

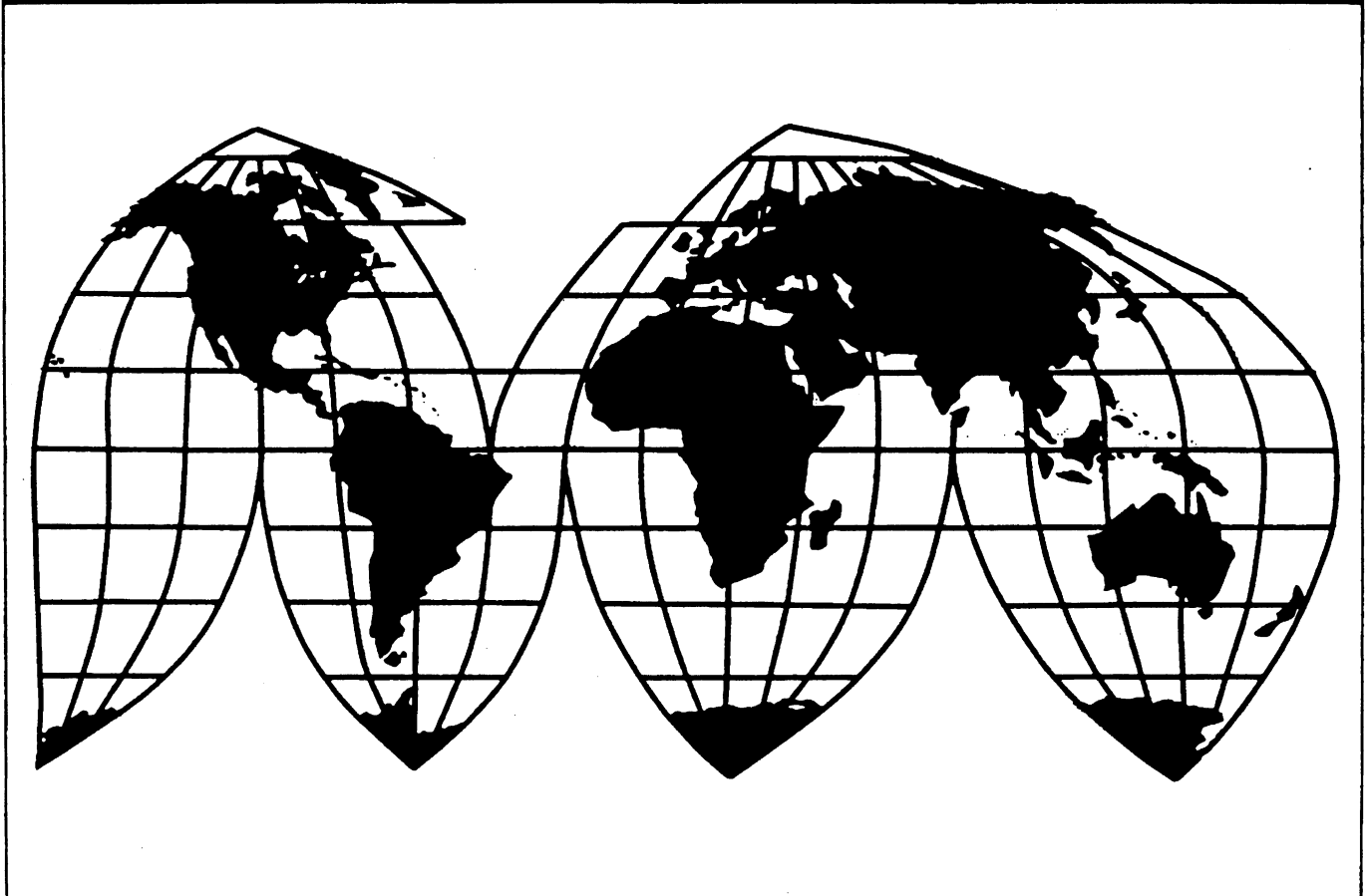
Certain Steel Wire Rod

Investigation No. NAFTA-312-1

Publication 3453

September 2001

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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CONTENTS

	<i>Page</i>
Determination	1
Views of the Commission	3
Separate views of Commissioner Lynn M. Bragg	15
Dissenting views of Vice Chairman Deanna Tanner Okun and Commissioner Jennifer A. Hillman	21
Part I: Introduction	I-1
Background	I-1
Summary data	I-2
The product	I-3
Physical characteristics and uses	I-4
U.S. tariff treatment	I-6
The tariff-rate quota	I-7
Part II: North American producers and the U.S. market	II-1
U.S. producers	II-1
U.S. importers	II-3
Producers in Canada and Mexico	II-4
Canada	II-5
Mexico	II-6
Trends in exports to the United States from NAFTA countries	II-6
Apparent U.S. consumption	II-8
Channels of distribution	II-8
U.S. imports	II-8
Trends in U.S. imports	II-10
U.S. import shares	II-15
Operation of the tariff-rate quota during year one	II-17
Part III: Condition of the U.S. industry	III-1
Part IV: Pricing and related information	IV-1
Exchange rates	IV-1
Pricing practices	IV-1
Price data	IV-3
Price trends	IV-4
Price comparisons	IV-6
 Appendixes	
A. <i>Federal Register</i> notices	A-1
B. Conference witnesses	B-1
C. Summary tables	C-1
D. Additional information	D-1
E. Purchaser responses	E-1

CONTENTS—Continued

	<i>Page</i>
 Figures	
IV-1. Exchange rates: Indexes of the nominal and real exchange rates of the Canadian dollar relative to the U.S. dollar, January 1998-March 2001	IV-2
IV-2. Exchange rates: Indexes of the nominal and real exchange rates of the Mexican peso relative to the U.S. dollar, January 1998-March 2001	IV-2
 Tables	
I-1. Certain steel wire rod: Background and scheduling information related to the investigation	I-3
I-2. Certain steel wire rod: U.S. producers' and U.S. importers' U.S. shipments, by quality, 2000	I-6
I-3. Rates of duty for certain steel wire rod	I-6
I-4. Certain steel wire rod: In-quota quantities and additional duties for imports in excess of the in-quota allocations, quota years 1-3	I-8
II-1. Certain steel wire rod: U.S. producers, plant locations, and U.S. production and shares of U.S. production in 2000	II-2
II-2. Certain steel wire rod: U.S. imports reported by firms responding to Commission questionnaires, by selected sources, 1998-2000	II-5
II-3. Certain steel wire rod: Exports to the United States, by source and by firm, 1998-2000, January-March 2000, January-March 2001, and April-June 2001	II-7
II-4. Certain steel wire rod: U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, 1998-2000, January-March 2000, and January-March 2001	II-9
II-5. Certain steel wire rod: U.S. imports, by sources, 1998-2000, January-March 2000, and January-March 2001	II-11
II-6. Steel wire rod: Period changes by calendar year/quarter and TRQ year	II-13
II-7. Steel wire rod: U.S. imports, by specified products and sources, March-February periods of 1998-99, 1999-2000, and 2000-01	II-15
II-8. Certain steel wire rod: Ratios of U.S. imports relative to total imports, relative to U.S. production, and relative to apparent U.S. consumption, 1998-2000, January-March 2000, and January-March 2001	II-16
II-9. Certain steel wire rod: In-quota quantities, by TRQ quarter, March 2000-May 2001	II-18
II-10. All steel wire rod: U.S. imports for consumption, by source and by month, March 1999-June 2001	II-20
II-11. Steel wire rod: U.S. imports for consumption, by source and by quarter, March 1999-June 2001	II-22
II-12. Certain steel wire rod: In-quota quantities and over-quota quantities for TRQ year one (March 1, 2000 through February 28, 2001), by quarter	II-23
III-1. Certain steel wire rod: Summary data concerning the condition of the U.S. industry, 1998-2000, January-March 2000, and January-March 2001	III-2

Continued on next page.

CONTENTS—Continued

Page

Tables—Continued

IV-1.	Certain steel wire rod: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January 1998-March 2001	IV-5
IV-2.	Certain steel wire rod: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, January 1998-March 2001	IV-5
IV-3.	Certain steel wire rod: Weighted-average f.o.b. prices and quantities of domestic product 3, by quarters, January 1998-March 2001	IV-5
IV-4.	Certain steel wire rod: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarters, January 1998-March 2001	IV-5
IV-5.	Certain steel wire rod: Weighted-average f.o.b. prices and quantities of domestic and imported product 5 and margins of underselling/(overselling), by quarters, January 1998-March 2001	IV-5
IV-6.	Summary information of weighted-average price data for pricing products 1 and 2, by country	IV-5
IV-7.	Summary information of weighted-average price data for pricing products 3 and 4, by country	IV-5
IV-8.	Summary information of weighted-average price data for pricing product 5, by country	IV-5
IV-9.	Certain steel wire rod: Summary of underselling/overselling, by country	IV-6
C-1.	Certain steel wire rod: Summary data concerning the U.S. market, 1998-2000, January-March 2000, and January-March 2001	C-3
C-2.	All steel wire rod: Summary data concerning the U.S. market, 1998-2000, January-March 2000, and January-March 2001	C-6
D-1.	Certain steel wire rod: U.S. producers' and importers' reported U.S. shipments, 1998-2000, January-March 2000, and January-March 2001	D-3
D-2.	Certain steel wire rod: Data for producers in Canada, 1998-2000, January-March 2000, January-March 2001, and projected 2001-02.. ..	D-4

Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.

GLOSSARY OF ABBREVIATIONS

ACSR	Aluminum cable steel reinforced
AISI	American Iron and Steel Institute
ATPA	Andean Trade Preference Act
AWPA	American Wire Producers Association
AmeriSteel	AmeriSteel Corp.
Atlantic	Atlantic Steel Industries, Inc.
Birmingham	Birmingham Steel Corp.
Blackstone	Blackstone Management Associates II LLC
CBERA	Caribbean Basin Economic Recovery Act
CF&I	CF&I Steel, L.P.
COGS	Cost of goods sold
Caribbean Ispat	Caribbean Ispat Ltd.
Cascade	Cascade Steel Rolling Mills, Inc.
Charter	Charter Steel
Chicago STC	Chicago Strategic Trade Center
Colakolgu Metalurji	Colakolgu Metalurji A.S.
Commerce	U.S. Department of Commerce
Connecticut	Connecticut Steel Corp.
Co-Steel	Co-Steel, Inc.
Co-Steel Raritan	Co-Steel Raritan
Customs	U.S. Customs Service
Deacero	Deacero S.A. de C.V.
EC	European Community
FR	Federal Register
GS Industries	GS Industries, Inc.
GSP	Generalized System of Preferences
GST	GST Steel Co.
Georgetown	Georgetown Steel Corp.
HTS	Harmonized Tariff Schedule of the United States
Hylsa	Hylsa S.A. de C.V.
IFTA	United States-Israel Free Trade Area Implementation Act
Ispat Inland	Ispat Inland Bar Products
Ispat Sidbec	Ispat Sidbec, Inc.
Ivaco	Ivaco, Inc.
Ivaco Rolling Mills	Ivaco Rolling Mills, Ltd.
Keystone	Keystone Steel & Wire Co.
NAFTA	North American Free-Trade Agreement
North Star	North Star Steel Co.
North Star Texas	North Star Steel Texas, Inc.
Northwestern	Northwestern Steel & Wire, Inc.
Nucor	Nucor Corp.
PRWs	Production and related workers

Continued on next page.

GLOSSARY OF ABBREVIATIONS—Continued

R&D	Research and development
Republic	Republic Technologies International
Rocky Mountain	Rocky Mountain Steel Mills
SG&A	Selling, general, and administrative
Sicartsa	Siderurgica Lazaro Cardenas Las Truchas, S.A. de C.V.
Stelco	Stelco, Inc.
TRQ	Tariff-rate quota
USITC or Commission	U.S International Trade Commission
USTR	U.S.Trade Representative

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. NAFTA-312-1

CERTAIN STEEL WIRE ROD

DETERMINATION

On the basis of the information in the investigation, the Commission determines¹ that a surge in imports of certain steel wire rod from Canada and Mexico, respectively, undermines the effectiveness of the import relief on wire rod provided for in Presidential Proclamation 7273 of February 16, 2000.

BACKGROUND

Following receipt of a request filed on July 24, 2001, on behalf of Co-Steel Raritan, GS Industries, Inc., Keystone Steel & Wire Company, and North Star Steel Texas Inc., the Commission instituted investigation No. NAFTA-312-1 under section 312(c)(2) of the North American Free Trade Agreement Implementation Act (19 U.S.C. § 3372(c)(2)) to determine whether a surge in U.S. imports of certain steel wire rod from Canada and/or Mexico undermines the effectiveness of the import relief on wire rod provided for in Presidential Proclamation 7273 of February 16, 2000 (65 FR 8624, February 18, 2000).

Notice of the institution of the Commission's investigation and of the scheduling of a staff conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of August 3, 2001 (66 F.R. 40722). The staff conference was held in Washington, DC, on August 8, 2001; all persons who requested the opportunity were permitted to appear in person or by counsel.

¹ Vice Chairman Okun and Commissioner Hillman dissenting.

VIEWS OF THE COMMISSION

Introduction

Pursuant to section 312(c) of the NAFTA Implementation Act (19 U.S.C. § 3372(c)), we determine that a surge in imports of certain steel wire rod from Canada and a surge in imports of certain steel wire rod from Mexico undermine the effectiveness of the global safeguard action of the President concerning steel wire rod.^{1 2}

Background

The Commission instituted this investigation effective July 24, 2001, following receipt of a petition filed by four producers of steel wire rod.³ The petition alleged that a surge in U.S. imports of certain steel wire rod from Canada and Mexico undermines the effectiveness of the action by the President under section 203 of the Trade Act of 1974 to facilitate positive adjustment to competition from imports of certain steel wire rod.

On July 12, 1999, the Commission transmitted to the President its report in Inv. No. TA-201-69, in which the Commissioners were equally divided in their determination of whether imports were a substantial cause of serious injury to the domestic industry producing certain steel wire rod.⁴ The majority of those Commissioners making an affirmative determination made negative findings pursuant to section 311(a) of the NAFTA Implementation Act (19 U.S.C. § 3371(a)) with respect to imports of

¹ Vice Chairman Okun and Commissioner Hillman dissenting. They join the discussions regarding background, scope of investigation, and cumulation.

² Although Commissioner Bragg reaches the same affirmative determination in this investigation as Chairman Koplán and Commissioners Miller and Devaney, her interpretation and application of section 312(c) differs, in part, from that of her colleagues. She therefore issues separate views. See Separate Views of Commissioner Lynn M. Bragg. However, for purposes of discussion, Commissioner Bragg joins the Commission's views with respect to background, scope of the investigation, and statutory framework.

³ 66 Fed. Reg. 40722 (Aug. 3, 2001). Section 312(c) provides that "any entity that is representative of an industry for which such action is being taken may request the International Trade Commission to conduct an investigation of the surge in such imports." 19 U.S.C. § 3372(c)(1)(B).

Neither the statute nor the legislative history defines the term "representative," lists factors for deciding whether the petitioning firms are representative, or requires petitioning firms to account for a specific share of U.S. production. None of the parties assert that the petitioning entities are not producers of the like product. We affirm our decision reflected in our institution of this investigation that the petitioning firms provided the information required at section 206.24 of the Commission's regulations (19 C.F.R. § 206.24).

Even if the petitioners were required to account for a particular share of production, we find that they accounted for more than half of production in 2000 (Confidential Staff Report ("CR") and Public Staff Report ("PR") at table II-1), the last full year prior to filing of the petition, and would continue to account for more than half of production if the 2000 data are adjusted to reflect plant closings by petitioners and other producers in 2001.

⁴ Certain Steel Wire Rod, Inv. No TA-201-69, USITC Pub. 3207 (July 1999). Commissioners Koplán, Bragg, and Miller made affirmative determinations (Commissioners Koplán and Miller finding serious injury, and Commissioner Bragg finding a threat of serious injury), and Commissioners Crawford, Hillman, and Askey made negative determinations.

certain steel wire rod from Canada and Mexico and recommended that such imports be excluded from any relief action.^{5 6}

Pursuant to section 330(d)(1) of the Tariff Act of 1930 (19 U.S.C. § 1330(d)(1)), the President considered the determination of the Commissioners voting in the affirmative to be the determination of the Commission.⁷ In Presidential Proclamation 7273 of February 16, 2000, the President imposed a safeguard action in the form of a tariff-rate quota (TRQ) for a period of 3 years and 1 day, effective March 1, 2000.⁸ The President made a negative determination under section 312(a) of the NAFTA Implementation Act and accordingly excluded imports from Canada and Mexico from the relief action.⁹ The Proclamation also suspended duty-free treatment for imported certain steel wire rod under the Generalized System of Preferences (GSP), the Caribbean Basin Economic Recovery Act (CBERA), the Andean Trade Preferences Act (ATPA), and the U.S.-Israel Free Trade Area Implementation Act of 1985 (IFTA).

The quota for the first year of the program was set at 1.58 million short tons, an amount equivalent to 1998 import levels of subject products from the countries subject to the TRQ, with the quota amount to increase by an additional 2 percent in the second and in the third years to account for growth in demand. Over-quota imports were subject to an additional duty of 10 percent ad valorem in the first year, declining to 7.5 percent in the second year, and 5 percent in the third year. The quota is administered on a quarterly basis, with no more than one-third of the annual quota amount permitted to enter in each of the first three calendar quarters, and with any remaining amount allowed in the fourth quarter.

⁵ Id. Commissioner Bragg dissenting with respect to imports from Canada.

⁶ Certain Steel Wire Rod, Inv. No TA-201-69, USITC Pub. 3207 (July 1999). Section 311(a), (19 U.S.C. § 3371(a)), provides:

If in any investigation initiated under chapter 1 of title II of the Trade Act of 1974 [19 U.S.C.A. § 2251 et seq.], the International Trade Commission makes an affirmative determination (or a determination which the President may treat as an affirmative determination under such chapter by reason of section 1330(d) of this title, the International Trade Commission shall also find (and report to the President at the time such injury determination is submitted to the President) whether--

(1) imports of the article from a NAFTA country, considered individually, account for a substantial share of total imports; and

(2) imports of the article from a NAFTA country, considered individually or, in exceptional circumstances, imports from NAFTA countries considered collectively, contribute importantly to the serious injury, or threat thereof, caused by imports.

⁷ Section 330(d)(1) provides that, when the Commission is required to determine under section 202(b) of the Trade Act of 1974 whether increased imports of an article are a substantial cause of serious injury, or the threat thereof, and the Commissioners voting are equally divided with respect to such determination, the determination agreed upon by either group of Commissioners may be considered by the President as the determination of the Commission. 19 U.S.C. § 1330(d)(1).

⁸ 65 Fed. Reg. 8621 (Feb. 18, 2000).

⁹ Further, imports of certain steel wire rod from Canada and Mexico are not counted towards the TRQ limits that trigger the over-quota rates of duty.

Scope of Investigation

Certain steel wire rod was defined by the Commission in Investigation No. TA-201-69 as hot-rolled bars and rods, in irregularly wound coils, of circular or approximately circular solid cross section, having a diameter of 5 mm or more but less than 19 mm, of non-alloy or alloy steel, except such bars and rods of free-machining steel or of alloy steel containing by weight 24 percent or more of nickel. Free-machining steel is any steel product containing by weight one or more of the following elements, in the specified proportions: 0.03 percent or more of lead, 0.05 percent or more of bismuth, 0.08 percent or more of sulfur, more than 0.04 percent of phosphorus, more than 0.05 percent of selenium, and/or more than 0.01 percent of tellurium. The scope of the original section 202 investigation did not cover concrete reinforcing bars and rods, or bars and rods of stainless steel or tool steel.

The President adopted the definition of “certain steel wire rod” as specified in the original section 202 investigation, but added exclusions for wire rod of tire cord quality, valve spring quality, class III pipe wrap quality, aircraft cold heading quality, aluminum cable steel reinforced (“ACSR”) quality, piano wire string quality, grade 1085 annealed bearing quality, and grade 1080 tire bead quality. These products are described in detail in the annex to Presidential Proclamation 7273 (65 FR 8624, February 18, 2000), which is presented in appendix A of the report in this investigation.

Statutory Framework

Section 312(c) of the NAFTA Implementation Act implements the “surge” provision in Article 802.3 of the NAFTA.¹⁰ Section 312(c) provides that:

(c) Action After Exclusion of NAFTA Country Imports

(1) In general

If the President, under subsection (b) of this section, excludes imports from a NAFTA country or countries from action under chapter 1 of title II of the Trade Act of 1974 [19 U.S.C.A. § 2251 et seq.] but thereafter determines that a surge in imports from that country or countries is undermining the effectiveness of the action—

(A) the President may take appropriate action under such chapter 1 [19 U.S.C.A. § 2251 et seq.] to include those imports in the action; and

¹⁰ As a general matter, Article 802 of the NAFTA calls for NAFTA members to *exclude* imports from other NAFTA countries from their global safeguard measures. A NAFTA member may *include* imports from another NAFTA country initially only if it finds that both of two conditions are satisfied: imports from the NAFTA country account for a substantial share of total imports, and such imports contribute importantly to the serious injury or threat of serious injury to the domestic industry. Article 802 then permits imports from a NAFTA country initially excluded to be included if “a surge in imports of such goods from the other Party or Parties undermines the effectiveness of the action.”

(B) any entity that is representative of an industry for which such action is being taken may request the International Trade Commission to conduct an investigation of the surge in such imports.

(2) Investigation

Upon receiving a request under paragraph (1)(B), the International Trade Commission shall conduct an investigation to determine whether a surge in such imports undermines the effectiveness of the action. The International Trade Commission shall submit the findings of its investigation to the President no later than 30 days after the request is received by the International Trade Commission.

(3) “Surge” defined

For purposes of this subsection, the term “surge” means a significant increase in imports over the trend for a recent representative base period.¹¹

Whether to Consider Imports Collectively

The petitioners request that the Commission consider the imports from Canada and Mexico on a cumulative basis.¹² The petitioners contrast the language of section 312(c), which refers to consideration of imports from a NAFTA “country or countries,” with language in section 311, which specifies when imports will be considered “individually” and when they will be considered “collectively.”¹³ They maintain that the absence of a requirement in section 312(c) that the imports be considered individually under any circumstances, or collectively only in exceptional circumstances, coupled with the reference in section 312(c) to “country or countries,” indicate that Congress contemplated that the Commission, in its discretion, could cumulate imports from the NAFTA countries, Canada and Mexico, in a section 312(c) investigation.¹⁴ They also assert that exercise of discretion to cumulate is warranted in this investigation in light of the similarities between the imports from Canada and Mexico.¹⁵

The Government of Canada and the Canadian producers assert that cumulation is not permitted under section 312(c). They argue that Congress provided for consideration of imports “collectively” at section 311. Omission of similar language from section 312(c), they contend, shows congressional intent not to permit consideration of the imports collectively under that section. They also maintain that reference to “country or countries” in section 312 does not suggest authority to cumulate, but simply that more than one NAFTA country can be excluded from a global relief action and subsequently subject to a

¹¹ Commissioner Bragg does not join in the remainder of these views. See Separate Views of Commissioner Lynn M. Bragg.

¹² Conference Transcript at 34, 41-44.

¹³ Id. at 34, 41-42. See 19 U.S.C. § 3371(a).

¹⁴ Conference Transcript at 34, 41-42.

¹⁵ Id. at 44.

petition for inclusion.¹⁶ Finally, the Government of Canada, the Canadian producers, and the American Wire Producers Association (AWPA) claim that, even if authority to cumulate were implied in section 312(c), that authority cannot be any broader than the authority expressed in section 311, where it may be invoked only in “exceptional circumstances.”¹⁷

Section 312(c)(1) refers to a determination by the President with respect to a surge in imports “from that country or countries,” and section 312(c)(2) refers to a determination by the Commission with respect to a surge “in such imports.” Thus, the provision speaks of a surge in the singular, whether the surge is comprised of imports from “a country” or from “countries.”¹⁸ Although we do not view that language as requiring cumulation, we find that it permits the Commission, in its discretion, to consider imports from two NAFTA countries collectively.¹⁹

We do not agree with respondents’ argument that the Commission must follow the “exceptional circumstances” approach to cumulation set out in section 311(a) of the NAFTA Implementation Act. While the Commission might find that approach useful in its section 312(c) analysis, the finding that the Commission makes under section 311(a) is different, relating to whether a NAFTA country individually accounts for a substantial share of total imports and whether imports from a NAFTA country, or in exceptional circumstances, countries collectively, contributed importantly to the serious injury or threat of serious injury found under section 202 of the Trade Act of 1974. The manner in which section 311 specifies that issues are to be addressed, individually or, in exceptional circumstances, collectively, does not control the manner in which different issues are to be addressed in section 312, in which no such specification appears.

While we find that the Commission has the discretion to consider collectively all NAFTA imports in a section 312(c) investigation, we decline to exercise our discretion to cumulate steel wire rod imports from Canada with those from Mexico because of differences in the conditions of competition relating to those imports. First, a significant majority of the imported steel wire rod from Mexico, *** percent in 2000, is of industrial or standard quality. However, only *** percent of the imports from Canada are of industrial or standard quality.²⁰ Conversely, *** percent of the imports from Canada are of cold heading or welding quality, and *** of the imports from Mexico are of those qualities.²¹ Second, quarterly price comparison data show that, when the products are comparable, prices for the Mexican product are generally below those of the Canadian product.²² The product from Mexico also undersold the U.S. product in a higher percentage of comparisons than did the Canadian product.²³ Finally, there is a significant difference in the trends of imports from the two countries. For instance, fluctuations among

¹⁶ Government of Canada postconference brief at 3; Canadian producers’ postconference brief at 3.

¹⁷ Government of Canada postconference brief at 3; Canadian producers’ preconference brief at 4-5, Canadian producers’ postconference brief at 3, n.3, and at Exhibit 5, p. 2; AWPA postconference brief at 4, n.6.

¹⁸ See also NAFTA Article 802(3).

¹⁹ The parallel NAFTA language similarly can be read to permit cumulation by referring to a determination whether “a surge in imports of such good *from the other Party or Parties* undermines the effectiveness of the action.” NAFTA, article 802.3 (emphasis added).

²⁰ CR and PR at table I-2; see also CR and PR at appendix D, table D-1 (in 1999, too, a majority of the imports from Mexico, but not a majority of those from Canada, were of industrial or standard quality).

²¹ CR and PR at table I-2.

²² CR and PR at tables IV-1, IV-2, and IV-4.

²³ CR and PR at tables IV-1, IV-2, IV-4, and IV-9.

the monthly volume of imports from Canada are minor in comparison with the broad fluctuations among the monthly volumes of imports from Mexico.²⁴ For these reasons, we find that the conditions of competition are sufficiently different between imports from Canada and Mexico and therefore conclude that it is not appropriate to exercise our discretion to consider those imports collectively in determining whether a surge in such imports undermines the effectiveness of the President's global safeguard action concerning steel wire rod.

**A Surge in Imports from Canada and a Surge in Imports from Mexico Undermine
the Effectiveness of the Global Safeguard Action²⁵**

The statute defines "surge" as "a significant increase in imports over the trend for a recent representative base period." In our view, this requires the Commission in this investigation, to (1) identify a recent representative base period, (2) determine what the trend for imports was over this base period, and (3) determine whether there has been a "significant increase" over the trend for this recent representative base period in imports from Canada and Mexico after they were excluded from the President's action. By requiring that the Commission examine the "trend" for imports over the recent base period, the statute suggests that more than two years be considered to identify a "trend."²⁶

We find 1996 to 1998 to be a recent representative base period for determining whether there is a surge. A "representative" period, in our view, excludes time frames in which the volume of imports from the NAFTA countries may have been affected by the pendency of the underlying 202 investigation or by the Commission's determination. Importations in 1996-1998 predate the Commission's determination and transmittal of its report to the President.²⁷ We select 1998 as the end point of the representative base period because it is the last full year prior to the President's action in which imports were not affected by the Commission's investigation or determination. Moreover, 1996 to 1998 is the most recent part of the period considered by the Commission in its investigation under section 202 and the period considered by the three Commissioners that made a decision under section 311 of the NAFTA Implementation Act to exclude NAFTA imports from any relief action.²⁸

Canada

The volume of U.S. imports from Canada of steel wire rod declined during the representative base period from 658,395 short tons in 1996, to 572,089 short tons in 1997, to 555,886 short tons in

²⁴ See, e.g., Memorandum INV-Y-162 (Aug. 21, 2001) at table 2 (monthly imports from 1994 to June 2001), and CR and PR at table II-10 (monthly imports from March 1999 to June 2001).

²⁵ Vice Chairman Okun and Commissioner Hillman do not join in the remainder of these views. See Dissenting Views of Vice Chairman Deanna Tanner Okun and Commissioner Jennifer A. Hillman.

²⁶ A difference between two years would represent simply a change, not a trend. See also section 203(e)(4) of the Trade Act of 1974 (quantitative restriction to allow importation of at least that quantity or value of goods that entered during "the most recent 3 years that are representative of imports").

²⁷ Certain Steel Wire Rod, Inv. No. TA-201-69, USITC Pub. 3207 (July 1999). The Commission instituted Inv. No. TA-201-69 effective January 12, 1999. The Commission transmitted its report in that investigation to the President on July 12, 1999.

²⁸ Certain Steel Wire Rod, USITC Pub. 3207 at I-18 - I-19, I-31 - I-32.

1998.²⁹ Thus, the 1998 volume of certain steel wire rod imports from Canada represents a 15.6 percent decrease from the volume in 1996. Similarly, the volume of imports from Canada of steel wire rod decreased as a share of U.S. consumption from 8.7 percent in 1996 to 6.9 percent in 1997, and 6.7 percent in 1998.³⁰

We find that, contrasted with this declining trend during the base period, certain steel wire rod imports from Canada increased significantly following implementation of the President's action, a tariff rate quota (TRQ), effective March 1, 2000.³¹ Based on full year data, imports of certain steel wire rod from Canada increased from 626,352 short tons in 1999 to 715,974 short tons in 2000,³² a 14.3 percent increase. Imports of certain steel wire rod from Canada also increased from an 8.0 percent share of U.S. consumption in 1999 to a 9.1 percent share in 2000.³³ When imports for all steel wire rod are isolated for the 12-month periods preceding and following the March 1, 2000, implementation of the TRQ, the volume of imports from Canada increased 12.4 percent.³⁴ Imports of certain steel wire rod from Canada also increased when comparing interim periods, from 356,518 short tons in the first six months of 2000 to 367,677 short tons in the first six months of 2001.³⁵ We find that both the 14.3 percent increase based on the full year information for certain steel wire rod and the 12.4 percent increase based on the TRQ year information for all steel wire rod are significant increases over the trend for the representative base period. Accordingly, as compared to the decrease in 1996-98, we find that imports from Canada have surged.

As imports of certain steel wire rod from Canada have surged, U.S. consumption has ranged from flat to declining in 1999 through interim 2001.³⁶ In addition, the domestic industry's share of consumption has declined,³⁷ and the domestic industry's production, shipments, and sales declined from 1999 to 2000 and again in the 2001 interim period.³⁸ The surge in imports from Canada contributed to

²⁹ INV-Y-162 at table 2.

³⁰ USITC Pub. 3207 at table C-1 (these shares are based on data gathered during the original section 201 investigation, which included a small amount of wire rod imported under an HTS subheading that was later determined not to fall within the product definition). See Memorandum INV-Y-162.

³¹ 65 Fed. Reg. 8621 (Feb. 18, 2000).

³² CR and PR at table II-5.

³³ CR and PR at table II-8.

³⁴ CR and PR at table II-6 (comparing imports for March 1999 - February 2000 with those for March 2000 - February 2001). The ratio of imports to apparent U.S. consumption is not calculated in relation to these time periods.

³⁵ INV-Y-162 at table 2. As a share of U.S. consumption they increased from 8.6 percent in January-March 2000 to 10.3 percent in January-March 2001. CR and PR at table II-8.

³⁶ Apparent consumption increased slightly from 7,876,516 short tons in 1999 to 7,898,025 short tons in 2000. CR and PR at table II-4. Domestic consumption was 2,004,803 short tons in interim 2000 compared with 1,597,852 short tons in interim 2001. Id.

³⁷ The domestic industry's shipments as a share of consumption declined from 67.8 percent in 1999 to 65.6 percent in 2000. CR and PR at table II-8. The domestic industry's share of consumption was 70.6 percent in interim 2000 compared with 66.9 percent in interim 2001. Id.

³⁸ The domestic industry's production decreased from 5,394,760 short tons in 1999 to 5,336,432 short tons in 2000. CR and PR at table III-1. Production declined further in the first three months of 2001, from 1,421,446 short tons in 2000 to 1,421,446 short tons in 2001. (continued...)

the inability of domestic producers to utilize fully their productive capacity, which increased slightly in 2000, and depressed domestic capacity utilization.³⁹ Further, inventories as a ratio of U.S. shipments increased in 2000 compared with 1999 and increased in interim 2001 compared with interim 2000.⁴⁰ Prices of the majority of products from Canada for which data were provided were lower in 2001 than at the end of the base period, further evidence of the negative effects of those increasing imports.⁴¹

Concerning deterioration of the financial position of the industry, four firms have shut down or will be shutting down facilities in 2001. Birmingham closed its American Steel & Wire rod plant in Cuyahoga Heights, OH, in June 2001; GS Industries filed for Chapter 11 bankruptcy and permanently idled its Kansas City, MO, rod mill in February 2001; North Star's Kingman, AZ, plant shut down production in May 2001; and Northwestern, which had been operating under Chapter 11 bankruptcy protection, announced in May 2001 plans to shut down operations in the near future.⁴²

The domestic industry had significant operating losses in both 1999 and 2000. Losses increased significantly on both an absolute and per unit basis in interim 2001.⁴³

We find that the surge in imports from Canada has contributed to the domestic industry's poor performance. We also find that the poor performance has led to a decline in capital expenditures between 1999 and 2000, and again in interim 2001 compared to interim 2000,⁴⁴ and has otherwise

³⁸(...continued)

tons in interim 2000 to 977,180 in interim 2001. Id. Similarly, the domestic producers' U.S. shipments declined from 5,336,837 short tons in 1999 to 5,179,875 short tons in 2000, then declined from 1,415,989 in interim 2000 to 1,068,918 in interim 2001. Id. The domestic industry's net sales on a quantity basis declined from 5,314,751 short tons in 1999 to 5,174,622 short tons in 2000, then declined from 1,425,852 short tons in interim 2000 to 1,069,154 in interim 2001. Id.

³⁹ Capacity utilization declined from 82.6 percent in 1999 to 80.2 percent in 2000. Comparing interim 2001 to interim 2000 shows a further decline, from 86.5 percent in interim 2000 to 58.4 percent in interim 2001. The industry's capacity increased from 6,532,463 short tons in 1999 to 6,650,148 short tons in 2000; capacity increased comparing the interim periods, from 1,643,620 short tons in interim 2000 to 1,671,898 short tons in interim 2001. CR and PR at table III-1. The low interim 2001 capacity utilization rate results in part from a decline in production at the closing plants that is not yet offset by an actual capacity shutdown. CR at III-3; PR at III-1. Nevertheless, capacity utilization figures reported by all but one of the firms remaining in production also dropped in the first quarter of 2001, in some cases sharply. Id.

⁴⁰ Inventories were 5.1 percent of U.S. shipments in 1999 and 6.4 percent in 2000, and 4.9 percent in interim 2001 compared with 4.8 percent in interim 2000. CR and PR at table III-1.

⁴¹ See CR at IV-5; PR at IV-4 & CR and PR at tables IV-1, IV-2, IV-4, IV-5.

⁴² CR at II-3 - II-4; PR at II-1 - II-3. In assessing the impact of changes at the Kingman, AZ, plant on purchasing patterns, Mexican respondents cite press reports indicating that the melt shop was closed in December 2000 due to rising energy costs and that by January 2001 customers had begun to look for alternate sources of supply. Mexican respondents' prehearing brief at 19-20, and posthearing brief at Exhibit 3. Petitioners indicate that North Star has historically supplied western U.S. purchasers from its Beaumont, TX, plant and, following the closing of the Kingman, AZ, plant, "continues to do so." Petitioners' posthearing brief, Exhibit 2 at 1.

⁴³ The industry had operating losses of \$80.6 million in 1999 and \$77.6 million in 2000. The loss increased in the interim period from a loss of \$14.7 million in interim 2000 to a loss of \$34.1 million in interim 2001. CR and PR at table III-1. The loss was \$15 per short ton in 1999 and 2000, then increased in interim 2001 to a loss of \$32 per short ton, compared to \$10 per short ton in interim 2000. Id.

⁴⁴ Capital expenditures declined from \$85.1 million in 1999 to \$73.8 million in 2000. CR and PR at table III-1. (continued...)

undermined implementation of the adjustment plan for the U.S. industry that was to have been carried out during the TRQ relief period.⁴⁵

For the foregoing reasons, we find that the significant increase in imports of certain steel wire rod from Canada has contributed to the industry's worsening financial performance. Accordingly, we find that a surge in such imports from Canada undermines the effectiveness of the President's global safeguard action under section 203 of the Trade Act of 1974.

Mexico

The volume of U.S. imports from Mexico of steel wire rod increased from 88,284 short tons in 1996, to 128,512 short tons in 1997, then declined to 75,241 short tons in 1998.⁴⁶ Thus, notwithstanding the increase in 1997, imports of steel wire rod from Mexico declined 14.8 percent in the representative base period. Similarly, the volume of steel wire rod imports from Mexico, after increasing from a 1.2 percent share of U.S. consumption in 1996 to a 1.5 percent share in 1997, declined to a 0.9 percent share in 1998.⁴⁷

We find that, contrasted with the declining trend during the representative base period, imports of steel wire rod from Mexico increased significantly following implementation of the TRQ, effective March 1, 2000. Based on full year data, imports of certain steel wire rod from Mexico increased from 122,038 short tons in 1999 to 159,818 short tons in 2000, a 31.0 percent increase.⁴⁸ Imports of certain steel wire rod from Mexico also increased from a 1.5 percent share of U.S. consumption in 1999 to a 2.0 percent share in 2000.⁴⁹ When imports for all steel wire rod are isolated for the 12-month periods preceding and following implementation of the TRQ, the increase is 34.6 percent.⁵⁰ We find that both the 31.0 percent increase based on the full year information for certain steel wire rod and the 34.6 percent increase based on the TRQ year information for all steel wire rod are significant increases over the trend for the representative base period. Accordingly, we find that the imports from Mexico have surged.

As imports of certain steel wire rod from Mexico have surged, U.S. consumption has ranged from flat to declining in 1999 through interim 2001.⁵¹ In addition, the domestic industry's share of

⁴⁴(...continued)

Capital expenditures declined further, from \$12.8 million in interim 2000 to \$8.7 million in interim 2001. Id.

⁴⁵ For a discussion of adjustment efforts undertaken by U.S. producers to compete more effectively in the U.S. market for steel wire rod since the TRQ was implemented, see Part IV of the Staff Report to the Commission, Inv. No. TA-204-6, USITC Pub. 3451 (Aug. 2001).

⁴⁶ INV-Y-162 at table 2.

⁴⁷ Id.

⁴⁸ CR and PR at tables II-5 & II-6.

⁴⁹ CR and PR at table II-8.

⁵⁰ CR and PR at table II-6 (comparing imports for March 1999 - February 2000 with those for March 2000 - February 2001). The ratio of imports to apparent U.S. consumption is not calculated in relation to these time periods.

⁵¹ Apparent consumption increased slightly from 7,876,516 short tons in 1999 to 7,898,025 short tons in 2000. CR and PR at table II-4. Domestic consumption was 2,004,803 short tons in interim 2000 compared with 1,597,852 short tons in interim 2001. Id.

consumption has declined,⁵² and the domestic industry's production, shipments, and sales declined from 1999 to 2000 and again in the 2001 interim period.⁵³ The surge in imports from Mexico contributed to the inability of domestic producers to utilize fully their productive capacity, which increased slightly in 2000, and depressed domestic capacity utilization.⁵⁴ Further, inventories as a ratio of U.S. shipments increased in 2000 compared with 1999 and increased in interim 2001 compared with interim 2000.⁵⁵ Prices of the three products from Mexico for which data were provided were lower at the end of the period compared to the beginning, further evidence of the negative effects of those increasing imports.⁵⁶

Concerning deterioration of the financial position of the industry, four firms have shut down, or will be shutting down facilities in 2001. Birmingham closed its American Steel & Wire rod plant in Cuyahoga Heights, OH, in June 2001; GS Industries filed for Chapter 11 bankruptcy and permanently idled its Kansas City, MO, rod mill in February 2001; North Star's Kingman, AZ, plant shut down production in May 2001; and Northwestern, which had been operating under Chapter 11 bankruptcy protection, announced in May 2001 plans to shut down operations in the near future.⁵⁷

The domestic industry had significant operating losses in both 1999 and 2000. Losses increased significantly on both an absolute and a per unit basis in interim 2001.⁵⁸

⁵² The domestic industry's shipments as a share of consumption declined from 67.8 percent in 1999 to 65.6 percent in 2000. CR and PR at table II-8. The domestic industry's share of consumption was 70.6 percent in interim 2000 compared with 66.9 percent in interim 2001. Id.

⁵³ The domestic industry's production decreased from 5,394,760 short tons in 1999 to 5,336,432 short tons in 2000. CR and PR at table III-1. Production declined further in the first three months of 2001, from 1,421,446 short tons in interim 2000 to 977,180 in interim 2001. Id. Similarly, the domestic producers' U.S. shipments declined from 5,336,837 short tons in 1999 to 5,179,875 short tons in 2000, then declined from 1,415,989 in interim 2000 to 1,068,918 in interim 2001. Id. The domestic industry's net sales on a quantity basis declined from 5,314,751 short tons in 1999 to 5,174,622 short tons in 2000, then declined from 1,425,852 short tons in interim 2000 to 1,069,154 in interim 2001. Id.

⁵⁴ Capacity utilization declined from 82.6 percent in 1999 to 80.2 percent in 2000. Comparing interim 2001 to interim 2000 shows a further decline, from 86.5 percent in interim 2000 to 58.4 percent in interim 2001. The industry's capacity increased from 6,532,463 short tons in 1999 to 6,650,148 short tons in 2000; capacity increased comparing the interim periods, from 1,643,620 short tons in interim 2000 to 1,671,898 short tons in interim 2001. CR and PR at table III-1. The low interim 2001 capacity utilization rate results in part from a decline in production at the closing plants that is not yet offset by an actual capacity shutdown. CR at III-3; PR at III-1. Nevertheless, capacity utilization figures reported by all but one of the firms remaining in production also dropped in the first quarter of 2001, in some cases sharply. Id.

⁵⁵ Inventories were 5.1 percent of U.S. shipments in 1999 and 6.4 percent in 2000, and 4.9 percent in interim 2001 compared with 4.8 percent in interim 2000. CR and PR at table III-1.

⁵⁶ CR at IV-5; PR at IV-4 and CR and PR at tables IV-1, IV-2, IV-4.

⁵⁷ CR at II-3 - II-4; PR at II-1 - II-3. In assessing the impact of changes at the Kingman, AZ, plant on purchasing patterns, Mexican respondents cite press reports indicating that the melt shop was closed in December 2000 due to rising energy costs and that by January 2001 customers had begun to look for alternate sources of supply. Mexican respondents' prehearing brief at 19-20, and posthearing brief at Exhibit 3. Petitioners indicate that North Star has historically supplied western U.S. purchasers from its Beaumont, TX, plant and, following the closing of the Kingman, AZ, plant, "continues to do so." Petitioners' posthearing brief, Exhibit 2 at 1.

⁵⁸ The industry had operating losses of \$80.6 million in 1999 and \$77.6 million in 2000. The loss increased in the interim period from a loss of \$14.7 million in interim 2000 to a loss of \$34.1 million in interim 2001. CR and

(continued...)

We find that the surge in imports from Mexico has contributed to the domestic industry's poor performance. We also find that the poor performance has led to a decline in capital expenditures between 1999 and 2000, and again in interim 2001,⁵⁹ and has otherwise undermined implementation of the adjustment plan for the U.S. industry that was to have been carried out during the TRQ relief period.⁶⁰

For the foregoing reasons, we find that the significant increase in imports of certain steel wire rod from Mexico has contributed to the industry's worsening financial performance. Accordingly, we find that a surge in such imports from Mexico undermines the effectiveness of the President's global safeguard action under section 203 of the Trade Act of 1974.

⁵⁸(...continued)

PR at table III-1. The loss was \$15 per short ton in 1999 and 2000, then increased in interim 2001 to a loss of \$32 per short ton, compared to \$10 per short ton in interim 2000. Id.

⁵⁹ Capital expenditures declined from \$85.1 million in 1999 to \$73.8 million in 2000. CR and PR at Table III-1. Capital expenditures declined from \$12.8 million in interim 2000 to \$8.7 million in interim 2001. Id.

⁶⁰ For a discussion of adjustment efforts undertaken by U.S. producers to compete more effectively in the U.S. market for steel wire rod since the TRQ was implemented, see Part IV of the Staff Report to the Commission, Inv. No. TA-204-6, USITC Pub. 3451 (Aug. 2001).

SEPARATE VIEWS OF COMMISSIONER LYNN M. BRAGG

Certain Steel Wire Rod Investigation No. NAFTA-312-1

Based upon the record in this investigation, I find that a surge in wire rod imports from Canada and Mexico, individually, has undermined the effectiveness of the wire rod tariff rate quota (“TRQ”) established by the President on February 16, 2000. Although I reach the same affirmative determination in this investigation as Chairman Koplman and Commissioners Miller and Devaney, my interpretation and application of the statutory language “representative base period” differs from that of my colleagues.¹ I therefore find it necessary to set forth these separate views.

For purposes of discussion, I join the Commission’s views with respect to background and the scope of the investigation.

I. CUMULATION

A threshold issue in this investigation is whether the Commission is authorized to cumulate imports from Canada and Mexico in determining the existence of a surge under section 312(c). In my view, it is important to note that this section 312(c) determination is a related review of the Commission’s initial findings under section 311 to exclude these imports from the remedy imposed. Importantly, cumulation is treated differently in that related statutory provision; in section 311, Congress specifically provides that in the initial findings regarding exclusion of NAFTA imports, the Commission could cumulate, but only in “exceptional circumstances.” Significantly, no such language appears in section 312(c) which governs this investigation.² The absence of a similar specific endorsement of cumulation in section 312(c) strongly suggests that Congress did not intend to authorize cumulation in section 312 proceedings. This perspective is consistent with how Congress addressed cumulation in other trade law determinations where it has been purposeful in providing specific direction to the Commission; for example, in Title VII investigations, the Commission is required to cumulate in certain instances, and is authorized, but not required, to cumulate in other instances. Accordingly, I conclude that the statute does not authorize the Commission to cumulate imports from Canada and Mexico in performing its analysis in section 312(c) investigations.

II. SURGE AND RECENT REPRESENTATIVE BASE PERIOD

The statute defines a surge as “a significant increase in imports over the trend for a recent representative base period.” Unfortunately, no further clarification of this provision of the statute is provided by relevant legislative history. The application of the language “a significant increase in imports” appears relatively straightforward; it is often the role of the Commission to place subject

¹ In performing my analysis in this investigation, I define the representative base period as the time period of January 1998 through June 2001.

² An initial reading of section 312(c) might suggest that the statute authorizes the Commission to cumulate, given that the statute refers to a determination by the President with respect to a surge in imports “from that country or countries,” and section 312(c)(2) refers to a determination by the Commission with respect to a surge “in such imports.” However, I do not find this language to be a sufficient basis for the authority to cumulate, particularly in light of the specific language authorizing cumulation included by Congress in section 311.

imports in the context of the facts of a given investigation and then draw varying conclusions regarding the role of those imports in the U.S. market, *i.e.*, discern the imports' "significance."

However, the application of the second portion of the definition, *i.e.*, "over the trend for a recent representative base period," is less clear.³ Given this lack of clarity, it is useful to consider the statutory provision at issue in a broader context to help ascertain what is intended by the statutory language. Section 312(c) appears to be designed to prevent NAFTA trading partners exempted from relief from capitalizing on their preferential status in the U.S. market once relief is imposed on non-exempt imports. In addition, the related section 312(d) statutory provision specifically recognizes that any relief imposed as the result of an affirmative finding under section 312 must allow for reasonable import growth. In this context, the essential question to be answered through the application of "over the trend for a recent representative base period" is therefore whether exempt NAFTA imports exceeded reasonable growth otherwise anticipated as a result of NAFTA trade liberalization. This question is best answered, I believe, by assessing the historical behavior of Canadian and Mexican imports into the U.S. market together with their behavior after imposition of relief over one, uninterrupted time line. Such an assessment captures both the rate and direction of import changes, and thereby provides, in my view, the most probative analysis of whether exempted imports capitalized on their preferential status instead of experiencing reasonably expected growth.

In light of the foregoing, and upon review of the record in these proceedings, I define the recent representative base period as including the period January 1998 through June of 2001. This period appropriately captures the historical behavior of both Canadian and Mexican imports in 1998, together with their behavior through the pendency of the investigation in 1999 and the imposition of the relief in 2000 and 2001.⁴

In reaching this determination, I considered whether to include earlier periods in an attempt to capture more "history." Upon review of the record, I find earlier periods to be either aberrational or beyond what could reasonably be considered to be "recent." With respect to 1997, the record indicates that at that time the Commission was conducting an antidumping duty investigation on wire rod imports from Canada. It is likely that the existence of this antidumping investigation would have affected the historical behavior of Canadian wire rod imports into the United States during that period, thereby limiting the usefulness of the 1997 Canadian import data in these section 312(c) proceedings. With respect to wire rod imports from Mexico, such imports into the United States in 1997 appeared to be at relatively high levels⁵ compared to previous years since 1994, and therefore also not an appropriate benchmark for historical volumes of Mexican imports into the United States. I also find, for purposes of this investigation, that the period prior to 1997 is beyond what could reasonably be considered to be recent.

³ I note that my analysis of the term "representative base period" in this investigation is distinguishable from my past analysis of the term "representative period" in section 201 remedy proceedings. In contrast to section 201 remedy proceedings, the question here is not the assessment of the relationship between import trends and recommended import levels necessary to remedy injury, but rather, whether the recent historical pattern of subject imports changed and surged as the TRQ was imposed, which, in my view, requires a dynamic, time-line approach. See, e.g., Wheat Gluten, Inv. No. TA-201-67, USITC Pub. 3088 (March 1998) at I-28, n.134.

⁴ I also examined the volume of imports from Canada and Mexico into the United States as far back as 1994 to ensure that the 1998 to June 2001 period provides the proper historical context for assessing the role of Canadian and Mexican imports into the U.S. market.

⁵ See supra note 4.

I next address the issue of whether the alleged surge in imports from Canada and/or Mexico should be analyzed on an absolute basis, *i.e.*, looking only at absolute volumes, or relative to other factors such as U.S. production, other imports, and/or apparent U.S. consumption. I believe this analysis must incorporate an assessment of import volumes both on an absolute basis as well as relative to other factors. Importantly, an analysis limited to an assessment of absolute volumes of imports could potentially lead to the perverse result of a negative determination based on a finding that imports, although showing a surge due to relative declines in U.S. production and/or apparent U.S. consumption, did not surge in absolute terms. It is evident that imports surging relative to, for example, U.S. production could be equally injurious to the domestic industry as imports surging in absolute terms and that both surges could reflect import behavior which undermines the effectiveness of relief. I have therefore assessed imports from Canada and Mexico both on an absolute basis as well as relative to other factors.

A. CANADA

In absolute terms, the volume of subject imports from Canada increased from 555,886 short tons in 1998 to 626,352 short tons in 1999, by 12.7 percent, and then to 715,974 short tons in 2000, by 14.3 percent.⁶ The volume of Canadian subject imports then increased slightly between the interim (January-June) periods from 356,518 short tons in interim 2000 to 367,677 short tons in interim 2001, or by 3.1 percent.⁷ The record also indicates that the volume of subject imports from Canada rose over the most recent 12-month period (July 2000-June 2001) when compared to the two related, previous 12-month periods, from 576,486 short tons during July 1998-June 1999 to 687,250 short tons during July 1999-June 2000 and then to 736,187 short tons during the period July 2000-June 2001.⁸ The record therefore indicates that although the volume of subject imports from Canada increased over the trend for the recent representative base period, the increase over the trend, in absolute terms, was relatively steady. It therefore appears that, on an absolute basis, wire rod imports from Canada did not experience a significant increase over the trend for the recent representative base period.

Nonetheless, when the volume of imports from Canada is compared to U.S. production, a surge, particularly in the first quarter of 2001, is apparent (I note that the record only provides apparent consumption and U.S. production data through the first quarter of 2001).⁹ The ratio of Canadian imports to U.S. production increased from 10.5 percent in 1998 to 11.6 percent in 1999 to 13.4 percent in 2000. Between the interim (January-March) periods, the ratio increased even further from 12.1 percent in interim 2000 to 16.9 percent in interim 2001.¹⁰ The record also indicates that the volume of Canadian imports relative to apparent U.S. consumption increased from 7.6 percent in 1998 to 8.0 percent in 1999

⁶ CR and PR at Table II-5.

⁷ Memorandum INV-Y-162 (August 21, 2001), Table 1.

⁸ Memorandum INV-Y-162 (August 21, 2001), Table 1.

⁹ CR and PR at Table II-5. A comparison of subject imports to U.S. production provides the most reliable indicator of the relative volume of subject imports, since U.S. production is most directly linked to industry performance, any adverse effects of subject imports, and the purpose and effectiveness of the remedy. Canadian imports relative to other imports are a less reliable indicator of volume trends given that the remedy at issue had only limited effect in restraining imports for countries subject to the TRQ and had been in place for a relatively brief period of time.

¹⁰ CR and PR at Table II-8.

to 9.1 percent in 2000.¹¹ Between the interim periods, the ratio increased from 8.6 percent in interim 2000 to 10.3 percent in interim 2001.¹²

Accordingly, in light of the trends relative to production and consumption, I determine that there has been a surge in certain steel wire rod imports from Canada.¹³

B. MEXICO

In absolute terms, the volume of subject imports from Mexico increased from 75,241 short tons in 1998 to 122,038 short tons in 1999, by 62.2 percent, and then to 159,818 short tons in 2000, by 31.0 percent.¹⁴ The volume of Mexican subject imports then increased between the interim (January-June) periods from 73,343 short tons in interim 2000 to 109,425 short tons in interim 2001, or by 49.2 percent.¹⁵ The record further indicates that the volume of subject imports from Mexico rose dramatically over the most recent 12-month period (July 2000-June 2001) when compared to the two related, previous 12-month periods, from 78,769 short tons during July 1998-June 1999 to 153,918 short tons during July 1999-June 2000 and then to 195,900 short tons during the period July 2000-June 2001.¹⁶ Thus, on an absolute basis, imports from Mexico have surged.

When the volume of imports from Mexico is compared to U.S. production, a surge, particularly in the first quarter of 2001, is also apparent (I again note that the record only provides apparent consumption and U.S. production data through the first quarter of 2001). The ratio of Mexican imports to U.S. production increased from 1.4 percent in 1998 to 2.3 percent in 1999 to 3.0 percent in 2000.¹⁷ Between the interim (January-March) periods, the ratio increased even further from 2.7 percent in interim 2000 to 6.3 percent in interim 2001.¹⁸ Relative to apparent U.S. consumption, imports from Mexico increased from 1.0 percent in 1998 to 1.5 percent in 1999 to 2.0 percent in 2000.¹⁹ Between the interim periods, the ratio increased from 1.9 percent in interim 2000 to 3.9 percent in interim 2001.²⁰

Accordingly, in light of the absolute volume increase as well as trends relative to production and consumption, I determine that there has been a surge in certain steel wire rod imports from Mexico.

¹¹ CR and PR at Table II-8. Although a comparison of the volume of imports relative to apparent consumption best analyzes whether imports have undermined the effectiveness of the action by garnering an unexpected share of the U.S. market, the comparison is also probative of whether there has been a surge in imports.

¹² CR and PR at Table II-8.

¹³ This finding is consistent with my determination in the original section 201 investigation of certain steel wire rod, in which I found that steel wire rod imports from Canada, if they continued unrestrained, would contribute importantly to the threat of serious injury to the domestic steel wire rod injury. See Separate Views on Injury of Chairman Lynn M. Bragg, Certain Steel Wire Rod, Inv. No. TA-201-69, USITC Pub. 3207 (July 1999) at I-21-32.

¹⁴ CR and PR at Table II-5.

¹⁵ Memorandum INV-Y-162 (August 21, 2001), Table 1.

¹⁶ Memorandum INV-Y-162 (August 21, 2001), Table 1.

¹⁷ CR and PR at Table II-8.

¹⁸ CR and PR at Table II-8.

¹⁹ CR and PR at Table II-8.

²⁰ CR and PR at Table II-8.

III. UNDERMINE EFFECTIVENESS

By surging into the United States and capturing an increasing share of the U.S. market at a time when the TRQ program was implemented to limit the volume of steel wire rod imports, Canadian and Mexican subject imports acted in a manner contrary to the purposes of the TRQ and well in excess of reasonably expected growth among NAFTA trading partners. Canadian and Mexican wire rod imports into the United States have therefore directly undermined the effectiveness of the TRQ within the meaning of section 312(c).

Specifically, the record indicates that the condition of the domestic industry continued to deteriorate even with the imposition of the TRQ, thus indicating that surging imports from Canada and Mexico had a role in the industry's decline after the TRQ was implemented.²¹ Over the relevant period, particularly during January-March 2001, nearly every indicator of the condition of the domestic industry declined.²² For example, the domestic industry's operating margin declined from negative 4.0 percent in 1998 to negative 4.9 percent in 1999, improved slightly to negative 4.7 percent in 2000, but then declined from negative 3.3 percent in interim (January-March) 2000 to negative 10.5 percent in interim 2001.²³

The record further indicates that imports from Canada were primarily comprised of higher-valued wire rod products, while imports from Mexico were primarily comprised of commodity-grade material.²⁴ This is an important distinction because it indicates that imports from Canada and Mexico were having a unique, and therefore individual, negative impact on the domestic industry. This conclusion is confirmed by the fact that both Canadian and Mexican imports gained market share over the period as domestic producers lost market share.²⁵ In addition, both Canadian and Mexican market share accelerated upward at the end of the representative base period, just after the remedy was put in place.²⁶

Accordingly, I find that the continued deterioration in the condition of the domestic industry, despite the imposition of the TRQ, resulted, in part, from the surge in certain steel wire rod imports from Canada and Mexico individually. I therefore determine that certain steel wire rod imports from Canada and Mexico have individually undermined the effectiveness of the wire rod TRQ established by the President on February 16, 2000.

IV. CONCLUSION

Based upon the record in this investigation and all of the foregoing, I find that a surge in wire rod imports from Canada and Mexico, individually, has undermined the effectiveness of the wire rod tariff rate quota established by the President on February 16, 2000.

²¹ CR and PR at Table III-1.

²² CR and PR at Table C-1.

²³ CR and PR at Table III-1.

²⁴ CR and PR at Tables I-2 & II-5.

²⁵ CR and PR at Table II-8.

²⁶ CR and PR at Table II-8.

**DISSENTING VIEWS OF VICE CHAIRMAN DEANNA TANNER OKUN AND
COMMISSIONER JENNIFER A. HILLMAN**

We join with our colleagues in the discussions regarding background, scope of investigation, and cumulation. However, we find that certain steel wire rod from Canada is not being imported into the United States in such quantities as to constitute a surge within the meaning of section 312(c)(3). We also find that while certain steel wire rod from Mexico is being imported into the United States in such quantities as to constitute a surge, it does not undermine the effectiveness of the import relief on certain steel wire rod provided for in Presidential Proclamation 7273 of February 16, 2000.

Legal Standard

In determining whether certain steel wire rod from Canada and Mexico is being imported into the United States in such quantities as to constitute a surge that is undermining the effectiveness of the import relief on wire rod provided for in Presidential Proclamation 7273 of February 16, 2000, we analyze the two criteria set forth in the statute. Specifically, we must consider –

- (1) whether there has been a significant increase in imports of the subject article over the trend for a recent representative base period; and
- (2) if so, whether that surge has undermined the effectiveness of the President’s relief action.

We must find that both criteria are satisfied in order to make an affirmative determination.

Whether There Has Been a Surge in Imports

Section 312(c)(3) defines a surge as “a significant increase in imports over the trend for a recent representative base period.”¹ Our analysis of this provision is guided by the purpose of section 312, which is to determine whether imports from NAFTA countries, which initially were not subject to import relief because of findings under section 311,² have changed behavior in a manner that undermines the effectiveness of the import relief action. Section 311 establishes a relatively high threshold for inclusion of exports from a NAFTA country in a relief action under section 201. Therefore, under the statutory scheme, we should interpret section 312 as itself requiring a high threshold for inclusion of exports from a NAFTA country after imposition of the relief. Any other approach would undermine section 311 by allowing petitioners to sweep NAFTA country exports into a relief action soon after imposition of the action even though inclusion was not permitted under section 311. The wording of section 312 supports this conclusion by defining a surge as a *significant* increase in imports over a prior trend.³ Indeed, section 311 provides that imports from a NAFTA country can be growing and yet still not be included in a relief action. We therefore find that the statutory scheme of sections 311 and 312, and the plain

¹ 19 U.S.C. § 3372(c)(3).

² 19 U.S.C. § 3371.

³ 19 U.S.C. § 3372(c)(3) (emphasis added).

wording of section 312(c)(3), allow us to find a surge only where there has been a substantial change in the behavior of the imports at issue.

Section 312(c)(3) requires a comparison of trends of subject imports – that is, their rate of change – during and after some recent representative base period. Our analysis under section 312(c)(3), therefore, requires that we (1) identify a base period that is both “recent” and “representative” of imports, (2) identify the more recent comparison period, and (3) compare the import trends – that is, the rates of change (increase or decrease) – for both periods to determine whether there has been a “significant increase” in import trends.

Base Period

Our determination of the appropriate base period is driven by the purpose of section 312, which is to determine whether there has been a substantial change in imports since imposition of a relief action, and whether any such substantial change has undermined the effectiveness of that relief action.⁴ In light of this purpose, we find that our base period should consist of a series of 12-month periods March through February, such that the base period ends at the time that the relief action was put in place (*i.e.*, March 1, 2000).

We also considered whether the data should be examined on a July-June basis because the Commission’s injury vote was taken in July 1999. Petitioners argue that after that vote, it was unlikely that imports from Canada and Mexico would be included in any relief action. We agree that such inclusion was unlikely after the Commission’s vote. However, inclusion is a decision for the President, and he was free to include imports from either Mexico or Canada if he made the required determinations under section 312(a). More significantly, given the Commission’s split vote on injury, it was highly uncertain whether *any* relief would be imposed. Even if relief was granted, it was entirely unclear, given the differing injury votes and remedy recommendations, what form it would take. In fact, the relief eventually granted differed significantly from either of the recommendations forwarded by the Commission. In light of these uncertainties, we do not find that the Commission’s injury vote significantly changed parties’ market behavior. Moreover, the import data do not indicate any substantial change upon the Commission’s injury vote. Therefore, we find that using 12-month periods of July-June is not appropriate for this investigation.

In determining an appropriate period for determining the base trend in imports, we considered the statute’s requirement that the base period be “recent.” We also looked at the Commission’s standard practice under other statutory authorities. We normally look at three to five years data in our investigations under the antidumping and countervailing duty laws (three years) and safeguard law (five years) to determine trends in economic factors relating to injury to an industry. Furthermore, section 203(e)(4) of the Trade Act of 1974, as amended,⁵ requires that import relief in the form of a quantitative restriction (import quota) allow importation of at least that quantity or value of goods that entered during “the most recent 3 years that are representative of imports.”

Given the statute’s requirement and our practice in other areas, we choose a base period composed of three 12-month periods of data, ending before the institution of Presidential Proclamation

⁴ Neither the statute nor the legislative history provides any further guidance for determination of the base period.

⁵ 19 U.S.C. § 2253(e)(4).

7273 (*i.e.*, March 1, 1997, to February 29, 2000). This base period is both recent and representative of Canadian and Mexican imports.

We considered, and rejected, using a longer period as our base period. The annual data back through 1994 show: (1) for Canada, import levels that have both risen and fallen substantially (the level was relatively low in 1994, peaked in 1996, declined until 1998, and then began to rise again); and (2) for Mexico, import levels that fluctuate greatly each year (never falling below 75,000 short tons and never rising above 170,000 short tons, excluding 1994 as an outlier).⁶ Thus, past trends vary greatly depending on the length of the representative period chosen. Given the fluctuations in import levels, we do not find that any particular period is more objectively “representative” than any other. However, the statute also requires that the representative period be “recent.” Therefore, given the lack of clear criteria for choosing between varying lengths of representative periods, we have chosen a period that smooths out some fluctuations while remaining recent.

Comparison Period

Consistent with our definition of the base period, we use the period March 1, 2000, to February 28, 2001, as our comparison period. This choice also is consistent with the statutory scheme, as it captures imports’ behavior post-relief.

Comparison of Trends in Imports⁷

With respect to Canada, imports of all steel wire rod⁸ increased from 551,028 short tons in March 1997 - February 1998 to 642,924 short tons in March 1999 - February 2000. The annualized growth rate between these periods was 8.0 percent. For the comparison period, March 2000 - February 2001, imports rose to 722,981 short tons, an increase of 12.4 percent from the prior 12-month period.⁹

We find that this change in import trends, from a growth rate of 8.0 percent to a growth rate of 12.4 percent, is not a “significant” increase. As discussed above, the statutory scheme of sections 311 and 312 requires a substantial change in import behavior to warrant an affirmative finding under section 312. A change of 4.4 percentage points does not rise to this level. Thus, we find no surge, as defined in section 312(c)(3), in imports of steel wire rod from Canada.

With respect to Mexico, imports of all steel wire rod increased from 122,593 short tons in March 1997 - February 1998 to 131,591 short tons in March 1999 - February 2000. The annualized growth rate

⁶ Confidential Staff Report (CR) at II-14, n.31; Public Staff Report (PR) at II-10, n.31.

⁷ While the statute requires that we compare import trends to determine whether a surge has increased, we note that, if we were to compare only absolute import volumes, we would likely not find a significant increase in imports for either Canada or Mexico, due to the fluctuations in import levels discussed previously. While imports of steel wire rod from both Canada and Mexico increased recently, current levels are not substantially out of line with those reached at other points during the seven-year period dating back to 1994.

⁸ The record in this investigation does not contain sufficient data on certain steel wire rod to analyze import trends. See Commission’s opinion regarding scope of investigation. However, excluded steel wire rod is a very small percentage of total steel wire rod imports from both Canada and Mexico. Therefore, an analysis based on all steel wire rod does not lead to different results.

⁹ CR/PR at Table II-7 and Memorandum INV-Y-162 (August 21, 2001) at Table 1.

between these periods was 3.6 percent. For the comparison period, March 2000 - February 2001, imports rose to 177,148 short tons, an increase of 34.6 percent from the prior 12-month period.¹⁰

We conclude that a change in growth rate from 3.6 percent to 34.6 percent, an increase of 31 percentage points, is sufficiently substantial to constitute a “significant” increase in imports. However, as discussed below, even though we conclude that this increase constitutes a “surge” within the meaning of section 312(c), we find that this surge does not undermine the effectiveness of the import relief action.

Whether Any Surge Has Undermined the Effectiveness of the Import Relief

Neither the statute nor the legislative history offers guidance on how we should determine whether a surge “undermines the effectiveness” of the relief action. Depending on the facts of a given investigation, factors such as fungibility, substitutability, absolute volumes, shifts in market share, pricing, the condition of the domestic industry, and the industry’s adjustment plan could be appropriate elements in our “undermining” analysis.

Our analysis also should be based closely on the intent of the relief action. The action at question in this investigation did not intend to reduce import levels; rather, the tariff rate quota set by the action begins with a relatively high level of imports for the base year and increases the quota by two percent each year. The action appears to have been designed to prevent further substantial erosion of the domestic industry’s market share and, by limiting the growth of supply, providing a modest increase in prices. As the action was designed and imposed during a time of increasing apparent consumption of steel wire rod, it attempted to limit further import surges while ensuring that there would be no shortage of supply.

Section 312(c)(2) requires that we assess whether a *surge* in imports undermines the effectiveness of the action. As discussed above, section 312(c)(3) defines the term “surge” as a significant increase in imports *over the trend for a recent representative period*. Therefore, the surge that we are to consider is the volume of imports in excess of that expected from the past import trend. Over the recent representative period discussed above, imports of wire rod from Mexico increased at an annual rate of 3.6 percent. If this trend had continued, imports from Mexico would have reached 136,328 short tons in the 12-month period March 2000 - February 2001. However, the actual import volume for that period was 177,148 short tons.¹¹ Thus, the “surge,” or the excess imports over the expected trend, amounted to 40,820 short tons.

This surge is equivalent to only 0.5 percent of apparent consumption of certain steel wire rod for the year 2000. Even if we consider the lower rate of consumption in the first quarter of 2001 (annualized), the “surge” amounts to only 0.6 percent of apparent domestic consumption.¹² We cannot find that such a small relative amount of imports could have an effect large enough to undermine the effectiveness of the relief action,¹³ and therefore reach a negative determination with respect to Mexico.

¹⁰ CR/PR at Table II-7 and Memorandum INV-Y-162 (August 21, 2001) at Table 1.

¹¹ CR/PR at Table II-7.

¹² CR/PR at Table II-4.

¹³ If the relative volume of the surge were greater, we would consider other facts on the record to determine whether the surge undermined the effectiveness of the relief.

PART I: INTRODUCTION

BACKGROUND

On July 24, 2001, counsel for Co-Steel Raritan, GS Industries, Keystone, and North Star Texas filed a petition under section 312 of the NAFTA Implementation Act alleging that a surge in U.S. imports of certain steel wire rod from Canada and/or Mexico undermines the effectiveness of the import relief on wire rod provided for in Presidential Proclamation 7273.¹ On February 16, 2000, the President, pursuant to section 203 of the Trade Act of 1974, issued Proclamation 7273 imposing relief in the form of a TRQ on imports into the United States of certain steel wire rod from all countries other than Canada and Mexico for a period of three years and one day, beginning March 1, 2000.

The President's announcement of the TRQ followed the Commission's transmittal of its findings and recommendations in its investigation on certain steel wire rod under section 202 of the Trade Act of 1974 (investigation No. TA-201-69).² The Commission instituted its section 201 investigation, effective January 12, 1999, in response to a petition alleging that certain steel wire rod was being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported

¹ Certain steel wire rod was defined by the Commission in investigation No. TA-201-69 as hot-rolled bars and rods, in irregularly wound coils, of circular or approximately circular solid cross section, having a diameter of 5 mm or more but less than 19 mm, of non-alloy or alloy steel, except such bars and rods of free-machining steel or of alloy steel containing by weight 24 percent or more of nickel. Free-machining steel is any steel product containing by weight one or more of the following elements, in the specified proportions: 0.03 percent or more of lead, 0.05 percent or more of bismuth, 0.08 percent or more of sulfur, more than 0.04 percent of phosphorus, more than 0.05 percent of selenium, and/or more than 0.01 percent of tellurium. Certain steel wire rod is provided for in subheadings 7213.91, 7213.99, 7227.20, and 7227.90.60 of the *HTS*. The scope of the original section 202 investigation did not cover concrete reinforcing bars and rods, or bars and rods of stainless steel or tool steel, which are provided for in other *HTS* subheadings.

The President adopted the definition of "certain steel wire rod" as specified in the original section 202 investigation but added exclusions for wire rod of tire cord quality, valve spring quality, class III pipe wrap quality, aircraft cold heading quality, aluminum cable steel reinforced ("ACSR") quality, piano wire string quality, grade 1085 annealed bearing quality, and grade 1080 tire bead quality. These products are described in detail in the annex to Presidential Proclamation 7273 (65 FR 8624, February 18, 2000), which is presented in appendix A. See also the section of this report entitled "The Product."

² See *Certain Steel Wire Rod*, USITC Publication 3207, July 1999.

article.³ The Commission was equally divided in its section 201 injury determination,⁴ and on July 13, 1999, transmitted to the President its report containing the determinations of both groups of Commissioners and remedy recommendations of the three Commissioners who made affirmative determinations. Following receipt of the Commission's report, the President announced that he considered the determination of the Commissioners voting in the affirmative as the determination of the Commission and, on February 16, 2000, issued Proclamation 7273, "*To Facilitate Positive Adjustment to Competition From Imports of Certain Steel Wire Rod.*"

Information relating to the background and schedule of the section 312 investigation and the earlier proceeding is presented in table I-1.⁵ As shown, the Commission has also conducted an investigation, required under section 204(a) of the Trade Act of 1974, monitoring developments with respect to the certain steel wire rod industry since the President imposed the TRQ (investigation No. TA-204-6); its findings in that investigation were transmitted to the President and Congress on August 23, 2001. A third investigation concerning certain steel wire rod has also been conducted, pursuant to section 332(g) of the Tariff Act of 1930, on the effects of the TRQ on the principal users of certain steel wire rod in the United States (investigation No. 332-432). The section 332 investigation was instituted April 26, 2001; the Commission transmitted its report to USTR on August 23, 2001.

SUMMARY DATA

Questionnaires to industry participants were not issued by the Commission in this section 312 investigation. The Commission instead utilized information provided by the industry in its concurrent section 204 investigation on certain steel wire rod.⁶ In its institution notice for the section 312 investigation, the Commission also urged any U.S. producer, importer, or purchaser that did not provide a questionnaire response in investigation No. TA-204-6 to provide equivalent information for the section

³ The section 201 petition was filed by counsel for Atlantic, Birmingham, Connecticut, Co-Steel Raritan, GS Industries, Keystone, North Star, North Star Texas, Northwestern, the Independent Steel Workers Alliance, and the United Steelworkers of America, AFL-CIO.

⁴ In addition, the Commission made a negative finding pursuant to section 311(a) of the NAFTA Implementation Act with respect to imports of certain steel wire rod from Canada and Mexico. Chairman Bragg dissented with respect to Canada. (Only Commissioners making an affirmative determination on the question of whether certain steel wire rod was being imported into the United States in such increased quantities as to be a substantial cause of serious injury or the threat of serious injury to the domestic certain steel wire rod industry were required to make findings with respect to imports of product from Canada and Mexico. Chairman Bragg, Vice Chairman Miller, and Commissioner Koplan made affirmative section 202 determinations and Commissioners Crawford, Hillman, and Askey made negative determinations.)

⁵ The *Federal Register* notice for the institution of the section 312 investigation and the Presidential Proclamation are presented in appendix A. Appendix B presents a list of the witnesses appearing at the conference held in connection with the section 312 investigation.

⁶ The Commission mailed questionnaires in the section 204 investigation to U.S. producers, importers, purchasers, and foreign producers (including foreign producers located in Canada and Mexico and U.S. importers that imported from Canada and Mexico). On August 1, 2001, the Commission sent letters to all firms that had responded to the questionnaires, seeking their consent to use in the section 312 investigation any information provided in the section 204 questionnaire responses. No firm objected to their previously supplied information being used in the section 312 investigation.

Table I-1**Certain steel wire rod: Background and scheduling information related to the investigation**

Effective date	Action	Federal Register citation
January 12, 1999	Petition properly filed with the Commission; institution of inv. No. TA-201-69	64 FR 4123, January 27, 1999
July 12, 1999	Commission's findings and recommendations in inv. No. TA-201-69 sent to the President	64 FR 38692, July 19, 1999
February 16, 2000	Proclamation 7273 issued by the President imposing a TRQ on imports of certain steel wire rod	65 FR 8621, February 18, 2000
March 16, 2001	Institution of inv. No. TA-204-6 for the purpose of preparing a report to the President and Congress on the results of monitoring domestic industry developments	66 FR 16496, March 26, 2001
July 24, 2001	Petition properly filed with the Commission; institution of inv. No. NAFTA-312-1	66 FR 40722, August 3, 2001
August 8, 2001	Staff conference for inv. No. NAFTA-312-1	Not applicable
August 22, 2001	Commission's vote in inv. No. NAFTA-312-1	Not applicable
August 23, 2001	Commission's findings in inv. No. NAFTA-312-1 transmitted to the President and Commission's report in inv. No. TA-204-6 transmitted to the President and Congress	Not applicable
September 7, 2001	Commission's views in inv. No. NAFTA-312-1 transmitted to the President	Not applicable
Source: <i>Federal Register</i> notices.		

332 record. A summary of pertinent data collected in the section 204 investigation, supplemented by that received in response to its institution notice for this investigation, is contained within this report. Table C-1 in appendix C presents data on the certain steel wire rod covered by the TRQ for the period covered by the section 204 investigation (1998-2000, January-March 2000, and January-March 2001). Table C-2 presents data on the broader category of all steel wire rod covered in the original section 201 investigation for the above-specified period.

THE PRODUCT

The imported product subject to this investigation is certain steel wire rod. As indicated earlier, the subject product does not include concrete reinforcing bars and rods of steel or bars and rods of free-machining steel, alloy steel containing by weight 24 percent or more of nickel, stainless steel, or tool steel. Only product having a diameter of 5 mm or more but less than 19 mm is included.

Also excluded from the scope of this section 312 investigation are a number of specific rod products that were included in the original section 201 investigation, but were excluded from the TRQ relief granted by the President. They consist of wire rod of tire cord quality, valve spring quality, class

III pipe wrap quality, aircraft cold heading quality, ACSR quality, piano wire string quality, grade 1085 annealed bearing quality, and grade 1080 tire bead wire quality.⁷ See the annex to Presidential Proclamation 7273 for a detailed description of each product.^{8 9} These products will be referred to as the “excluded products” in the remainder of this report. Those imported wire rod products which are subject to this investigation will be referred to as “certain steel wire rod” in the remainder of this report. Finally, those wire rod products which correspond to the scope of the Commission’s original section 201 investigation (i.e., which excludes bars and rods of free-machining steel or of alloy steel containing by weight 24 percent or more of nickel, concrete reinforcing bars and rods, and/or bars and rods of stainless or alloy steel but includes the above-defined “excluded products”) will be referred to as “all steel wire rod” or simply “wire rod.”

Physical Characteristics and Uses¹⁰

Wire rod is a hot-rolled intermediate steel product of circular or approximately circular cross section that is typically produced in nominal fractional diameters from 7/32 inch (5.6 mm) to 47/64 inch (18.7 mm), and sold in irregularly wound coils, primarily for subsequent drawing and finishing by wire drawers.¹¹ The most common diameter produced is 7/32 inch for drawing into industrial quality wire

⁷ The Commission found in the original section 201 investigation that there was “one like product” and that domestic steel wire rod is “like” the imported steel rod. It indicated in its original views that “{w}e do not view any of the specialty types of steel wire rod to be separate like products. Rather we find the various qualities of steel wire rod, from industrial quality to the specialty qualities, to be part of a broad continuum of steel wire rod products, and that there is no clear dividing line between any particular products within the continuum.” *Certain Steel Wire Rod*, USITC Publication 3207, July 1999, pp. I-9 and I-10.

⁸ The Presidential Proclamation, including the annex, is presented in appendix A. Briefly, tire cord quality wire rod is a high carbon wire rod that the downstream purchaser (either a specialized wire drawer or a producer of radial-belted pneumatic tires) draws into wire that is then bunched or cabled together to form a cord that is used for tread reinforcement in steel-reinforced pneumatic tires. Valve spring quality wire rod is a high carbon wire rod with restrictive requirements for chemical analysis, cleanliness, segregation, decarburization, and surface imperfections. It is used to make valve spring quality wire, the highest quality of round carbon steel spring wire, which in turn is used to manufacture valve springs and automotive brake springs. Pipe wrap quality wire rod is used to produce prestressed wire for strengthening concrete pipe. It must meet tight limits on piping and segregation processes due to tolerance requirements such as that the wire be able to reinforce the concrete and bear pressure from the earth when buried. Aircraft quality cold heading quality wire rod is alloy-steel rod meeting one of several specifications for aerospace and military applications. ACSR quality wire rod is rod suitable for manufacturing wire for use in aluminum conductor, steel-reinforced electrical transmission cable. Piano wire string quality wire rod is rod suitable for manufacturing piano wire string. Grade 1085 annealed bearing quality wire rod is rod suitable for the manufacture of balls or rods for bearings. Finally, grade 1080 tire bead quality wire rod is rod suitable for manufacturing wire for use as bead in the manufacture of rubber tires.

⁹ Also see chapter 99, subchapter III, U.S. note 9 of the *HTS* (2001).

¹⁰ See *Staff Report of August 2, 2001*, for information on the manufacturing process for certain steel wire rod. All references to the *Staff Report of August 2, 2001* are to document INV-Y-137 (*Investigation No. TA-204-6: Certain Steel Wire Rod—Staff Report to the Commission*).

¹¹ Wire drawers (also referred to as redrawers) manufacture wire and wire products and may be independent of the wire rod manufacturers or may be related parties (about 18 percent of domestically produced certain steel wire rod was consumed in 2000 by U.S. wire rod manufacturers or by related redrawers in the production of

(continued...)

rod. Wire rod sold in the United States is categorized by “quality” according to end use. End-use categories are broad descriptions in which there is an overlap of metallurgical quality, chemistry,¹² and physical characteristics. See table I-2 of the *Staff Report of August 2, 2001*, for quality and commodity descriptions for 11 major types of wire rod, as indicated by the Iron and Steel Society.¹³ Industrial quality wire rod reportedly accounts for the majority of wire rod consumed in the United States. It is primarily intended for drawing into industrial or standard quality wire that, in turn, is used for the manufacture of such products as coat hangers, wire mesh, and chain link fence. Most of the industrial quality wire rod is produced and sold in 7/32 inch (5.5 mm) diameter, which is also the smallest cross-sectional diameter that is hot-rolled in significant commercial quantities.

Foreign-produced wire rod as a group generally is interchangeable with U.S.-produced wire rod, and competes within the same or similar product groupings.¹⁴ Although the types and qualities of imported wire rod may vary among country sources, wire rod is imported within the same range of qualities and is used for the same general end uses by approximately the same end users as the domestic product. For most wire rod, there does not appear to be a high degree of differentiation between foreign and U.S.-produced wire rod based on the type of production process or on the basis of quality.¹⁵ As shown in table I-2, data reported by U.S. importers from NAFTA countries show that relatively more of the imported Canadian product fell into categories other than industrial or standard quality (i.e., was high-carbon/medium-high carbon, cold-heading, and/or welding quality wire rod) compared to domestically produced certain steel wire rod. A large percentage of the Mexican imports were of industrial or standard quality wire rod, although high-carbon/medium-high-carbon wire rod was also reported to be imported from Mexico.¹⁶

¹¹ (...continued)

downstream wire and wire products).

¹² Ductility, hardness, and tensile strength of the steel are positively correlated with carbon content. Alloying elements can be added during the melt stage of the steelmaking process to convey various characteristics to the wire rod.

¹³ These are: chain quality, cold-finishing quality, cold-heading quality, concrete reinforcement, fine wire, high carbon and medium-high carbon, industrial (standard) quality, music spring wire, scrapless nut, tire cord, and welding quality wire rod.

¹⁴ The U.S. industry acknowledged, however, during the original section 201 investigation that there are some qualities of wire rod that are not produced in the United States in commercial quantities. Accordingly, petitioners requested in that investigation that tire cord quality wire rod, valve spring quality wire rod, and class III pipe wrap quality wire rod be excluded from any future remedy.

¹⁵ See table I-3 and table D-1 in the *Staff Report of August 2, 2001*, for data on various qualities of U.S. imports from sources other than Canada and Mexico.

¹⁶ Mexican manufacturers state that about 84 percent of Sicartsa’s exports to the United States during the TRQ period were of low-carbon steel wire rod and 14 percent were of high-carbon product. Sicartsa was ***. Mexican manufacturers’ postconference brief in the section 312 investigation, appendix 2, p. 1.

Table I-2

Certain steel wire rod: U.S. producers' and U.S. importers' U.S. shipments, by quality, 2000

Source	Industrial or standard	High-carbon and medium-high carbon	Cold heading	Welding	All other	Total
	Percent of quantity					
Domestic	49.7	21.6	13.3	2.4	13.0	100.0
Canada	***	***	***	***	***	100.0
Mexico	***	***	***	***	***	100.0

Note.—See appendix D, table D-1, for data on the quantity and percent of quantity of certain steel wire rod, by quality, for domestic sources, Canada, and Mexico for the period 1998-2000, January-March 2000, and January-March 2001.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. Tariff Treatment

U.S. imports of certain steel wire rod are classified in subheadings 7213.91, 7213.99, 7227.20, and 7227.90.60 of the *HTS*. The column 1-general rates of duty (including staged reductions previously proclaimed) are as shown in table I-3.

Table I-3

Rates of duty for certain steel wire rod

Heading/subheading	Column 1-general rate of duty ¹			
	<i>Percent ad valorem</i>			
	Effective January 1, 2000	Effective January 1, 2001	Effective January 1, 2002	Effective January 1, 2003
7213.91, 7213.99 (nonalloy steel)	0.8 - 0.9	0.6 - 0.7	0.4 - 0.5	0.2
7227.20, 7227.90.60 (alloy steel)	1.8	1.4	0.9	0.4

¹ Rate is "Free" for eligible imports from beneficiary countries of the GSP, CBERA, ATPA, IFTA, and the African Growth and Opportunity Act (effective December 21, 2000), and from Canada. Rate is "Free" for all countries eligible for general duty rates effective January 1, 2004. NAFTA rates for goods of Mexico in 2001 range from 0.3 to 0.4 percent under heading 7213 and are 0.9 percent under heading 7227; these duty rates' staged reductions reach free on January 1, 2003.

Source: *HTS (2001)*.

THE TARIFF-RATE QUOTA

In Presidential Proclamation 7273 of February 16, 2000, the President imposed a safeguard action of a type described under section 203(a)(3) of the Trade Act of 1974 (a tariff-rate quota or TRQ). The TRQ applies to goods imported from all countries except Canada and Mexico¹⁷ into the United States for a period of three years and one day, beginning March 1, 2000. The Proclamation also suspends, pursuant to section 503(c)(1) of the Trade Act of 1974, duty-free treatment for imported certain steel wire rod that is manufactured in beneficiary countries under the GSP, the CBERA, the ATPA, and the IFTA.¹⁸ No individual country allocations were established by the TRQ.

The quota trigger quantity for the first year of the program was 1.58 million short tons, which is an amount equivalent to 1998 import levels of subject products from the countries subject to the TRQ plus 2 percent to account for growth in demand (table I-4). The quota amount is increased by an additional 2 percent in both the second and the third years of the relief period. During the first three quarters of each quota year, there is a quarterly quota that is one-third of the total quota amount for the year. Any quantity of product that is entered, or withdrawn from warehouses for consumption, in excess of the one-third quota for that quota year is subject to the over-quota rate of duty then in effect. For the fourth quarter of a quota year, the aggregate quantity of certain steel wire rod entered at the in-quota rate during the first three quarters of the quota year is subtracted from the total annual within-quota quantity to calculate the remaining available in-quota quantity (if any) for that quota year. Entries that are in excess of the remaining quantity are then subject to the over-quota rate of duty. As shown in table I-4, imports of subject products in excess of the quarterly or the annual quota amounts are assessed duties in addition to the column-1 general rates of duty in the amounts of 10 percent ad valorem in the first year of relief, 7.5 percent ad valorem in the second year of relief, and 5 percent ad valorem in the third year of relief. The TRQ provisions are set forth in *HTS* subheadings 9903.72.01 through 9903.72.15.

¹⁷ Further, imports of certain steel wire rod from Canada and Mexico are not counted towards the TRQ limits that trigger the over-quota rates of duty.

¹⁸ This suspension applies only to U.S. imports that are entered at the over-quota rate of duty. Such certain steel wire rod imports normally eligible for duty-free treatment under these trade programs will be assessed at the normal trade relations rate of duty, plus the additional rate called for in the Presidential Proclamation. U.S. Customs Service at Internet address <http://www.cebbs.customs.treas.gov> (see QBT-2000-507), retrieved June 4, 2001.

Table I-4**Certain steel wire rod: In-quota quantities and additional duties for imports in excess of the in-quota allocations, quota years 1-3¹**

Item	Unit	Quota year		
		1	2	3
In-quota quantities	<i>Short tons</i>	1,580,000	1,611,600	1,643,832
Additional duties	<i>Percent</i>	10.0	7.5	5.0

¹ Quota year 1 is March 1, 2000 through February 28, 2001; quota year 2 is March 1, 2001 through February 28, 2002; and quota year 3 is March 1, 2002 through March 1, 2003.

Source: Modifications to the *Harmonized Tariff Schedule of the United States* (Annex to Presidential Proclamation 7273), 65 FR 8624, February 18, 2000. The in-quota quantities, stated in kilograms in the *HTS*, were converted to short tons.

PART II: NORTH AMERICAN PRODUCERS AND THE U.S. MARKET

U.S. PRODUCERS

During the investigative period, 15 firms manufactured certain steel wire rod in the United States. Questionnaires were sent during the section 204 investigation to all of the producers, of which 13 firms responded. Neither AmeriSteel, Jacksonville, FL, nor Northwestern, Sterling, IL, submitted responses.^{1 2} U.S. producers' plant locations, and U.S. production figures and production shares in 2000 are shown in table II-1.

U.S. wire rod producers are located predominantly in the Great Lakes and southeastern regions of the United States, although there are also plants in the western and northeastern regions. All firms tend to supply wire rod regionally based on the locations of their plants, with none of the firms dominating the U.S. market. In addition to selling wire rod on the open market, nine firms produced wire rod in 2000 for internal consumption or consumption by related firms. Eighteen percent of U.S. producers' domestic shipments in 2000 were for internal consumption or transfer to related wire drawers. As was the case in the original section 201 investigation, the U.S. industry continues to manufacture relatively small quantities of the excluded products. U.S. production of the products excluded under the TRQ represented only *** percent of total U.S. wire rod production in 2000.³

Several domestic manufacturers have shut down their wire rod mills in recent years. Specifically, Atlantic sold its plant site and stopped operating in December 1998; Birmingham closed its American Steel & Wire rod plant in Cuyahoga Heights, OH, in June 2001; GS Industries permanently idled its Kansas City, MO, rod mill in February 2001; and North Star's Kingman, AZ, plant shut down production in May 2001.⁴ Each firm cited low-priced imports in its section 204 questionnaire response as contributing to the closures. The closing of GS Industries' Kansas City, MO, facility was coupled with its filing for Chapter 11 bankruptcy protection. In a February 2001 news article, Mark Essig, chairman, president, and executive officer of GS Industries, is reported to have said that "weak markets for wire rod and grinding media, the company's two main products, higher electricity and natural gas

¹ Each of these 15 firms was operating and, with the exception of AmeriSteel, provided a response to Commission questionnaires issued during the original section 201 investigation. AmeriSteel indicated during the original investigation that it only produced a minimal quantity of wire rod. *Certain Steel Wire Rod*, USITC Publication 3207, July 1999, p. II-9. ***.

² In 1998 Northwestern manufactured *** percent of total U.S. wire rod production or *** short tons. Confidential Report for *Certain Steel Wire Rod*, July 1999, p. II-13. As will be discussed later in this report, Northwestern is currently in the process of shutting down its wire rod operations. ***.

³ See table II-2 in the *Staff Report of August 2, 2001*, for calculated data on production of the excluded products by the domestic industry.

⁴ In assessing the impact of changes at the Kingman, AZ, plant on purchasing patterns, Mexican respondents cite press reports indicating that the melt shop was closed in December 2000 due to rising energy costs and that by January 2001 customers had begun to look for alternate sources of supply. Mexican respondents' prehearing brief, pp. 19-20, and posthearing brief, exhibit 3. Petitioners indicate that North Star has historically supplied western U.S. purchasers from its Beaumont, TX, plant and, following the closing of the Kingman, AZ, plant, "continues to do so." Petitioners' posthearing brief in the section 312 investigation, exhibit 2, p. 1.

***. Attachment 1 to petitioners' posthearing brief in the section 204 investigation, p. 10.

Table II-1

Certain steel wire rod: U.S. producers, plant locations, and U.S. production and shares of U.S. production in 2000

Firm name	Plant location(s)	U.S. production	Share of U.S. production
		(Short tons)	(Percent)
Atlantic ¹	No longer in operation; rod mill had been located in Atlanta, GA	***	***
Birmingham ²	Cuyahoga Heights, OH	***	***
Cascade ³	McMinnville, OR	***	***
Charter ⁴	Sauville, WI	***	***
Connecticut ⁵	Wallingford, CT	***	***
Co-Steel Raritan ⁶	Perth Amboy, NJ	***	***
GS Industries ⁷	Kansas City, MO	***	***
	Georgetown, SC	***	***
Ispat Inland ⁸	East Chicago, IN	***	***
Keystone ⁹	Peoria, IL	***	***
North Star ¹⁰	Kingman, AZ	***	***
	Beaumont, TX	***	***
Nucor ¹¹	Norfolk, NE	***	***
Republic ¹²	Lorain, OH	***	***
Rocky Mountain ¹³	Pueblo, CO	***	***
Total	--	5,336,432	100.0

¹ Atlantic is a *** subsidiary of Ivaco (Montreal, Canada). ***.

² Birmingham is not owned, in whole or in part, by any other firm.

³ Cascade is a *** subsidiary of Schnitzer (Portland, OR). Cascade states that "****."

⁴ Charter is a *** subsidiary of Charter Manufacturing (Mequon, WI).

⁵ Connecticut, as of September 30, 1999, is *** owned by ***. Previously, the firm was owned by Swiss Steel AG (Emmenbruecke, Switzerland). Connecticut states that "****."

⁶ Co-Steel Raritan is a *** subsidiary of Co-Steel (Toronto, ON, Canada). Co-Steel Raritan states that "****."

⁷ GS Industries is not owned, in whole or in part, by any other firm. GS Industries states that it "****."

⁸ Ispat Inland is a division of ISI (East Chicago, IL), a subsidiary of Ispat International (Rotterdam, the Netherlands). ***.

Notes continued on next page.

Continuation.

⁹ Keystone is *** owned by Contran (Dallas, TX). Keystone states that “***.”

¹⁰ North Star is a *** subsidiary of Cargill (Wayzata, MN). ***. North Star states that “***.” ***.

¹¹ Nucor is not owned, in whole or in part, by any other firm. ***.

¹² Republic’s rod facility was formerly USS/Kobe. In August 1999, USS/Kobe was merged into Republic. ***. Republic states that “***.”

¹³ Rocky Mountain is *** owned by Oregon Steel Mills.

Source: Compiled from data submitted in response to Commission questionnaires.

costs and heavy debt were the factors that led GS Industries to file for bankruptcy protection.”⁵ In addition, Northwestern, which as of December 2000, had been operating under Chapter 11 bankruptcy protection, announced on May 18, 2001, that it will be shutting down operations in the near future.⁶ The AWWA states that the independent wire producers are concerned about the effects that the mill closings will have on rod availability in the U.S. market and indicates that “the closure of nearby domestic mills led to the decision to source from Canadian or Mexican mills, either for their geographic proximity or for product quality reasons.”⁷

U.S. IMPORTERS

The Commission sent questionnaires in the section 204 investigation to 37 firms⁸ believed to be U.S. importers of certain steel wire rod;⁹ 26 of these firms provided usable responses for the period from January 1998 to March 2001. Responding U.S. importers included one U.S. importer of Canadian

⁵ “GS Industries Files Ch. 11, Sets Closure of GST Steel,” *American Metal Market*, February 8, 2001, p. 9.

⁶ “Northwestern Steel and Wire Closing, 1,400 LayOffs,” found at internet address <http://biz.yahoo.com/rf/010518/n18206367.html>, retrieved May 25, 2001.

⁷ AWWA’s posthearing brief, p. 11, citing conference transcript (pp. 55-57, 68-69, 71-72, 79-83, and 85-88). Also see hearing transcript in the section 204 investigation, p. 88. The Mexican manufacturers also state that U.S. imports of certain steel wire rod from Mexico have increased as customers of closing mills “looked for alternative sources to replace their lost supply.” Mexican manufacturers’ posthearing brief, pp. 2-3. Petitioners argue that Sicarta is located further from western U.S. purchasers than any of the U.S. plants at Pueblo, CO (Rocky Mountain); McMinnville, OR (Cascade); or Beaumont, TX (North Star Texas). Petitioners’ posthearing brief, exhibits 2 and 3. Petitioners also maintain that Mexican wire rod suppliers began opening up new markets in the U.S. Gulf coast region to take “advantage of the ITC negative determination in mid-1999.” *Id.*, exhibits 2 and 4. Mexican respondents state that until the TRQ was actually imposed, producers in Mexico continued to compete for sales with U.S. imports from non-NAFTA countries “on the same terms that had existed before the Commission vote.” Mexican manufacturers’ posthearing brief, p. 6, n. 5. See the section of this report entitled “Trends in Exports to the United States from NAFTA Countries” for additional information, including testimony by Canadian manufacturers on their sales to the United States.

⁸ Figure does not include the importer questionnaires that accompany producer questionnaires that are sent to U.S. manufacturers of certain steel wire rod.

⁹ The U.S. importer mailing list was compiled from information provided by Customs.

product¹⁰ and five U.S. importers of Mexican wire rod.¹¹ Two additional firms importing from Canada submitted information in connection with the section 312 investigation.

U.S. producers did not, by and large, import certain steel wire rod during the period examined. Only one U.S. producer, ***, reported direct imports and submitted an importer questionnaire response.¹² In addition, several domestic producers are related to U.S. importers of certain steel wire rod. ***, ***, ***,¹³ ***,¹⁴

Table II-2 lists responding importers from Canada and Mexico, their reported imports of certain steel wire rod in 1998-2000, and the foreign manufacturers, if known, of the imported product. ***,¹⁵

Table II-2 also lists official Commerce statistics for the *HTS* subheadings under which all steel wire rod is reported, adjusted using questionnaire responses in the section 204 investigation¹⁶ to subtract out the excluded products.¹⁷ The completeness of coverage obtained from the returned importer questionnaires can be calculated by comparing reported imports of certain steel wire rod to the adjusted Commerce statistics. As shown, for Canada, coverage of *** percent was obtained for 1998, *** percent for 1999, and *** percent for 2000. For Mexico, coverage of *** percent was obtained for 1998, *** percent for 1999, and *** percent for 2000.

PRODUCERS IN CANADA AND MEXICO¹⁸

Foreign manufacturers producing steel wire rod in Canada (Ispat Sidbec, Ivaco Rolling Mills) and Mexico (Deacero, Hylsa, Sicartsa), as well as in Trinidad & Tobago (Caribbean Ispat) and Turkey (Colakolgu Metalurji), have filed notices of appearance in this section 312 investigation.

¹⁰ In addition, *** and *** informed the Commission that neither entity imported any excluded wire rod products into the United States during the period examined. Telephone conversation with ***, May 22, 2001.

¹¹ *** of the responding importers reported holding *** inventories in the United States of certain steel wire rod manufactured in either Canada or Mexico. See table II-14 of the *Staff Report of August 2, 2001*, for additional data on U.S. importers' end-of-period inventories of imports from sources other than the NAFTA countries.

¹² ***, *** also submitted an importer questionnaire response in the section 204 investigation to the Commission; the reported imports of certain steel wire rod by the firm were later determined to be purchases.

¹³ ***. See "U.S. Producers' Imports" in the *Staff Report of August 2, 2001*, for further information.

¹⁴ *Questionnaire response of ***.*

¹⁵ ***,

¹⁶ As indicated earlier, two additional questionnaire responses were received in the section 312 investigation from two Canadian importers, *** U.S. imports of excluded wire rod. ***.

¹⁷ Specific reporting categories for certain steel wire rod were not established in the *HTS* until March 1, 2000.

¹⁸ See *Staff Report of August 2, 2001*, for information on the worldwide wire rod industry. (World production of wire rod is estimated at 96 million short tons in 1999.) *Id.*

Table II-2

Certain steel wire rod: U.S. imports reported by firms responding to Commission questionnaires, by selected sources, 1998-2000

Item	1998	1999	2000	Cited foreign manufacturers (if known and/or provided)
	(Short tons)			
Canada				
Questionnaire data reported by: Ispat Sidbec, Ivaco Rolling Mills, ***	***	***	***	***
Commerce data	555,886	626,352	715,974	--
Mexico				
Questionnaire data reported by: ***	***	***	***	***
Commerce data	75,241	122,038	159,818	--
Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics (adjusted using questionnaire responses to subtract out the excluded products).				

Canada

There are three producers of wire rod in Canada: Ispat Sidbec (Contrecoeur, Quebec), Ivaco Rolling Mills (L'Orignal, Ontario), and Stelco (Hamilton, Ontario).¹⁹ The production site for each firm is located within a one-day delivery radius of the U.S. northern midwest and northeastern states, and all three companies offer a wide variety of steel products for sale.

- Ispat Sidbec is Canada's fourth-largest steel producer; the subject product accounted for *** percent of its total sales in its most recent fiscal year. ***. ***. Ispat Sidbec states that "****."²⁰ Ispat Sidbec is related, through common ownership, to Ispat Inland, a domestic wire rod manufacturer.

¹⁹ Both Ispat Sidbec and Ivaco Rolling Mills provided data to the Commission on their Canadian certain steel wire rod manufacturing operations; those data are presented in appendix D (table D-2). Ispat Sidbec estimates that it accounted for *** percent of Canadian certain steel wire rod production in 2000; Ivaco Rolling Mills estimates that it accounted for *** of Canadian subject production in 2000.

²⁰ Questionnaire response of Ispat Sidbec.

- Ivaco Rolling Mills is a division of Ivaco, a scrap-based electric arc furnace steelmaker. Approximately *** percent of total sales were of certain steel wire rod within the Ivaco Rolling Mills division. ***. Ivaco Rolling Mills anticipates that ***. It indicated in its questionnaire response that ***.²¹
- Stelco is reportedly Canada's largest steelmaker; it produces steel in an integrated manufacturing operation.²²

Canadian manufacturers shipped 1,363,000 short tons of wire rod worldwide in 1998, 1,499,000 short tons in 1999, and 1,556,000 short tons in 2000.²³

Mexico

The wire rod industry in Mexico is composed of six firms. Two mills are located in Nuevo Largo; the rest are further from the U.S. border, with Sicartsa located in central Mexico on the Pacific coast with access to ocean-shipping to U.S. west coast ports. Products available from these sources include, but are not limited to, billets, wire rod, bars, rebar, wire, and downstream wire products.²⁴ Producers in Mexico manufactured 1,438,000 short tons of wire rod in 1998, 1,702,000 short tons in 1999, and 1,845,000 short tons in 2000.²⁵ No Mexican manufacturer provided data on its operations in Mexico to the Commission.

Trends in Exports to the United States from NAFTA Countries

Table II-3 shows information provided to the Commission by NAFTA producers for their exports to the United States in the second quarter of 2001 as well as listing their data for the earlier periods examined. In 2000, Ispat Sidbec, Ivaco Rolling Mills, and *** accounted for *** percent, *** percent, and *** percent, respectively, of Canadian exports of certain steel wire rod to the United States. Annual exports by *** to the United States ***. ***. Exports of certain steel wire rod to the United States by *** subsequently increased by *** percent in the second quarter of 2001 compared to the preceding quarter while such exports by *** increased by *** percent.

Ispat Sidbec testified at the Commission's conference that increases in its sales volume to the United States during 1999-2000 were a result of purchasers asking Ispat Sidbec to replace tonnage that had previously been purchased from Co-Steel Raritan and Birmingham (American Steel & Wire). A shortfall in high-quality rod reportedly occurred when Co-Steel Raritan decided to stop purchasing billets

²¹ *Questionnaire response* of Ivaco Rolling Mills.

²² *Certain Steel Wire Rod*, USITC Publication 3207, July 1999, p. II-30.

²³ *AISI Annual Statistical Report, 2000*. These data include all steel wire rod products, including those not covered during the section 201 investigation (i.e., stainless steel, tool steel, high-nickel alloy steel, and free-machining steel).

²⁴ *Certain Steel Wire Rod*, USITC Publication 3207, July 1999, p. II-30.

²⁵ *AISI Annual Statistical Report, 2000*. These data include all steel wire rod products, including those not covered during the section 201 investigation (i.e., stainless steel, tool steel, high-nickel alloy steel, and free-machining steel).

Table II-3

Certain steel wire rod: Exports to the United States, by source and by firm, 1998-2000, January-March 2000, January-March 2001, and April-June 2001

Item	1998	1999	2000	January-March		April-June
				2000	2001	2001
Quantity (short tons)						
Canada:						
Ispat Sidbec	***	***	***	***	***	***
Ivaco Rolling Mills ¹	***	***	***	***	***	***
***	***	***	***	***	***	***
Subtotal Canada	***	***	***	***	***	***
Mexico:						
Hylsa	***	***	***	***	***	***
Sicartsa	***	***	***	***	***	***
Subtotal Mexico	***	***	***	***	***	***
Total NAFTA	604,594	752,210	853,287	210,899	217,911	250,255
<p>¹ Figures are for U.S. imports rather than exports to the United States. ***.</p> <p>Note.—A comparison of the country export totals in this table to the Commerce import statistics for certain steel wire rod in table II-2 shows the above data to be complete for Canada and almost so for Mexico. Note that the above export figures for Canada are somewhat greater than the data on exports to the United States reported in table D-2 since not all Canadian firms (namely, ***) provided a complete response to the foreign producers' questionnaire.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires and letter, dated August 10, 2001, from Mexican manufacturers.</p>						

and manufacture wire rod only from in-house billets. Further, Ispat Sidbec was requested to supply greater quantities of product to an existing customer when that firm encountered quality and customer service problems at Birmingham.²⁶ Ivaco testified that “substantially all of {Ivaco’s} increase in import tonnage was in response to customers who used to rely on U.S. mills that subsequently closed or stopped producing the specific products that these customers needed.”²⁷ See appendix E for information provided to the Commission by firms that have purchased certain steel wire rod from Canada.

²⁶ Conference transcript (Denis Fraser, General Director - Wire Rod, Ispat Sidbec), pp. 71-72. Ispat Sidbec provided the Commission with a list of the *** in a letter dated August 9, 2001.

²⁷ Conference transcript, p. 56 (David Goldsmith, Manager, Planning & Development, Ivaco). See Ivaco customer list (U.S. Volume Gains in 1st TRQ Year) submitted as exhibit 1 to the Canadian manufacturers' prehearing brief.

Of the two Mexican exporters, *** accounted for *** percent of reported exports of certain steel wire rod to the United States in 2000 with *** accounting for the remaining *** percent. Exports of the subject product from Mexico to the United States rose by *** percent from 1998 to 1999 and by a lesser *** percent from 1999 to 2000. First quarter 2001 exports rose by *** percent compared to first quarter 2000; they then fell *** percent in the second quarter of 2001 compared to the first quarter.

APPARENT U.S. CONSUMPTION

Data on apparent U.S. consumption of certain steel wire rod are presented in table II-4. Apparent U.S. consumption of certain steel wire rod, in terms of volume, rose steadily by 7.4 percent from 1998 to 2000 and then fell by 20.3 percent from the first quarter of 2000 to the first quarter of 2001. On a value basis, apparent U.S. consumption declined irregularly by 2.5 percent from 1998 to 2000 and then fell 22.2 percent from the first quarter of 2000 to the first quarter of 2001. Demand for certain steel wire rod has fallen since the TRQ was implemented on March 1, 2000, primarily due to the slowing U.S. economy.²⁸

CHANNELS OF DISTRIBUTION

Domestically produced and imported certain steel wire rod are sold through the same channels of distribution. A majority of the product is sold to end users for drawing and finishing. Domestic producers sold 96.4 percent, U.S. importers from Canada sold *** percent, and U.S. importers from Mexico sold *** percent of their certain steel wire rod to end users in 2000. The remaining quantities *** were sold through distributors.

U.S. IMPORTS

As indicated earlier in this report, the petition for the original section 201 investigation was filed in January 1999; the Commission's findings and recommendations for that investigation were transmitted to the President in July 1999; and, in February 2000, the President imposed quantitative restrictions on imports of certain steel wire rod in the form of a TRQ beginning on March 1, 2000, from all sources with the exception of Canada and Mexico. Thus, the quota year runs from March 1 to February 28 of each year except for year three when it ends on March 1, 2003.²⁹ This section of the report presents import data both on a calendar year basis (i.e., 1998-2000, January-March 2000, and January-March 2001) that corresponds to figures gathered on the condition of the U.S. industry, as well

²⁸ See the section of the *Staff Report of August 2, 2001*, entitled "Demand Factors" for additional information.

²⁹ See the section of this report entitled "The Tariff-Rate Quota" for information on the terms of the quota, by year, and the terms of its administration.

Table II-4

Certain steel wire rod: U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, 1998-2000, January-March 2000, and January-March 2001

Item	1998	1999	2000	January-March	
				2000	2001
Quantity (short tons)					
U.S. producers' shipments	5,229,851	5,336,837	5,179,875	1,415,989	1,068,918
U.S. imports from--					
Countries subject to TRQ:					
Ukraine	160,273	193,003	367,712	52,813	57,906
Trinidad & Tobago	257,720	341,815	287,507	63,178	60,992
Brazil	33,984	152,535	224,546	64,070	53,235
Japan	81,465	77,188	40,520	13,125	6,248
Moldova	109,632	190,239	191,074	16,903	0
Turkey	127,738	151,346	187,878	53,812	31,875
Germany	40,448	81,422	37,027	28,077	8,262
All other sources	681,514	603,740	506,094	86,906	83,325
Subtotal	1,492,773	1,791,288	1,842,359	378,885	301,844
Countries not subject to TRQ:					
Canada	555,886	626,352	715,974	172,055	165,170
Mexico	75,241	122,038	159,818	37,874	61,920
Subtotal	631,127	748,390	875,792	209,929	227,090
Total U.S. imports	2,123,900	2,539,679	2,718,150	588,814	528,934
Apparent consumption	7,353,751	7,876,516	7,898,025	2,004,803	1,597,852
Value (\$1,000)					
U.S. producers' shipments	1,779,825	1,648,641	1,631,775	451,690	323,454
U.S. imports from--					
Countries subject to TRQ:					
Ukraine	39,872	35,568	75,568	10,959	11,370
Trinidad & Tobago	74,915	87,289	75,511	15,664	16,028
Brazil	9,979	33,756	57,124	14,876	15,504
Japan	44,042	39,674	20,997	5,285	4,780
Moldova	25,759	38,888	41,667	3,498	0
Turkey	31,768	30,150	45,285	12,199	6,883
Germany	14,778	21,855	6,354	6,768	3,055
All other sources	194,298	139,193	130,255	19,474	21,286
Subtotal	435,411	426,374	452,761	88,722	78,906
Countries not subject to TRQ:					
Canada	222,377	224,648	274,879	65,646	61,069
Mexico	21,966	29,449	39,337	8,937	15,169
Subtotal	244,344	254,097	314,216	74,584	76,238
Total U.S. imports	679,754	680,471	766,978	163,306	155,144
Apparent consumption	2,459,579	2,329,112	2,398,753	614,996	478,598

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics, as adjusted using questionnaire data.

as on a quota-year basis (i.e., TRQ year one and the two consecutive 12-month periods that preceded the imposition of the TRQ).³⁰

Trends in U.S. Imports³¹

Data on imports of certain steel wire rod for the period 1998-2000, January-March 2000, and January-March 2001 are presented in table II-5; period changes for selected country groupings are listed in table II-6. The individual countries listed in table II-5 (i.e., Ukraine, Trinidad & Tobago, Brazil,

³⁰ Data on *certain* steel wire rod are not available for the March 1999-February 2000 period or the preceding 12-month period. As indicated earlier, specific reporting categories for certain steel wire rod were not established within the *HTS* until March 1, 2000. Therefore, all data labeled in this section as official Commerce statistics are (unless adjusted using questionnaire responses to subtract out the excluded products) for *all* steel wire rod.

According to data compiled by the Chicago STC (Customs), approximately 11 percent of total U.S. imports of all steel wire rod during the March 2000-February 2001 period (i.e., TRQ year one) consisted of product excluded under the terms of the Presidential Proclamation. However, only 1.2 percent and 1.1 percent of U.S. imports of wire rod from Canada and Mexico, respectively, were excluded products during TRQ year one (Chicago STC (Customs)). According to the importer questionnaires submitted to the Commission, U.S. imports of excluded wire rod from Canada increased from *** short tons in 1998 to *** short tons in 1999 to *** short tons in 2000. Excluded wire rod imports in 2000 accounted for *** percent of total Canadian imports reported. *** U.S. imports of excluded wire rod from Mexico were reported in the importer questionnaires.

³¹ Mexican respondents state that the trend in imports from Mexico has historically fluctuated. Mexican manufacturers' posthearing brief, p. 5. The following tabulation presents U.S. imports of all steel wire rod from NAFTA countries, compiled from official Commerce statistics:

Year	Canada	Mexico	Subtotal	Canada	Mexico	Subtotal
	Quantity (<i>short tons</i>)			Change from previous period (<i>percent</i>)		
1994 ¹	451,195	3,148	454,343	-	-	-
1995 ¹	516,665	170,115	686,780	14.5	5,303.9	51.2
1996 ¹	659,962	88,319	748,281	27.7	-48.1	9.0
1997 ¹	573,319	128,522	701,841	-13.1	45.5	-6.2
1998 ^{1 2}	555,942	75,243	631,185	-3.0	-41.5	-10.1
1999 ²	630,269	122,039	752,308	13.4	62.2	19.2
2000 ²	727,832	159,818	887,650	15.5	31.0	18.0

¹ Data compiled during the original section 201 investigation (see table 4 in *Certain Steel Wire Rod*, USITC Publication 3207, July 1999).

² Data compiled for the same HTS subheadings as those examined during the section 201 investigation (and include a product grouping (HTS 7213.99.0090) that was examined during the original section 201 investigation but subsequently excluded from the TRQ).

Table II-5
Certain steel wire rod: U.S. imports, by sources, 1998-2000, January-March 2000, and January-March 2001

Item	1998	1999	2000	January-March	
				2000	2001
Quantity (short tons)					
<u>Countries subject to TRQ:</u>					
Ukraine	160,273	193,003	367,712	52,813	57,906
Trinidad & Tobago	257,720	341,815	287,507	63,178	60,992
Brazil	33,984	152,535	224,546	64,070	53,235
Japan	81,465	77,188	40,520	13,125	6,248
Moldova	109,632	190,239	191,074	16,903	0
Turkey	127,738	151,346	187,878	53,812	31,875
Germany	40,448	81,422	37,027	28,077	8,262
All other sources	681,514	603,740	506,094	86,906	83,325
Subtotal	1,492,773	1,791,288	1,842,359	378,885	301,844
<u>Countries not subject to TRQ:</u>					
Canada	555,886	626,352	715,974	172,055	165,170
Mexico	75,241	122,038	159,818	37,874	61,920
Subtotal	631,127	748,390	875,792	209,929	227,090
Total	2,123,900	2,539,679	2,718,150	588,814	528,934
Value (\$1,000)					
<u>Countries subject to TRQ:</u>					
Ukraine	39,872	35,568	75,568	10,959	11,370
Trinidad & Tobago	74,915	87,289	75,511	15,664	16,028
Brazil	9,979	33,756	57,124	14,876	15,504
Japan	44,042	39,674	20,997	5,285	4,780
Moldova	25,759	38,888	41,667	3,498	0
Turkey	31,768	30,150	45,285	12,199	6,883
Germany	14,778	21,855	6,354	6,768	3,055
All other sources	194,298	139,193	130,255	19,474	21,286
Subtotal	435,411	426,374	452,761	88,722	78,906
<u>Countries not subject to TRQ:</u>					
Canada	222,377	224,648	274,879	65,646	61,069
Mexico	21,966	29,449	39,337	8,937	15,169
Subtotal	244,344	254,097	314,216	74,584	76,238
Total	679,754	680,471	766,978	163,306	155,144
Unit value (per short ton)					
<u>Countries subject to TRQ:</u>					
Ukraine	\$248.77	\$184.29	\$205.51	\$207.51	\$196.35
Trinidad & Tobago	\$290.68	\$255.37	\$262.64	\$247.93	\$262.79
Brazil	\$293.65	\$221.30	\$254.40	\$232.18	\$291.23
Japan	\$540.63	\$513.99	\$518.19	\$402.65	\$765.09
Moldova	\$234.96	\$204.42	\$218.07	\$206.92	----
Turkey	\$248.70	\$199.21	\$241.04	\$226.70	\$215.95
Germany	\$365.34	\$268.41	\$171.60	\$241.03	\$369.75
All other sources	\$285.10	\$230.55	\$257.37	\$224.09	\$255.46
Average	\$291.68	\$238.03	\$245.75	\$234.17	\$261.41
<u>Countries not subject to TRQ:</u>					
Canada	\$400.04	\$358.66	\$383.92	\$381.54	\$369.74
Mexico	\$291.94	\$241.31	\$246.14	\$235.97	\$244.98
Average	\$387.15	\$339.52	\$358.78	\$355.28	\$335.72
Average	\$320.05	\$267.94	\$282.17	\$277.35	\$293.31

Table II-5--Continued

Certain steel wire rod: U.S. imports, by sources, 1998-2000, January-March 2000, and January-March 2001

Item	1998	1999	2000	January-March	
				2000	2001
Share of quantity (percent)					
<u>Countries subject to TRQ:</u>					
Ukraine	7.5	7.6	13.5	9.0	10.9
Trinidad & Tobago	12.1	13.5	10.6	10.7	11.5
Brazil	1.6	6.0	8.3	10.9	10.1
Japan	3.8	3.0	1.5	2.2	1.2
Moldova	5.2	7.5	7.0	2.9	0.0
Turkey	6.0	6.0	6.9	9.1	6.0
Germany	1.9	3.2	1.4	4.8	1.6
All other sources	32.1	23.8	18.6	14.8	15.8
Subtotal	70.3	70.5	67.8	64.3	57.1
<u>Countries not subject to TRQ:</u>					
Canada	26.2	24.7	26.3	29.2	31.2
Mexico	3.5	4.8	5.9	6.4	11.7
Subtotal	29.7	29.5	32.2	35.7	42.9
Total	100.0	100.0	100.0	100.0	100.0
Share of value (percent)					
<u>Countries subject to TRQ:</u>					
Ukraine	5.9	5.2	9.9	6.7	7.3
Trinidad & Tobago	11.0	12.8	9.8	9.6	10.3
Brazil	1.5	5.0	7.4	9.1	10.0
Japan	6.5	5.8	2.7	3.2	3.1
Moldova	3.8	5.7	5.4	2.1	0.0
Turkey	4.7	4.4	5.9	7.5	4.4
Germany	2.2	3.2	0.8	4.1	2.0
All other sources	28.6	20.5	17.0	11.9	13.7
Subtotal	64.1	62.7	59.0	54.3	50.9
<u>Countries not subject to TRQ:</u>					
Canada	32.7	33.0	35.8	40.2	39.4
Mexico	3.2	4.3	5.1	5.5	9.8
Subtotal	35.9	37.3	41.0	45.7	49.1
Total	100.0	100.0	100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics, as adjusted using questionnaire data.

Table II-6
Steel wire rod: Period changes by calendar year/quarter and TRQ year

Period	(Period <i>percent</i> changes in terms of quantity)				
	Countries not subject to TRQ			Countries subject to TRQ	Total imports
	Canada	Mexico	Subtotal		
	Calendar year (January-December)				
1998 to 1999 ¹	12.7	62.2	18.6	20.0	19.6
1999 to 2000 ¹	14.3	31.0	17.0	2.9	7.0
1998 to 2000 ¹	28.8	112.4	38.8	23.4	28.0
January-March 2000 to 2001 ¹	-4.0	63.5	8.2	-20.3	-10.2
	TRQ year (March-February)				
1998-99 to 1999-2000 ²	12.4	94.4	21.1	20.1	20.4
1999-2000 to TRQ year one ²	12.4	34.6	16.2	-7.9	-1.5
1998-99 to TRQ year one ²	26.4	161.8	40.7	10.7	18.6
¹ Certain steel wire rod. ² All steel wire rod.					
Source: Calculated from official Commerce statistics. Commerce data for certain steel wire rod were adjusted using questionnaire data.					

Moldova, Turkey, Japan, and Germany, as well as Canada and Mexico, the latter two of which are not subject to the TRQ) comprise the top nine sources of U.S. imports of all steel wire rod ranked by quantity in 2000. In descending order of quantity of imports of all steel wire rod in 2000, other importing countries are as follows: Indonesia, Venezuela, South Africa, United Kingdom, Italy, Egypt, Spain, Argentina, India, Malaysia, Luxembourg, and 17 other sources. Canada has been the largest supplier of imported steel wire rod to the United States in every year since at least 1994;³² Mexico was the seventh largest source of U.S. imports in 2000 (table II-5).

As shown in table II-6, the quantity of total U.S. imports of certain steel wire rod rose steadily from 1998 to 2000, rising by 28.0 percent, and then fell by 10.2 percent from the first quarter of 2000 to the first quarter of 2001. Imports increased from both Canada and Mexico during the 1998-2000 period, as did imports from *most* of the countries that were subject to the TRQ (table II-5).³³ Canadian imports in the first quarter of 2001 were, however, lower than those reported in the first quarter of 2000; the same

³² See table 4 in *Certain Steel Wire Rod*, USITC Publication 3207, July 1999.

³³ U.S. imports of certain steel wire rod from Japan, Germany, and the group of "all other sources" shown in table II-5 fell from 1998 to 2000.

import pattern was reported for every country specified in table II-5, except for Mexico and Ukraine.³⁴ Imports of certain steel wire rod from Canada and Mexico combined rose by 8.2 percent from January-March 2000 to January-March 2001 while imports covered by the TRQ fell 20.3 percent (table II-6). The *rate* of increase in imports from the combined non-covered sources has, however, fallen continuously since 1998, decreasing from an 18.6-percent rise in 1998-99 to an 8.2-percent rise in first quarter 2001 compared to the same-quarter period in 2000.³⁵

Official Commerce data on U.S. imports of all steel wire rod (including imports of excluded products) are presented in table II-7 for the first TRQ year and the two consecutive 12-month periods prior to the imposition of the TRQ. Period changes are also presented on a March-February basis in table II-6. Total U.S. imports of all steel wire rod decreased by 1.5 percent in quantity from the year ending February 2000 to the year ending February 2001. However, the trend reported for countries subject to the TRQ differed from the trend for those that were not subject to the TRQ. Specifically, imports of all steel wire rod from covered countries fell by 7.9 percent in quantity from the year ending February 2000 to the year ending February 2001,³⁶ while imports from Canada and Mexico increased by 16.2 percent.³⁷ U.S. imports from the non-covered countries combined, however, *also* rose from the year ending February 1999 to the year ending February 2000 (by 21.1 percent); the rate of increase was greater than for the 12-month period immediately prior to the TRQ compared to TRQ year one.³⁸

³⁴ U.S. imports of Canadian-produced certain steel wire rod fell 4.0 percent in the first quarter of 2001 compared to the comparable 2000 quarter while U.S. imports of Mexican-produced product rose 63.5 percent (table II-6).

³⁵ The rate of increase in U.S. imports from Canada increased somewhat from 1998-99 to 1999-2000, although imports actually decreased in absolute volume in first quarter 2001 compared to first quarter 2000, while the rate of increase in U.S. imports from Mexico fell from 1998-99 to 1999-2000 and then rose again in the first quarter of 2001 compared to the first quarter of 2000.

³⁶ With respect to the top seven countries (in terms of import volume in 2000) subject to the TRQ, imports fell for each source, with the exception of Ukraine and Moldova. Imports of all steel wire rod from Ukraine and Moldova rose by 55.6 percent and 0.3 percent, respectively, from the March 1999-February 2000 period to the March 2000-February 2001 period.

³⁷ U.S. imports of certain steel wire rod from both Canada and Mexico rose during TRQ year one compared to the 12-month period immediately preceding the imposition of the TRQ.

³⁸ Looking at the countries separately, it is clear that the rate of increase was much greater for Mexico in the earlier comparison period provided in table II-6 (94.4 percent) than in the more recent comparison period (34.6 percent). The rates of increase in U.S. imports of all steel wire rod from Canada were, however, level (i.e., 12.4 percent for both comparisons). Canadian manufacturers state that “{t}he trend, therefore, shows steady growth, not ‘a significant increase in imports over the trend.’ If Canadian imports of the specialty products that are excluded globally are deducted from the totals, the trendline actually shows a slowing of growth.” Canadian manufacturers’ postconference brief, p. 12. As noted earlier, the quantities of U.S. imports of excluded wire rod from Canada (and Mexico) are minimal compared to total U.S. imports of all steel wire rod. However, if the figures in table II-7 (which are on a TRQ-year basis) are adjusted using the most comparable calendar-year data for excluded wire rod (shown in footnote 30), there is a slight fall in the rate of increase of U.S. imports of certain steel wire rod from Canada for the period examined. Specifically, *estimated* Canadian imports rise from *** short tons in the year ending February 1999 to *** short tons in the year ending February 2000 (an increase of *** percent) and then rise to *** short tons in the year ending February 2001 (an increase of *** percent).

Table II-7

Steel wire rod: U.S. imports, by specified products and sources, March-February periods of 1998-99, 1999-2000, and 2000-01

Source	All steel wire rod ¹			Certain steel wire rod	
	March 1998-February 1999	March 1999-February 2000	March 2000-February 2001	March 2000-February 2001	
				Commerce ²	Customs ³
Quantity (short tons)					
Countries subject to TRQ:					
Ukraine	117,140	219,766	341,867	249,815	335,525
Trinidad & Tobago	264,792	327,728	244,387	236,714	245,551
Brazil	37,365	201,237	192,337	124,003	140,723
Japan	271,169	252,609	206,781	20,300	20,336
Moldova	112,161	183,505	184,043	160,940	191,304
Turkey	104,886	174,312	155,369	146,562	177,211
Germany	133,462	175,145	102,209	63,676	70,444
All others	744,259	610,468	548,420	455,829	505,994
Subtotal covered	1,785,233	2,144,769	1,975,413	1,457,837	1,687,088
Countries not subject to TRQ:					
Canada	571,925	642,924	722,981	713,052	718,299
Mexico	67,672	131,591	177,148	77,607	175,123
Subtotal non-covered	639,597	774,515	900,129	790,659	893,421
Total	2,424,831	2,919,284	2,875,542	2,248,496	2,580,509
<p>¹ Data for all steel wire rod are provided since data for certain steel wire rod are not available for the March 1998-February 2000 period.</p> <p>² Official Commerce statistics (not corrected for mis-classifications). See information later in this section of the report for information on the mis-classifications of certain steel wire rod that have occurred during the first TRQ year.</p> <p>³ Chicago STC (Customs).</p>					
Source: Official Commerce statistics and data compiled, as of June 12, 2001, by the Chicago STC (Customs).					

U.S. Import Shares

Table II-8 presents the ratios of U.S. imports of certain steel wire rod from Canada and Mexico relative to total imports, to U.S. production, and to apparent U.S. consumption. As shown, imports from

Table II-8

Certain steel wire rod: Ratios of U.S. imports relative to total imports, relative to U.S. production, and relative to apparent U.S. consumption, 1998-2000, January-March 2000, and January-March 2001

Item	1998	1999	2000	January-March	
				2000	2001
	Ratio to total imports (percent of quantity)				
Countries not subject to TRQ:					
Canada	26.2	24.7	26.3	29.2	31.2
Mexico	3.5	4.8	5.9	6.4	11.7
Subtotal non-covered	29.7	29.5	32.2	35.7	42.9
Countries subject to TRQ	70.3	70.5	67.8	64.3	57.1
Total	100.0	100.0	100.0	100.0	100.0
	Ratio to U.S. production (percent)				
Countries not subject to TRQ:					
Canada	10.5	11.6	13.4	12.1	16.9
Mexico	1.4	2.3	3.0	2.7	6.3
Subtotal non-covered	12.0	13.9	16.4	14.8	23.2
Countries subject to TRQ	28.3	33.2	34.5	26.7	30.9
Total	40.3	47.1	50.9	41.4	54.1
	Ratio to apparent U.S. consumption (percent of quantity)				
U.S. producers' shipments	71.1	67.8	65.6	70.6	66.9
Countries not subject to TRQ:					
Canada ¹	7.6	8.0	9.1	8.6	10.3
Mexico ¹	1.0	1.5	2.0	1.9	3.9
Subtotal non-covered ¹	8.6	9.5	11.1	10.5	14.2
Countries subject to TRQ ¹	20.3	22.7	23.3	18.9	18.9
Total U.S. imports	28.9	32.2	34.4	29.4	33.1
¹ Calculated using U.S. imports.					
Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics as adjusted using questionnaire data.					

the non-covered countries combined rose from 1998 to 2000 and again from the first quarter of 2000 to the first quarter of 2001 when measured against each of the listed indices.

U.S. producers continue to dominate the U.S. market for certain steel wire rod, accounting for more than 65.0 percent of the market in terms of both volume and value during the period examined (table II-8). However, the share of the market held by domestic producers has fallen steadily throughout the period examined as market shares for total imports have risen.

Operation of the Tariff-Rate Quota During Year One

Table II-9 lists data that Customs makes available to the public on its web site in the form of *Quota Weekly Commodity Status Reports*;³⁹ these reports are used by importers in timing shipments wherever possible to prevent entry after the quota has been filled for any period. Shown in table II-9 are the quantity of U.S. in-quota certain steel wire rod imports and the percent of the in-quota quantities filled since the quota was implemented on March 1, 2000. Imports from countries subject to the TRQ were shown to be well under quota at less than 50 percent in the first quarter. During both the second quarter and third quarter, in-quota imports reportedly filled well over 80 percent of the TRQ established for each quarter. In the fourth quarter, the remaining in-quota quantity was exhausted. However, as shown in the notes to table II-9, the quantities listed on Customs' web site for each quarter (and the calculated share of the in-quota quantity that has been filled) reflect, in part, only those imports which were initially classified as subject product.

During the first year of the TRQ there were substantial mis-classifications by importers of certain steel wire rod as nonsubject product, frequently as excluded steel wire rod.⁴⁰ This problem, as those shipments were counted toward the triggers, resulted in Customs having to make retroactive downward adjustments in the remaining in-quota amounts that had previously been announced.⁴¹

³⁹ Customs publishes the *Quota Weekly Commodity Status Report* on its Electronic Bulletin Board (internet address <http://www.cebb.customs.treas.gov/public/default.htm>). The *Report* lists the quantity of product entered to date for each period and the percent of the in-quota quantity that has been filled for that period. It is updated weekly.

⁴⁰ Mis-classifications occur when product is assigned an incorrect *HTS* classification by the importer at the time of entry. It can require up to two to three months for Customs to review the entry documents for errors. In this case, a number of entries were incorrectly classified, frequently as excluded wire rod. Entries later reclassified as certain steel wire rod were subsequently charged against the quota, resulting in reduced quota availability during the fourth quarter. Telephone conversation with Customs (***) , June 5, 2001.

As shown in table II-7, relatively large amounts of mis-classifications appear to have occurred for product entered from the Ukraine, Turkey, and Moldova, with lesser quantities of U.S. imports from Brazil, Trinidad & Tobago, and Germany (obtained by comparing the uncorrected Commerce data for certain steel wire rod to the adjusted data that were provided by the Chicago STC (Customs)). In addition, there were apparent problems with the initial classifications of U.S. imports of wire rod from Mexico (*compare* the 77,607 short ton figure from the uncorrected Commerce data for March 2000-February 2001 to the revised 175,123 short ton figure from Customs).

See the section entitled "U.S. Imports" in the *Staff Report of August 2, 2001*, for further information on the mis-classifications.

⁴¹ Customs has, however, moved to ensure that there will be tighter compliance with the TRQ in the future and there appear to be no concerns within the domestic industry at this time about circumvention. See the section entitled "U.S. Imports" in the *Staff Report of August 2, 2001*, for more information.

Table II-9

Certain steel wire rod: In-quota quantities, by TRQ quarter, March 2000-May 2001

Period	In-quota imports	In-quota allocation	In-quota quantity filled
	Quantity (<i>short tons</i>)		Share (<i>percent</i>)
March 2000-May 2000	247,275	526,667	46.95
June 2000-August 2000	453,607	526,667	86.13
September 2000-November 2000	445,907	526,667	84.67
December 2000-February 2001	213,473 ¹	215,965 ¹	Full (98.85) ¹
Subtotal of above	1,360,262 ²	--	--
March 2000-February 2001	1,577,508 ^{1 2}	1,580,000	Full (99.84) ¹
March 2001-May 2001	468,279	537,200	87.17

¹ Figures reported in Customs' *Quota Weekly Status Report* of January 29, 2001. The *Report* of February 6, 2001 shows the TRQ for the first year as being filled.

² Discrepancy between figures is apparently due to certain steel wire rod that was mis-classified as other products (often excluded wire rod) at entry. Entries later re-classified as certain steel wire rod were subsequently subtracted from the quota.

Note.—Data are not presented by country in the *Quota Weekly Status Report* for the TRQ on certain steel wire rod. As indicated earlier, the TRQ did not establish individual country allocations.

Source: Customs at Internet address <http://www/cebb/customs.treas.gov>, retrieved June 4, 2001 and June 18, 2001.

Although the data presented in table II-9 were not the final totals, they did comprise the information available to importers throughout the first TRQ year for use in timing their U.S. imports of certain steel wire rod.⁴² Information on Customs' web site pointed to the quota closing only in the fourth quarter, and parties to the investigation have focused attention, in part, on the import patterns of U.S. imports from Canada and Mexico during December 2000-February 2001 compared to other periods. Petitioners state that when imports from TRQ countries "ran out" of quota allotment, non-TRQ imports from Canada and Mexico rushed in to fill the void in January and February 2001.⁴³ Mexican respondents note that "importers would have had great incentives to switch to imports from Mexico" at a time when "there were severe limitations on imports from the subject countries during the fourth quarter" but that

⁴² See comments in table II-16 of the *Staff Report of August 2, 2001*, by U.S. importers of product from covered countries concerning the need to coordinate shipments and schedule arrival dates at U.S. ports to avoid entering product on an over-quota basis.

⁴³ Petitioners' postconference brief, exhibit 2, p. 5. They state, further, that "January and February 2001 was a critical period for the U.S. industry, given the ineffective first 10 months of the TRQ program, and the suddenly contracting market." *Id.*, p. 6.

“precisely the opposite occurred.”⁴⁴ Canadian respondents, too, analyze import trends when “TRQs began to bite in the fourth quarter of the first TRQ year.”⁴⁵

While the parties concur in their focus, they differ in the conclusions they draw from the data. Table II-10 presents data, by month with quarterly and annual subtotals, for the March 1999 to February 2001 period that encompasses the first TRQ year and the 12-month period that preceded it. Petitioners focus on combined data from the NAFTA sources in January 2001 when the quantity of U.S. imports of certain steel wire rod from Mexico was relatively high and compare the non-TRQ imports to the restricted and falling TRQ imports in January and February 2001.⁴⁶ Canadian manufacturers examine monthly U.S. imports from Canada during the first TRQ year and note that the January-February 2001 levels for Canada were lower than earlier in the year.⁴⁷ Mexican manufacturers analyze quarterly data for U.S. imports from Mexico and indicate that imports from Mexico “were actually at their lowest level during the fourth quarter of the quota year.”⁴⁸

Party analyses and the conclusions they draw are predicated on the belief that it was common knowledge in the industry that there would be a shortfall in quota availability in the fourth quarter of TRQ year one and that U.S. exporters in the NAFTA countries either did or did not take advantage of the approaching limits on imports from covered countries. It is not clear when industry participants knew that U.S. imports from TRQ countries would exceed the in-quota amount. U.S. importers very likely had concerns about a shortfall in the fourth quarter from the beginning if only due to the design of the TRQ (i.e., with the fourth quarter quota determined by the remaining amounts from the first three quarters).⁴⁹ However, some importers from TRQ countries that responded to Commission questionnaires appear to have been caught short by Customs retroactively lowering the in-quota amount as mis-classifications were corrected.⁵⁰

As shown in table II-10, during the 12-month period prior to the TRQ, monthly U.S. imports from Canada fluctuated between a low of 45,453 short tons (in April 1999) and a high of 63,319 (in August 1999). During TRQ year one, monthly U.S. imports from Canada fluctuated between a low of 44,523 short tons (in December 2000) and a high of 70,012 short tons (in August 2000). There was more variation in U.S. imports of certain steel wire rod from Mexico. During the 12-month period prior to the TRQ, monthly U.S. imports from Mexico fluctuated between a low of 2,722 short tons (in June 1999) and a high of 21,254 short tons (in July 1999). During TRQ year one, monthly U.S. imports from

⁴⁴ Mexican manufacturers’ postconference brief, pp. 10-11.

⁴⁵ Canadian manufacturers’ postconference brief, p. 14.

⁴⁶ Petitioners’ postconference brief, p. 5.

⁴⁷ Canadian manufacturers’ postconference brief, p. 14.

⁴⁸ Mexican manufacturers’ postconference brief, p. 11.

⁴⁹ In fact, the AWPAs request in its briefs in the section 204 investigation that the quarterly sub-quotas be reallocated so that there is specific quota set aside for the fourth quarter in addition to the first, second, and third quarters of each year. It states that doing so would result in a more “orderly and predictable flow of wire rod into the domestic market” and prevent the quota from being exhausted during the first nine months of the quota year, leaving no quota available for the final three months. Several respondents to that investigation, including the petitioners, endorsed the proposal.

⁵⁰ See tables D-2 and D-3 of the *Staff Report of August 2, 2001*, where several firms specifically attribute their either failing to enter product before the exhaustion of the within-quota quantity or delaying entry to the initial mis-classification of the certain steel wire rod that was later added to the fourth quarter quota for the first TRQ year.

Table II-10

All steel wire rod: U.S. imports for consumption, by source and by month, March 1999-June 2001

Period	Canada	Mexico	Subtotal	Period	Canada	Mexico	Subtotal
Quantity (short tons)							
March 1999	48,322	4,783	53,105	March 2000	60,802	18,875	79,677
April 1999	45,453	8,007	53,460	April 2000	54,581	7,705	62,286
May 1999	52,692	16,509	69,203	May 2000	66,688	18,641	85,329
Subtotal	146,467	29,299	175,767	Subtotal	182,071	45,221	227,291
June 1999	52,604	2,722	55,326	June 2000	61,336	9,131	70,467
July 1999	55,918	21,254	77,172	July 2000	67,940	22,071	90,011
August 1999	63,319	10,957	74,277	August 2000	70,012	10,861	80,873
Subtotal	171,841	34,933	206,775	Subtotal	199,289	42,063	241,352
September 1999	55,240	4,675	59,915	September 2000	62,710	20,550	83,260
October 1999	56,794	19,854	76,648	October 2000	66,421	8,881	75,302
November 1999	52,289	6,162	58,451	November 2000	56,983	23,099	80,083
Subtotal	164,323	30,691	195,014	Subtotal	186,115	52,530	238,645
December 1999	47,244	17,688	64,932	December 2000	44,523	1,032	45,553
January 2000	61,852	8,366	70,218	January 2001	60,871	28,330	89,201
February 2000	51,334	10,641	61,976	February 2001	50,268	8,012	58,280
Subtotal	160,430	36,695	197,126	Subtotal	155,662	37,374	193,034
Total	643,062	131,617	774,682	Total	723,136	177,187	900,322
				March 2001	56,917	25,587	82,504
				April 2001	63,663	7,337	71,000
				May 2001	69,376	14,997	84,373
				Subtotal	189,956	47,921	237,877
				June 2001	66,607	25,171	91,778
<p>Note.—Subtotals do not exactly add to those presented in table II-11 due to rounding error.</p> <p>Source: Compiled from official Commerce statistics.</p>							

Mexico fluctuated between a low of 1,032 short tons (in December 2000) and a high of 28,330 short tons (in January 2001).⁵¹

Table II-10 also presents the most recent official Commerce statistics (for the first quarter of TRQ year two and June 2001) for U.S. imports of all steel wire rod from Canada and Mexico.⁵² As shown, wire rod continues to be imported from Canada in steady monthly quantities. The monthly average for U.S. imports from Canada (63,319 short tons per month) for March-May 2001 is 4.3 percent higher than the monthly average reported for March-May 2000 (60,690 short tons). U.S. imports of all steel wire rod from Mexico continue to fluctuate on a monthly basis. The monthly average for U.S. imports from Mexico for March-May 2001 (15,974 short tons per month) is 6.0 percent higher than the monthly average reported for March-May 2000 (15,074 short tons). U.S. imports of all steel wire rod from Mexico climbed in June 2001 compared to May 2001, while imports from Canada fell somewhat.

Customs provided the Commission with U.S. import data for the first TRQ year that adjusts for the mis-classifications. These data are shown in table II-11, which presents the quantities of certain steel wire rod entered during each quarter for the first year of the TRQ and also lists data on all steel wire rod,⁵³ by quarter, for the first year of the TRQ and the 12-month period preceding the imposition of the TRQ. Of the annual U.S. imports of certain steel wire rod for Canada and Mexico combined for TRQ year one, 25.6 percent entered in the first quarter, 26.9 percent in the second quarter, 26.4 percent in the third quarter, and 21.1 percent in the fourth quarter. In the 12-month period prior to the first year of the TRQ, the non-covered sources entered 22.7 percent of their annual U.S. imports of all steel wire rod in the first quarter, 26.7 percent in the second quarter, 25.2 percent in the third quarter, and 25.4 percent in the fourth quarter.

Customs also provided the Commission with in-quota imports and over-quota imports, by source, for TRQ year one (table II-12). As shown, once the mis-classifications were charged against the quota there were over-quota imports entered in every quarter, although, as shown in the note to table II-12, this would not have been the case had the imports been correctly classified at entry.

⁵¹ Mexican manufacturers state that “these monthly fluctuations underscore the difficulties in relying on data for small periods.” Mexican manufacturers’ postconference brief, p. 13, n. 15.

⁵² Commerce data for *all* steel wire rod as opposed to *certain* steel wire rod continues to be the best measure of import trends for the NAFTA countries in TRQ year two. Official Commerce statistics for non-excluded product imported from Mexico are well below, in terms of quantity, official Commerce statistics for all steel wire rod during March 2001 and June 2001 (but not in April 2001 or May 2001). Few U.S. imports from Mexico of excluded wire rod have been reported historically. Also, the April-June 2001 import figures for *all* steel wire rod listed in table II-10 for Mexico are actually *** the exports of *certain* steel wire rod from Mexico to the United States reported by producers in Mexico for April-June 2001 (table II-3).

⁵³ As noted earlier, there are *** imports of excluded steel wire rod from either Canada or Mexico.

Table II-11

Steel wire rod: U.S. imports for consumption, by source and by quarter, March 1999-June 2001

Item	Quantity (<i>short tons</i>)				
	Mar.-May	June-Aug.	Sept.-Nov.	Dec.-Feb.	Total
	March 1999-February 2000 (pre-TRQ)				
	All steel wire rod				
Countries not subject to TRQ:					
Canada	146,436	171,804	164,288	160,395	642,924
Mexico	29,292	34,926	30,686	36,687	131,591
Subtotal non-covered	175,729	206,730	194,973	197,083	774,515
Countries subject to TRQ	541,841	623,798	490,237	488,892	2,144,769
Total	717,570	830,529	685,211	685,975	2,919,284
	March 2000-February 2001 (TRQ year one)				
	All steel wire rod				
Countries not subject to TRQ:					
Canada	182,033	199,247	186,074	155,628	722,981
Mexico	45,211	42,053	52,520	37,365	177,148
Subtotal non-covered	227,244	241,300	238,593	192,992	900,129
Countries subject to TRQ	430,041	631,914	578,338	335,121	1,975,413
Total	657,285	873,214	816,931	528,113	2,875,542
	Certain steel wire rod				
Countries not subject to TRQ:					
Canada	183,074	198,445	183,438	153,342	718,299
Mexico	45,211	41,967	52,611	35,334	175,123
Subtotal non-covered	228,286	240,411	236,048	188,676	893,421
Countries subject to TRQ	365,051	573,566	504,708	243,763	1,687,088
Total	593,337	813,977	740,756	432,439	2,580,509

Source: Official Commerce statistics for all steel wire rod and data compiled, as of June 12, 2001, by the Chicago STC (Customs) for certain steel wire rod.

Table II-12

Certain steel wire rod: In-quota quantities and over-quota quantities for TRQ year one (March 1, 2000 through February 28, 2001), by quarter

Quarter	In-quota allocation	In-quota imports	Over-quota imports	Total imports	Share of total imports
	Quantity (<i>short tons</i>)				(<i>Percent</i>)
March-May	526,667	358,436	6,615 ¹	365,051 ¹	21.6
June-August	526,667	524,926	48,640	573,566	34.0
September-November	526,667	485,197	19,511 ¹	504,708 ¹	29.9
December-February	⁽²⁾	217,358	26,405	243,763	14.4
Total	1,580,000	1,585,917	101,171	1,687,088	100.0

¹ As shown, over-quota imports were charged for quarters one and three despite the fact that total imports did not exceed the *quarterly* trigger. However, as shown, the *annual* quota was exceeded and mis-classified imports that were later charged to the TRQ were recorded as over-quota imports in the quarter they were entered. Telephone conversation with Customs (***) , August 2, 2001.

² In-quota allocation is calculated by subtracting the aggregate quantity of product entered at the in-quota rate during the first three quarters of the quota year from the total annual within-quota quantity.

Note.—Excludes U.S. imports from Canada and Mexico.

Source: Data compiled, as of June 12, 2001, by Chicago STC (Customs).

PART III: CONDITION OF THE U.S. INDUSTRY

Data addressing the condition of the U.S. industry manufacturing certain steel wire rod are presented in table III-1 for the period 1998-2000, January-March 2000, and January-March 2001.¹ As shown, capacity to produce certain steel wire rod in the United States has been relatively constant during the period reviewed, falling by less than 1 percent from 1998 to 2000 and then increasing by less than 2 percent from the first quarter of 2000 to the comparable period in 2001. However, capacity will fall in 2001 by the amount of production capacity at Birmingham's, GS Industries' (Kansas City, MO), North Star's (Kingman, AZ), and Northwestern's facilities as these plants close. Assuming that manufacturing capacity is otherwise constant, U.S. capacity to produce certain steel wire rod by the end of 2001 should fall by a total of *** short tons compared with capacity in 2000.²

Domestic production of certain steel wire rod was relatively level from 1998 to 2000, then fell by 31.3 percent from January-March 2000 to January-March 2001. The magnitude of the fall-off in production can be attributed to the scaling-down in operations of domestic plants that are closing, although all but one of the responding U.S. producers reported declines in production for the first quarter of 2001 compared to the first quarter of 2000. U.S. producers' shipments fell at a slower rate in January-March 2001 than did production as domestic manufacturers drew down their inventories. Employment indicators for the most part also trended sharply downward in the first quarter of 2001 with the fall-off in domestic rod production.

Capacity utilization of the domestic certain steel wire rod mills for 1998 through the first quarter of 2000 was relatively constant, with capacity utilization figures for each period falling within an 8 point range. However, capacity utilization as reported for the first quarter of 2001 fell to 58.4 percent. This calculation is, however, in part a function of the above-described decline in production at the closing plants not yet being off-set by an actual shut-down in capacity. Nevertheless, capacity utilization figures reported by all but one of the firms remaining in production also dropped in the first quarter of 2001, in some cases sharply.

The domestic industry saw no improvement in its financial condition with the imposition of the TRQ. In fact, operating losses were greater in 2000 than in 1998 and operating losses increased further between the first quarter of 2000 and the first quarter of 2001. The majority of firms reported operating losses for their certain steel wire rod operations in each of the periods examined. Falling prices were the primary factor in the decrease in profitability during 1998-2000; the drop in operating income in the interim periods resulted from both a decline in unit sales value and a rise in per unit costs and expenses.

¹ See *Staff Report of August 2, 2001*, for a more complete presentation and analysis of these data. The data in this part of the report are based on U.S. producers' questionnaire responses unless otherwise noted. See also *Part IV of the Staff Report of August 2, 2001*, for a discussion of adjustment efforts undertaken by U.S. producers to compete more effectively in the U.S. market for steel wire rod since the TRQ was implemented.

² This figure includes the *** short tons of certain steel wire rod capacity reported by Birmingham, the *** short tons reported by GS Industries (MO), and the *** short tons reported by North Star (AZ) for 2000, as well as the *** short tons reported by Northwestern for all steel wire rod in 1998 (in its questionnaire response for the original section 201 investigation). If the Northwestern figure for 1998 were added to the capacity figure for 2000 listed in table III-1, U.S. capacity could fall from *** short tons in 2000 to *** short tons in 2001, or by about *** percent.

Table III-1

Certain steel wire rod: Summary data concerning the condition of the U.S. industry, 1998-2000, January-March 2000, and January-March 2001

Item	1998	1999	2000	January-March	
				2000	2001
	Quantity in <i>short tons</i> ; value in \$1,000; unit values, unit labor costs, and unit expenses are <i>per short ton</i>				
Average capacity quantity	6,711,984	6,532,463	6,650,148	1,643,620	1,671,898
Production quantity	5,270,138	5,394,760	5,336,432	1,421,446	977,180
Capacity utilization ¹	78.5	82.6	80.2	86.5	58.4
U.S. shipments: Quantity	5,229,851	5,336,837	5,179,875	1,415,989	1,068,918
Value	1,779,825	1,648,641	1,631,775	451,690	323,454
Unit value	340	309	315	319	303
Export shipments: Quantity	12,508	11,672	16,869	4,424	5,315
Value	4,813	4,846	8,438	2,072	2,597
Unit value	385	415	500	468	489
Ending inventory quantity	251,749	273,466	329,662	271,713	208,279
Inventories/U.S. shipments ¹	4.8	5.1	6.4	4.8	4.9
Production workers	3,969	3,858	3,954	4,025	3,562
Hours worked (1,000s)	8,548	8,602	8,825	2,262	1,910
Wages paid value	201,973	210,013	218,970	56,541	47,270
Hourly wages	\$23.63	\$24.41	\$24.81	\$24.99	\$24.75
Productivity (tons/1,000 hours)	616.6	627.2	604.7	628.3	511.6
Unit labor costs	\$38.32	\$38.93	\$41.03	\$39.78	\$48.37
Net sales: Quantity	5,203,282	5,314,751	5,174,622	1,425,852	1,069,154
Value	1,752,478	1,657,074	1,652,451	449,601	325,620
Unit value					
Cost of goods sold (COGS)	1,738,618	1,661,575	1,663,447	446,246	348,156
Gross profit or (loss)	13,860	(4,501)	(10,996)	3,355	(22,536)
SG&A expenses	83,463	76,095	66,577	18,085	11,576
Operating income or (loss)	(69,603)	(80,596)	(77,573)	(14,730)	(34,112)
Capital expenditures	79,715	85,145	73,839	12,840	8,685
Unit COGS	\$334	\$313	\$321	\$313	\$326
Unit SG&A expenses	\$16	\$14	\$13	\$13	\$11
Unit operating income or (loss)	\$(13)	\$(15)	\$(15)	\$(10)	\$(32)
COGS/sales ¹	99.2	100.3	100.7	99.3	106.9
Operating income or (loss)/sales ¹	(4.0)	(4.9)	(4.7)	(3.3)	(10.5)
See notes on next page.					

Continuation.

¹ Percent.

Note.—See appendix C (table C-1) for period changes.

Source: Compiled from data submitted in response to Commission questionnaires in inv. No. TA-204-6.

PART IV: PRICING AND RELATED INFORMATION¹

EXCHANGE RATES

The nominal value of the Canadian dollar depreciated 6.4 percent vis-a-vis the U.S. dollar during the period January 1998-March 2001. In real terms, the Canadian dollar depreciated 6.1 percent relative to the U.S. dollar during that period (figure IV-1). Between the first quarter of 1998 and the first quarter of 2001, the Mexican peso depreciated 13.2 percent in nominal terms vis-a-vis the U.S. dollar. However, the real value of the Mexican peso appreciated 15.7 percent relative to the U.S. dollar during that time (figure IV-2).

PRICING PRACTICES²

Sales of wire rod are usually made based on quarterly agreements.³ Available information indicates that these agreements are often informal and not actual written contracts. Negotiations usually take place approximately one month prior to the upcoming quarter and involve discussions concerning the quantity needed and the price to be paid.⁴ However, several producers noted that when prices are falling, more sales tend to be made on a spot basis or an order-by-order basis.⁵ Several purchasers noted that when the supply of wire rod is tight, there is little, if any, negotiation of prices; prices are generally set by the supplier in those situations. At the hearing, respondents reported that they are very cost oriented, and determine the price they are willing to pay for certain steel wire rod based on the prices for the products that they sell.⁶ Most U.S. producers and importers reported that there have been no changes in the way that their firms determine the prices for certain steel wire rod since March 1, 2000.⁷

Available information indicates that quarterly agreements in the wire rod market are flexible and that changes can and do occur in the tonnage of wire rod initially agreed upon in the negotiations. U.S. producers reported that customers are allowed to cancel a portion or all of their originally specified quantity requirements at any time and that there is no penalty for doing so.⁸ Purchasers reported that

¹ For a discussion of factors affecting prices, including demand and supply factors and raw materials, energy, and transportation costs, see Part V of the *Staff Report of August 2, 2001*.

² This information is based on questionnaire responses submitted during the section 201 and section 204 investigations.

³ Typically, prices and approximate quantities are negotiated with customers on a quarterly basis before the beginning of the quarter in which the product is to be produced and shipped.

⁴ Purchasers were asked whether or not they generally quote competing prices during the negotiation process. Responses from purchasers were mixed and many firms did not directly answer the question. While 17 firms stated that they did not quote competing prices, 34 stated that they either shared the actual competing prices with suppliers or gave suppliers an indication if their bid was competitive.

⁵ Petitioners reported that contracts have been tending to be more on a monthly basis recently (section 201 injury hearing transcript, p. 108).

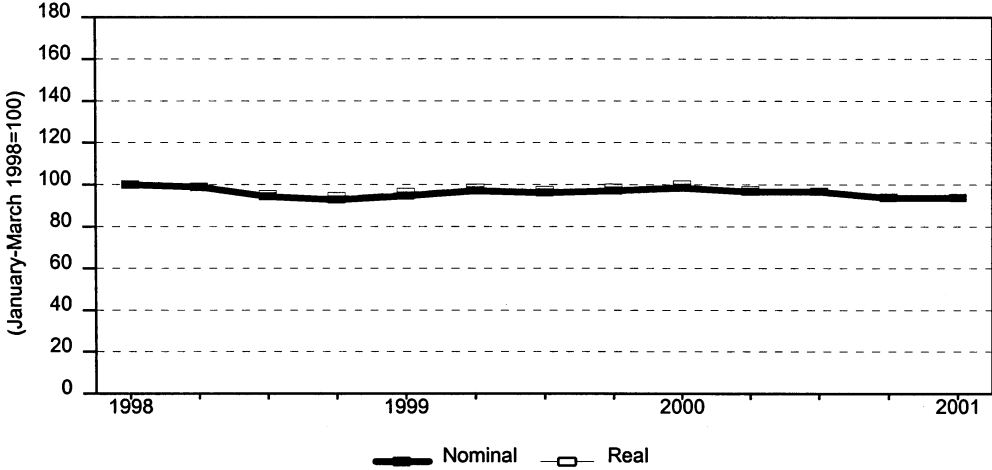
⁶ Section 204 hearing transcript, p. 120.

⁷ *** reported that weakness of the market due to oversupply caused by import growth has resulted in a change from quarterly to monthly price negotiations for the majority of its accounts.

⁸ *Certain Steel Wire Rod from Canada, Germany, Trinidad and Tobago, and Venezuela*, public hearing

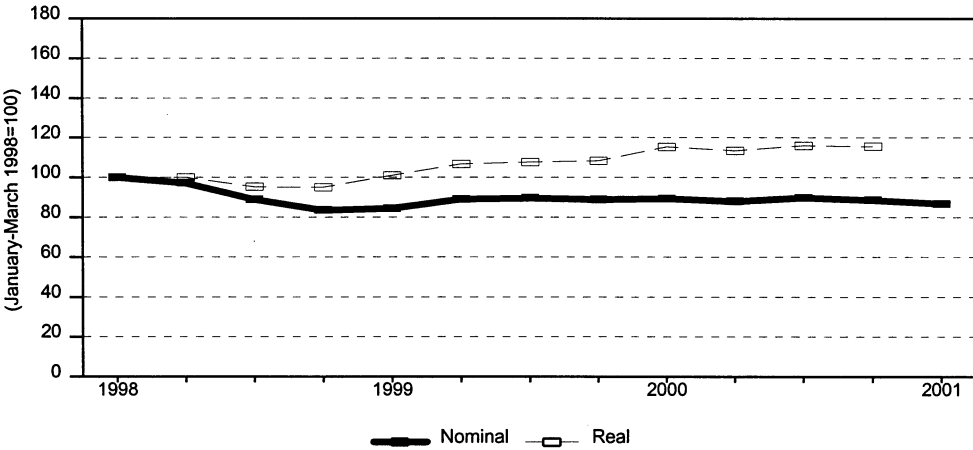
(continued...)

Figure IV-1
 Exchange rates: Indexes of the nominal and real exchange rates of the Canadian dollar relative to the U.S. dollar, January 1998-March 2001



Source: International Monetary Fund, *International Financial Statistics*, May 2001.

Figure IV-2
 Exchange rates: Indexes of the nominal and real exchange rates of the Mexican peso relative to the U.S. dollar, January 1998-March 2001



Source: International Monetary Fund, *International Financial Statistics*, May 2001.

⁸ (...continued)
 transcript, p. 302.

cancellations are often done because of changes in the demand for their products.⁹ Often “cancellations” by the purchaser are actually requests for changes in the specific type/grade of wire rod that the purchaser wants to buy from a supplier.¹⁰

Wire rod is generally sold on a delivered basis, with the supplier arranging and paying for the transportation costs. While a few U.S. producers and importers reported that they ship product nationwide, many stated that shipments are made within specific geographic regions. Producers and importers reported that their geographic markets are usually determined by the location of their customers and the cost of transporting the product to these customers. Most responding U.S. producers and importers reported that their U.S. geographic market area has not changed since March 1, 2000.¹¹

PRICE DATA

In the section 204 investigation and in this investigation, the Commission requested U.S. producers and importers of wire rod to provide quarterly data for the total quantity and value of specific certain steel wire rod products that were shipped to unrelated end users. Data were requested for the period January 1998 through March 2001. The five products for which pricing data were requested are as follows:

- Product 1.-- Industrial quality wire rod, grade C1006, 5.5 mm (7/32 inch) through 12 mm (15/32 inch) in diameter, for hangers, chain link fencing, collated nails and staples, grates, and other formed products (in green condition, e.g., NOT cleaned, coated, etc.).**
- Product 2.-- Industrial quality wire rod, grades C1008 through C1010, 5.5 mm (7/32 inch) through 12 mm (15/32 inch) in diameter, for hangers, chain link fencing, collated nails and staples, grates, and other formed products (in green condition, e.g., NOT cleaned, coated, etc.).**
- Product 3.-- Mesh quality wire rod, grades C1006 through C1015, 5.5 mm (7/32 inch) through 14 mm (9/16 inch) in diameter, for the manufacturing of concrete reinforcement products such as wire for A-82 applications (in green condition, e.g., NOT cleaned, coated, etc.).**
- Product 4.-- Grades C1050 through C1070 wire rod, 5.5 mm (7/32 inch) through 6.5 mm (1/4 inch) in diameter, for spring applications—excluding valve spring (in green condition, e.g., NOT cleaned, coated, etc.).**
- Product 5.-- Cold-heading quality wire rod, grade C1006 to C1008, 5.5 mm (7/32 inch) through 14 mm (9/16 inch) in diameter, for the manufacturing of mechanical fasteners (in green condition, e.g., NOT cleaned, coated, etc.).**

Ten U.S. producers and six importers of Canadian and Mexican products provided usable pricing data for sales of the requested products, although not all firms reported prices for all products in all

⁹ Order cancellations are not generally done with purchases of imported wire rod (*Certain Steel Wire Rod from Canada, Germany, Trinidad and Tobago, and Venezuela*, public hearing transcript, pp. 351 and 408).

¹⁰ Section 201 injury hearing transcript, p. 208.

¹¹ *** reported that it has been forced to sell farther from its mill. *** reported that, because of increased competition, it is selling in a larger geographic area. *** reported that, with the closure of ***, its sales are now focused in ***. *** reported that its geographic market today is ***—it lost customers in the ***.

quarters.¹² Pricing data accounted for approximately 31.5 percent of U.S. producers' commercial shipments of certain steel wire rod during January 1998-March 2001, *** percent of U.S. shipments of imports from Canada, and *** percent of U.S. shipments of imports from Mexico during that period.

Price Trends

Weighted-average prices for U.S.-produced and imported certain steel wire rod and margins of underselling/overselling on a quarterly basis for January 1998-March 2001 are shown in tables IV-1 through IV-5. Tables IV-6 through IV-8 summarize price trends by product and country of origin. In general, prices for U.S.-produced certain steel wire rod fell during 1998 and the first quarter of 1999, increased slightly during the rest of 1999 and the first three quarters of 2000, then fell during the rest of the period. Over the entire period, prices for U.S.-produced products 1-5 were lower at the end of the period than they were at the beginning. In the case of Canada, reported prices for the four products for which data were provided were lower at the end of the period compared with the beginning; however, the decline in prices for product 5 was very small. Price data for Mexico also show declines over the period for all three products for which data were reported.

In its prehearing brief for the section 204 investigation, the AWPA maintained that purchasers are seeing higher prices in the second and third quarters of 2001, with domestic mills announcing price increases effective April 1 and July 1. The AWPA stated that the increases in the second quarter ranged from \$10 per ton to \$25 per ton. AWPA reported that for the third quarter, the domestic mills uniformly have raised prices again between \$15 and \$20 per ton. The AWPA claimed that, for most mills, these price increases are for all grades of wire rod—high and low carbon.¹³ In its posthearing brief for the section 204 investigation, the AWPA provided a number of examples of purchasers reporting price increases for certain steel wire rod this year.¹⁴ The AWPA maintained that, with the implementation of the price increases for the second and third quarters of 2001, the members of the AWPA anticipate that domestic rod prices will be higher than they were in 1998.¹⁵

At the hearing for the section 204 investigation, petitioners acknowledged that the industry's closures of capacity in the last six months of 2000 have resulted in some small price increases this year.¹⁶ However, petitioners maintain that, despite their attempts to increase prices in April and July 2001, the domestic industry received little of its April increase, and does not anticipate being able to increase prices substantially in July.¹⁷ ¹⁸ Petitioners also reported attempting to institute an energy surcharge, but that they were unable to receive any price increase to offset increased energy costs.¹⁹

¹² Price data were received from all 3 Canadian producers and from 3 importers of the Mexican product. Data from one Canadian firm and the 3 importers of Mexican product were provided during the section 204 investigation. In this investigation, additional data were received from the other 2 Canadian firms.

¹³ AWPA's section 204 prehearing brief, p. 12.

¹⁴ ***. AWPA's section 204 posthearing brief, exhibit 2, pp. 3-4.

¹⁵ AWPA's section 204 posthearing brief, exhibit 2, p. 7.

¹⁶ Section 204 hearing transcript, pp. 17 and 23. Petitioners' section 204 posthearing brief, p. 9.

¹⁷ Section 204 hearing transcript, pp. 28 and 71. Petitioners' section 204 posthearing brief, p. 4.

¹⁸ ***. Petitioners' section 204 posthearing brief, attachment 1, p. 6.

¹⁹ Section 204 hearing transcript, pp. 72-73.

Table IV-1

Certain steel wire rod: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January 1998-March 2001

* * * * *

Table IV-2

Certain steel wire rod: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, January 1998-March 2001

* * * * *

Table IV-3

Certain steel wire rod: Weighted-average f.o.b. prices and quantities of domestic product 3, by quarters, January 1998-March 2001

* * * * *

Table IV-4

Certain steel wire rod: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarters, January 1998-March 2001

* * * * *

Table IV-5

Certain steel wire rod: Weighted-average f.o.b. prices and quantities of domestic and imported product 5 and margins of underselling/(overselling), by quarters, January 1998-March 2001

* * * * *

Table IV-6

Summary information of weighted-average price data for pricing products 1 and 2, by country

* * * * *

Table IV-7

Summary information of weighted-average price data for pricing products 3 and 4, by country

* * * * *

Table IV-8

Summary information of weighted-average price data for pricing product 5, by country

* * * * *

Price Comparisons

Overall, there were 52 quarterly price comparisons between U.S.-produced products 1-5 and subject imports from Canada (table IV-9). In 24 of these instances, the Canadian product was priced below the U.S. product with margins ranging between 0.3 and 18.5 percent. In the remaining 28 instances, the Canadian product was priced between 0.1 and 17.5 percent above the U.S. product. With regard to Mexico, there were 21 instances where price comparisons could be made. In 18 of these instances, the Mexican product was priced below the U.S. product; margins ranged from 0.8 to 13.1 percent. In the remaining 3 instances, the Mexican product was priced between 2.7 and 21.5 percent above the U.S. product (table IV-9).

Table IV-9
Certain steel wire rod: Summary of underselling/overselling, by country

Country	Number of quarters of underselling	Number of quarters of overselling	Weighted-average margin of underselling/(overselling)
Canada:			
1998	4	12	(4.9)
1999	7	9	(4.2)
2000	10	6	(5.0)
2001 (January-March)	3	1	(0.7)
Subtotal	24	28	(4.4)
Mexico:			
1998	0	1	(21.5)
1999	4	2	3.5
2000	11	0	8.5
2001 (January-March)	3	0	4.0
Subtotal	18	3	6.3
Source: Compiled from data submitted in response to Commission questionnaires.			

APPENDIX A

***FEDERAL REGISTER* NOTICES**

Presidential Documents

Title 3—

Proclamation 7273 of February 16, 2000

The President

To Facilitate Positive Adjustment to Competition From Imports of Certain Steel Wire Rod

By the President of the United States of America

A Proclamation

1. On July 12, 1999, the United States International Trade Commission (USITC) transmitted to the President a report on its investigation under section 202 of the Trade Act of 1974, as amended (the "Trade Act") (19 U.S.C. 2252), with respect to imports of certain steel wire rod provided for in subheadings 7213.91, 7213.99, 7227.20 and 7227.90.60 of the Harmonized Tariff Schedule of the United States (HTS). The USITC commissioners were equally divided with respect to the determination required under section 202(b) of the Trade Act (19 U.S.C. 2252(b)) regarding whether such steel wire rod is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or threat of serious injury, to the domestic industry producing a like or directly competitive article.

2. Section 330(d)(1) of the Tariff Act of 1930, as amended (the "Tariff Act") (19 U.S.C. 1330(d)(1)) provides that when the USITC is required to determine under section 202(b) of the Trade Act whether increased imports of an article are a substantial cause of serious injury, or the threat thereof, and the commissioners voting are equally divided with respect to such determination, then the determination agreed upon by either group of commissioners may be considered by the President as the determination of the USITC. Having reviewed the determinations of both groups of commissioners, I have decided to consider the determination of the group of commissioners voting in the affirmative to be the determination of the USITC.

3. Pursuant to section 311(a) of the North American Free Trade Agreement Implementation Act (the "NAFTA Implementation Act") (19 U.S.C. 3371(a)), the USITC made negative findings with respect to imports of steel wire rod from Mexico and Canada. The USITC commissioners voting in the affirmative also transmitted to the President their recommendations made pursuant to section 202(e) of the Trade Act (19 U.S.C. 2252(e)) with respect to the action that would address the serious injury or threat thereof to the domestic industry and be most effective in facilitating the efforts of the domestic industry to make a positive adjustment to import competition.

4. Pursuant to section 203 of the Trade Act (19 U.S.C. 2253), and after taking into account the considerations specified in section 203(a)(2) of the Trade Act, I have determined to implement action of a type described in section 203(a)(3) and to provide exclusions for enumerated steel wire rod products ("excluded products"). Pursuant to section 312(a) of the NAFTA Implementation Act (19 U.S.C. 3372(a)), I have determined that imports of steel wire rod from Mexico, considered individually, do not account for a substantial share of total imports and do not contribute importantly to the serious injury, or threat of serious injury, found by the USITC, and that imports from Canada, considered individually, do not contribute importantly to such injury or threat. Accordingly, pursuant to section 312(b) of the NAFTA Implementation Act (19 U.S.C. 3372(b)), I have excluded steel wire rod the product of Mexico or Canada from the action I am taking under section 203 of the Trade Act.

5. Such action shall take the form of a tariff-rate quota on imports of steel wire rod (other than excluded products), provided for in HTS subheadings 7213.91, 7213.99, 7227.20 and 7227.90.60, imposed for a period of 3 years plus 1 day, with annual increases in the within-quota quantities and annual reductions in the rate of duty applicable to goods entered in excess of those quantities in the second and third years, as provided for in the Annex to this proclamation.

6. Except for products of Mexico and of Canada, which shall all be excluded from this restriction, such tariff-rate quota shall apply to imports of steel wire rod from all countries. Pursuant to section 203(a)(1)(A) of the Trade Act (19 U.S.C. 2253(a)(1)(A)), I have further determined that this action will facilitate efforts by the domestic industry to make a positive adjustment to import competition and provide greater economic and social benefits than costs.

7. Section 604 of the Trade Act, as amended (19 U.S.C. 2483), authorizes the President to embody in the HTS the substance of the relevant provisions of that Act, and of other acts affecting import treatment, and actions thereunder, including the removal, modification, continuance, or imposition of any rate of duty or other import restriction.

NOW, THEREFORE, I, WILLIAM J. CLINTON, President of the United States of America, acting under the authority vested in me by the Constitution and the laws of the United States of America, including but not limited to sections 203 and 604 of the Trade Act, do proclaim that:

(1) In order to establish a tariff-rate quota on imports of steel wire rod (other than excluded products), classified in HTS subheadings 7213.91, 7213.99, 7227.20 and 7227.90.60, subchapter III of chapter 99 of the HTS is modified as provided in the Annex to this proclamation.

(2) Such imported steel wire rod that is the product of Mexico or of Canada shall be excluded from the tariff-rate quota established by this proclamation, and such imports shall not be counted toward the tariff-rate quota limits that trigger the over-quota rates of duty.

(3) I hereby suspend, pursuant to section 503(c)(1) of the Trade Act (19 U.S.C. 2463(c)(1)), duty-free treatment for steel wire rod the product of beneficiary countries under the Generalized System of Preferences (GSP) (Title V of the Trade Act, as amended (19 U.S.C. 2461-2467)); pursuant to section 213(e)(1) of the Caribbean Basin Economic Recovery Act, as amended (CBERA) (19 U.S.C. 2703(e)(1)), duty-free treatment for steel wire rod the product of beneficiary countries under that Act (19 U.S.C. 2701-2707); pursuant to section 204(d)(1) of the Andean Trade Preference Act, as amended (ATPA) (19 U.S.C. 3203(d)(1)), duty-free treatment for steel wire rod the product of beneficiary countries under that Act (19 U.S.C. 3201-3206); and pursuant to section 403(a) of the Trade and Tariff Act of 1984 (19 U.S.C. 2112 note), duty-free treatment for steel wire rod the product of Israel under the United States-Israel Free Trade Area Implementation Act of 1985 (the "IFTA Act") (19 U.S.C. 2112 note), to the extent necessary to apply the tariff-rate quota to those products, as specified in the Annex to this proclamation.

(4) During each of the first three quarters of a quota year, any articles subject to the tariff-rate quota that are entered, or withdrawn from warehouse for consumption, in excess of one-third of the annual within-quota quantity for that quota year (as specified in the Annex to this proclamation) shall be subject to the over-quota rate of duty then in effect. During the fourth quarter of a quota year, any articles subject to the tariff-rate quota that are entered, or withdrawn from warehouse for consumption, in excess of the remaining quantity of the annual within-quota quantity for that quota year shall be subject to the over-quota rate of duty then in effect. The remaining quantity shall be determined by subtracting the total quantity of goods entered at the in-quota rate during the first three quarters of the quota year from the annual within-quota quantity for that quota year.

(5) Effective at the close of March 1, 2003, or at the close of the date which may earlier be proclaimed by the President as the termination of the import relief set forth in the Annex to this proclamation, the suspension of duty-free treatment under the GSP, the CBERA, the ATPA and the IFTA Act shall terminate, unless otherwise provided in such later proclamation, and qualifying goods the product of beneficiary countries or of Israel entered under such programs shall again be eligible for duty-free treatment.

(6) Effective at the close of March 1, 2004, or such other date that is one year from the close of this relief, the U.S. note and tariff provisions established in the Annex to this proclamation shall be deleted from the HTS.

(7) Any provisions of previous proclamations and Executive orders that are inconsistent with the actions taken in this proclamation are superseded to the extent of such inconsistency.

(8) The modifications to the HTS made by this proclamation, including the Annex hereto, shall be effective with respect to goods entered, or withdrawn from warehouse for consumption, on or after March 1, 2000, and shall continue in effect as provided in the Annex to this proclamation, unless such actions are earlier expressly modified or terminated.

IN WITNESS WHEREOF, I have hereunto set my hand this sixteenth day of February, in the year of our Lord two thousand, and of the Independence of the United States of America the two hundred and twenty-fourth.

William Clinton

ANNEX

Modifications to the Harmonized Tariff Schedule
of the United States

Effective with respect to goods entered, or withdrawn from warehouse for consumption, on or after March 1, 2000, subchapter III of chapter 99 of the Harmonized Tariff Schedule of the United States is modified by inserting in numerical sequence the following new U.S. note, subheadings and superior text thereto, with the language inserted in the columns entitled "Heading/Subheading", "Article Description", "Rates of Duty 1-General", "Rates of Duty 1-Special", and "Rates of Duty 2", respectively.

- *9. For purposes of subheadings 9903.72.01 through 9903.72.15, inclusive, the following steel products (enumerated by reference to common commercial usage) are excluded from such subheadings, and no entries of such products shall be permitted or included therein or counted toward the quantities specified for any quota period:

- (a) Tire cord quality wire rod measuring 5.0 mm or more but not more than 6.0 mm in cross-sectional diameter, with an average partial decarburization of no more than 70 microns in depth (maximum 200 microns); having no inclusions greater than 20 microns; capable of being drawn to a diameter of 0.30 mm or less with 3 or fewer breaks per ton, imported pursuant to a purchase order from a tire manufacturer or a tire cord wire manufacturer in the United States for tire cord quality wire rod, and containing by weight the following elements in the proportions shown:
- 0.66 percent or more of carbon,
 - less than 0.01 percent of aluminum,
 - 0.040 percent or less, in the aggregate, of phosphorus and sulfur,
 - 0.006 percent or less of nitrogen, and
 - not more than 0.55 percent, in the aggregate, of copper, nickel and chromium;
- (b) Valve spring quality wire rod containing by weight 0.43 percent or more but not more than 0.73 percent of carbon, having a maximum inclusion content to ASTM A-877, Table 4, imported pursuant to a purchase order from an automotive valve spring or automotive brake spring manufacturer in the United States for automotive valve spring or automotive brake spring quality wire rod, measuring 5.5 mm or more but not more than 18 mm in cross-sectional diameter and having a partial decarburization of no more than 0.127 mm in depth and seams of no more than 0.075 mm in depth, or if measuring over 9.5 mm but not more than 18 mm in cross-sectional diameter either:
- having a partial decarburization of not over 1.3 percent of the diameter of the rod, a zero ferrite (total) decarburization and seams of no more than 0.075 mm in depth, or
 - if AISI grade 6150, having a partial decarburization of not more than 0.127 mm in depth, a zero ferrite (total) decarburization and a seam depth of not more than 1 percent of the diameter;
- (c) Class III pipe wrap quality wire rod measuring 10.3 mm in cross-sectional diameter, with an average partial decarburization per coil of no more than 70 microns in depth, having no inclusions greater than 20 microns, free of injurious piping and undue segregation, having a heat tensile strength minimum of 170 ksi and a maximum of 177 ksi, and containing by weight the following elements in the proportions shown:
- 0.72 percent or more of carbon,
 - 0.50 percent or more but not more than 1.10 percent of manganese,
 - not more than 0.030 percent of phosphorus,
 - not more than 0.035 percent of sulfur, and
 - 0.10 percent or more but not more than 0.35 percent of silicon;
- (d) Aircraft quality cold heading quality wire rod measuring 5.5 mm or more but not more than 19.0 mm in cross sectional diameter for the grades enumerated herein, meeting the requirements defined in the aerospace and military specifications listed for each grade:

Grade	Specification
4037	AMS6300, 2301
4130	AMS6370, 2301; MIL-S6758
4140	AMS6382, 2301; MIL-S5626
4340	AMS6415, 2301; MIL-S5000
6740	AMS6322, 2301; MIL-S6046
PWA722	AMS6304, 2301,

having a diameter tolerance of plus 0.25 mm and minus 0.25 mm, having an out of roundness tolerance of not more than 0.30 mm, having surface seam of not more than the greater of 0.07 mm or 1.0 percent of the diameter in depth, free from complete decarburization, partial decarburization no more than the greater of 0.10 mm or 1.0 percent of the diameter in depth, having micro-structure meeting the aircraft cleanliness requirements of AMS2301, and having grain size predominantly No. 5 or finer;

- (e) Aluminum cable steel reinforced ("ACSR") quality steel wire rod, measuring either (i) 7.2 mm or more but not more than 7.8 mm in cross-sectional diameter or (ii) 9.2 mm or more but not more than 9.8 mm in cross-sectional diameter, in the following strength/grade/size requirements:
- 95 kgf/mm² for AISI grade 1045 wire rod measuring 7.2 mm or more but not more than 7.8 mm in cross-sectional diameter,
 - 92 kgf/mm² for AISI grade 1045 wire rod measuring 9.2 mm or more but not more than 9.8 mm in cross-sectional diameter,

- 100 kgf/mm² for AISI grade 1050 wire rod measuring 7.2 mm or more but not more than 7.8 mm in cross-sectional diameter, or
- 98 kgf/mm² for AISI grade 1050 wire rod measuring 9.2 mm or more but not more than 9.8 mm in cross-sectional diameter,

processed exclusively by heat-treating on an in-line fused salt bath patenting process that results in having a tensile strength tolerance range of plus or minus 5 kgf/mm², and having an ovality of no more than 0.30 mm.

(f) Piano wire string quality wire rod measuring either 5.5, 6.0, 6.5, 7.0 or 8.0 mm in cross-sectional diameter, the foregoing with an average partial decarburization of no more than 70 microns in depth (maximum 200 microns), having no inclusions greater than 20 microns, capable of being drawn to a diameter of 0.30 mm or less with 3 or fewer breaks per ton, imported pursuant to a purchase order from a piano wire string manufacturer in the United States for piano wire string quality wire rod, and containing by weight the following elements in the proportions shown:

- 0.72 percent or more but not more than 1.0 percent of carbon,
- less than 0.01 percent of aluminum,
- not more than 0.040 percent, in the aggregate, of phosphorus and sulfur,
- not more than 0.003 percent of nitrogen,
- not more than 0.55 percent, in the aggregate, of copper, nickel and chromium, and
- less than 0.60 percent of manganese;

(g) Grade 1085 annealed bearing quality wire rod, of a quality for manufacturing bearings, AISI grade 1085, annealed, 100 percent spheroidized, having maximum inclusions not exceeding ASTM A295, Table 3, with no samples of such rod showing globular oxide inclusions larger than 0.001 inches nor more than ten globular oxide inclusions between 0.0005 and 0.001 inches per square inch of sample area, the foregoing containing by weight the following elements in the proportions shown:

- 0.80 percent or more but not more than 0.85 percent of carbon,
- 0.70 percent or more but not more than 1.00 percent of manganese, and
- not more than 15 ppm of oxygen;

(h) 1080 tire bead wire quality wire rod measuring 5.5 mm or more but not more than 7.0 mm in cross-sectional diameter, with an average partial decarburization of no more than 70 microns in depth (maximum 200 microns), having no inclusions greater than 20 microns, capable of being drawn to a diameter of 0.78 mm or larger with 0.5 or fewer breaks per ton, imported pursuant to a purchase order from a tire manufacturer or a manufacturer of tire wire products in the United States for inclusion in tires, and containing by weight the following elements in the proportions shown:

- 0.78 percent or more of carbon,
- less than 0.03 percent of soluble aluminum,
- not more than 0.040 percent, in the aggregate, of phosphorous and sulfur,
- not more than 0.004 percent of nitrogen, and
- not more than 0.055 percent, in the aggregate, of copper, nickel and chromium.*

*	Hot-rolled bars and rods of nonalloy or alloy steel, in irregularly wound coils, of circular or approximately circular solid cross section, having a diameter of 5 mm or more but less than 19 mm, except such bars and rods enumerated in U.S. note 9 to this subchapter and except bars and rods of alloy steel containing by weight 24 percent or more of nickel, provided for in subheadings 7213.91, 7213.99, 7227.20 and 7227.90.60, all the foregoing except products of Canada or of Mexico:	:	:	:	:
9903.72.01	If entered during the period from March 1, 2000, through February 28, 2001, inclusive:	:	:	:	:
:	If entered during the period from March 1, 2000, through May 31, 2000, inclusive, in aggregate quantities not in excess of 477,783,962 kg.....	:	No change	:	No change
9903.72.02	If entered during the period from June 1, 2000, through August 31, 2000, inclusive, in aggregate quantities not in excess of 477,783,962 kg.....	:	No change	:	No change
9903.72.03	If entered during the period from September 1, 2000, through November 30, 2000, inclusive, in aggregate quantities not in excess of 477,783,962 kg.....	:	No change	:	No change

	:(Hot-rolled...(con.):)			
	:[f...(con.):]			
9903.72.04	If entered during the period from December 1, 2000, through February 28, 2001, inclusive, in aggregate quantities not in excess of the remaining quantity, if any, from 1,433,351,886 kg after the aggregate quantity entered under subheadings 9903.72.01 through 9903.72.03, inclusive, is subtracted therefrom.....	No change	No change	No change
9903.72.05	Other.....	The rate provided in the Rates of Duty 1 General subcolumn for the applicable subheading (7213.91, 7213.99, 7227.20 or 7227.90.60) + 10%		The rate provided in the Rates of Duty 2 column for the applicable subheading (7213.91, 7213.99, 7227.20 or 7227.90.60) + 10%
9903.72.06	If entered during the period from March 1, 2001, through February 28, 2002, inclusive: If entered during the period from March 1, 2001, through May 31, 2001, inclusive, in aggregate quantities not in excess of 487,339,641 kg.....	No change	No change	No change
9903.72.07	If entered during the period from June 1, 2001, through August 31, 2001, inclusive, in aggregate quantities not in excess of 487,339,641 kg.....	No change	No change	No change
9903.72.08	If entered during the period from September 1, 2001, through November 30, 2001, inclusive, in aggregate quantities not in excess of 487,339,641 kg.....	No change	No change	No change
9903.72.09	If entered during the period from December 1, 2001, through February 28, 2002, inclusive, in aggregate quantities not in excess of the remaining quantity, if any, from 1,462,018,923 kg after the aggregate quantity entered under subheadings 9903.72.06 through 9903.72.08, inclusive, is subtracted therefrom.....	No change	No change	No change
9903.72.10	Other.....	The rate provided in the Rates of Duty 1 General subcolumn for the applicable subheading (7213.91, 7213.99, 7227.20 or 7227.90.60) + 7.5%		The rate provided in the Rates of Duty 2 column for the applicable subheading (7213.91, 7213.99, 7227.20 or 7227.90.60) + 7.5%
9903.72.11	If entered during the period from March 1, 2002, through March 1, 2003, inclusive: If entered during the period from March 1, 2002, through May 31, 2002, inclusive, in aggregate quantities not in excess of 497,086,434 kg.....	No change	No change	No change
9903.72.12	If entered during the period from June 1, 2002, through August 31, 2002, inclusive, in aggregate quantities not in excess of 497,086,434 kg.....	No change	No change	No change
9903.72.13	If entered during the period from September 1, 2002, through November 30, 2002, inclusive, in aggregate quantities not in excess of 497,086,434 kg.....	No change	No change	No change
9903.72.14	If entered during the period from December 1, 2002, through March 1, 2003, inclusive, in aggregate quantities in excess of the remaining quantity, if any, from 1,491,259,302 kg after the aggregate quantity entered under subheadings 9903.72.11 through 9903.72.13, inclusive, is subtracted therefrom.....	No change	No change	No change

9903.72.15	:[Hot-rolled...(con.):] : [If...(con.):] : Other.....	: : : The rate : provided in : the Rates of : Duty 1 : General : subcolumn : for the : applicable : subheading : (7213.91, : 7213.99, : 7227.20 or : 7227.90.60) : +5%	: : : The rate : provided in : the Rates of : Duty 2 : column : for the : applicable : subheading : (7213.91, : 7213.99, : 7227.20 or : 7227.90.60) : + 5%*
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[FR Doc. 00-4198
 Filed 2-17-00; 11:42 am]
 Billing code 3190-01-C

**OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE**

**Technical Correction to the
Harmonized Tariff Schedule of the
United States**

AGENCY: Office of the United States
Trade Representative.

ACTION: Technical correction to the
Harmonized Tariff Schedule of the
United States.

SUMMARY: The United States Trade
Representative (the USTR) is modifying
the Harmonized Tariff Schedule of the
United States (HTS) as set forth below,
pursuant to authority granted by
Congress to the President in section 604
of the Trade Act of 1974 (Trade Act) and
delegated to the USTR in Presidential
Proclamation No. 6969 of January 27,
1997 (62 FR 4415). This technical
correction is to ensure that the intended
tariff treatment is accorded to certain
imported valve spring quality wire rod.

ADDRESSES: Office of the United States
Trade Representative, 600 17th Street,
NW, Washington, DC 20508.

FOR FURTHER INFORMATION CONTACT:
Gordana Earp, Acting Assistant United
States Trade Representative, (202) 395-
6160, or Audrey Winter, Associate
General Counsel, (202) 395-7305.

Correction to HTS

Presidential Proclamation 7273 of
February 16, 2000 (65 FR 8621)
modified subchapter III of chapter 99 of
the HTS in order to facilitate positive
adjustment to competition from imports
of certain steel wire rod. The
proclamation inserted new U.S. note 9
in that subchapter; the note provides
that various steel products are excluded
from the new subheadings

implementing the adjustment action. However, new subdivision (b) of note 9, which describes the valve spring quality wire rod intended to be excluded from the new tariff subheading, inadvertently misstated the purchasers of the subject product. Accordingly, the HTS is modified as follows:

Subdivision (b) of U.S. note 9 to subchapter III of chapter 99 of the HTS is modified by deleting the phrase "order from an automotive valve spring or automotive brake spring manufacturer in" and by inserting in lieu thereof the phrase "order from an automotive valve spring manufacturer, automotive valve spring wire manufacturer, automotive brake spring manufacturer or automotive brake spring wire manufacturer in".

This modification to the HTS shall be effective with respect to goods entered, or withdrawn from warehouse for consumption, on or after March 1, 2000, and shall continue in effect as if this language had been contained in Proclamation 7273, under the terms provided for therein.

Charlene Barshefsky,

United States Trade Representative.

[FR Doc. 00-6199 Filed 3-13-00; 8:45 am]

BILLING CODE 3190-01-M

**INTERNATIONAL TRADE
COMMISSION****[Investigation No. NAFTA-312-1]****Certain Steel Wire Rod****AGENCY:** United States International Trade Commission.**ACTION:** Institution and scheduling of an investigation under section 312(c)(2) of the North American Free Trade Agreement Implementation Act (19 U.S.C. 3372(c)(2)) (the Act).

SUMMARY: Following receipt of a request filed on July 24, 2001, on behalf of Co-Steel Raritan, GS Industries, Inc., Keystone Steel & Wire Company, and North Star Steel Texas Inc., the Commission instituted investigation No. NAFTA-312-1 under section 312(c)(2) of the Act to determine whether a surge in U.S. imports of certain steel wire rod from Canada and/or Mexico undermines the effectiveness of the import relief on wire rod provided for in Presidential Proclamation 7273 of February 16, 2000 (65 FR 8624, February 18, 2000).¹**EFFECTIVE DATE:** July 24, 2001.**FOR FURTHER INFORMATION CONTACT:** Debra Baker (202-205-3180), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS-

¹ See the Proclamation for a specific definition of the covered products.

ON-LINE) at <http://dockets.usitc.gov/eol/public>.

SUPPLEMENTARY INFORMATION:

Participation in the Investigation and Service List

Persons wishing to participate in the investigation as parties must file an entry of appearance with the Secretary to the Commission not later than 2 business days after publication of this notice in the *Federal Register*.² The Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance.

Conference

The Commission has scheduled a hearing in the form of a staff conference in connection with this investigation for 9:30 a.m. on August 8, 2001, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Debra Baker (202-205-3180) not later than August 6, 2001, to arrange for their appearance. Parties in support of the request in this investigation and parties in opposition to the request will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written Submissions

Each party is encouraged to submit a preconference brief to the Commission. The deadline for filing such briefs is August 6, 2001. Parties may also file postconference briefs, which shall not exceed 15 pages in length. The deadline for filing postconference briefs is August 10, 2001. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation on or before August 10, 2001. On August 17, 2001, the Commission will make available to parties a public version of the staff report. Parties may submit final comments on or before August 20, 2001, on the basis of this report and other information on which they have not had an opportunity to comment; such comments shall not exceed 15 pages in

length. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain confidential business information must also conform with the requirements of section 201.6 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means.

The Commission may wish to use in this investigation the information provided in investigation No. TA-204-6, Certain Steel Wire Rod: Monitoring Developments in the Domestic Industry. Any confidential business information submitted in that investigation will be afforded the protection provided under the appropriate statutory authority. Respondents to questionnaires in investigation No. TA-204-6 will be contacted to assure they do not object to use of their data in this investigation. Any U.S. producer, importer, or purchaser that did not provide a questionnaire response in investigation No. TA-204-6 is urged to provide equivalent information in this investigation. If convenient, this may be done by completing the appropriate questionnaire(s) which are available on the Commission's web site at <http://info.usitc.gov/OINV/INVEST/OINVINVEST.NSF>; questionnaires should be returned to the Commission by August 8, 2001.

Authority: This investigation is being conducted under the authority of section 312(c) of the Act; this notice is published pursuant to section 206.3 of the Commission's rules.

Issued: August 1, 2001.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 01-19617 Filed 8-2-01; 8:45 am]

BILLING CODE 7020-02-P

²The Commission waives the period for entering an appearance under section 201.11 of the Commission's rules in light of the time limits of this investigation.

APPENDIX B
CONFERENCE WITNESSES

CALENDAR OF THE PUBLIC CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's conference held in connection with the following investigation:

CERTAIN STEEL WIRE ROD

Investigation No. NAFTA-312-1

August 8, 2001 - 9:30 am

The conference was held in Room 101 (Main Hearing Room) of the United States International Trade Commission Building, 500 E Street, SW, Washington, DC.

IN SUPPORT OF THE PETITION:

Collier Shannon Scott
Washington, DC
on behalf of

Co-Steel Raritan, GS Industries, Inc., Keystone Steel & Wire Company, and North Star Texas, Inc.

Patrick Magrath, Economist, Georgetown Economic Services

Kathleen W. Cannon--OF COUNSEL

IN OPPOSITION TO THE PETITION:

Cameron & Hornbostel LLP
Washington, DC
on behalf of

Ispat Sidbec, Inc.

William Hillpot, President, MGF Industries
Denis Fraser, General Director - Wire Rod, Ispat Sidbec, Inc.

William K. Ince--OF COUNSEL

IN OPPOSITION TO THE PETITION--Continued:

Hunton & Williams
Washington, DC
on behalf of

Ivaco Rolling Mills Limited Partnership (IRM)

David Goldsmith, Manager, Planning & Development, IRM

William Silverman)--OF COUNSEL
Richard P. Ferrin)

Shearman & Sterling
Washington, DC
on behalf of

Deacero, S.A. de C.V., Hylsa, S.A. de C.V., and Siderurgica Lazaro Cardenas Las Truchas,
S.A. de C.V. (Sicartsa)

Francisco Rincon, International Trade Coordinator

Jeffrey M. Winton--OF COUNSEL

Holland & Knight LLP
Washington, DC
on behalf of

American Wire Producers Association (AWPA)

Joe Downes, President, Leggett & Platt Wire Group
Kimberly A. Korbel, AWPA Executive Director

Frederick P. Waite--OF COUNSEL

APPENDIX C
SUMMARY TABLES

Table C-1

Certain steel wire rod: Summary data concerning the U.S. market, 1998-2000, January-March 2000, and January-March 2001

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

Item	Reported data					Period changes			
	1998	1999	2000	January-March		1998-2000	1998-1999	1999-2000	Jan.-Mar. 2000-2001
				2000	2001				
U.S. consumption quantity:									
Amount	7,353,751	7,876,516	7,898,025	2,004,803	1,597,852	7.4	7.1	0.3	-20.3
Producers' share (1)	71.1	67.8	65.6	70.6	66.9	-5.5	-3.4	-2.2	-3.7
Importers' share (1):									
Countries subject to TRQ:									
Ukraine	2.2	2.5	4.7	2.6	3.6	2.5	0.3	2.2	1.0
Trinidad & Tobago	3.5	4.3	3.6	3.2	3.8	0.1	0.8	-0.7	0.7
Brazil	0.5	1.9	2.8	3.2	3.3	2.4	1.5	0.9	0.1
Japan	1.1	1.0	0.5	0.7	0.4	-0.6	-0.1	-0.5	-0.3
Moldova	1.5	2.4	2.4	0.8	0.0	0.9	0.9	0.0	-0.8
Turkey	1.7	1.9	2.4	2.7	2.0	0.6	0.2	0.5	-0.7
Germany	0.6	1.0	0.5	1.4	0.5	-0.1	0.5	-0.6	-0.9
All other sources	9.3	7.7	6.4	4.3	5.2	-2.9	-1.6	-1.3	0.9
Subtotal	20.3	22.7	23.3	18.9	18.9	3.0	2.4	0.6	-0.0
Countries not subject to TRQ:									
Canada	7.6	8.0	9.1	8.6	10.3	1.5	0.4	1.1	1.8
Mexico	1.0	1.5	2.0	1.9	3.9	1.0	0.5	0.5	2.0
Subtotal	8.6	9.5	11.1	10.5	14.2	2.5	0.9	1.6	3.7
Total imports	28.9	32.2	34.4	29.4	33.1	5.5	3.4	2.2	3.7
U.S. consumption value:									
Amount	2,459,579	2,329,112	2,398,753	614,996	478,598	-2.5	-5.3	3.0	-22.2
Producers' share (1)	72.4	70.8	68.0	73.4	67.6	-4.3	-1.6	-2.8	-5.9
Importers' share (1):									
Countries subject to TRQ:									
Ukraine	1.6	1.5	3.2	1.8	2.4	1.5	-0.1	1.6	0.6
Trinidad & Tobago	3.0	3.7	3.1	2.5	3.3	0.1	0.7	-0.6	0.8
Brazil	0.4	1.4	2.4	2.4	3.2	2.0	1.0	0.9	0.8
Japan	1.8	1.7	0.9	0.9	1.0	-0.9	-0.1	-0.8	0.1
Moldova	1.0	1.7	1.7	0.6	0.0	0.7	0.6	0.1	-0.6
Turkey	1.3	1.3	1.9	2.0	1.4	0.6	0.0	0.6	-0.5
Germany	0.6	0.9	0.3	1.1	0.6	-0.3	0.3	-0.7	-0.5
All other sources	7.9	6.0	5.4	3.2	4.4	-2.5	-1.9	-0.5	1.3
Subtotal	17.7	18.3	18.9	14.4	16.5	1.2	0.6	0.6	2.1
Countries not subject to TRQ:									
Canada	9.0	9.6	11.5	10.7	12.8	2.4	0.6	1.8	2.1
Mexico	0.9	1.3	1.6	1.5	3.2	0.7	0.4	0.4	1.7
Subtotal	9.9	10.9	13.1	12.1	15.9	3.2	1.0	2.2	3.8
Total imports	27.6	29.2	32.0	26.6	32.4	4.3	1.6	2.8	5.9
U.S. imports from--									
Ukraine:									
Quantity	160,273	193,003	367,712	52,813	57,906	129.4	20.4	90.5	9.6
Value	39,872	35,568	75,568	10,959	11,370	89.5	-10.8	112.5	3.7
Unit value	\$248.77	\$184.29	\$205.51	\$207.51	\$196.35	-17.4	-25.9	11.5	-5.4
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Trinidad & Tobago:									
Quantity	257,720	341,815	287,507	63,178	60,992	11.6	32.6	-15.9	-3.5
Value	74,915	87,289	75,511	15,664	16,028	0.8	16.5	-13.5	2.3
Unit value	\$290.68	\$255.37	\$262.64	\$247.93	\$262.79	-9.6	-12.1	2.8	6.0
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Brazil:									
Quantity	33,984	152,535	224,546	64,070	53,235	560.7	348.8	47.2	-16.9
Value	9,979	33,756	57,124	14,876	15,504	472.4	238.3	69.2	4.2
Unit value	\$293.65	\$221.30	\$254.40	\$232.18	\$291.23	-13.4	-24.6	15.0	25.4
Ending inventory quantity	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-1--Continued

Certain steel wire rod: Summary data concerning the U.S. market, 1998-2000, January-March 2000, and January-March 2001

Item	(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)								
	Reported data					Period changes			
	1998	1999	2000	January-March		1998-2000	1998-1999	1999-2000	Jan.-Mar. 2000-2001
			2000	2001					
U.S. imports from--									
Japan:									
Quantity	81,465	77,188	40,520	13,125	6,248	-50.3	-5.2	-47.5	-52.4
Value	44,042	39,674	20,997	5,285	4,780	-52.3	-9.9	-47.1	-9.5
Unit value	\$540.63	\$513.99	\$518.19	\$402.65	\$765.09	-4.1	-4.9	0.8	90.0
Ending inventory quantity ...	***	***	***	***	***	***	***	***	***
Moldova:									
Quantity	109,632	190,239	191,074	16,903	0	74.3	73.5	0.4	-100.0
Value	25,759	38,888	41,667	3,498	0	61.8	51.0	7.1	-100.0
Unit value	\$234.96	\$204.42	\$218.07	\$206.92	(2)	-7.2	-13.0	6.7	(2)
Ending inventory quantity ...	***	***	***	***	***	***	***	***	***
Turkey:									
Quantity	127,738	151,346	187,878	53,812	31,875	47.1	18.5	24.1	-40.8
Value	31,768	30,150	45,285	12,199	6,883	42.5	-5.1	50.2	-43.6
Unit value	\$248.70	\$199.21	\$241.04	\$226.70	\$215.95	-3.1	-19.9	21.0	-4.7
Ending inventory quantity ...	***	***	***	***	***	***	***	***	***
Germany:									
Quantity	40,448	81,422	37,027	28,077	8,262	-8.5	101.3	-54.5	-70.6
Value	14,778	21,855	6,354	6,768	3,055	-57.0	47.9	-70.9	-54.9
Unit value	\$365.34	\$268.41	\$171.60	\$241.03	\$369.75	-53.0	-26.5	-36.1	53.4
Ending inventory quantity ...	***	***	***	***	***	***	***	***	***
All other TRQ sources:									
Quantity	681,514	603,740	506,094	86,906	83,325	-25.7	-11.4	-16.2	-4.1
Value	194,298	139,193	130,255	19,474	21,286	-33.0	-28.4	-6.4	9.3
Unit value	\$285.10	\$230.55	\$257.37	\$224.09	\$255.46	-9.7	-19.1	11.6	14.0
Ending inventory quantity ...	***	***	***	***	***	***	***	***	***
Subtotal (TRQ sources):									
Quantity	1,492,773	1,791,288	1,842,359	378,885	301,844	23.4	20.0	2.9	-20.3
Value	435,411	426,374	452,761	88,722	78,906	4.0	-2.1	6.2	-11.1
Unit value	\$291.68	\$238.03	\$245.75	\$234.17	\$261.41	-15.7	-18.4	3.2	11.6
Ending inventory quantity ...	***	***	***	***	***	***	***	***	***
Canada:									
Quantity	555,886	626,352	715,974	172,055	165,170	28.8	12.7	14.3	-4.0
Value	222,377	224,648	274,879	65,646	61,069	23.6	1.0	22.4	-7.0
Unit value	\$400.04	\$358.66	\$383.92	\$381.54	\$369.74	-4.0	-10.3	7.0	-3.1
Ending inventory quantity ...	***	***	***	***	***	***	***	***	***
Mexico:									
Quantity	75,241	122,038	159,818	37,874	61,920	112.4	62.2	31.0	63.5
Value	21,966	29,449	39,337	8,937	15,169	79.1	34.1	33.6	69.7
Unit value	\$291.94	\$241.31	\$246.14	\$235.97	\$244.98	-15.7	-17.3	2.0	3.8
Ending inventory quantity ...	***	***	***	***	***	***	***	***	***
Subtotal (nonTRQ sources):									
Quantity	631,127	748,390	875,792	209,929	227,090	38.8	18.6	17.0	8.2
Value	244,344	254,097	314,216	74,584	76,238	28.6	4.0	23.7	2.2
Unit value	\$387.15	\$339.52	\$358.78	\$355.28	\$335.72	-7.3	-12.3	5.7	-5.5
Ending inventory quantity ...	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	2,123,900	2,539,679	2,718,150	588,814	528,934	28.0	19.6	7.0	-10.2
Value	679,754	680,471	766,978	163,306	155,144	12.8	0.1	12.7	-5.0
Unit value	\$320.05	\$267.94	\$282.17	\$277.35	\$293.31	-11.8	-16.3	5.3	5.8
Ending inventory quantity ...	15,783	48,585	85,473	33,776	70,489	441.6	207.8	75.9	108.7

Table continued on next page.

Table C-1--Continued

Certain steel wire rod: Summary data concerning the U.S. market, 1998-2000, January-March 2000, and January-March 2001

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per short ton; period changes=percent, except where noted)

Item	Reported data					Period changes			
	1998	1999	2000	January-March		1998-2000	1998-1999	1999-2000	Jan.-Mar. 2000-2001
				2000	2001				
U.S. producers':									
Average capacity quantity	6,711,984	6,532,463	6,650,148	1,643,620	1,671,898	-0.9	-2.7	1.8	1.7
Production quantity	5,270,138	5,394,760	5,336,432	1,421,446	977,180	1.3	2.4	-1.1	-31.3
Capacity utilization (1)	78.5	82.6	80.2	86.5	58.4	1.7	4.1	-2.3	-28.0
U.S. shipments:									
Quantity	5,229,851	5,336,837	5,179,875	1,415,989	1,068,918	-1.0	2.0	-2.9	-24.5
Value	1,779,825	1,648,641	1,631,775	451,690	323,454	-8.3	-7.4	-1.0	-28.4
Unit value	\$340.32	\$308.92	\$315.02	\$318.99	\$302.60	-7.4	-9.2	2.0	-5.1
Export shipments:									
Quantity	12,508	11,672	16,869	4,424	5,315	34.9	-6.7	44.5	20.1
Value	4,813	4,846	8,438	2,072	2,597	75.3	0.7	74.1	25.3
Unit value	\$384.79	\$415.20	\$500.21	\$468.35	\$488.62	30.0	7.9	20.5	4.3
Ending inventory quantity	251,749	273,466	329,662	271,713	208,279	30.9	8.6	20.5	-23.3
Inventories/total shipments (1)	4.8	5.1	6.3	4.8	4.8	1.5	0.3	1.2	0.1
Production workers	3,969	3,858	3,954	4,025	3,562	-0.4	-2.8	2.5	-11.5
Hours worked (1,000s)	8,548	8,602	8,825	2,262	1,910	3.2	0.6	2.6	-15.6
Wages paid (\$1,000s)	201,973	210,013	218,970	56,541	47,270	8.4	4.0	4.3	-16.4
Hourly wages	\$23.63	\$24.41	\$24.81	\$24.99	\$24.75	5.0	3.3	1.6	-1.0
Productivity (tons/1,000 hours)	616.6	627.2	604.7	628.3	511.6	-1.9	1.7	-3.6	-18.6
Unit labor costs	\$38.32	\$38.93	\$41.03	\$39.78	\$48.37	7.1	1.6	5.4	21.6
Net sales:									
Quantity	5,203,282	5,314,751	5,174,622	1,425,852	1,069,154	-0.6	2.1	-2.6	-25.0
Value	1,752,478	1,657,074	1,652,451	449,601	325,620	-5.7	-5.4	-0.3	-27.6
Unit value	\$336.80	\$311.79	\$319.34	\$315.32	\$304.56	-5.2	-7.4	2.4	-3.4
Cost of goods sold (COGS)	1,738,618	1,661,575	1,663,447	446,246	348,156	-4.3	-4.4	0.1	-22.0
Gross profit or (loss)	13,860	(4,501)	(10,996)	3,355	(22,536)	(3)	(3)	-144.3	(3)
SG&A expenses	83,463	76,095	66,577	18,085	11,576	-20.2	-8.8	-12.5	-36.0
Operating income or (loss)	(69,603)	(80,596)	(77,573)	(14,730)	(34,112)	-11.5	-15.8	3.8	-131.6
Capital expenditures	79,715	85,145	73,839	12,840	8,685	-7.4	6.8	-13.3	-32.4
Unit COGS	\$334.14	\$312.63	\$321.46	\$312.97	\$325.64	-3.8	-6.4	2.8	4.0
Unit SG&A expenses	\$16.04	\$14.32	\$12.87	\$12.68	\$10.83	-19.8	-10.7	-10.1	-14.6
Unit operating income or (loss)	(\$13.38)	(\$15.16)	(\$14.99)	(\$10.33)	(\$31.91)	-12.1	-13.4	1.1	-208.8
COGS/sales (1)	99.2	100.3	100.7	99.3	106.9	1.5	1.1	0.4	7.7
Operating income or (loss)/ sales (1)	(4.0)	(4.9)	(4.7)	(3.3)	(10.5)	-0.7	-0.9	0.2	-7.2

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Not applicable.

(3) Undefined.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

Table C-2

All steel wire rod: Summary data concerning the U.S. market, 1998-2000, January-March 2000, and January-March 2001

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APPENDIX D
ADDITIONAL INFORMATION

Table D-1

Certain steel wire rod: U.S. producers' and importers' reported U.S. shipments, 1998-2000,
January-March 2000, and January-March 2001

Item	1998	1999	2000	January-March	
				2000	2001
Quantity (short tons)					
<u>U.S. producers' U.S. shipments:</u>					
Industrial (standard) quality rod	2,585,856	2,681,062	2,573,641	721,881	527,173
High- and medium-high carbon	1,111,878	1,053,331	1,116,809	291,924	253,211
Cold heading quality rod	659,325	866,558	687,166	200,243	131,454
Welding quality rod	186,617	128,778	126,504	35,720	21,712
All other certain steel wire rod	686,186	606,526	675,467	166,024	135,309
Total	5,229,862	5,336,255	5,179,587	1,415,792	1,068,859
<u>U.S. shipments of imports from Canada:</u>					
Industrial (standard) quality rod	***	***	***	***	***
High- and medium-high carbon	***	***	***	***	***
Cold heading quality rod	***	***	***	***	***
Welding quality rod	***	***	***	***	***
All other certain steel wire rod	***	***	***	***	***
Total	***	***	***	***	***
<u>U.S. shipments of imports from Mexico:</u>					
Industrial (standard) quality rod	***	***	***	***	***
High- and medium-high carbon	***	***	***	***	***
Cold heading quality rod	***	***	***	***	***
Welding quality rod	***	***	***	***	***
All other certain steel wire rod	***	***	***	***	***
Total	***	***	***	***	***
Share of U.S. shipments (percent)					
<u>U.S. producers' U.S. shipments:</u>					
Industrial (standard) quality rod	49.4	50.2	49.7	51.0	49.3
High- and medium-high carbon	21.3	19.7	21.6	20.6	23.7
Cold heading quality rod	12.6	16.2	13.3	14.1	12.3
Welding quality rod	3.6	2.4	2.4	2.5	2.0
All other certain steel wire rod	13.1	11.4	13.0	11.7	12.7
Total	100.0	100.0	100.0	100.0	100.0
<u>U.S. shipments of imports from Canada:</u>					
Industrial (standard) quality rod	***	***	***	***	***
High- and medium-high carbon	***	***	***	***	***
Cold heading quality rod	***	***	***	***	***
Welding quality rod	***	***	***	***	***
All other certain steel wire rod	***	***	***	***	***
Total	***	***	***	***	***
<u>U.S. shipments of imports from Mexico:</u>					
Industrial (standard) quality rod	***	***	***	***	***
High- and medium-high carbon	***	***	***	***	***
Cold heading quality rod	***	***	***	***	***
Welding quality rod	***	***	***	***	***
All other certain steel wire rod	***	***	***	***	***
Total	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

Table D-2

Certain steel wire rod: Data for producers in Canada, 1998-2000, January-March 2000, January-March 2001, and projected 2001-02

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APPENDIX E
PURCHASER RESPONSES

Canadian respondents argued that a significant portion of the increased imports from Canada was due to purchaser's needs to obtain product due to problems with domestic suppliers; Canadian respondents state that such increases in imports from Canada were not result of diversion from import sources that were covered by the TRQ. Canadian respondents submitted names of purchasers that they believe purchased additional amounts of Canadian imports since the imposition of the TRQ.¹ Staff contacted 11 of the 16 purchasers; a summary of the information obtained from these firms follows.

Purchasers were asked if they had increased purchases of steel wire rod from Canada since the imposition of the TRQ on March 1, 2000. Of the 11 firms that responded to this question, 8 reported that they had increased their purchases of Canadian steel wire rod. Two firms stated their purchases of Canadian steel wire rod were probably slightly higher in 2000 but were probably slightly lower in 2001. Purchasers were asked whether any increase in purchases of Canadian wire rod was due to (1) an overall increase in the firm's purchases of steel wire rod, (2) a shift from purchases of U.S.-produced wire rod, or (3) a shift from purchases of wire rod from countries subject to the TRQ. Responses to this question are summarized in the tabulation below.

The increase in purchases of Canadian imports was due to:	Number of firms reporting "yes"	Number of firms reporting "no"
An overall increase in your firm's purchases of steel wire rod	4	5
A shift from purchases of U.S.-produced wire rod to Canadian wire rod	6	2
A shift from purchases of wire rod from countries subject to the TRQ to Canadian wire rod	1	7

Purchasers were also asked to discuss the reasons why their firm increased purchases of Canadian wire rod since March 1, 2000 (i.e., since the imposition of the TRQ). Information from purchasers is detailed in the following tabulation.

* * * * *

¹ Petitioners also provided a list of examples in which Canadian and Mexican wire rod products were allegedly sold or offered to U.S. customers at lower prices than domestic products since March 1, 2000, causing U.S. producers to lose sales or revenues. See exhibit 5 of petitioners' postconference brief.