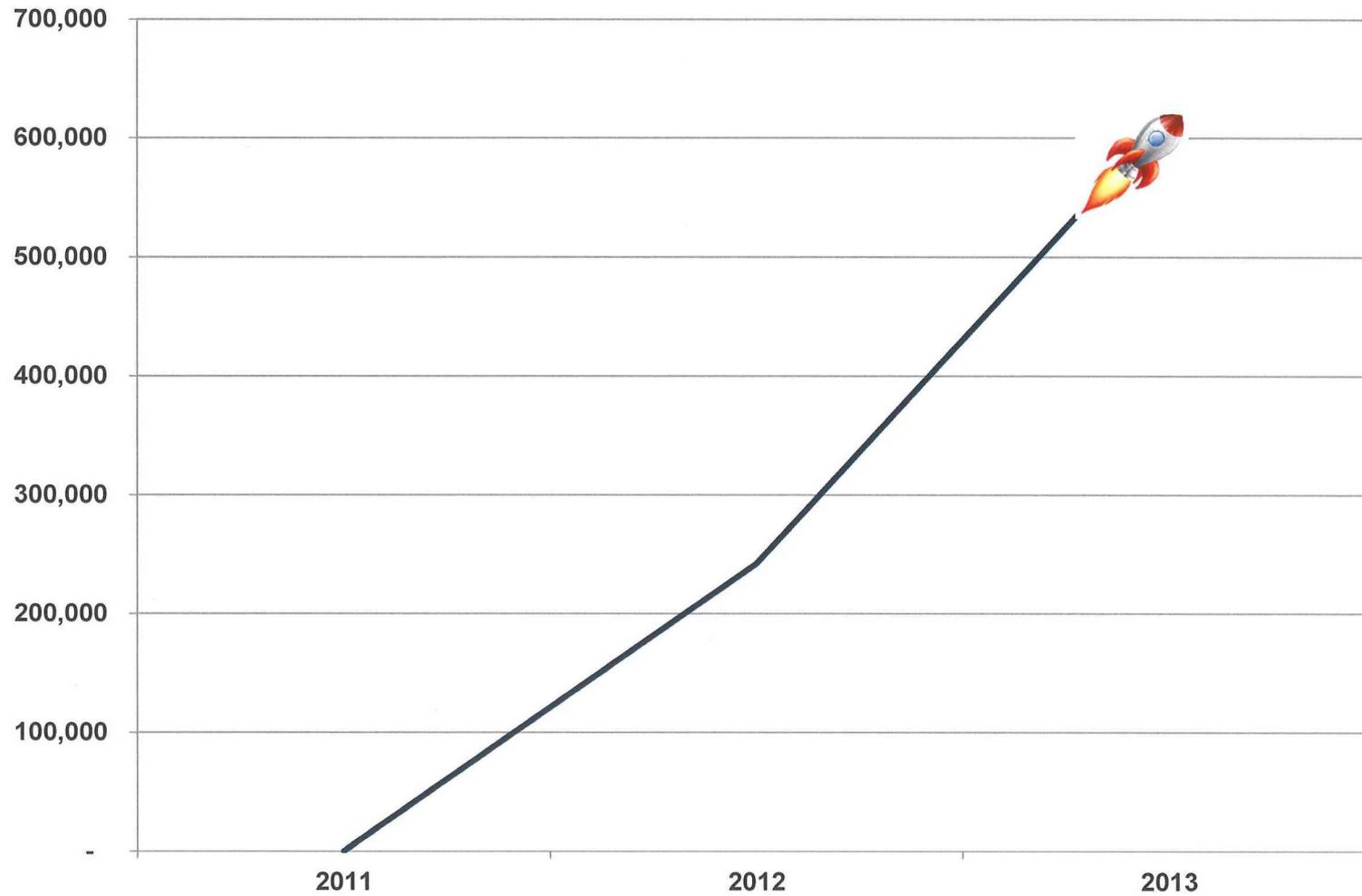


# Carbon and Certain Alloy Steel Wire Rod from China

Domestic Industry Presentation

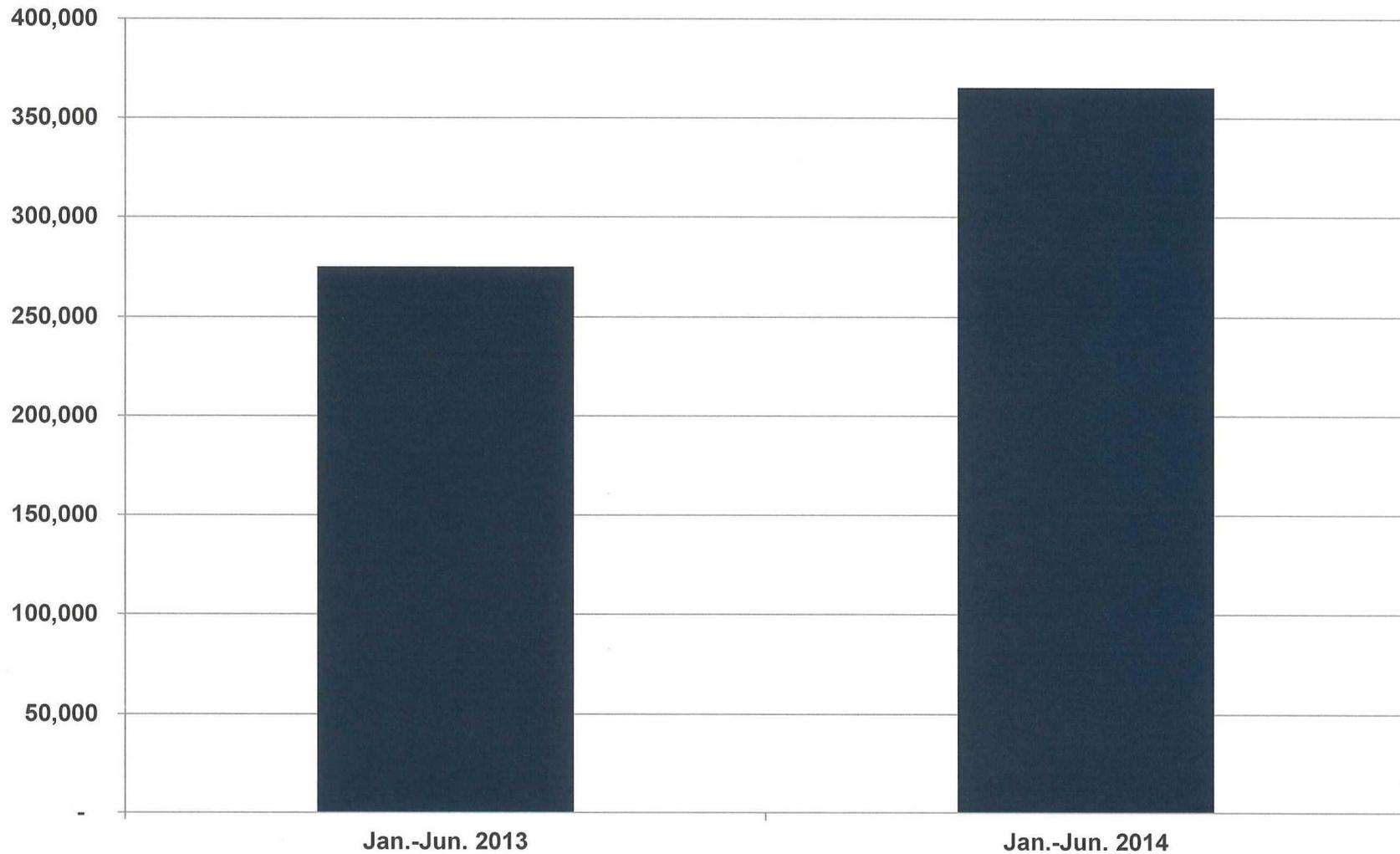
November 12, 2014

# U.S. Imports From China Skyrocketed



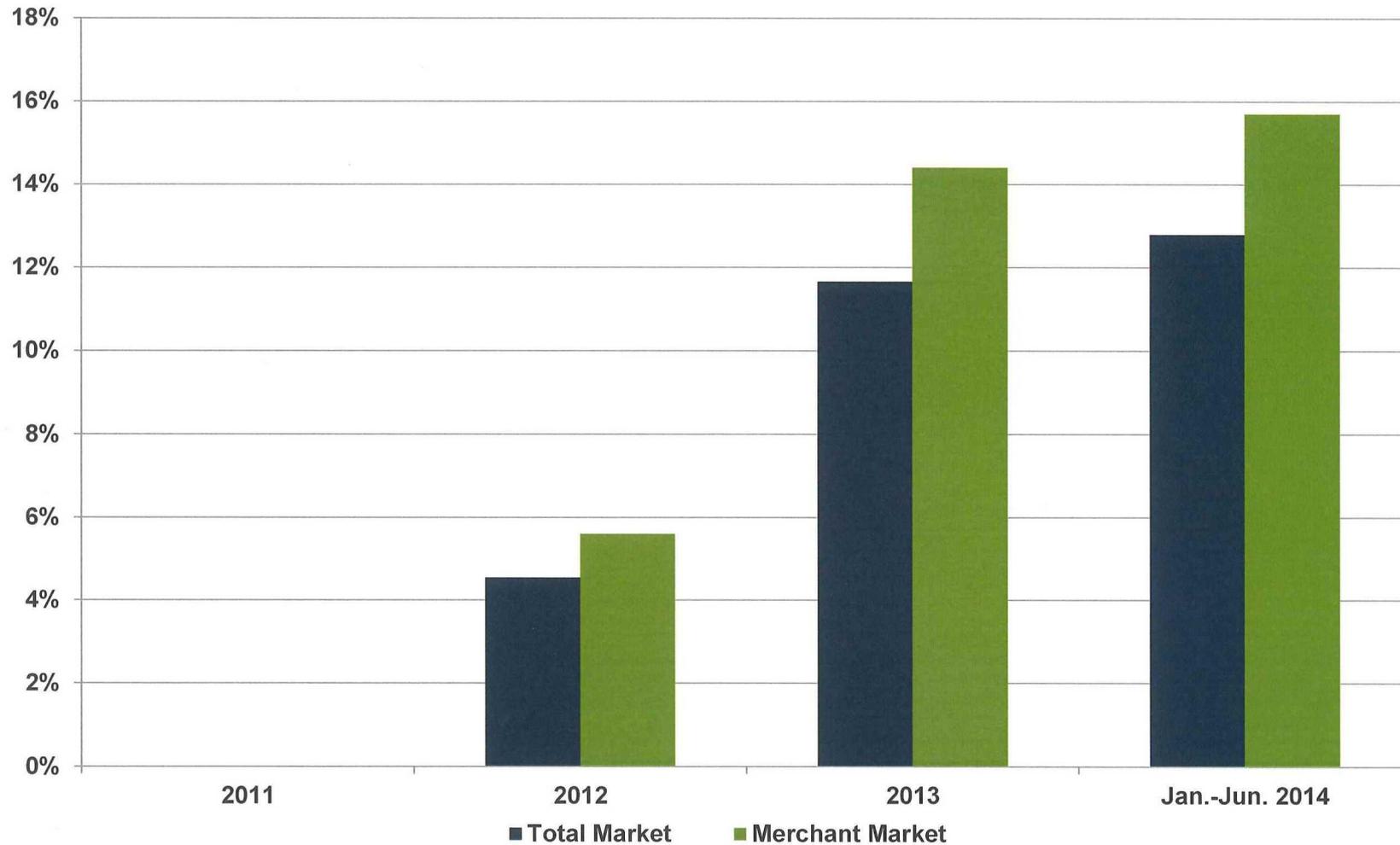
Source: ITC Prehrg. Rep. at C-3 for imports from China in short tons

# Imports Continued to Rise after This Case Was Filed



Source: ITC Prehrg. Rep. at C-3 for imports from China in short tons

# China's Share of the U.S. Market Surged



Source: ITC Prehrg. Rep. at C-3 and C-5 for China's market share

## Underselling by China is Significant

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- China undersold U.S. producer prices in 36 of 38 instances -- 95 percent of the time.
- U.S. producers suffered price depression: prices dropped from 1Q12 through 2Q14, pulled down by lower and declining Chinese prices.
- U.S. producers suffered price suppression: when costs rose in late 2013 and interim 2014, U.S. producers could not raise prices to cover increased costs due to lower Chinese prices.
- U.S. prices dropped again in 2Q14 as Chinese imports surged into the market ahead of the CVD preliminary determination.

Source: ITC Prehrg. Rep. at V-9-18 and C-3

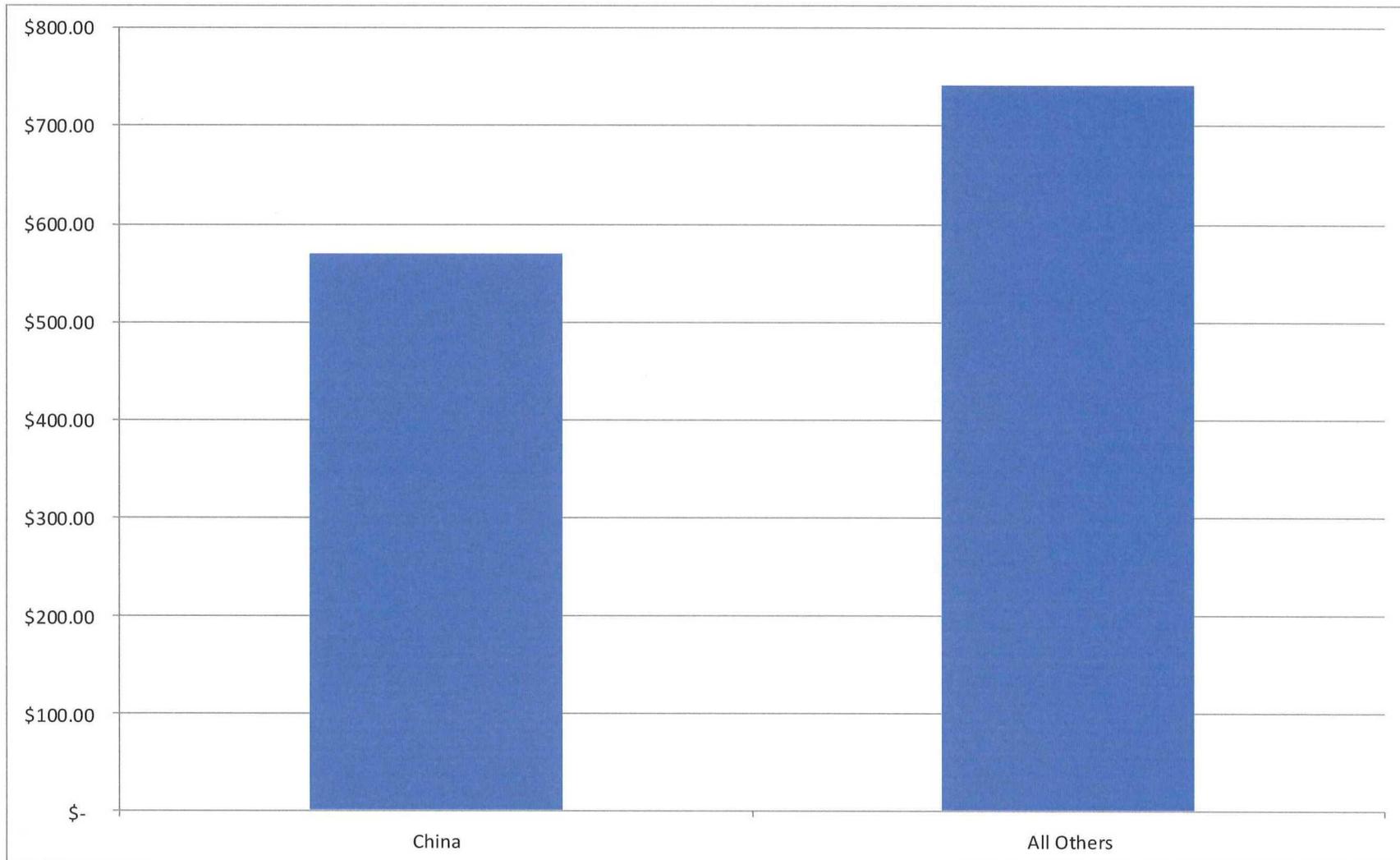
## Purchasers Say Price is Paramount

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- Price is “very important” to buying decisions (52 of 53).
- Price is one of the top three factors in buying decisions (49 of 53).
- Factors other than price were sometimes or never significant when buying from U.S. vs. China (31 of 43).

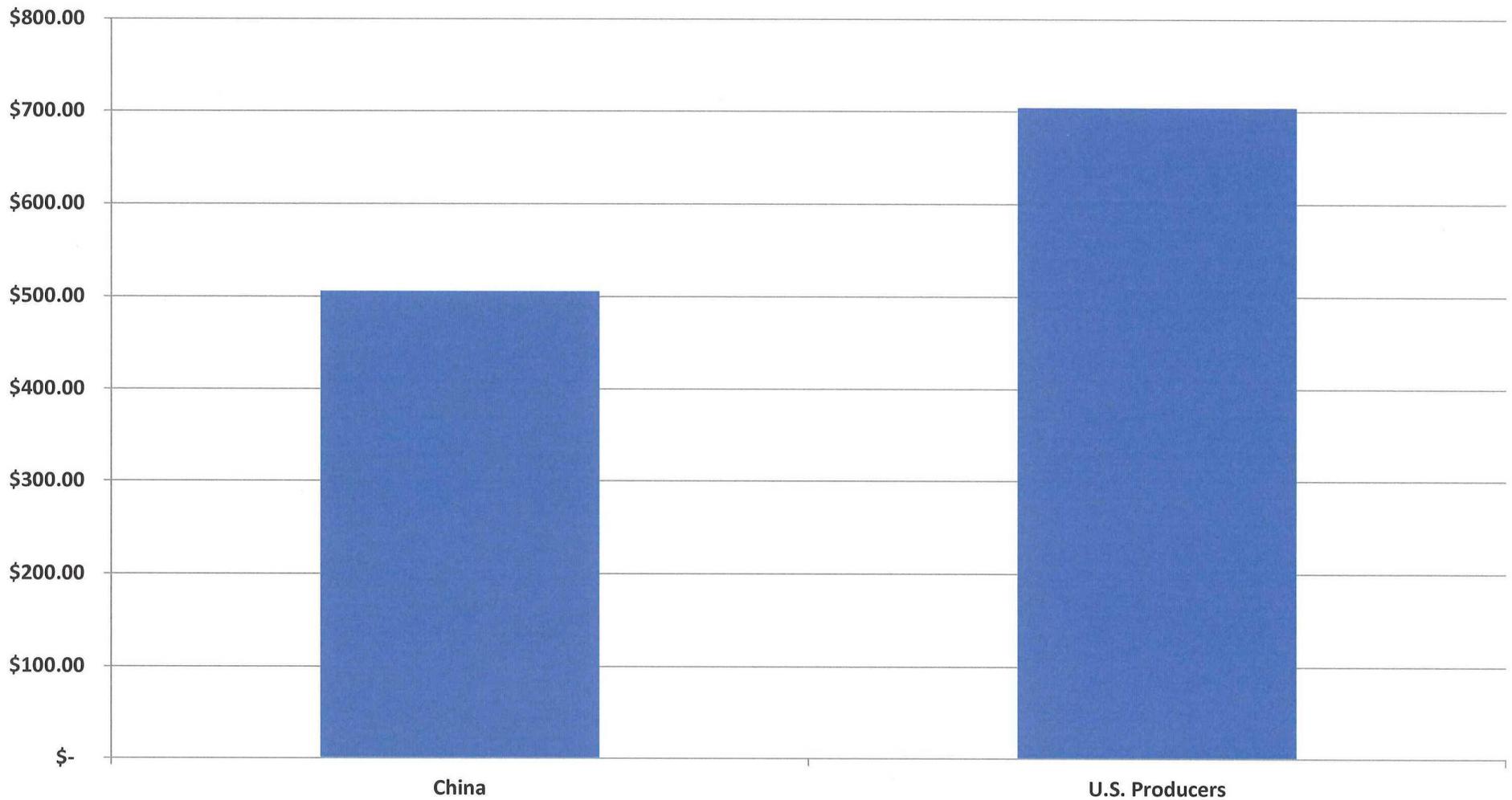
Source: ITC Prehrg. Rep. at II-16-19

# China Undersold U.S. Producers by Large Margins in 2012



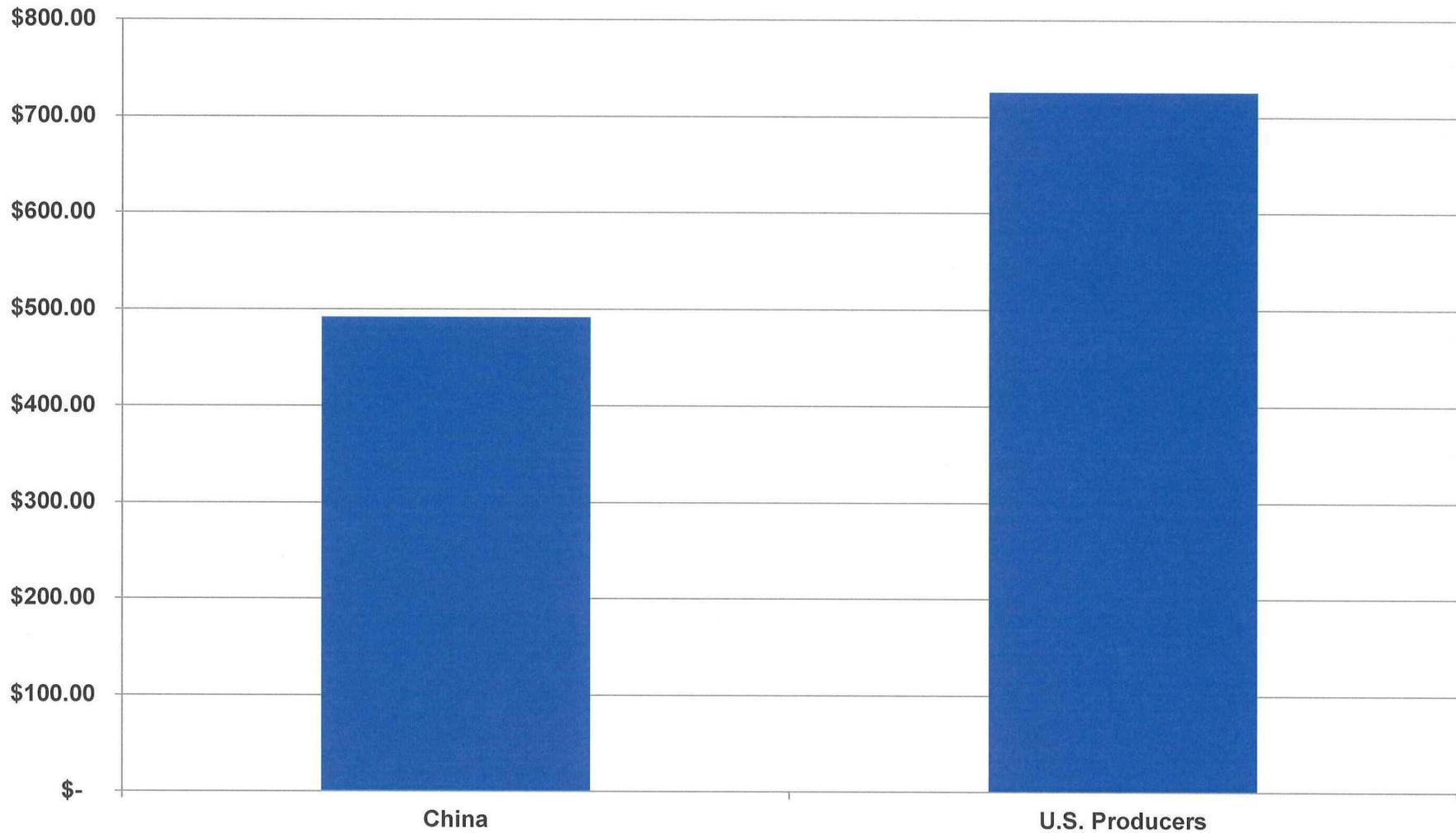
Source: ITC Prehrg. Rep. at C-3 for U.S. AUVs and Dom. Prod. Prehrg. Brf. at Exh. 1 for Chinese AUVs in dollars per ton in 2012

# China Undersold U.S. Producers by Large Margins in 2013



ITC Prehrg. Rep. at C-3 for U.S. AUVs and Dom. Prod. Prehrg. Brf. at Exh. 1 for Chinese AUVs in dollars per ton in 2013

# China Continued to Undersell U.S. Producers by Large Margins After this Case Was Filed in 2014

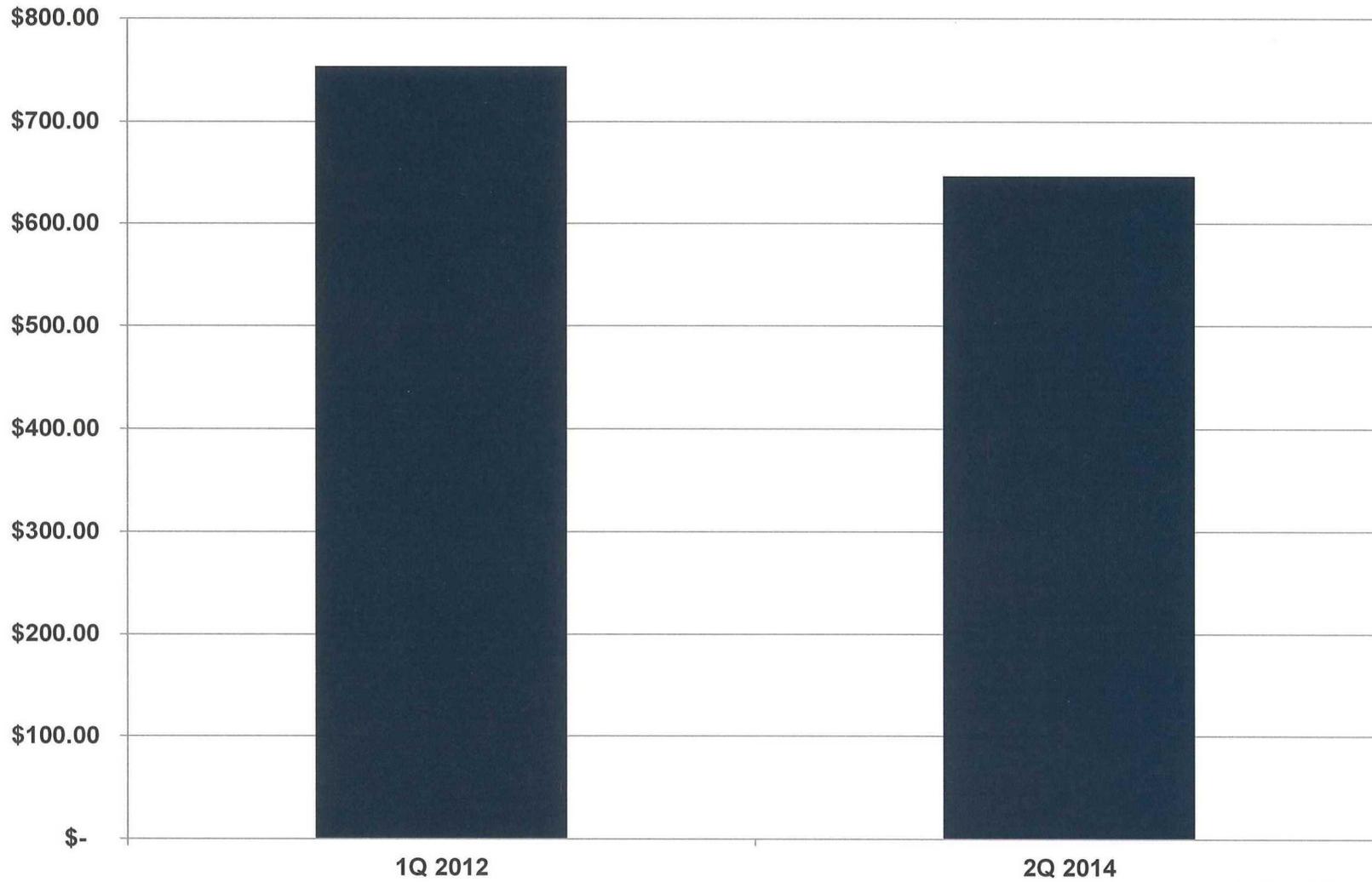


Source: ITC Prehrg. Rep. at C-3 for U.S. AUVs and Dom. Prod. Prehrg. Brf. at Exh. 1 for Chinese AUVs in dollars per ton in interim 2014

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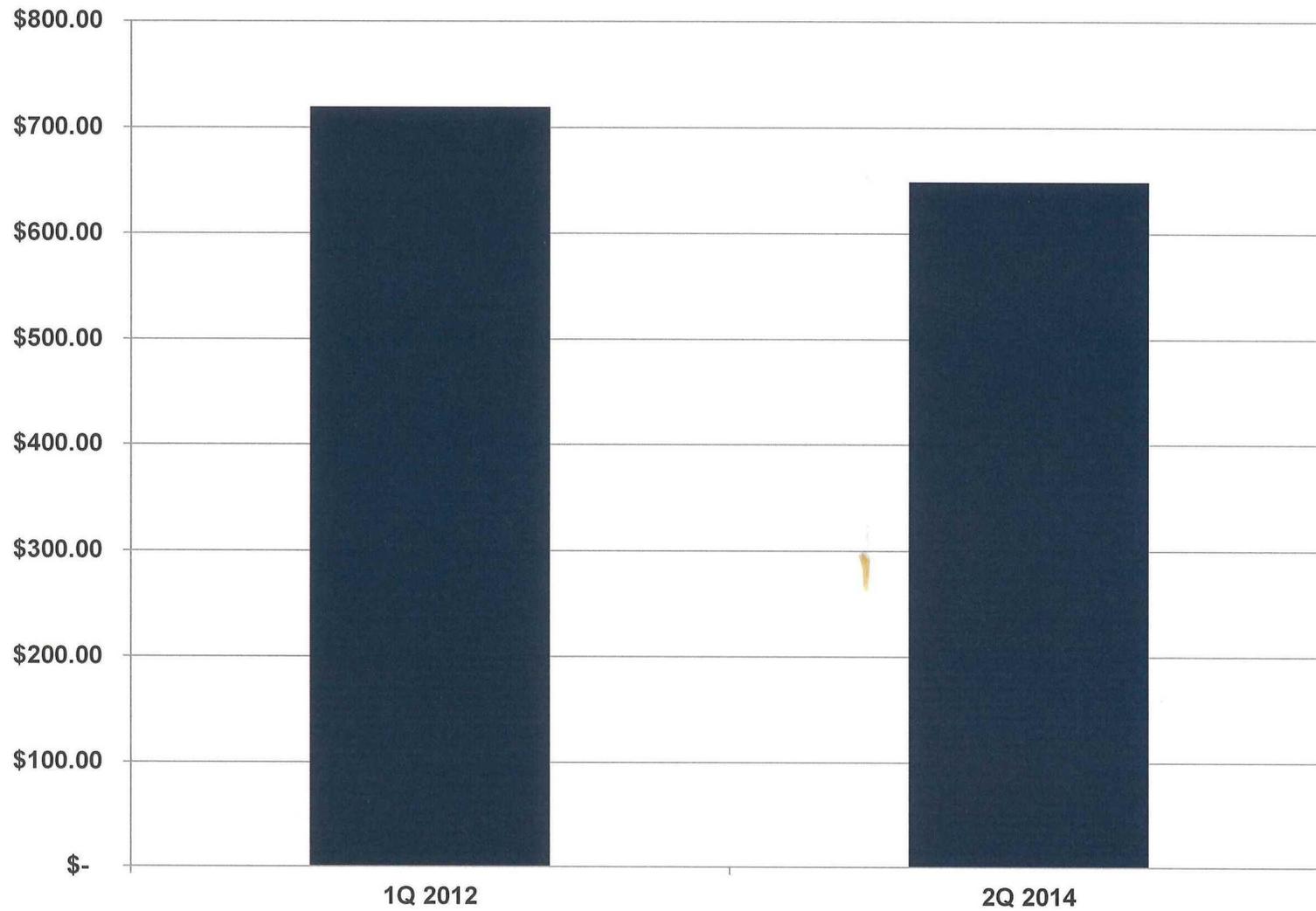
# Pulled Down by Lower Chinese Prices, U.S. Prices Declined for Every Product Surveyed

# Product 1



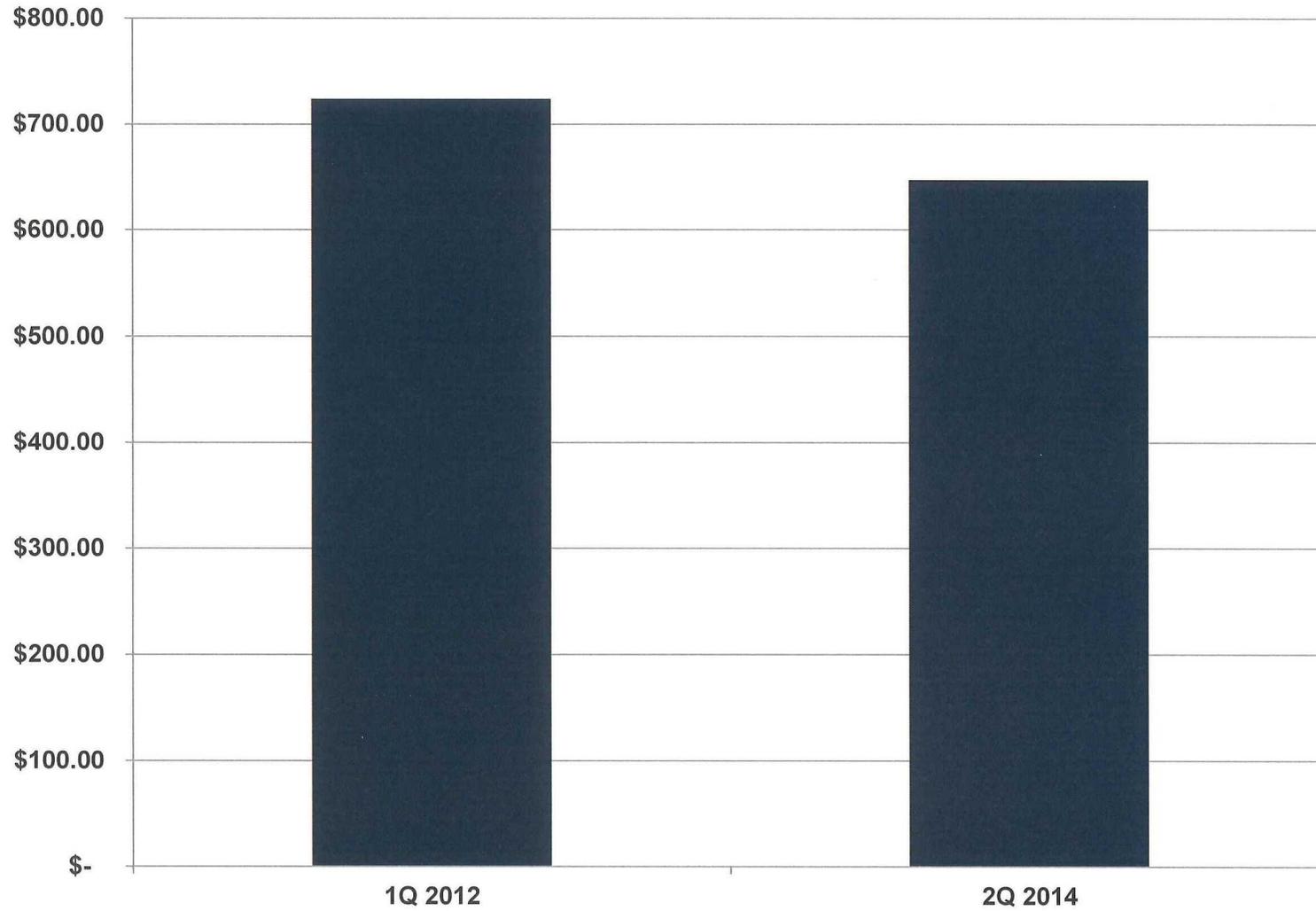
Source: ITC Prehrg. Rep. at V-8 in dollars per ton

# Product 2



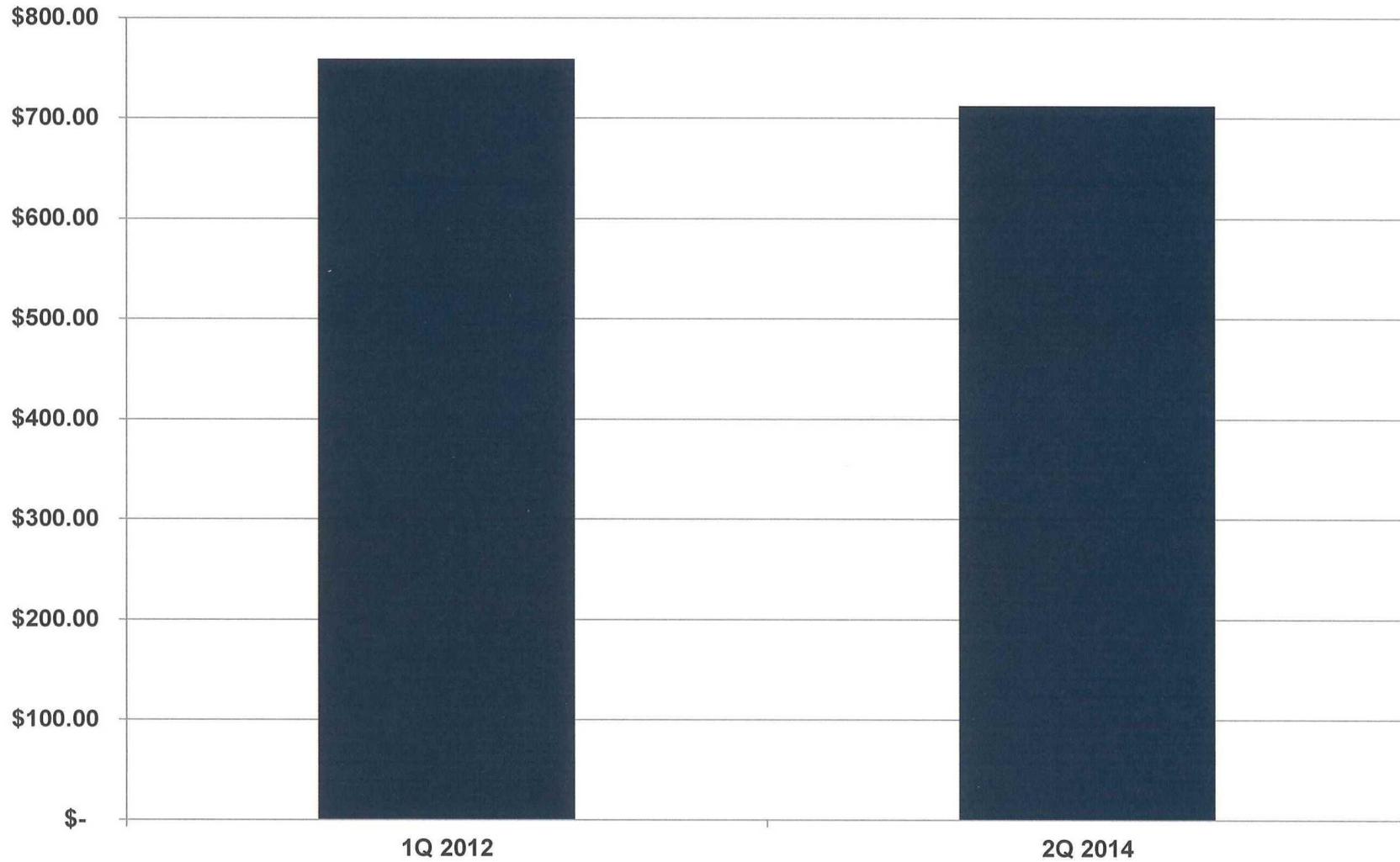
Source: ITC Prehrg. Rep. at V-9 in dollars per ton

# Product 3



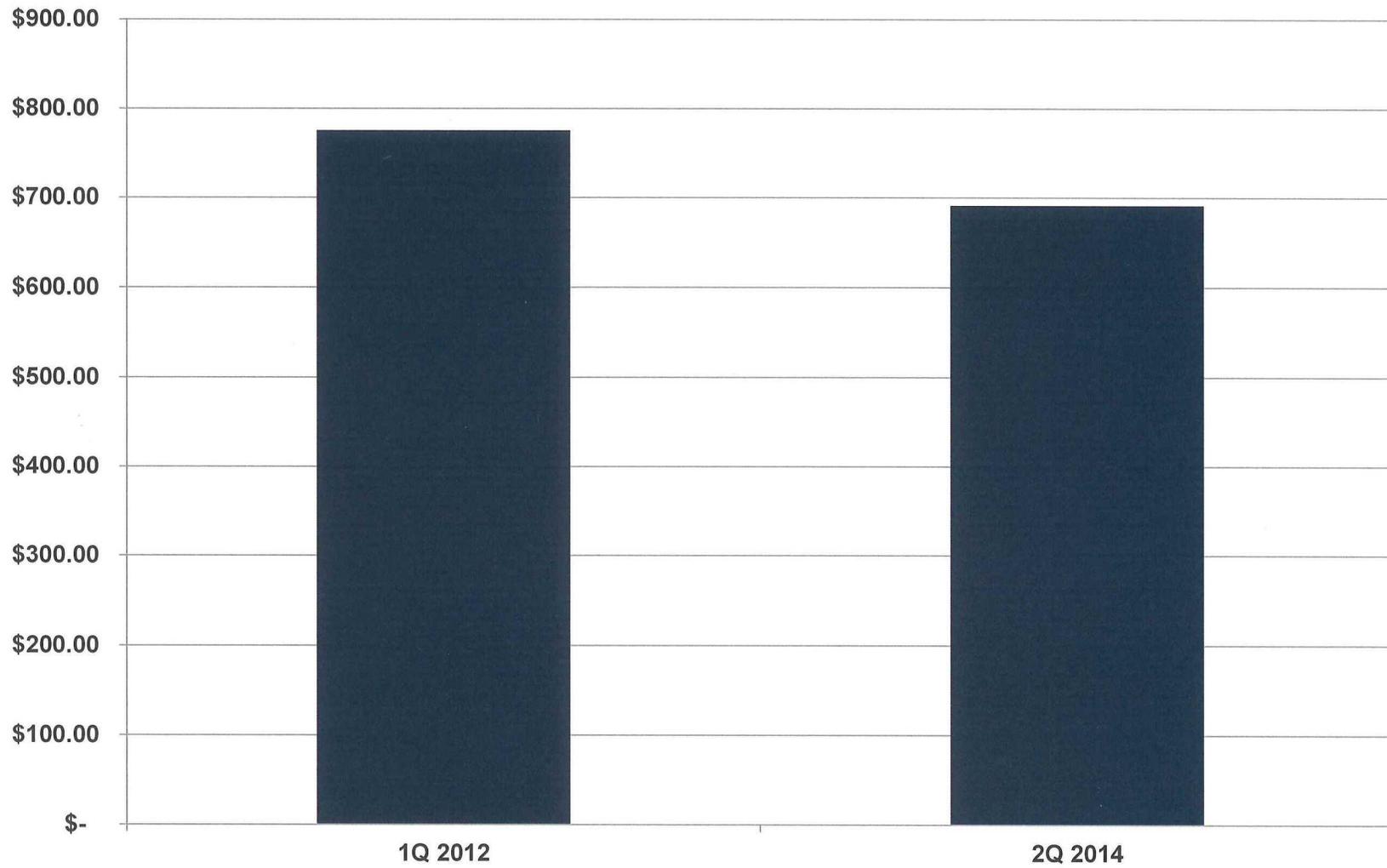
Source: : ITC Prehrg. Rep. at V-10 in dollars per ton

# Product 4



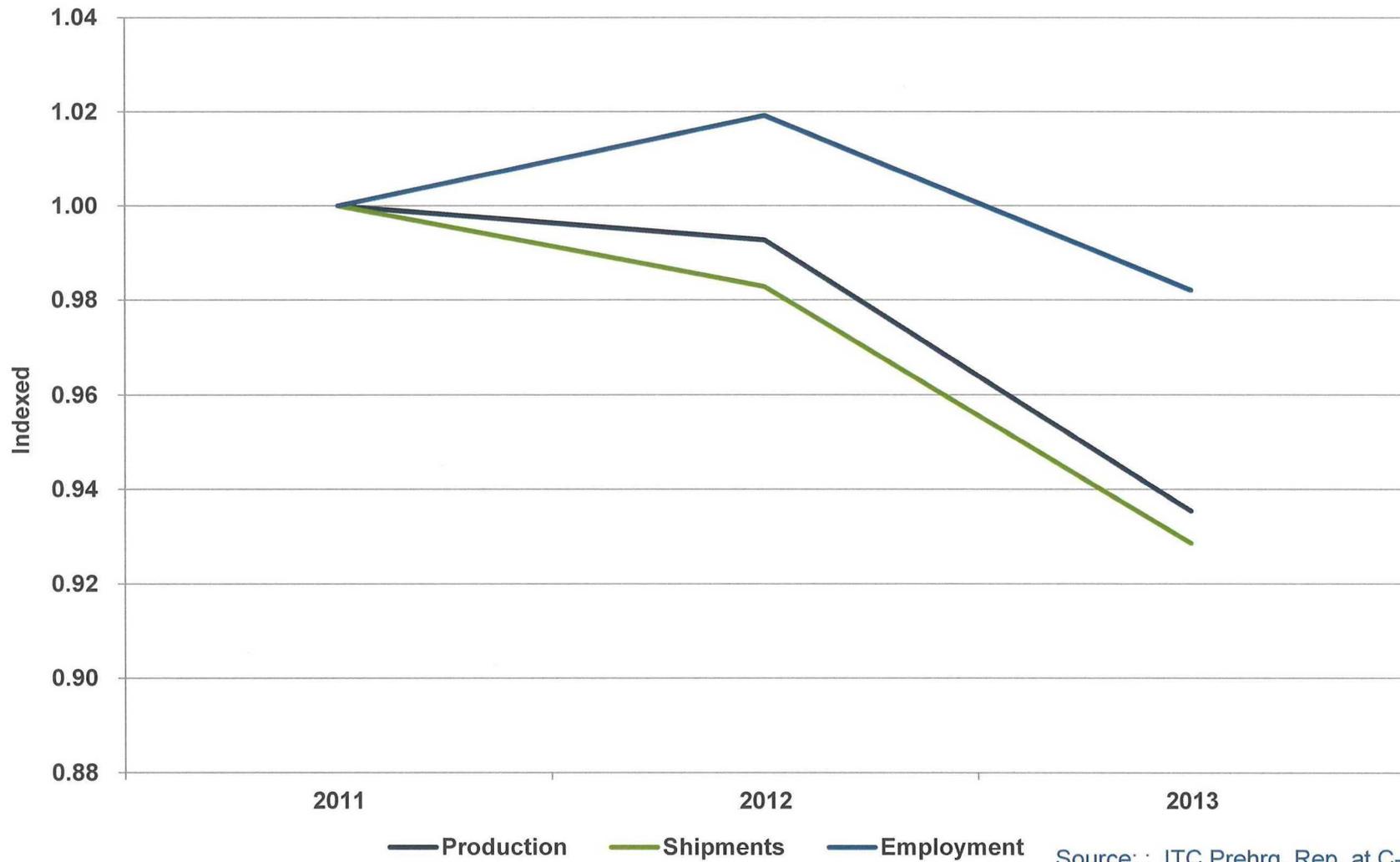
Source: : ITC Prehrg. Rep. at V-11 in dollars per ton

# Product 5



Source: : ITC Prehrg. Rep. at V-12 in dollars per ton

# U.S. Production, Shipments and Employment Plummeted



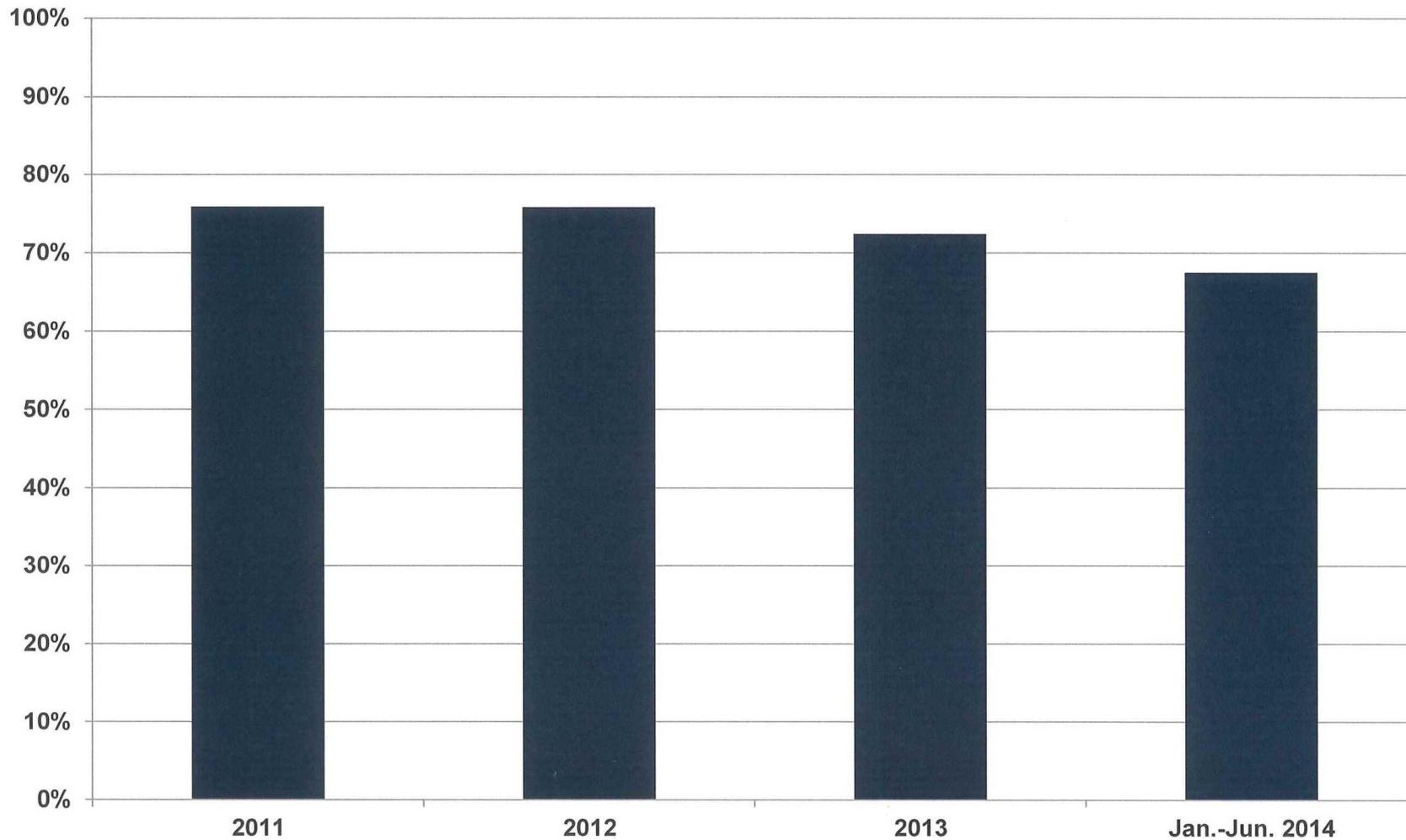
## Workers Were Negatively Affected During POI

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- In addition to workers who lost jobs, the remaining workers suffered shift reductions and temporary layoffs, as shown in the drop in hours worked and wages paid during the POI.
- Keystone had numerous one-week and two-week layoffs in 2013 and 2014.
- ArcelorMittal USA reduced operations to two shifts (from three shifts) in late 2012.

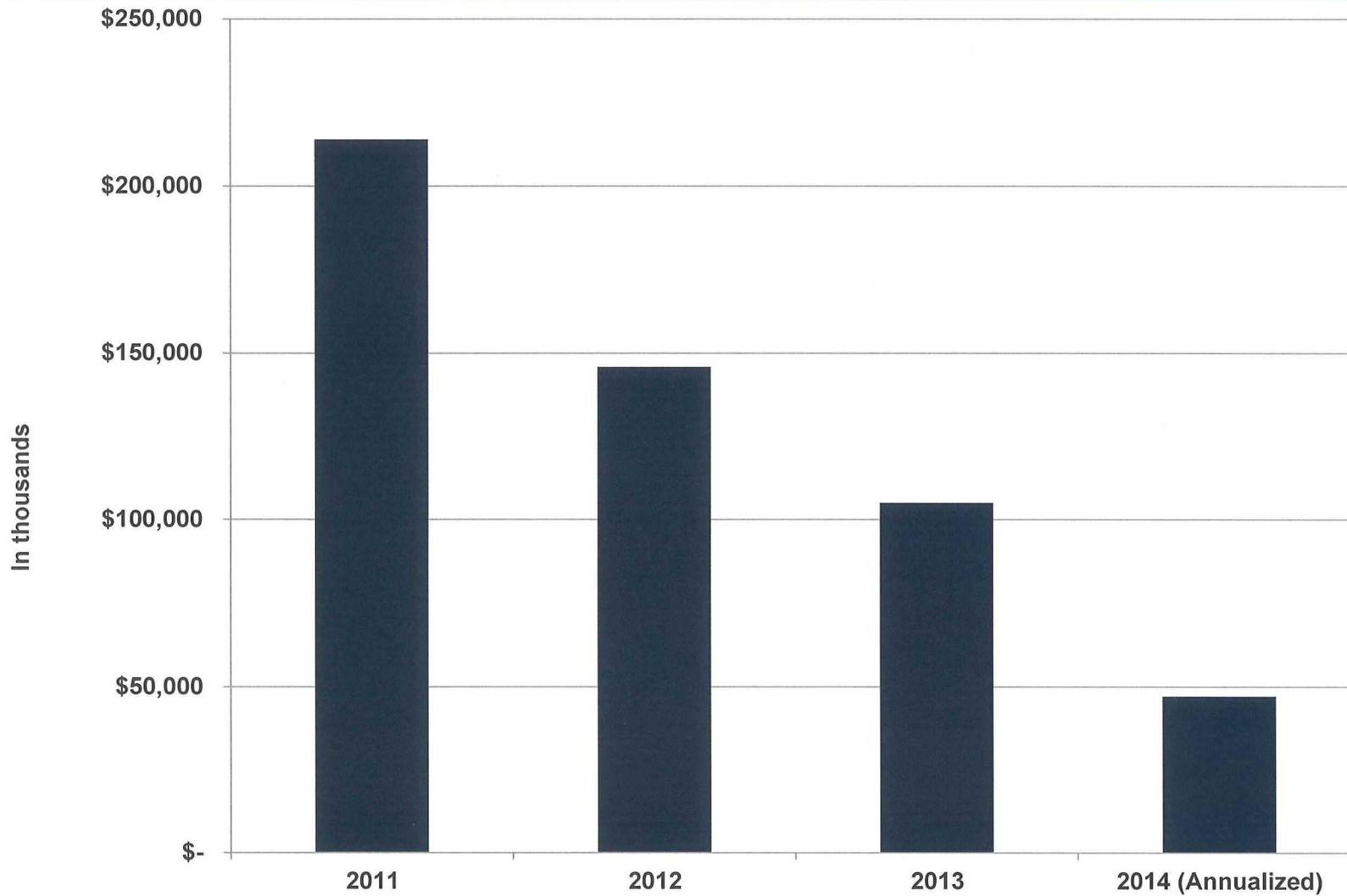
Source: ITC Prehrg. Rep. at III-18 and Dom. Prod. Prehrg. Brf. at 21

# Capacity Utilization Was Low and Falling



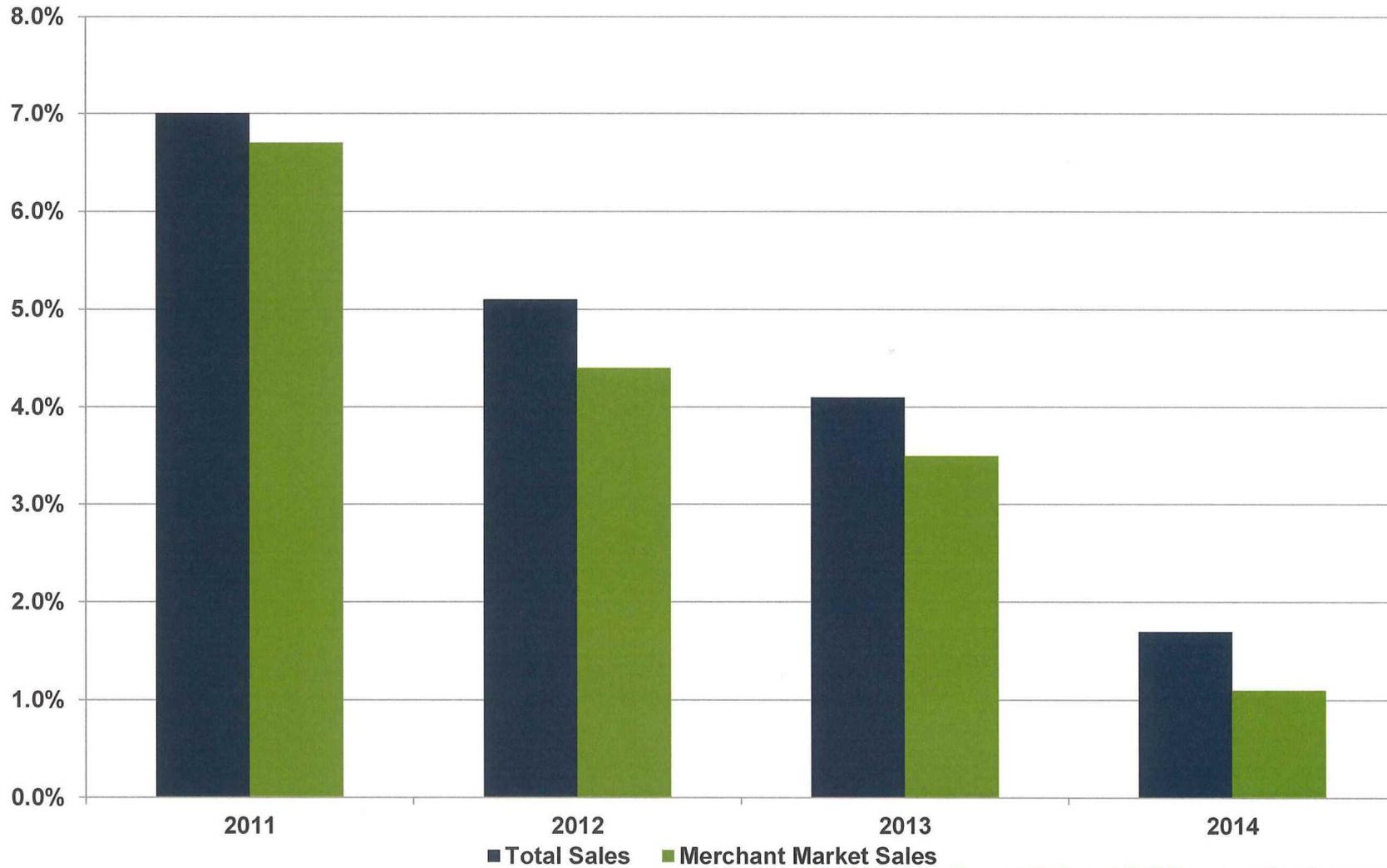
Source: ITC Prehrg. Rep. at C-3 for U.S. producers' capacity utilization

# Operating Income Plunged



Source: ITC Prehrg. Rep. at C-3 for U.S. producers' operating income in 1,000 dollars

# Operating Income as a Ratio of Sales Declined to Unsustainable Levels

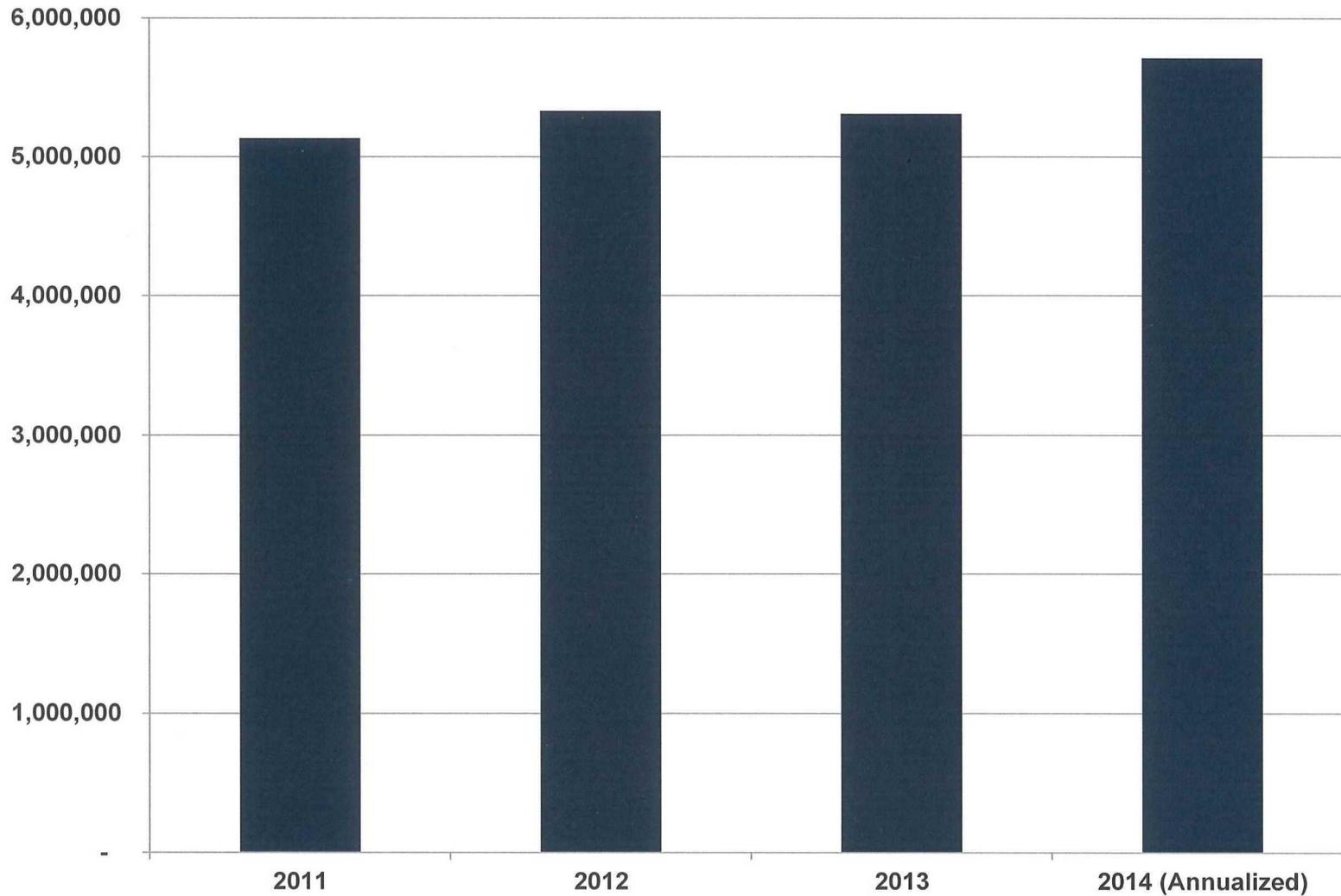


Source: ITC Prehrg. Rep. at C-3 and C-5 for operating income to sales ratios

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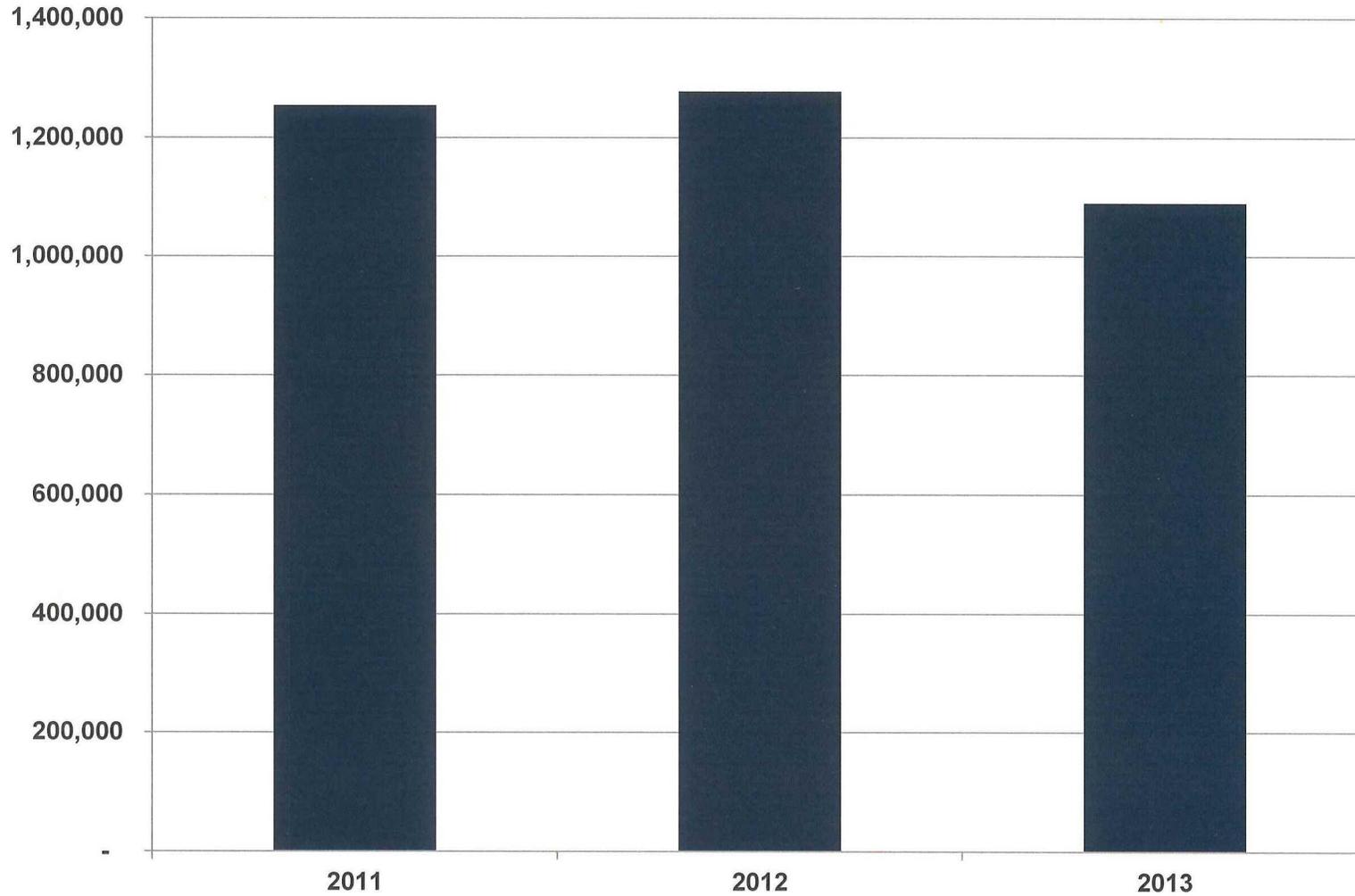
# What Caused Injury?

# It Was Not Demand



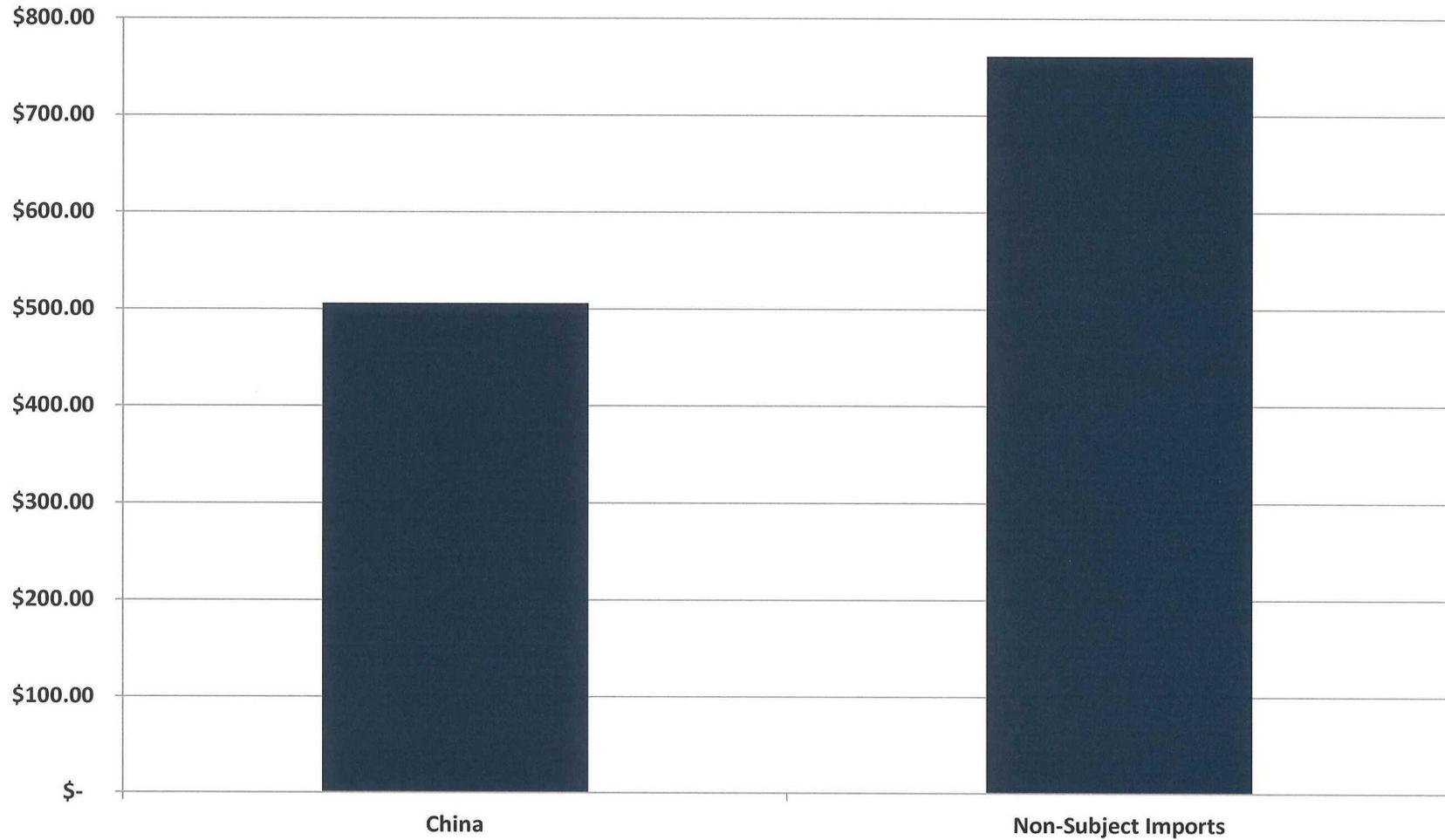
Source: ITC Prehrg. Rep. at C-3 for U.S. consumption in short tons

# It Was Not Non-Subject Import Volume



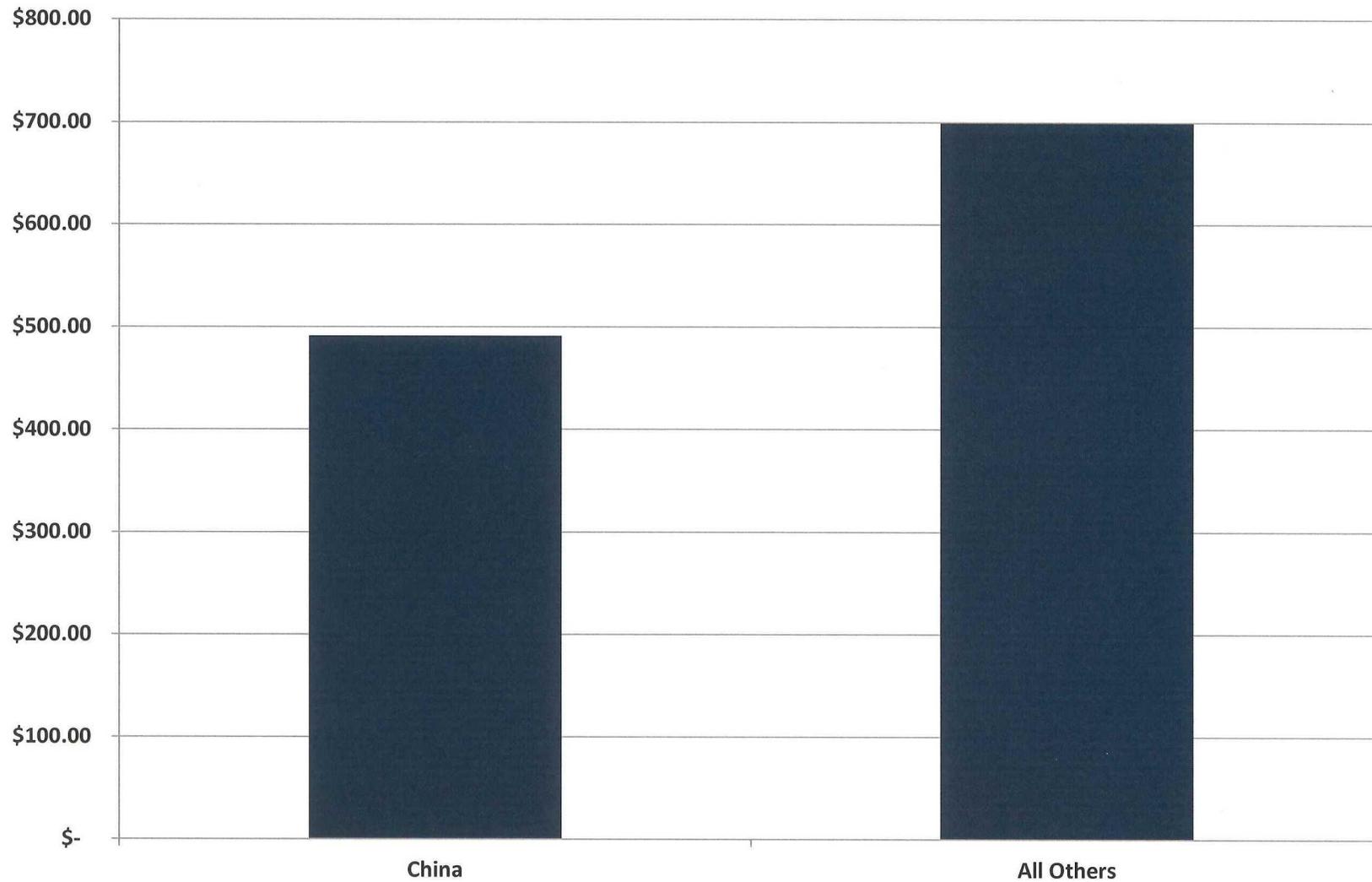
Source: ITC Prehrg. Rep. at C-3 for non-subject imports in short tons

# It Was Not Non-Subject Import Price in 2013



Source: Dom. Prod. Prehrg. Brf. at Exh. 1 for China and Non-Subject Import AUVs in dollars per ton

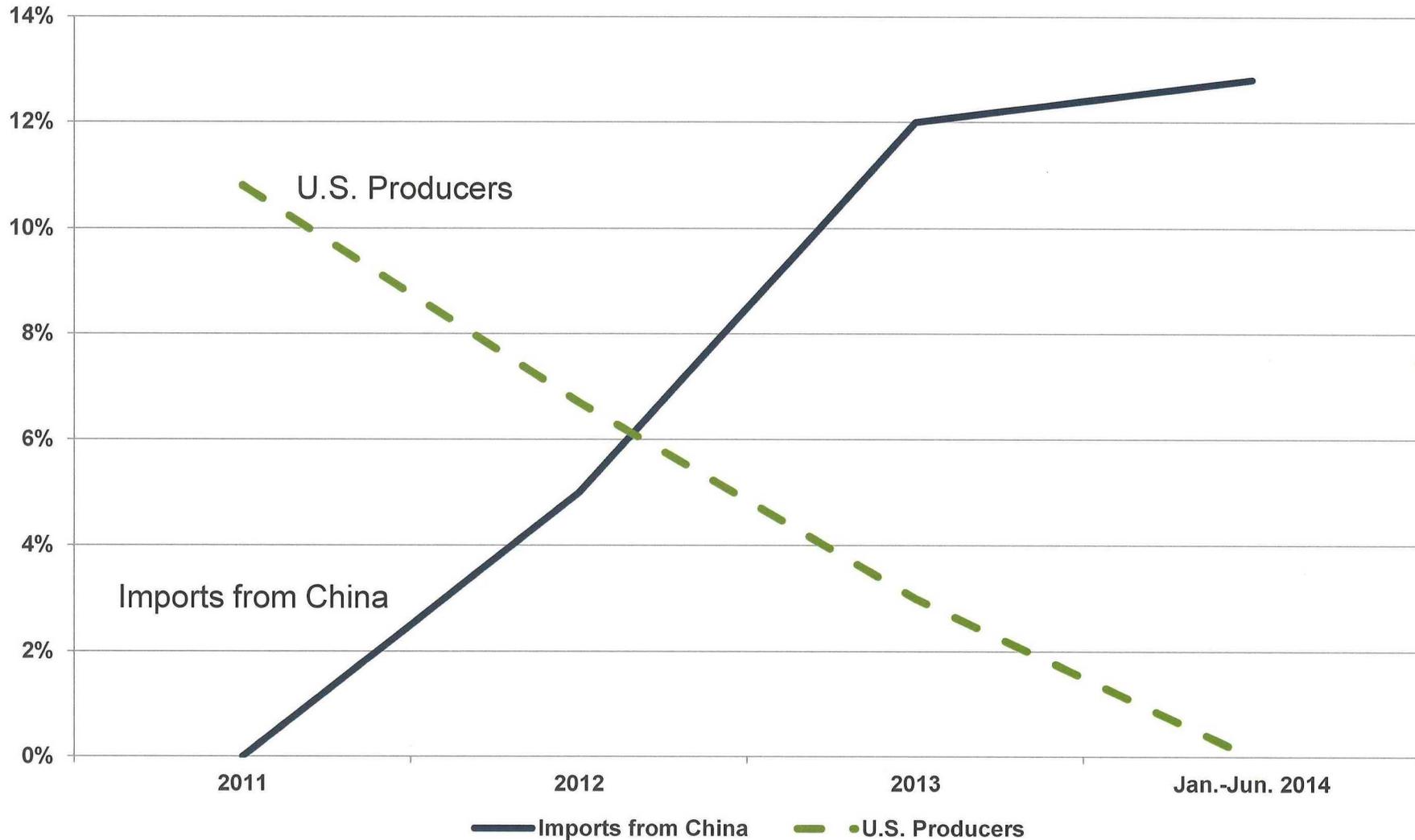
# Or In 2014



Source: Dom. Prod. Prehrg. Brf. at Exh. 1 for China and All Other AUVS in dollars per ton

# China's Market Share Grew at the U.S. Industry's Expense

*(percentage point change)*

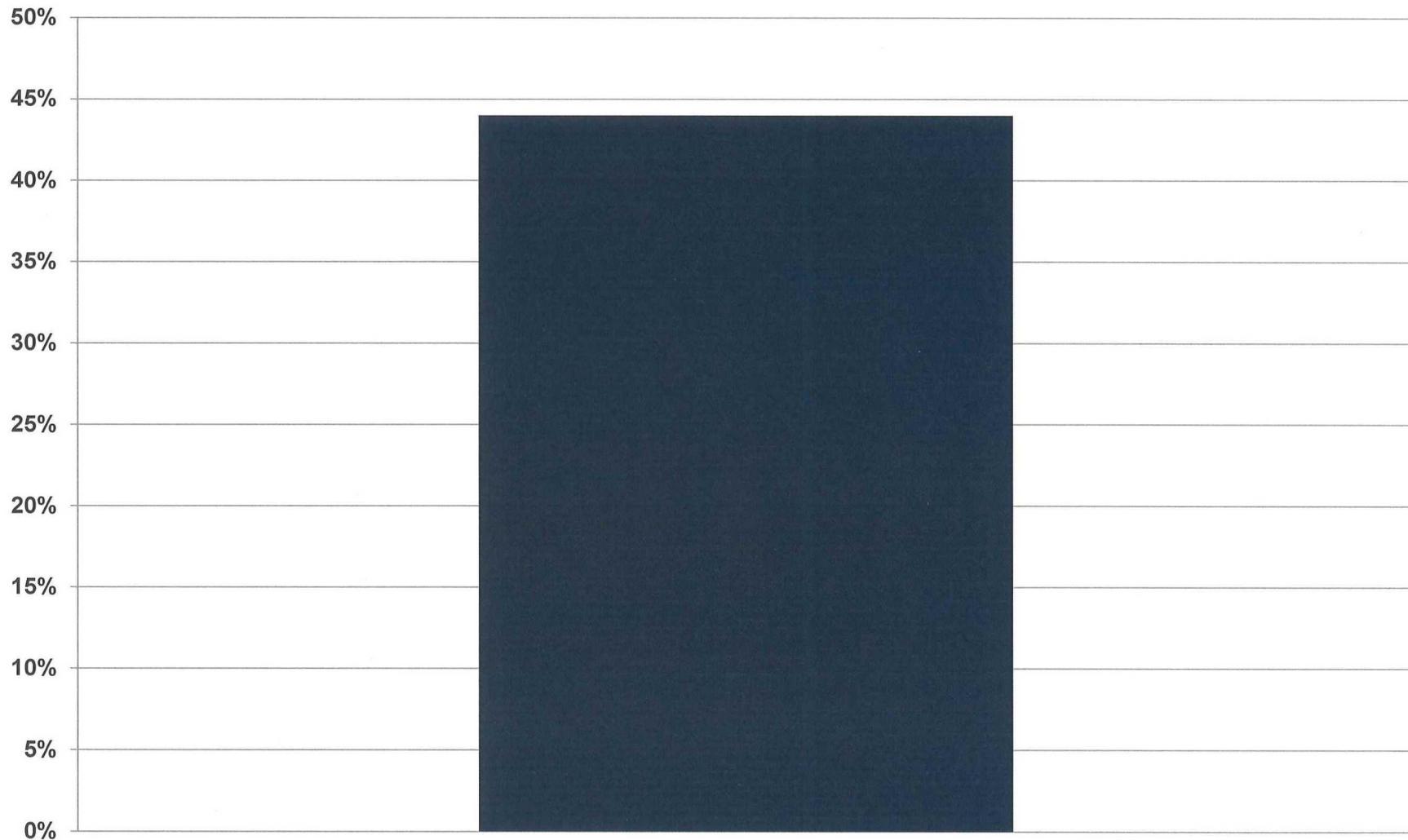


Source: ITC Prehrg. Rep. at C-3 for percentage point change of China and U.S. market share

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# Imports from China Threaten the U.S. Industry As Well

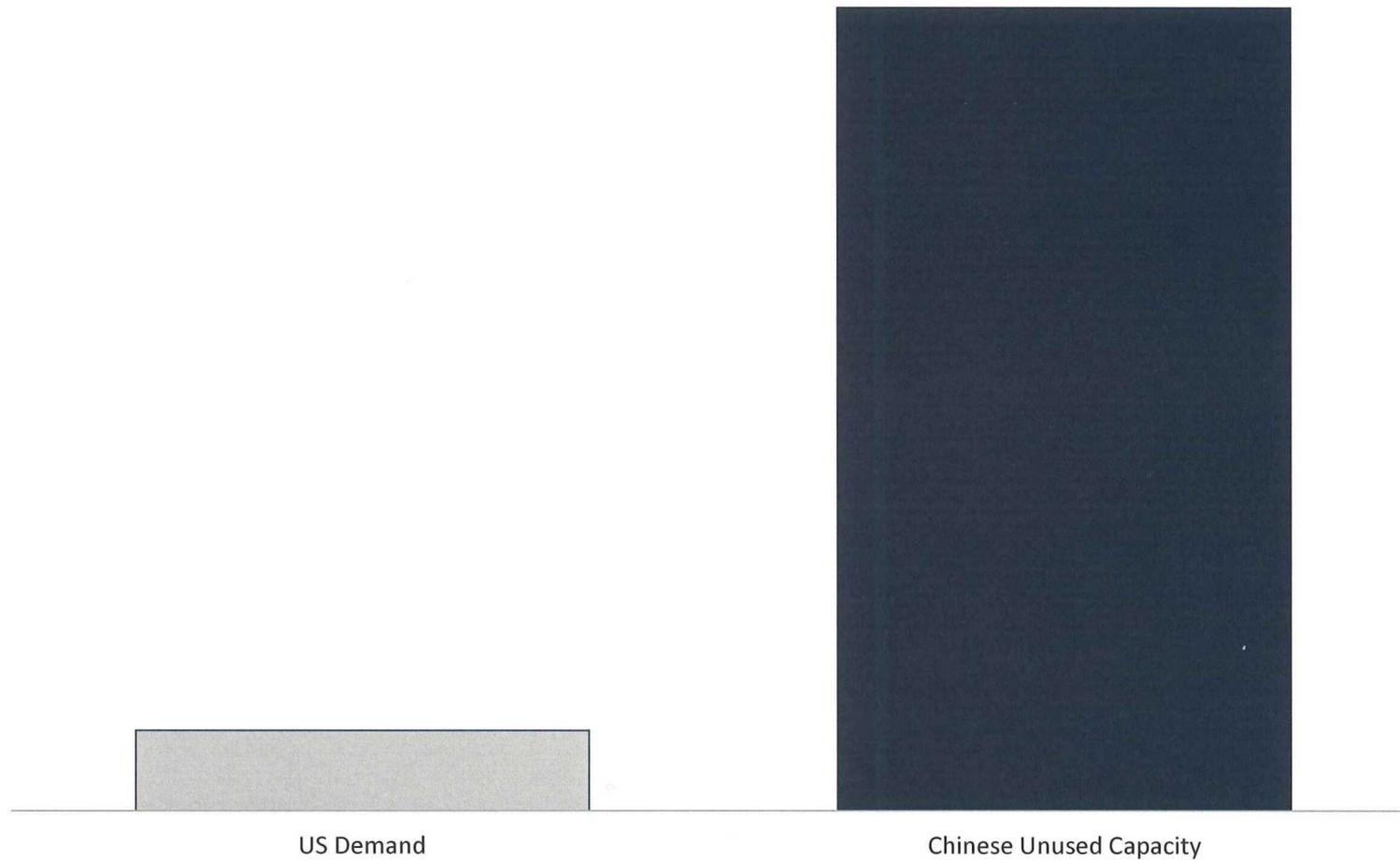
# Unused Capacity of Responding Chinese Producers Could Capture Almost Half of the U.S. Market



Source: ITC Prehrg. Rep. at IV-8 for unused capacity of responding Chinese producers and C-3 for U.S. consumption

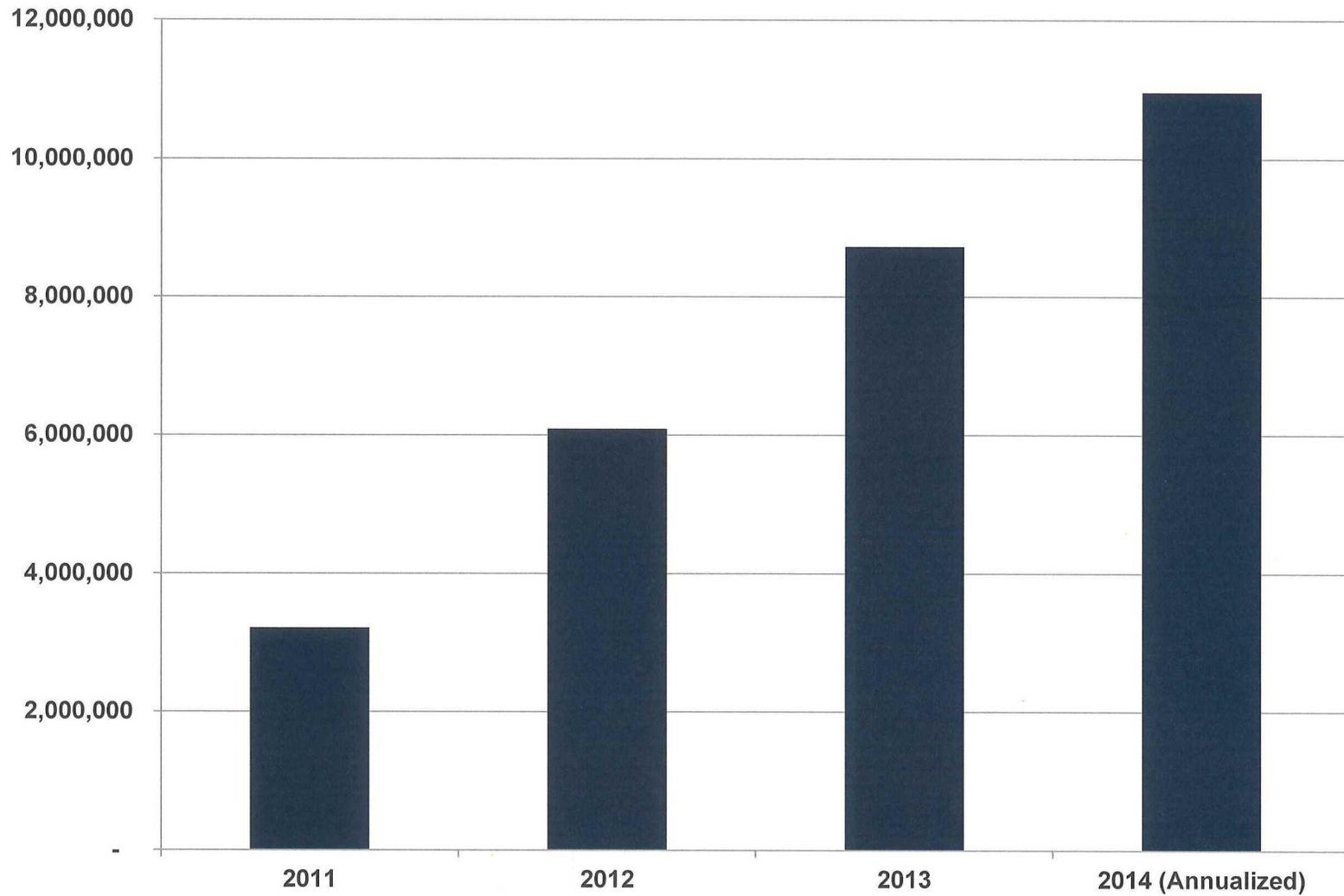
# Total Unused Capacity in China Could Swamp the U.S. Market

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Source: ITC Prehrg. Rep. at C-3 for U.S. consumption and Dom. Prod. Prehrg. Brf. at 31-34 for total Chinese unused capacity

# Exports from China Continue to Grow



Source: Dom. Prod. Prehrg. Brf. at Exhibit 8 in short tons