

Steel Concrete Reinforcing Bar from Belarus, China, Indonesia, Latvia, Moldova, Poland, and Ukraine

Inv. No. 731-TA-873-875, 878-880, & 882

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On Behalf of the
Rebar Trade Action Coalition



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Overview

Opportunity

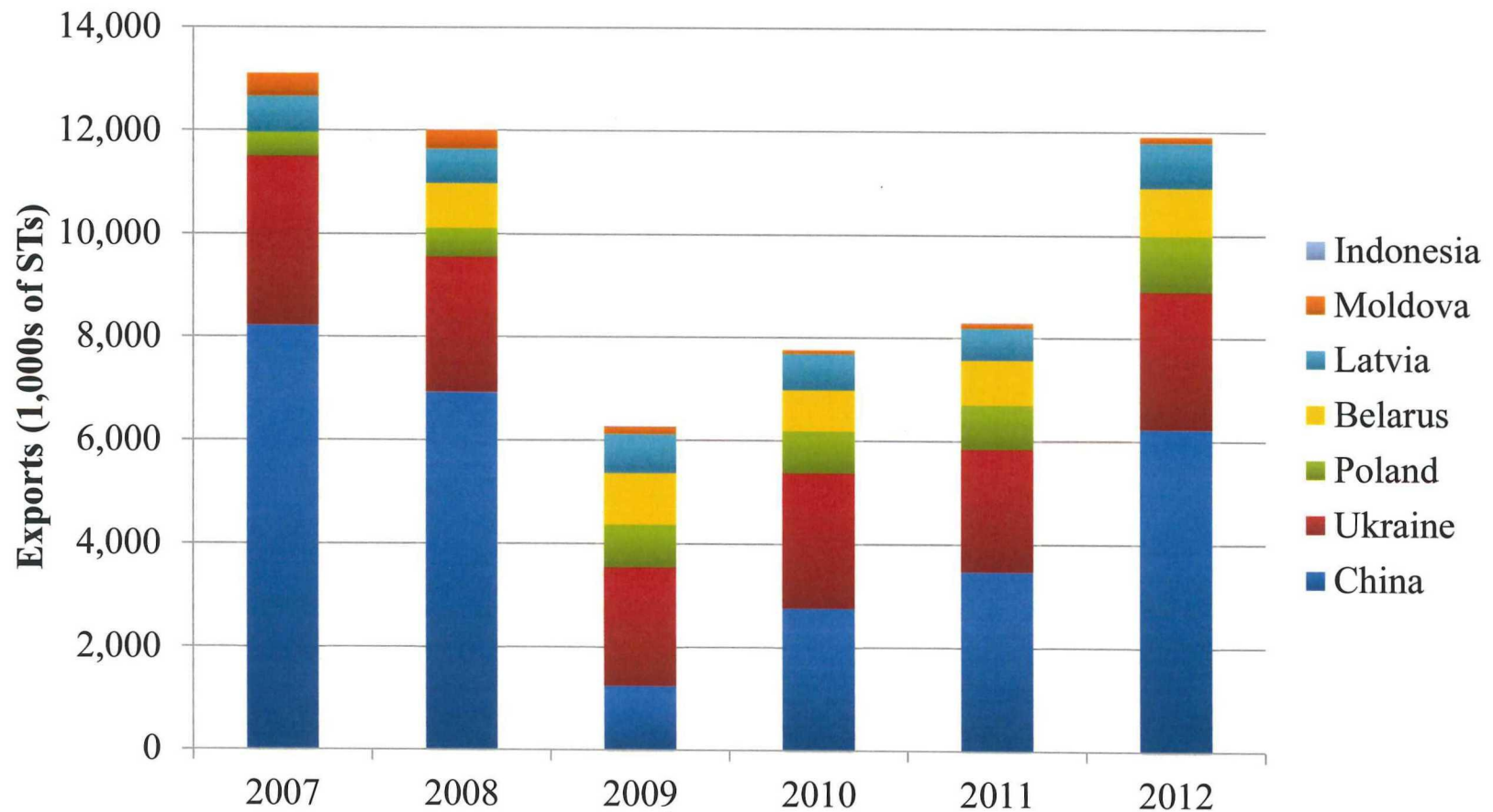
Motive

Effects

Conclusion

Opportunity

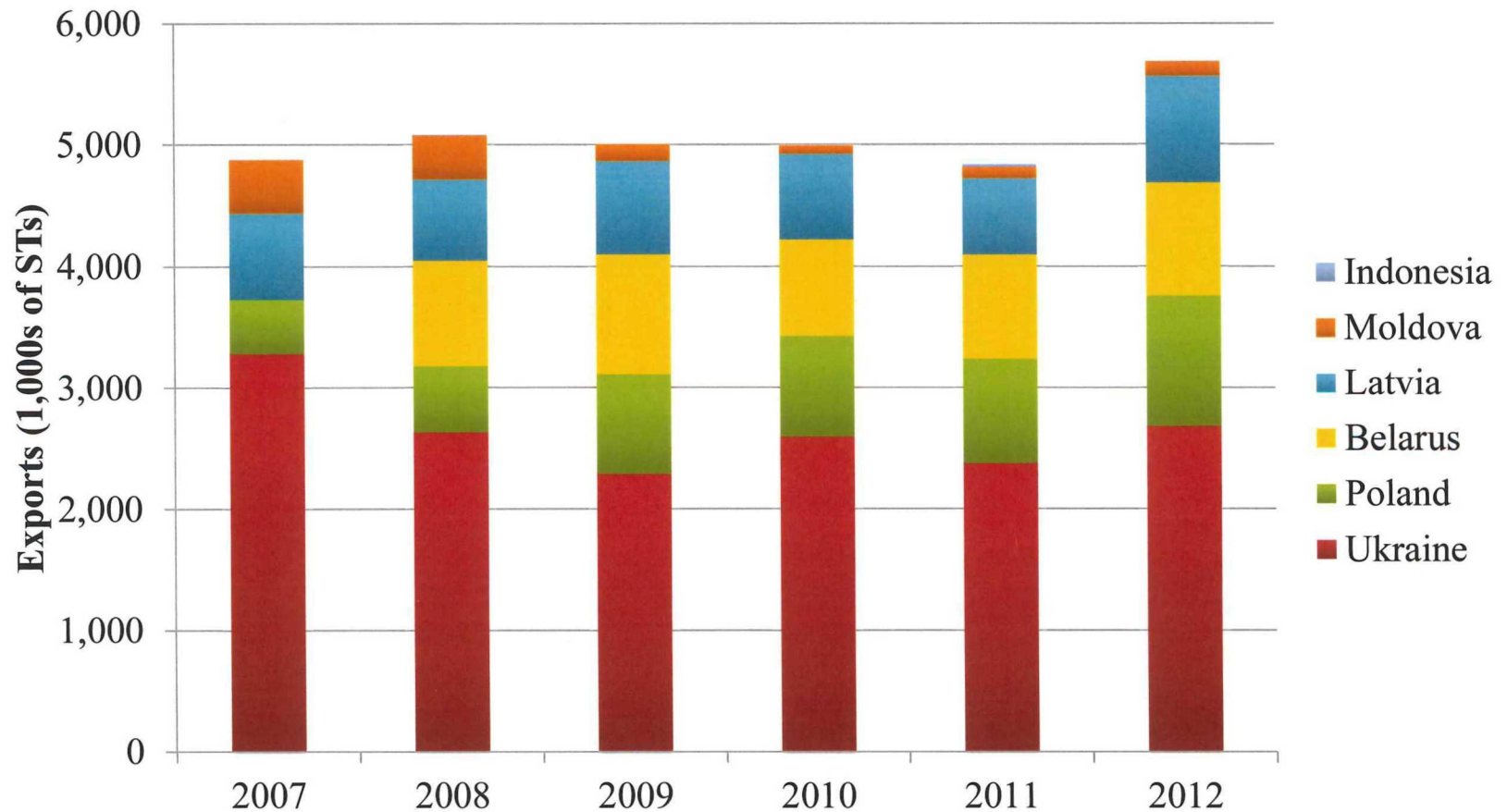
Divertible Subject Export Supplies



Source: GTIS 2007-2012 Exports of 7214.20 for Belarus, China, Indonesia, Latvia, Poland, and Ukraine; GTIS 2007-2012 Exports of 7228.30 for China; & Pre-Hearing Report Table IV-20 for Moldova.

Opportunity

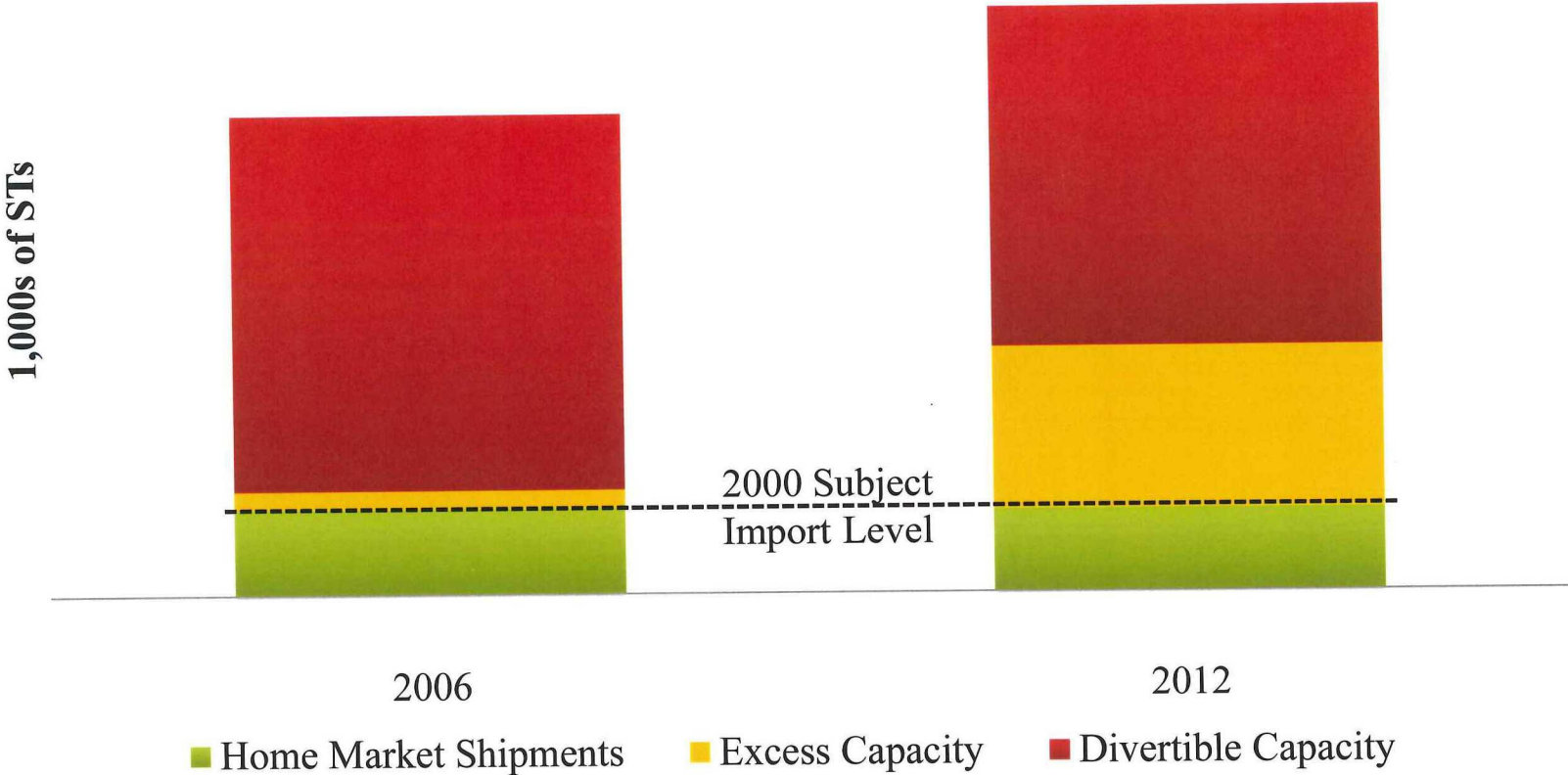
Divertible Subject (Except China) Export Supplies



Source: GTIS 2007-2012 Exports of 7214.20 for Belarus, Indonesia, Latvia, Poland, and Ukraine & Pre-Hearing Report Table IV-4
20 for Moldova.

Opportunity

Excess and Divertible Capacity in 2006 and 2012 For Belarus, Latvia, Moldova, Poland, and Ukraine



Source: Pre-Hearing Report Tables IV-4, IV-15, IV-19, IV-23, and IV-27; First Sunset Review Pre-Hearing Report Tables IV-10, IV-22, IV-26, IV-29, and IV-33; and Original Investigation Pre-Hearing Report Table C-4. 5

Opportunity

Divertible Subject Supply

- No long term contracts
- Spot sales
- Trading companies
- Few import restrictions
- Large number of export destinations over POR

Country	Destinations
Belarus	54
China	183
Indonesia	15
Moldova	17
Latvia	40
Poland	45
Ukraine	80

Source: Pre-Hearing Report at II-12 for Moldova; GTIS 2007-2012 Exports of 7214.20 for Belarus, China, Indonesia, Latvia, Poland, and Ukraine; & GTIS 2007-2012 Exports of 7228.30 for China. Export destinations figures differ slightly from staff report due to use of second HS code for China and updated GTIS Data for other countries.

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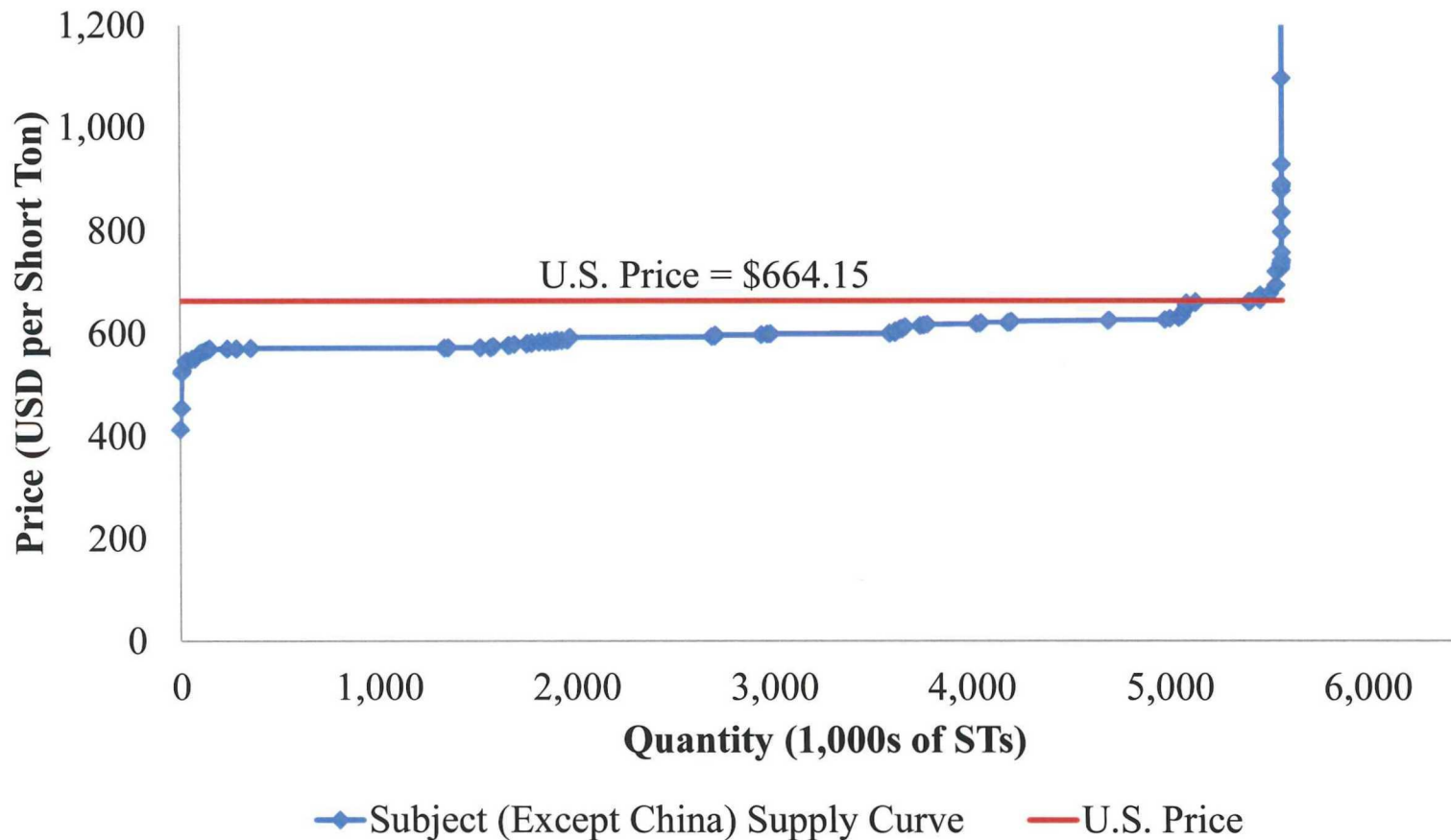
Conclusion

Motive

“...rebar is a highly fungible, commodity product for which price is the most important factor in purchasing decisions. Moreover, price is generally set on a transaction by transaction basis, and the domestic like product and subject imports are viewed as highly interchangeable. As discussed in the conditions of competition, sales of imports to the U.S. market are arranged by global trading companies that sell on a spot basis and are ‘looking for the best price to bring it [rebar] into’ the most advantageous markets.”

Motive

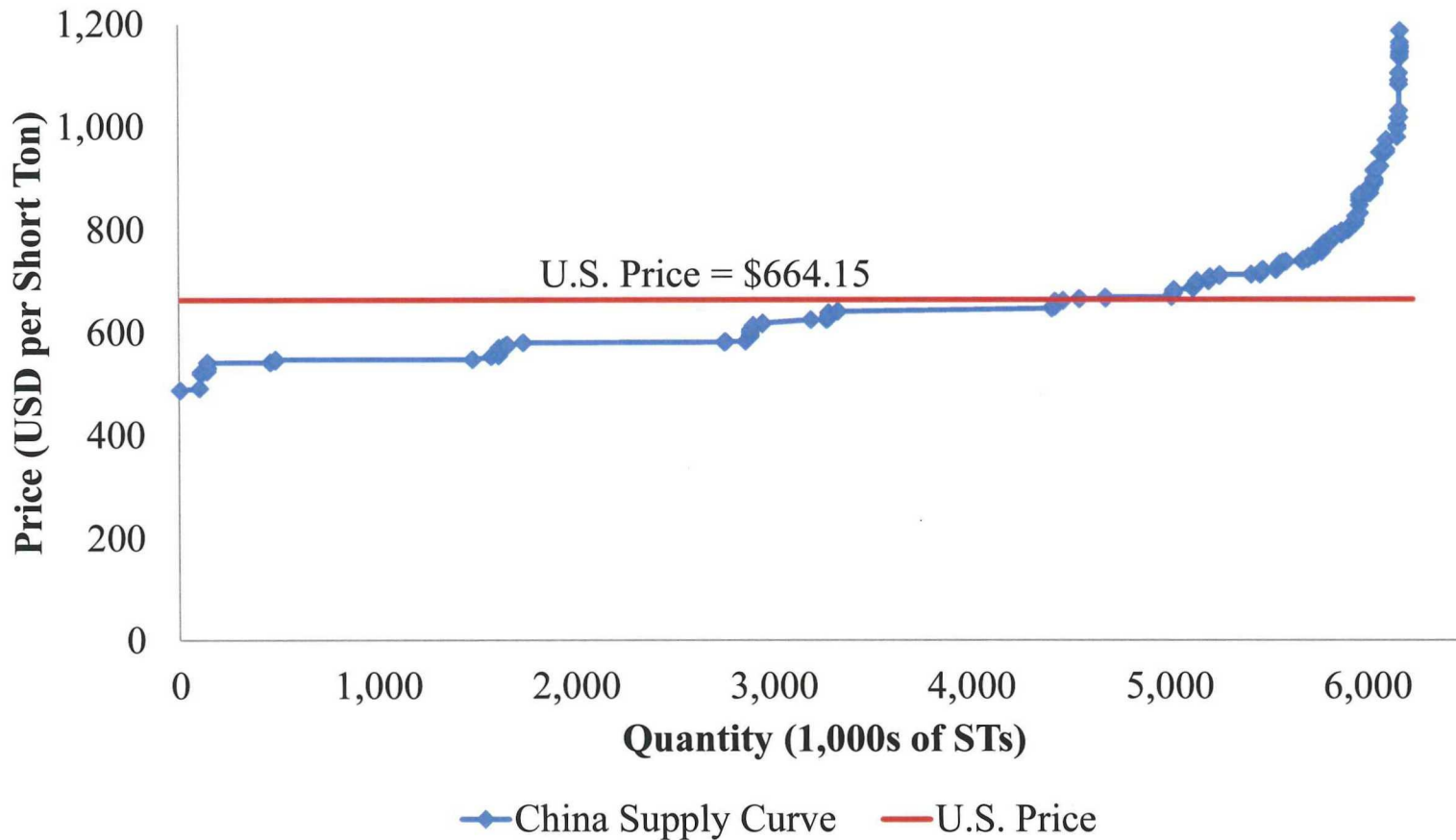
Subject Countries' Export Supply Curve, Excluding China



Source: GTIS 2012 Exports of 7214.20 for Belarus, Indonesia, Latvia, Poland, and Ukraine (No Data available for Moldova); and ⁹ Pre-Hearing Report at Table V-1.

Motive

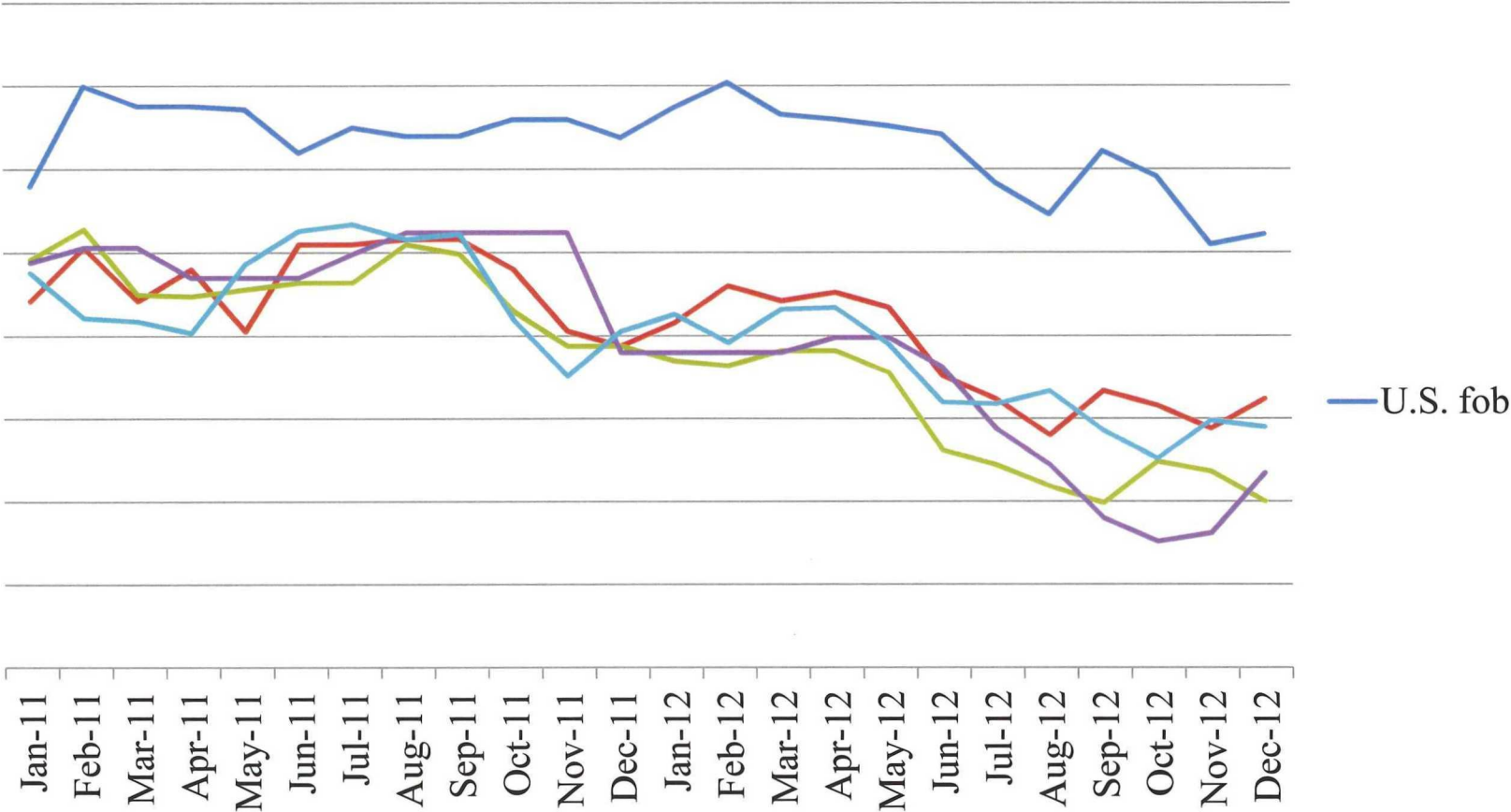
China Export Supply Curve



Source: GTIS 2012 Exports of 7214.20 and 7228.30 for China & Pre-Hearing Report at Table V-1.

Motive

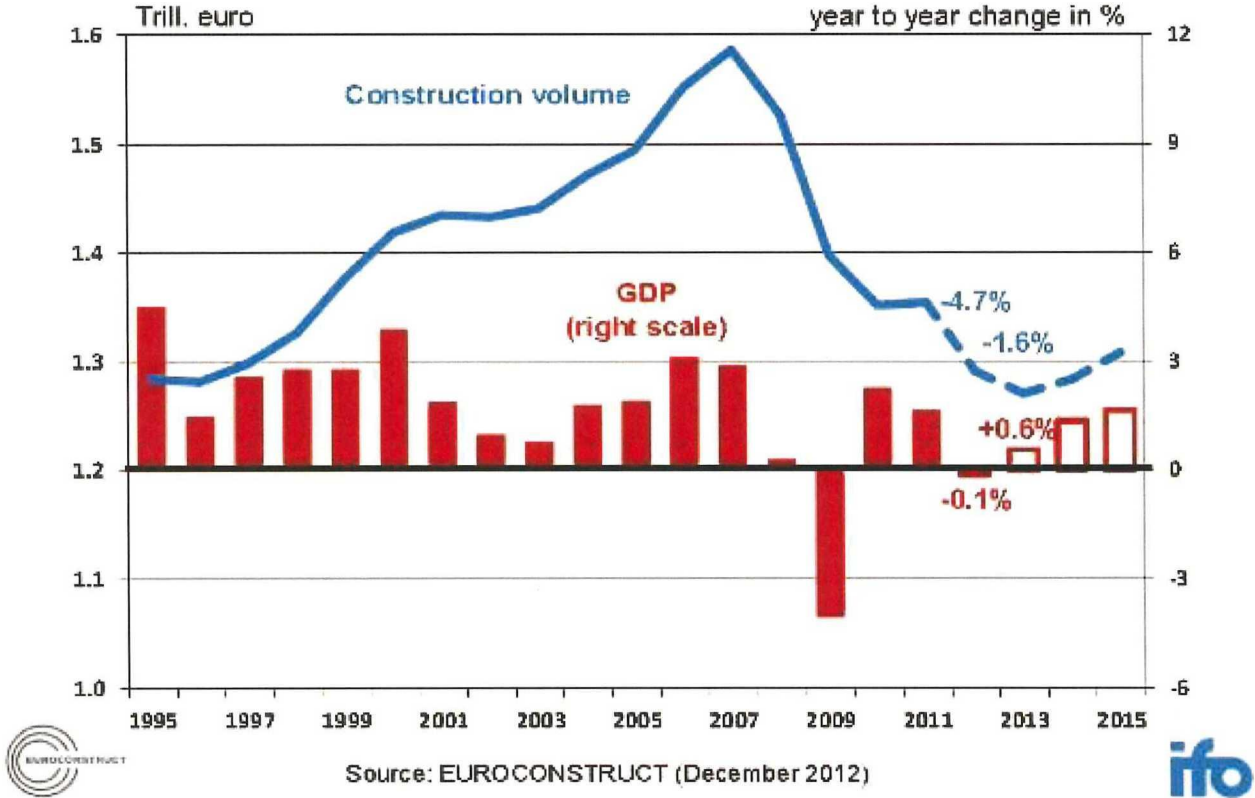
International Prices



Source: Pre-Hearing Report at Tables IV-38 & 39.

Motive

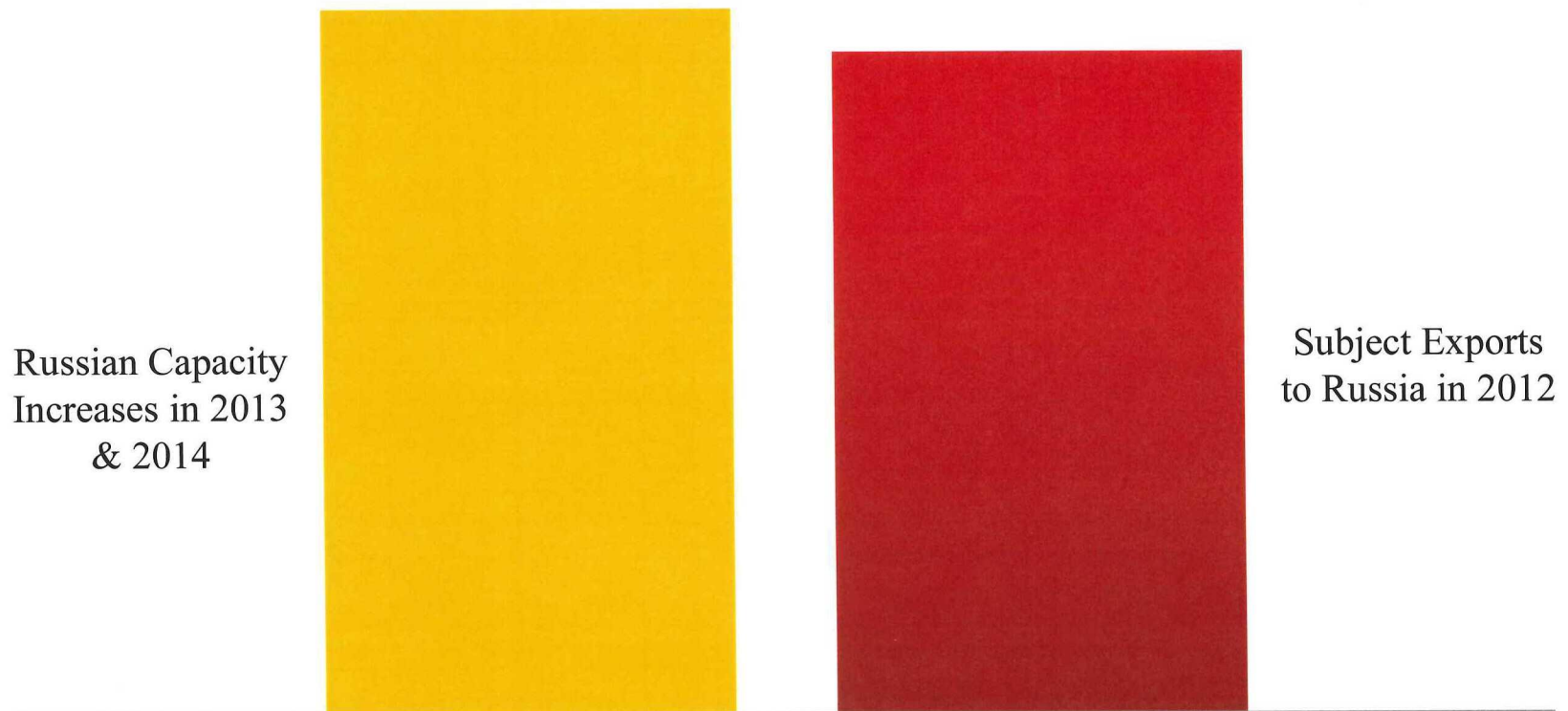
Poor EU Demand



Source: EuroConstruct December 2012.

Motive

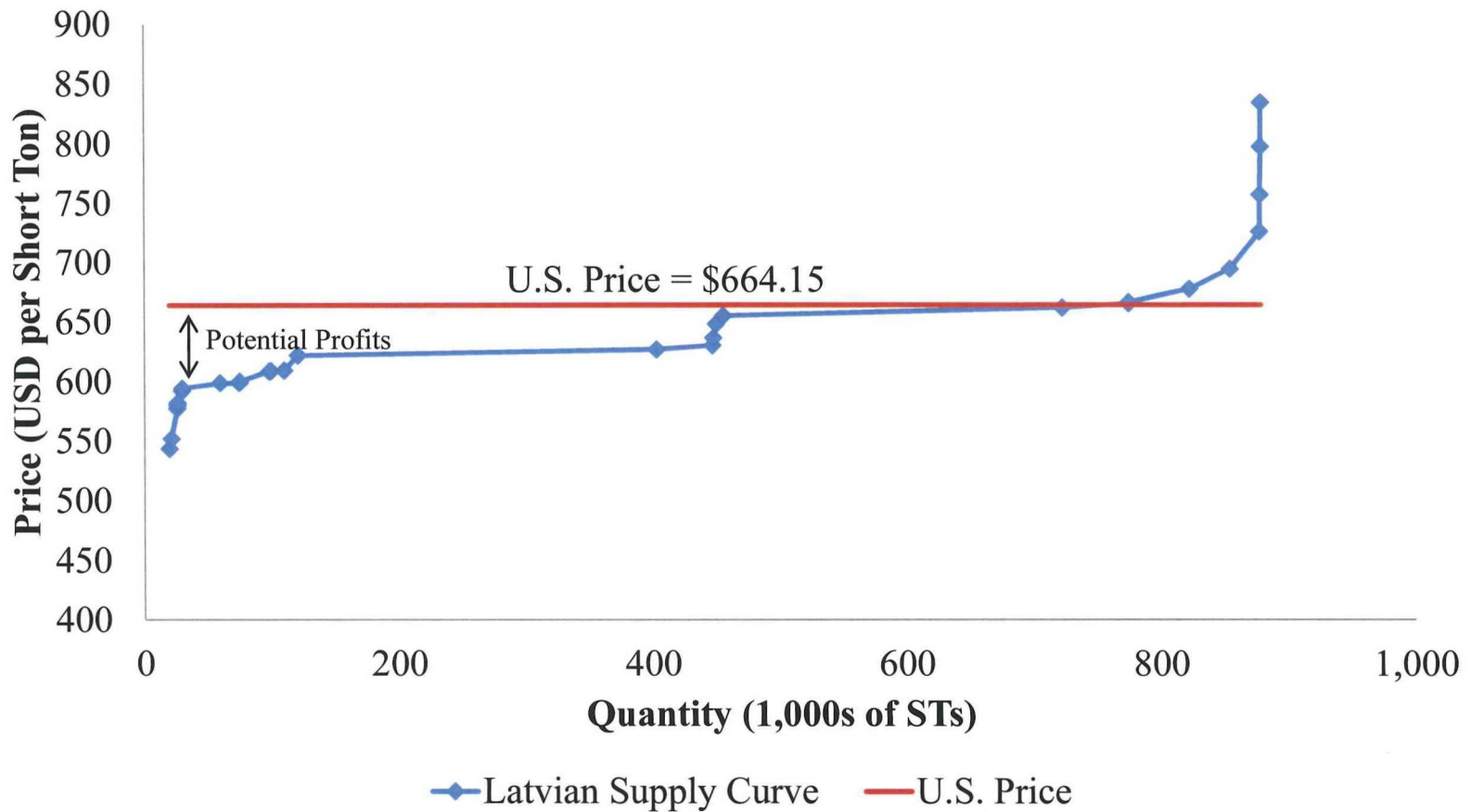
Russian Capacity Increases Are Larger than Subject Exports to Russia



Source: *CRU Steel Long Products Market Outlook* at 208 (Dec. 2012); GTIS 2012 Exports of 7214.20 for Belarus, China, Indonesia, Latvia, Poland, and Ukraine; GTIS 2012 Exports of 7228.30 for China; & Pre-Hearing Report Table IV-20 for Moldova.

Motive

Latvia Export Supply Curve



Source: GTIS 2012 Exports of 7214.20 for Latvia & Pre-Hearing Report at Table V-1.

Motive

Latvian Evasion of Polish VAT

- Poland received 50% of Latvia's Rebar Exports in 2011
- VAT Evasion Scheme involving Latvian Rebar
 - Avoided applicable 23% VAT
 - Undercut Polish rebar prices
 - Led to lost revenue for government and Polish rebar firms
 - Scheme has resulted in legal actions in Poland
- Production has been cut since discovery of scheme

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Simulation Scenarios

- **Baseline Scenario**
 - Based on financial data from Prehearing Report
 - Essentially no subject imports
- **“But-For” Scenario**
 - Subject imports return to 2000 market share levels

Effects

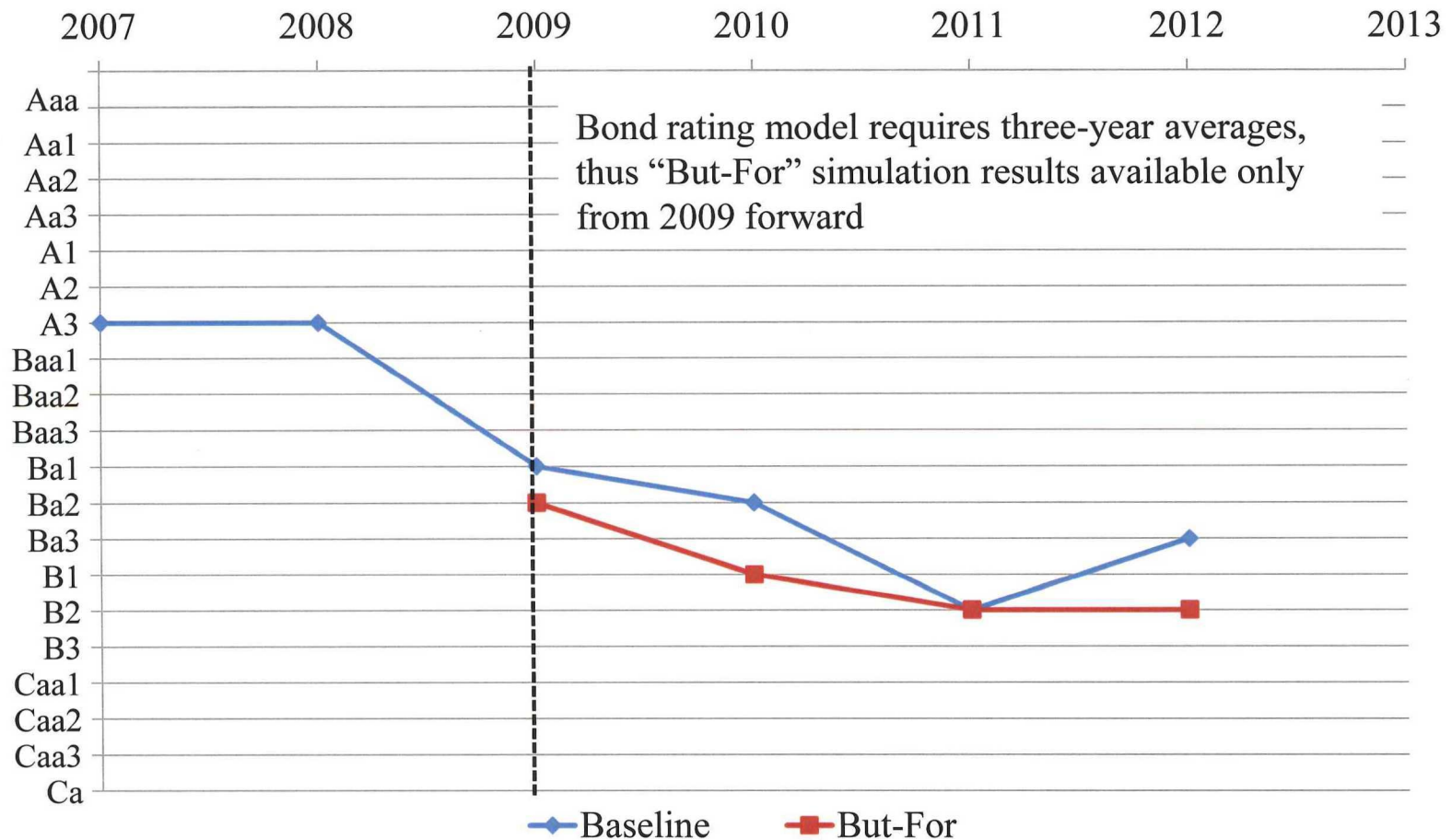
Effect of Revocation on POR

Effects on Domestic Rebar Industry						
U.S.	2007	2008	2009	2010	2011	2012
Price Effect	-1.7%	-1.7%	-1.7%	-1.7%	-1.7%	-1.7%
Quantity Effect	-9.7%	-9.8%	-9.9%	-9.9%	-9.9%	-9.8%
Revenue Effect	-11.2%	-11.4%	-11.4%	-11.4%	-11.4%	-11.3%
Variable Labor Compensation	-9.3%	-9.3%	-9.2%	-9.1%	-9.1%	-9.1%
Profit Margin (Percent Point Change)	-4.1%	-4.1%	-6.1%	-5.0%	-4.3%	-4.3%
Market Share Loss	-7.8%	-8.5%	-8.9%	-9.0%	-8.7%	-8.5%

Source: RTAC Pre-Hearing Brief Exhibit 4: The Effects of Order Revocation on the Prices, Shipments, and Profits of the Domestic Rebar Industries at Appendix B.

Effects

Effect of Revocation on POR Bond Ratings on Hypothetical U.S. Rebar Firm



Source: RTAC Pre-Hearing Brief Exhibit 5: The Effects of Order Revocation on Credit Ratings at 11-12.

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Final Comments

- Subject imports should be cumulated.
- U.S. industry is currently vulnerable and susceptible to material injury.
- Revocation of the orders leading to a resumption of dumped imports at pre-order shares will have significant adverse consequences to the industry's shipments, prices, revenues and profits.
- Revocation of the orders will have significant adverse consequences to both employment and labor compensation.

The Factors Supporting Continuation of the Orders are the Same or Even More Compelling Today Than They Were in the Last Sunset Review

Factor	Same	More Compelling
<i>Vulnerability of the U.S. Industry</i>		✓
<i>Industry Performance Indicators</i>		✓
<i>Conditions in the U.S. Market</i>		✓
<i>Conditions in the EU Market</i>		✓
<i>Conditions in Alternative Export Markets</i>		✓
<i>Attractiveness of the U.S. Market</i>		✓
<i>Subject Producers' Excess/Divertible Capacity</i>		✓
<i>Consolidated U.S. Industry</i>	✓	
<i>Buy America Provisions</i>	✓	
<i>Use of Global Trading Companies</i>	✓	
<i>Freight Rates</i>		✓
<i>Fungibility</i>	✓	