has filed a countervailing duty (CVD) petition against imports of standard fasteners from China. It has not filed a CVD petition against imports from Taiwan. Countervailing duties are imposed to offset subsidies or grants given by a foreign government to its producers to make them more competitive in the world market. Examples of such subsidies include lower electricity rates, export incentives, etc. Since the International Trade Administration (ITA) measures the amount of subsidies and not Nucor, Nucor provided no estimate of the CVD that may be involved.

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XL seriously questions whether a U.S. company that does not produce much of the targeted merchandise can be injured by imports of these products. XL is part of a coalition of importers and resellers of fasteners challenging this petition at the US International Trade Commission, which convened a hearing in Washington DC on October 14, 2009. They must determine by November 6, 2009, whether there is a reasonable indication of material injury to the domestic producers by reason of the subject imports. We are also seeking to limit the scope of the investigation as the Department of Commerce investigates the Chinese and Taiwan suppliers.

I strongly encourage your company to write a letter to the Department of Commerce and the International Trade Commission to oppose the investigation and breadth of their broad product scope. Please send your letters to the following:

The Honorable Gary F. Locke, Secretary of Commerce
US Department of Commerce – Import Administration
Central Records Unit, Room 1870
14th Street and Constitution Avenue, NW
Washington, DC 20230

Ms. Marilyn R. Abbot, Secretary
Mr. Joshua Kaplan, Office of Investigations
US International Trade Commission
500 E. Street SW, Room 112
Washington, DC 20436

Please visit <http://www.importerhelp.com/investigations/fasteners/> for more detailed information and an up to date status of these investigations. If you have any questions or wish to discuss this matter in more detail, please feel free to call Wayne Wishnew, Bobby Fail, Bruce Quittenton, Jykoon Park or myself at XL Screw Corporation.

Thank you.

Robert H. Sachs
President and CEO
XL Screw Corporation

SCOPE OF THE INVESTIGATION

The merchandise covered by the investigation consists of certain standard nuts, standard bolts, and standard cap screws, of steel other than stainless steel. Standard nuts, standard bolts, and standard cap screws covered by this investigation may have a variety of finishes, including but not limited to coating in paint, phosphates, and zinc. Standard bolts and standard cap screws covered by this investigation have a shank or thread with an actual and/or nominal diameter between 6 millimeters and 32 millimeters (inclusive). Standard bolts and standard cap screws covered by this investigation also possess a circular or hexagonal head, the surface of which may be flat or rounded (also known as "dome-shaped" or "button-headed"). Standard bolts covered by this investigation may have an attached washer face or the equivalent (*e.g.*, a flanged head or chamfered corners on the underside of a fastener with a hexagonal-shaped head). Standard cap screws covered by this investigation have a permanently-attached washer face. Standard nuts are covered by the investigation if they are suitable for attachment to bolts and/or cap screws covered by the investigation.

Standard bolts, standard cap screws, and standard nuts are covered by the investigation whether imported alone, attached to other subject and/or non-subject merchandise (*e.g.*, tension control assemblies), unattached and in combination with other subject merchandise and/or non-subject merchandise.

Standard nuts, standard bolts, and standard cap screws meet the requirements of one or more nationally recognized consensus industry standard specifications (including but not limited to those referenced below). Subject merchandise is typically certified to the specifications published by one or more consensus standards organizations such as the following: the American Society for Testing and Materials ("ASTM"), the Society of Automotive Engineers ("SAE"), the International Organization for Standardization ("ISO"), and the Industrial Fasteners Institute ("IFI"). Common specifications to which subject merchandise is certified include, but are not limited to: ASTM A194, ASTM A307, ASTM A325, ASTM A325M, ASTM A354, ASTM A449, ASTM A490, ASTM A563, ASTM F568M, ASTM F1852, ASTM F2280, SAE J429, SAE J1199, ISO 898-1, ISO 898-2, ISO 4759-1, ISO 8992, and comparable foreign and domestic specifications (including, but not limited to, metric versions of specifications such as those listed above).

Excluded from the scope of this proceeding are bolts, cap screws, and nuts produced for an original equipment manufacturer ("OEM") part number specific to any "automobile" as defined in 49 U.S.C. Section 32901(3), any "work truck" as defined in 49 U.S.C. Section 32901(19), or any "medium duty passenger vehicle" as defined in 40 C.F.R. Section 86.1803-01(2009).

Also excluded from the scope of this investigation are bolts, cap screws, and nuts produced for an OEM part number specific to any "aircraft" as defined in 14 C.F.R. Section 1.1 (2009).

Also excluded from the scope of the investigation are track bolts. Track bolts have a circular, rounded head and a shank which, immediately beneath the head, possesses an oval or elliptical shape, such that the non-round shape would restrict rotational movement of the bolt. Also excluded from the scope of the investigation are carriage bolts. Carriage bolts have a circular,

SCOPE OF THE INVESTIGATION (CON'T)

rounded head and a shank which, immediately beneath the head, possesses a non-round shape (*e.g.*, square, finned), such that the non-round shape would restrict rotational movement of the bolt. Also excluded from the scope of the investigation are socket screws. Socket screws have a head with a recessed cavity designed for the insertion of a shaped bit that is used to turn and drive the fastener.

Unless explicitly excluded from the scope of this proceeding, bolts, cap screws, and nuts meeting the description of subject merchandise are covered by this investigation.

Merchandise covered by the investigation is classified in the Harmonized Tariff Schedule of the United States ("HTSUS") under subheadings that include: 7318.15.2030, 7318.15.2055, 7318.15.2065, 7318.15.8065, 7318.15.8085, and 7318.16.0085. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise under investigation is dispositive.