

# **Certain Steel Wire Rod From Canada, Germany, Trinidad & Tobago, and Venezuela**

Investigations Nos. 731-TA-763-766 (Final)

Publication 3087

March 1998

**U.S. International Trade Commission**



Washington, DC 20436

# U.S. International Trade Commission

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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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.



# UNITED STATES INTERNATIONAL TRADE COMMISSION

## Investigations Nos. 731-TA-763-766 (Final)

### CERTAIN STEEL WIRE ROD FROM CANADA, GERMANY, TRINIDAD & TOBAGO, AND VENEZUELA

#### DETERMINATIONS

On the basis of the record<sup>1</sup> developed in the subject investigations, the United States International Trade Commission determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)) (the Act), that an industry in the United States is not materially injured or threatened with material injury, and the establishment of an industry in the United States is not materially retarded, by reason of imports from Canada, Germany, Trinidad & Tobago, and Venezuela of certain steel wire rod, provided for in subheadings 7213.91.30, 7213.91.45, 7213.91.60, 7213.99.00, 7227.20.00, and 7227.90.60 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce (Commerce) to be sold in the United States at less than fair value (LTFV).<sup>2</sup>

#### BACKGROUND

The Commission instituted these investigations effective February 26, 1997, following receipt of a petition filed with the Commission and Commerce by Connecticut Steel Corp., Wallingford, CT; Co-Steel Raritan, Perth Amboy, NJ; GS Industries, Inc., Georgetown, SC; Keystone Steel & Wire Co., Peoria, IL; North Star Steel Texas, Inc., Beaumont, TX; and Northwestern Steel & Wire, Sterling, IL. The final phase of the investigations was scheduled by the Commission following notification of preliminary determinations by Commerce that imports of certain steel wire rod from Canada, Germany, Trinidad & Tobago, and Venezuela were being sold at LTFV within the meaning of section 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the scheduling of the Commission's investigations 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 October 22, 1997 (62 FR 54854). A public hearing for these investigations was held concurrently with that for the corresponding countervailing-duty investigations on October 16, 1997, in Washington, DC, and all persons who requested the opportunity were permitted to appear in person or by counsel.

On February 23, 1998, Commerce published notice in the *Federal Register* of the suspension of its antidumping investigation on steel wire rod from Venezuela (63 FR 8948) based on agreements it concluded with this country; however, at the same time Commerce indicated that it was continuing its investigation, pursuant to a request by counsel representing the Venezuelan producer. Accordingly, the Commission determined to continue its investigation.

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<sup>1</sup> The record is defined in sec. 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(f)).

<sup>2</sup> Commissioner Crawford dissenting with respect to Canada, Germany, and Venezuela.





## VIEWS OF THE COMMISSION

Based on the record in these antidumping duty investigations,<sup>1</sup> we find that an industry in the United States is neither materially injured nor threatened with material injury by reason of imports of certain steel wire rod from Canada, Germany, Trinidad and Tobago, and Venezuela that have been found by the Department of Commerce (“Commerce”) to be sold at less than fair value (“LTFV”).<sup>2 3</sup>

### I. DOMESTIC LIKE PRODUCT AND INDUSTRY

#### A. Domestic Like Product

To determine whether an industry in the United States is materially injured or threatened with material injury by reason of the subject imports, the Commission first defines the “domestic like product” and the “industry.” Section 771(4)(A) of the Tariff Act of 1930, as amended (“the Act”), defines the relevant industry as the “producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”<sup>4</sup> In turn, the Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation.”<sup>5</sup>

Our decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and we apply the statutory standard of “like” or “most similar in characteristics and uses” on a case-by-case basis.<sup>6</sup> No single factor is dispositive, and the Commission may consider other

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<sup>1</sup> With the exception of Commerce’s final antidumping duty determinations and the parties’ final comments thereon filed March 3, 1998, we have made our determinations in these investigations on the basis of the record compiled in the contemporaneously filed countervailing duty investigations of imports from the same four countries, which closed on November 17, 1997. See 19 U.S.C. § 1677(7)(G)(iii). Both petitioners’ final comments (page 6, footnote 9) and those of German respondents Brandenburger Elektrostahlwerke, ISPAT Walzdraht Hochfeld GmbH and Saarstahl AGiK (footnote 25 and corresponding text on page 7) contain new factual information that is not part of the record in these investigations. We have disregarded this new factual information pursuant to 19 U.S.C. § 1677m(g).

<sup>2</sup> Material retardation of the establishment of an industry is not an issue in these investigations.

<sup>3</sup> Commissioner Crawford concurs in the majority’s negative determination with respect to subject imports from Trinidad and Tobago, but finds that an industry in the United States is materially injured by reason of dumped imports from Canada, Germany, and Venezuela. See Dissenting Views of Commissioner Carol T. Crawford. She joins sections I, II, III, IV(B) and V(B)(2) of these views.

<sup>4</sup> 19 U.S.C. § 1677(4)(A).

<sup>5</sup> 19 U.S.C. § 1677(10).

<sup>6</sup> See, e.g., *Nippon Steel Corp. v. United States*, 19 CIT \_\_\_, Slip Op. 95-57 at 11 (Apr. 3, 1995). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) common manufacturing facilities, production processes and production employees; (5) customer and producer perceptions; and, where appropriate, (6) price. See *id.* at 11

(continued...)

factors it deems relevant based on the facts of a particular investigation.<sup>7</sup> The Commission looks for clear dividing lines among possible like products, and disregards minor variations.<sup>8</sup> Although the Commission must accept the determination of Commerce as to the scope of the imported merchandise being sold at LTFV, the Commission determines what domestic product is like the imported articles Commerce has identified.<sup>9</sup>

The imported products covered by these investigations may generally be described as semifinished steel products produced by casting and hot rolling steel billets into irregularly wound coils which are then generally drawn into wire or made into small parts by downstream processors.<sup>10</sup> In both the preliminary phase of these investigations and the final phase of the countervailing duty investigations, the Commission found a single domestic like product, “certain steel wire rod,” consisting of all products within the scope description (including coiled bar, cold heading quality rod, and class III pipe wrap wire rod), plus tire cord wire rod.<sup>11</sup> For purposes of our like product determination, the record in these final phase investigations is identical to that in the final phase countervailing duty investigations, with the exception of Commerce’s decision to exclude class III pipe wrap wire rod from the scope.<sup>12</sup>

In the preliminary determinations, the Commission rejected the argument of North American Wire Products that it should find a separate like product consisting of class III pipe wrap wire rod, which at that time was within the scope of these investigations. The Commission reasoned that there was no clear dividing line between class III pipe wrap wire rod and other steel wire rod products. It further stated that it “would in any event include [class III pipe wrap wire rod] in the domestic like

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<sup>6</sup> (...continued)  
n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996).

<sup>7</sup> See, e.g., S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

<sup>8</sup> Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (Ct. Int’l Trade 1990), *aff’d*, 938 F.2d 1278 (Fed. Cir. 1991).

<sup>9</sup> Hosiden Corp. v. Advanced Display Manufacturers, 85 F.3d 1561 (Fed. Cir. 1996) (Commission may find single like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-752 (affirming Commission determination of six like products in investigations where Commerce found five classes or kinds).

<sup>10</sup> Confidential Report (Nov. 6, 1997) (“CR”) at I-4, Public Report (“PR”) at I-3.

<sup>11</sup> See Certain Steel Wire Rod from Canada, Germany, Trinidad and Tobago, and Venezuela, Inv. Nos. 701-TA-368-371 and 731-TA-763-766 (Preliminary), USITC Pub. 3037 at 6 (Apr. 1997) (“Prelim. Det.”); Certain Steel Wire Rod from Canada, Germany, Trinidad and Tobago, and Venezuela, Inv. Nos. 701-TA-368-371 (Final), USITC Pub. 3075 at 4-8 (“Final CVD Dets.”). Vice Chairman Bragg determined that the like product did not include tire cord wire rod.

<sup>12</sup> 63 *Fed. Reg.* 8946 (Feb. 23, 1998) (Venezuela); 63 *Fed. Reg.* 8953 (Feb. 23, 1998) (Germany); 63 *Fed. Reg.* 9177 (Feb. 24, 1998) (Trinidad and Tobago); and 63 *Fed. Reg.* 9182 (Feb. 24, 1998) (Canada) (final antidumping duty determinations).

product” even had Commerce excluded the product from the scope.<sup>13</sup>

None of the parties addressed the significance of the scope change with respect to class III pipe wrap wire rod in their final comments. Accordingly, for the reasons stated in the preliminary determinations, we find that the domestic like product includes class III pipe wrap wire rod. Moreover, absent any new information or argument, and for the reasons stated in the preliminary determinations and the final countervailing duty determinations, we find a single domestic like product, “certain steel wire rod,” consisting of all product within the scope plus tire cord and class III pipe wrap wire rod.<sup>14 15</sup>

## **B. Domestic Industry and Related Parties**

The Commission is directed to consider the impact of the subject imports on the domestic industry, defined as “the producers as a [w]hole of a domestic like product.”<sup>16</sup> Based on our domestic like product definition, we define the corresponding domestic industry as all domestic producers of certain steel wire rod. Further, in the absence of any new information or argument to the contrary and for the reasons stated in the final countervailing duty determinations,<sup>17</sup> we find that appropriate circumstances do not exist to exclude any producers from the domestic industry as related parties.

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<sup>13</sup> Prelim Det. at 12.

<sup>14</sup> The domestic industry data to which we refer in these views does not include domestic production of tire cord wire rod. However, the total volume of domestically-produced tire cord wire rod is under \*\*\* percent of total domestic production of certain steel wire rod, such that its absence does not significantly skew our domestic industry data. CR at I-4, PR at I-3.

<sup>15</sup> Vice Chairman Bragg does not join this discussion to the extent it concerns tire cord and class III pipe wrap wire rod. In making a like product determination, Vice Chairman Bragg first attempts to identify a domestic product that is “like” the merchandise subject to the scope of the investigation as identified by Commerce, and only in the absence of a product that is “like” the subject merchandise does she attempt to identify a product that is “most similar in characteristics and uses.” In these investigations, Vice Chairman Bragg finds a product that is “like” the product subject to Commerce’s scope and does not find it necessary to proceed to the question of whether tire cord wire rod or class III pipe wrap wire rod should be included within the like product. Nonetheless, the majority’s inclusion of tire cord wire rod and class III pipe wrap wire rod in the like product do not significantly affect the data used in these investigations, and she therefore joins the majority’s discussion of other issues in these investigations.

<sup>16</sup> 19 U.S.C. § 1677(4)(A).

<sup>17</sup> Final CVD Dets. at 9-10.

## II. CONDITION OF THE DOMESTIC INDUSTRY<sup>18</sup>

In assessing whether a domestic industry is materially injured or threatened with material injury by reason of dumped imports, we consider all relevant economic factors that bear on the state of the industry in the United States.<sup>19</sup> These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, and research and development. No single factor is dispositive and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”<sup>20</sup>

In these final phase antidumping duty investigations, our data on the condition of the domestic industry are identical to the data considered by the Commission in the final countervailing duty determinations. Accordingly, we adopt by reference the discussion of condition of the domestic industry, including conditions of competition, contained in the final countervailing duty determinations,<sup>21</sup> and do not repeat that discussion here.

## III. CUMULATION

### A. Reasonable Overlap of Competition

The statute contains four exceptions to cumulation, two of which do not apply in these investigations.<sup>22</sup> The third exception, which applies in one of these investigations, provides that imports from a beneficiary country under the Caribbean Basin Economic Recovery Act (“CBERA”) may only be cumulated with imports from another CBERA-beneficiary country for purposes of determining material injury by reason of imports from the CBERA-beneficiary country or countries.<sup>23</sup> Imports from Trinidad and Tobago fall under this exception. However, for purposes of determining whether the domestic industry is materially injured by reason of imports from other countries subject to investigation, the imports from the CBERA-beneficiary country or countries must be cumulated with other subject imports if the statutory prerequisites for cumulation are satisfied.<sup>24</sup> The fourth exception, which concerns imports as to which the investigation has been terminated, is discussed below in connection with the issue of cross-cumulation.

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<sup>18</sup> Commissioner Crawford joins her colleagues in these investigations in a discussion of the “condition of the industry” even though she does not make her determination based on industry trends. Rather she views the discussion as a factual recitation of the data collected concerning the statutory impact factors.

<sup>19</sup> 19 U.S.C. § 1677(7)(C)(iii).

<sup>20</sup> *Id.*

<sup>21</sup> Final CVD Dets. at 10-14.

<sup>22</sup> These exceptions concern imports from Israel and imports from countries as to which Commerce has made preliminary negative determinations. 19 U.S.C. § 1677(7)(G)(ii).

<sup>23</sup> 19 U.S.C. § 1677(7)(G)(ii)(III).

<sup>24</sup> H.R. Conf. Rep. No. 650, 101st Cong., 2d Sess. (1990), *reprinted in* 1990 U.S.C.C.A.N. 928, 1025.

The petitions in these antidumping duty investigations, as well as the petitions in the companion countervailing duty investigations of certain steel wire rod from Canada, Germany, Trinidad and Tobago, and Venezuela, were all filed on the same day. Because the record in these investigations is the same as that in the final phase countervailing duty investigations, and for the reasons stated in the final countervailing duty determinations, we find a reasonable overlap of competition among subject imports from Canada, Germany, Trinidad and Tobago, and Venezuela and between subject imports from each of the four countries and the domestic like product.<sup>25</sup> Accordingly, we need address only one further issue: whether we should cross-cumulate dumped and subsidized imports for purposes of our determinations in these antidumping duty investigations.

## **B. Cross-Cumulation**

In the final countervailing duty determinations, the Commission concluded that it was legally required to cross-cumulate subsidized and allegedly dumped imports from the subject countries.<sup>26</sup> In their final comments, several respondents argue that 19 U.S.C. § 1677(7)(G)(ii)(II), the exception to cumulation for terminated investigations, precludes the Commission from cross-cumulating subsidized imports from the four subject countries, as to which it has already made negative determinations, with the dumped imports subject to these investigations.<sup>27</sup>

One of the four statutory exceptions to cumulation, 19 U.S.C. § 1677(7)(G)(ii)(II), provides that the Commission “shall not cumulatively assess the volume and effect of imports . . . from any country with respect to which the investigation has been terminated.” The statute further provides that, if either Commerce or the Commission reaches a final negative determination in an antidumping or countervailing duty investigation, “the investigation shall be terminated upon the publication of notice of that negative determination . . . .”<sup>28</sup> The Commission’s notices of its final negative determinations in the countervailing duty investigations were published in the *Federal Register* on December 3, 1997.<sup>29</sup> Accordingly, we find that the countervailing duty investigations have been terminated and that section 1677(7)(G)(ii)(II) precludes cross-cumulation of subsidized imports in these antidumping duty investigations.<sup>30 31</sup>

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<sup>25</sup> Final CVD Dets. at 17-21.

<sup>26</sup> Final CVD Dets. at 21-22.

<sup>27</sup> See Ivaco Final Comments (March 3, 1998) at 8-10; Ispat Sidbec Final Comments at 15 n.38; Caribbean Ispat Final Comments at 2; Sidor Final Comments at 2.

<sup>28</sup> 19 U.S.C. §§ 1671d(c)(2) and 1673d(c)(2).

<sup>29</sup> 62 *Fed. Reg.* 63958 (Dec. 3, 1997).

<sup>30</sup> Chairman Miller does not view her decision not to cross-cumulate as inconsistent with the statutory record-closing provision applicable to staggered investigations, 19 U.S.C. § 1677(7)(G)(iii). As indicated in the legislative history, Congress’s express purpose in adopting the record-closing provision was to avoid the kind of analysis the Commission previously performed under the “recent order rule.” The recent order rule was a test for determining whether imports as to which the Commission had reached an affirmative determination in the earlier of staggered votes were having continuing adverse effects as of vote day in the later investigation, despite the

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Therefore, for purposes of our determination with respect to Trinidad and Tobago, we consider only dumped imports from Trinidad and Tobago, and do not cumulate such imports with subject imports from any other country. For purposes of our determinations with respect to Canada, Germany, and Venezuela, we cumulate dumped imports from the four subject countries, but do not cross-cumulate those imports with subsidized imports from Canada, Trinidad and Tobago, or Venezuela.

#### IV. NO MATERIAL INJURY BY REASON OF DUMPED IMPORTS <sup>32</sup>

In the final phase of an antidumping duty investigation, the Commission determines whether an industry in the United States is materially injured by reason of the dumped imports under

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<sup>30</sup> (...continued)

imposition of an order between the two votes. To avoid the difficulties posed by this kind of analysis, Congress instructed the Commission in the URAA to cumulate based on filing date and vote based on the record at the time of the first vote in all subsequent investigations. Statement of Administrative Action (“SAA”) to the Uruguay Round Agreements Act (“URAA”), H.R. Doc. 316, Vol. I, 103d Cong., 2d Sess. at 848-849 (1994); S. Rep. No. 412, 103d Cong., 2d Sess. at 59 (1994); H.R. Rep. No. 826, 103d Cong., 2d Sess. at 74 (1994). Neither the statute nor the legislative history, however, expressly addresses how the Commission is to proceed when the first of the staggered votes is negative rather than affirmative and therefore does not raise the “recent order” situation to which the record closing provision is directed. As noted in note 1, *supra*, the record in these investigations closed on November 17, 1997, the same date it closed in the countervailing duty investigations, and Chairman Miller has based these determinations on the factual record as it existed at that time. She does not believe that the record closing provision goes further and precludes her from considering the fact of the Commission’s negative countervailing duty determinations in these antidumping duty investigations. She notes, however, that based on the particular facts of these investigations, her determinations would have been the same had she cross-cumulated.

<sup>31</sup> Vice Chairman Bragg does not join this subsection. In her view, the record closing provision of 19 U.S.C. § 1677(7)(G)(iii) precludes the Commission from considering *any* information that postdates the closing of the record in these investigations on November 17, 1997, except as expressly provided by statute (*i.e.*, Commerce’s final antidumping determinations and party final comments thereon). Although the legislative history discusses the recent order rule, neither the statute nor the legislative history states that the Commission’s obligation to close the record at the same time in all investigations filed on the same day depends on whether the first of staggered votes is affirmative or negative. *Cf. BIC Corp. V. United States*, Slip Op. 97-51 at 38-39 n.11 (Ct. Int’l Trade Apr. 24, 1997), *appeal pending*, Fed. Cir. No. 97-1443. Accordingly, Vice Chairman Bragg cross-cumulates subsidized imports from Canada, Trinidad and Tobago, and Venezuela with dumped imports from the four subject countries for purposes of her determinations with respect to Canada, Germany, and Venezuela, and cross-cumulates dumped and subsidized imports from Trinidad and Tobago for purposes of her determination with respect to that country. For purposes of Vice Chairman Bragg’s determinations, all references to “dumped” or “LTFV” imports in these views also include subsidized imports subject to cross-cumulation. She notes that subsidized imports from Germany are negligible and therefore not subject to cross-cumulation pursuant to 19 U.S.C. § 1677(7)(G)(ii)(II). She further notes that, based on the particular facts of these investigations, her determinations would have been the same had she not cross-cumulated.

<sup>32</sup> Commissioner Crawford only joins in the discussion in subsection B of this section regarding Trinidad and Tobago; her determinations as to Canada, Germany, and Venezuela are set forth in her Dissenting Views. For a complete statement of her analysis in these antidumping duty investigations *see* her Dissenting Views.

investigation.<sup>33</sup> In making this determination, the Commission must consider the volume of imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.<sup>34</sup> Although the Commission considers causes of injury to the industry other than the dumped imports, it is not to weigh causes.<sup>35</sup> For the reasons discussed below, we determine that the domestic industry producing certain steel wire rod is not materially injured by reason of cumulated LTFV imports from Canada, Germany, Trinidad and Tobago, and Venezuela, and that the domestic industry is not materially injured by reason of dumped imports from Trinidad and Tobago alone.

**A. Determinations with Respect to Canada, Germany and Venezuela**

**1. Volume of Subject Imports**<sup>36</sup>

The volume of cumulated subject imports of certain steel wire rod from Canada, Germany, Trinidad and Tobago, and Venezuela rose from \*\*\* short tons in 1994 to \*\*\* short tons in 1995 and to \*\*\* short tons in 1996, an overall increase of \*\*\* percent. Cumulated subject imports were \*\*\* short tons in interim 1997 compared with \*\*\* short tons in interim 1996, a decline of \*\*\* percent. Measured by value, cumulated subject imports rose from \*\*\* in 1994 to \*\*\* in 1995 and to \*\*\* in 1996, an overall increase of \*\*\* percent. Cumulated subject imports by value were \*\*\* in interim 1997, compared with \*\*\* in interim 1996, a decline of \*\*\* percent.<sup>37</sup> The cumulated market share of the subject imports by quantity rose slightly from \*\*\* percent in 1994 to \*\*\* percent in 1995, rose to \*\*\* percent in 1996, and was \*\*\* percent in interim 1997 compared with \*\*\* percent in interim

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<sup>33</sup> 19 U.S.C. § 1673d(b). The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.” 19 U.S.C. § 1677(7)(A).

<sup>34</sup> 19 U.S.C. § 1677(7)(B)(I). The Commission “may consider such other economic factors as are relevant to the determination,” but shall “identify each [such] factor . . . and explain in full its relevance to the determination.” 19 U.S.C. § 1677(7)(B).

<sup>35</sup> See, e.g., *Citrosuco Paulista, S.A. v. United States*, 704 F. Supp. 1075, 1101 (Ct. Int'l Trade 1988).

<sup>36</sup> If imports from a subject country corresponding to a domestic like product account for less than three percent of all such merchandise imported into the United States during the most recent 12 months preceding the filing of the petition for which data are available, the statute provides that, barring certain exceptional circumstances, the Commission is to find such imports “negligible” and terminate the investigation with respect to such imports without an injury determination. 19 U.S.C. §§ 1673d(b)(1) and 1677(24). In the final countervailing duty determinations, the Commission found that subsidized imports from Germany were negligible and terminated the countervailing duty investigation with respect to German imports without an injury determination. No party has argued that dumped imports from any of the subject countries are negligible and our data indicate that in 1996, the most recent twelve month period preceding the filing of the petition for which data are available, dumped imports from each of the subject countries exceeded the 3 percent threshold. Supplementary Table IV-1, Confidential Supplemental Report (Feb. 24, 1998) (“CSR”) at I-5, Public Supplemental Report (“PSR”) at I-4. Accordingly, we do not find dumped imports from any of the subject countries to be negligible.

<sup>37</sup> Supplementary Table IV-1, CSR at I-5, PSR at I-4. Because Canadian producer Stelco received a *de minimis* dumping margin, we have reclassified imports from Stelco as non-subject.

1996.<sup>38</sup> During the same period, U.S. producers' share of consumption by quantity fell from 75.5 percent in 1994 to 72.1 percent in 1995 and 71.8 percent in 1996. U.S. producers' share of the quantity of consumption was 74.0 percent in interim 1997 compared with 73.9 percent in interim 1996.<sup>39</sup> U.S. producers' share of consumption by value fell from 74.2 percent in 1994 to 71.5 percent in 1995 and 70.1 percent in 1996, and was 72.8 percent in interim 1997 compared with 72.0 percent in interim 1996.<sup>40</sup>

Despite the rising volume and market share of subject imports, and most notably the large increase in the volume of such imports between 1995 and 1996, based on the particular record in these investigations, we do not find the volume of imports or the increase in that volume to be significant, either in absolute terms or relative to production or consumption in the United States.<sup>41</sup> Although the domestic industry lost over 3 percentage points of market share between 1994 and 1995, subject imports' market share remained nearly constant during that period. Between 1995 and 1996, when subject imports made their greatest gains in volume and market share, the domestic industry's market share remained virtually the same. Thus, subject imports captured sales and market share at the expense of non-subject imports rather than the domestic like product.<sup>42</sup> Moreover, as noted in our discussion of condition of the industry, due both to absolute capacity constraints and planned and unplanned production outages during the period examined, the domestic industry was not able to satisfy all domestic demand for certain steel wire rod.<sup>43</sup> The total increase in the volume of cumulated subject imports between 1995 and 1996 was \*\*\* short tons, while the amount of production the domestic industry lost to planned and unplanned outages during the same period was 314,700 short tons.<sup>44</sup> Thus, the vast majority of the increase in subject import volume during that period was largely serving demand beyond that which the domestic industry was able to satisfy. Finally, as discussed

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<sup>38</sup> Supplementary Table IV-2, CSR at I-6, PSR at I-5.

<sup>39</sup> *Id.*

<sup>40</sup> *Id.*

<sup>41</sup> Chairman Miller finds that the absolute increase in the volume of subject imports over the period of investigation is significant, but concurs with Vice Chairman Bragg that the increase relative to consumption in the United States is not significant. As discussed in the following sections, she does not find that this significant volume of subject imports has had an adverse price effect or other adverse impact on the domestic industry, and consequently reaches a negative determination in these investigations.

<sup>42</sup> Supplementary Table IV-2, CSR at I-6, PSR at I-5; Supplementary Table IV-1, CSR at I-5, PSR at I-4.

<sup>43</sup> As noted in the final countervailing duty determinations, the domestic industry's average of period capacity utilization, net of all production outages, ranged from about 87 to 92 percent over the period examined. Table III-2, CR at III-4, PR at III-3. While these capacity utilization figures might suggest some small ability on the part of the domestic industry to increase its market share, the use of annual averages masks the fact that individual domestic producers were frequently unable to supply all their customers' demands at various points over the period of investigation. *See, e.g.*, AWPA Prehearing Brief at 11-17; Hearing Tr. at 285, 328-329. Thus, we are not convinced that the domestic industry could have increased its market share in a sustainable manner during any year of the period examined.

<sup>44</sup> Table III-2, CR at III-4, PR at III-3; Supplementary Table IV-1, CSR at I-5, PSR at I-4.



further in the following sections, petitioners' primary argument was that the large increase in subject import volumes lead to a decline in domestic prices. We note, however, that the large increase in the volume of subject imports which occurred in 1996 followed, rather than preceded, the declines in domestic steel wire rod prices which began in mid-1995.

## **2. Price Effects of Subject Imports**

Prices of domestic steel wire rod generally rose in 1994 and the first half of 1995, fell from mid-1995 through early to mid-1996, and rose thereafter, although not recovering to their 1995 period highs by the second quarter of 1997.<sup>45</sup> We do not find that the price decline for steel wire rod products that began in mid-1995 is attributable to the subject imports. As noted above, the presence of the subject imports in the domestic market changed little in 1995, when domestic prices began falling, and in fact subject import volumes increased most sharply during 1996, when domestic prices increased. Additionally, we note that margins of underselling remained relatively constant during the investigation period as a whole. Further, there is limited evidence of sales and revenues lost due to price competition with the subject imports. Based on these factors, we find no causal connection between prices for the subject imports and the declines in domestic producers' prices that occurred between mid-1995 and mid-96.

In the preliminary determinations, we found that price is an important factor in purchasing decisions in the U.S. market for certain steel wire rod, particularly with respect to sales of industrial quality rod and other lower-quality grades.<sup>46</sup> Data obtained from purchasers in the final phase of these investigations confirm that price is one of a number of important factors in purchasing decisions. The majority of purchasers reported that quality is the most important factor considered when choosing from whom to purchase steel wire rod. As might be expected in light of the frequency of supply disruptions in the market, purchasers also rated availability, reliability, and the need for multiple sources of supply as very important.<sup>47</sup> Thus, the majority of responding purchasers reported that the lowest price does not necessarily win a sale and that they will purchase the same product from multiple suppliers at different prices in order to maintain alternate sources that meet their quality requirements.<sup>48</sup>

We do not find the frequency or the margins of underselling in these investigations to be significant. During the period examined, the cumulated subject imports undersold the domestic product in 123 out of 178 possible comparisons, or about 69 percent of the time.<sup>49</sup> Contrary to petitioners' contention, however, we do not find that the frequency of underselling was appreciably higher when prices were declining in the second half of 1995 and the first half of 1996 than either

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<sup>45</sup> CR at V-11, PR at V-8; Tables V-3-V-8, CR at V-12-V-17, PR at V-9; Supplementary Tables V-7-V-8, CSR at I-7-I-8, PSR at I-6.

<sup>46</sup> Prelim. Det. at 25.

<sup>47</sup> CR at II-7-II-10, PR at II-5-II-7.

<sup>48</sup> CR at II-11, PR at II-7-II-8.

<sup>49</sup> Table V-9, CR at V-24, PR at V-12; CR at V-23, PR at V-11-V-12; Supplementary Table V-10, CSR at I-9, PSR at I-6.

earlier or later in the period.<sup>50</sup> Moreover, the margins by which the subject imports undersold the domestic product remained relatively constant over the period, fluctuating with no clear trend. Finally, we find that these modest margins of underselling reflect the price premium which domestic producers command in the U.S. market for certain steel wire rod. Purchasers reported that they are generally not willing to pay as much for imports as for the domestic product, for several reasons.<sup>51</sup> With the possible exception of imports from Canada, subject imports generally have significantly longer lead times and larger minimum order sizes than domestic shipments, and cannot be canceled once ordered. Thus, purchasers of imports have higher inventory costs and a higher risk of purchasing a product they may no longer need by the time it arrives.<sup>52</sup> Purchasers also reported that imports tend to have more quality problems with coil size, scale weight, mill trimming practices, surface quality, and breakage than the domestic product.<sup>53</sup> All of these factors add to the total cost of using imported rod in place of the domestic product and make purchasers, on average, willing to pay a premium for the domestic product. Our conclusions that price is not always the determining factor in making a sale and that underselling by the subject imports is not significant in these investigations are buttressed by the fact that we were able to confirm only a few of petitioners' extensive allegations of sales and revenues lost by domestic producers on the basis of price.<sup>54</sup>

As noted above, the decline in domestic prices that began in mid-1995 preceded the large increase in subject imports volumes that occurred in 1996 by about half a year.<sup>55</sup> Further, we find no correlation between subject import price trends and domestic price trends indicative of a causal relationship between subject import prices and declines in domestic steel wire rod prices between mid-1995 and mid-1996. Between the first quarter of 1994 and the fourth quarter of 1996, domestic prices for product 1 peaked in the second quarter of 1995, reached a period low in the first quarter of 1996, and generally rose thereafter. Prices for imports from Canada, Trinidad and Tobago, and Venezuela, peaked in the second, third, and second quarters of 1995, respectively, and reached period lows in the

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<sup>50</sup> Between the first quarter of 1994 and the second quarter of 1995, subject imports undersold the domestic like product in 48 out of 73 comparisons, or about 66 percent of the time. Between the third quarter of 1995 and the second quarter of 1996, subject imports undersold the domestic like product in 34 out of 50 comparisons, or 68 percent of the time. Between the third quarter of 1996 and the second quarter of 1997, subject imports undersold the domestic like product in 41 out of 55 comparisons, or about 75 percent of the time. Table V-9, CR at V-24, PR at V-12; Supplementary Table V-10, CSR at I-9, PSR at I-6.

<sup>51</sup> CR at II-9 n.9, PR at II-6, n.9; Hearing Tr. at 385, 388-90.

<sup>52</sup> Hearing Tr. at 390. We note that Canadian imports, which purchasers indicated are generally available on similar sales and cancellation terms as the domestic product, had a considerably more mixed pattern of over- and underselling than the other subject imports, providing further support for our conclusion that purchasers will pay a premium for the flexible terms that domestic (and Canadian) producers provide. Tables V-9-V-10, CR at V-24-V-25, PR at V-12; Supplementary Table V-10 CSR at I-9, PSR at I-6.

<sup>53</sup> Hearing Tr. at 385, 388-390.

<sup>54</sup> Tables V-12-V-15, CR at V-27-V-31, PR at V-14.

<sup>55</sup> See also Memorandum INV-U-080 (Nov. 13, 1997).

fourth quarter of 1995, the third quarter of 1996, and the fourth quarter of 1996.<sup>56</sup> For product 2, prices for the domestic product peaked in the second quarter of 1995 and reached a period low in the first quarter of 1996. Prices for imports from Canada, Germany, Trinidad and Tobago, and Venezuela, respectively, peaked in the third, fourth,<sup>57</sup> and second quarters of 1995 and the first quarter of 1996, and reached period lows in the second quarter of 1996, except that Venezuelan prices bottomed out in the second and third quarters of 1995.<sup>58</sup> These trends show that for products 1 and 2, the two highest volume products for which the Commission obtained pricing data, prices for subject imports generally followed price increases and decreases for the domestic like product. Price comparisons for products 3 and 4 also show domestic prices declining before or at the same time as subject import prices.<sup>59</sup> In light of the consistent pattern of underselling regardless of whether domestic steel wire rod prices were rising or falling, the lack of correlation between rising subject import volumes and market share in 1996 and the decline in domestic prices that began in mid-1995, and the fact that domestic prices generally fell before subject import prices in 1995,<sup>60</sup> we do not find that the subject imports have depressed domestic prices for certain steel wire rod to a significant degree.<sup>61</sup>

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<sup>56</sup> Table V-3, CR at V-12, PR at V-9. Insufficient data were reported to analyze price trends for product 1 from Germany.

<sup>57</sup> This peak, which extended over all of 1995, followed a prior decline at the beginning of 1994.

<sup>58</sup> Table V-4, CR at V-13, PR at V-9.

<sup>59</sup> Tables V-5-V-6, CR at V-14-V-15, PR at V-9. Trends for product 5, for which the domestic industry reported relatively small volumes of sales, followed a similar pattern, with domestic prices peaking in first quarter 1996, then generally falling thereafter, while subject imports from Canada and Trinidad peaked earlier and reached their period lows earlier before beginning to recover at the end of the period of investigation. Meaningful comparisons of price highs and lows during the relevant period are not possible for products 6 and 7. Supplementary Tables V-7-V-8, CSR at I-7-I-8, PSR at I-6.

<sup>60</sup> For the first time in their final comments, petitioners assert that, rather than following our normal practice of comparing prices based on shipment date, we should have adjusted our pricing comparisons to account for the longer lead times between sale and shipment date associated with imports from Germany, Trinidad and Tobago, and Venezuela. Petitioners' Final Comments (March 3, 1998) at 19-21. Our questionnaires asked domestic producers and importers to report the average lead time for deliveries for all sales of certain steel wire rod. *See generally* Producer's Questionnaire at 16; Importer's Questionnaire at 10. Domestic producers reported average lead times ranging from 1 to 12 weeks, while importers reported lead times averaging 2-4 months for imports from Germany, 1 to 4 months for imports from Trinidad and Tobago, and 3-6 months for imports from Venezuela. CR at II-14, II-16, II-18, PR at II-9, II-13. These are averages over all sales and do not reflect the lead time associated with any particular sale of a specific product in a specific quarter. As is evident from the overlap in the domestic and importer reported average lead times, for any particular sale the lead time for the domestic and imported product could be the same, or even shorter for the imported product. While petitioners could have requested that we obtain transaction specific information on lead times, they did not do so. For all these reasons, we decline to adopt petitioners' lagged price comparison methodology.

<sup>61</sup> Further support for this conclusion can be found in the purchaser questionnaire responses, which overwhelmingly identified domestic producers as the price leaders in this market. *See generally* Purchaser (continued...)

Similarly, we do not find that subject imports prices suppressed domestic price increases that would otherwise have occurred to a significant degree. As noted above, the domestic industry's unit SG&A and unit COGS both increased modestly between 1995 and 1996, by 4.5 and 1.3 percent, respectively.<sup>62</sup> Although domestic producers were unable to raise prices to cover the entire cost increase in 1996, price increases in the latter half of the year did cover a significant portion of those cost increases.<sup>63</sup> We do not view the inability to cover the remaining costs to be evidence of significant price suppression. Moreover, in light of the absence of evidence supporting a correlation between subject import volumes or prices and declines in domestic steel wire rod prices during the period examined, we cannot conclude that subject import prices prevented, to a significant degree, domestic price increases that would otherwise have occurred.

### 3. Impact of Subject Imports<sup>64 65 66</sup>

Between 1994 and 1995, the domestic industry experienced small declines in production and shipments, but maintained its profitability as a result of generally rising prices in the domestic market

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<sup>61</sup> (...continued)  
Questionnaire Responses at 12.

<sup>62</sup> Tables VI-1 and VI-2, CR at VI-2-VI-3, PR at VI-2-VI-3.

<sup>63</sup> Between the second and fourth quarters of 1996, domestic producers' prices rose by 1.9 percent for product 1, 2.1 percent for product 2, 1.8 percent for product 3, 1.0 percent for product 4, and 0.3 percent for product 5, while their prices for product 6 declined by 0.2 percent. *See generally* Tables V-3-V-8, CR at V-12-V-17, PR at V-9; Supplementary Tables V-7-V-8, CSR at I-7-I-8, PSR at I-6. In addition, the domestic industry's per-unit net sales value increased from \$350 per short ton in the first half of 1996 to \$353 per short ton in the second half of 1996. Memorandum INV-U-084.

<sup>64</sup> As part of its consideration of the impact of imports, the statute as amended by the URAA specifies that the Commission is to consider "the magnitude of the margin of dumping." 19 U.S.C. § 1677(7)(C)(iii)(V). The SAA indicates that the amendment "does not alter the requirement in current law that none of the factors which the Commission considers is necessarily dispositive in the Commission's material injury analysis." SAA at 850. New section 771(35)(C), 19 U.S.C. § 1677(35)(C), defines the "margin of dumping" to be used by the Commission in a final determination as the margin or margins published by Commerce in its final determination. In its final determinations, Commerce found dumping margins as follows (in percent): Canada -- Ivaco (11.47), Sidbec-Dosco (11.94), Stelco (0.91, *de minimis*), all others (11.62); Germany--Brandenburger (153.10), ISPAT Hamburger (72.51), Sairstahl (153.10), Thyssen (153.10), all others (72.51); Trinidad and Tobago--Caribbean Ispat (11.85), all others (11.85); Venezuela--Sidor (66.75), all others (66.75). CSR at I-3, PSR at I-3.

<sup>65</sup> In considering whether the domestic industry is materially injured or threatened with material injury, Chairman Miller has taken note of the magnitude of the margins of dumping for the subject countries. In light of her finding that subject imports have not had significant volume effects relative to consumption in the United States, and have not had significant price effects, she does not consider these margins to be significant.

<sup>66</sup> Vice Chairman Bragg notes that she does not ordinarily consider the margin of dumping to be of particular significance in evaluating the effects of subject imports on domestic producers. *See Separate and Dissenting Views of Commissioner Lynn M. Bragg in Bicycles from China*, Inv. No. 731-TA-731 (Final), USITC Pub. 2968 (June 1996).

for steel wire rod.<sup>67</sup> Based on full-year data, the domestic industry's financial performance declined precipitously between 1995 and 1996, resulting in significant operating losses.<sup>68</sup> Because we have found no causal connection between subject import volumes or prices and the decline in domestic steel wire rod prices in 1995-96, however, we cannot conclude that the domestic industry's financial troubles are attributable to the subject imports. It is clear that, by the second half of 1996, as prices began recovering, so did the financial condition of the domestic industry, as well as virtually every other indicator of the condition of the domestic industry, despite the fact that subject import volumes continued to rise. This recovery continued into the first half of 1997, aided by further increases in domestic prices and rising apparent consumption.<sup>69</sup>

Moreover, record evidence contradicts petitioners' claim that the domestic industry's investments in plant modernizations and expansions declined over the period examined. The data contained in the report show capital expenditures declining from 1994 to 1996, then rising somewhat between the interim periods.<sup>70</sup> However, these figures do not include expenditures relating to North Star Steel's \$150 million bar and rod plant in Kingman, Arizona, and American Steel & Wire's \$115 million bar and rod plant in Cuyohoga Heights, Ohio, both of which came on line in 1996, or American Steel and Wire's \$200 million steel mill in Memphis, Tennessee, scheduled to open in late 1997, which will dedicate a portion of its billet production to American's bar and rod facility.<sup>71</sup> Also not included are recent expenditures of three producers that \*\*\*, a portion of which will benefit steel wire rod production, including Cascade Steel (\$80 million from 1992 to 1996), Bar Technologies (\$60 million between 1994 and 1996), and Ameristeel (\$97 million from 1995 through 1997).<sup>72</sup> By contrast, although domestic producers were asked to identify and document investment plans that were canceled or postponed because of competition from the subject imports, only Co-Steel Raritan reported \*\*\* and cancellation of a greenfield mill project under consideration.<sup>73</sup> Even Co-Steel, however, provided no documentation to support its assertion that subject imports were the cause of the delays and cancellation. Finally, despite the financial difficulties suffered by the industry in 1996, domestic producers continue to make major financial commitments to modernization and expansion projects.

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<sup>67</sup> Table III-2, CR at III-4, PR at III-3; Table VI-1, CR at VI-2, PR at VI-2; CR at VI-3, PR at VI-1; Table VI-4, CR at VI-11, PR at VI-6.

<sup>68</sup> Table VI-1, CR at VI-2, PR at VI-2.

<sup>69</sup> Memorandum INV-U-084 (Nov. 19, 1997); Table IV-2, CR at IV-3, PR at IV-3; Table III-2, CR at III-4, PR at III-3. Because the rising price trend and accompanying financial recovery of the domestic industry began in mid-1996, more than half a year before the petitions in these investigations were filed in February of 1997, we conclude that these trends are not related to the pendency of the investigation and that, consistent with 19 U.S.C. § 1677(7)(I), the post-petition information provision, we may give full weight to such trends.

<sup>70</sup> Table VI-5, CR at VI-12, PR at VI-7.

<sup>71</sup> CR at VI-10, PR at VI-5.

<sup>72</sup> CR at VI-12, PR at VI-5.

<sup>73</sup> CR at G-5, PR at G-3; Hearing Tr. at 337. \*\*\* also reported minor postponements.

For example, \*\*\*, one of the petitioners that reported postponed investment plans, announced \*\*\*.<sup>74</sup>

In light of the lack of significant volumes of subject imports<sup>75</sup> and significant price effects, the consistently high level of investments by the domestic industry, and the improving trend in the industry's financial condition that began well before the petition was filed, we do not find that the subject imports are presently having an adverse impact on the domestic industry.

## **B. Determination with Respect to Trinidad and Tobago**

### **1. Volume of Subject Imports**

The volume of U.S. imports of certain steel wire rod from Trinidad and Tobago rose from \*\*\* short tons in 1994 to \*\*\* short tons in 1995 and \*\*\* short tons in 1996, an overall increase of \*\*\* percent. The volume of imports from Trinidad and Tobago was \*\*\* short tons in interim 1997 compared with \*\*\* short tons in interim 1996. The value of imports from Trinidad and Tobago followed the same pattern, rising from \*\*\* in 1994 to \*\*\* in 1995 and \*\*\* in 1996. Imports from Trinidad and Tobago by value were \*\*\* in interim 1997 compared with \*\*\* in interim 1996.<sup>76</sup> The market share of subject imports from Trinidad and Tobago by volume remained steady at \*\*\* percent from 1994 to 1995, rose to \*\*\* percent in 1996, and was \*\*\* percent in interim 1997 compared with \*\*\* percent in interim 1996.<sup>77</sup>

Despite the rising volume and market share of subject imports from Trinidad and Tobago, and in particular the \*\*\* short ton increase in the volume of such imports between 1995 and 1996, we do not find the volume of imports from Trinidad and Tobago or the increase in that volume to be significant, either in absolute terms or relative to production or consumption in the United States.<sup>78</sup> Although the domestic industry lost over 3 percentage points of market share between 1994 and 1995, the market share of imports from Trinidad and Tobago remained exactly the same during that period. Between 1995 and 1996, when subject imports made their greatest gains in volume and market share, the domestic industry's market share remained virtually the same. Thus, subject imports from Trinidad and Tobago captured sales and market share at the expense of non-subject imports rather than the domestic like product.<sup>79</sup> As noted above, moreover, due both to absolute capacity constraints and planned and unplanned production outages, the domestic industry was not able to satisfy all domestic demand for certain steel wire rod during the period examined.<sup>80</sup> The total increase in the volume of

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<sup>74</sup> AWPAs Posthearing Brief at Exhibit 3.

<sup>75</sup> Chairman Miller reiterates the discussion in footnote 41, *supra*.

<sup>76</sup> Table IV-1, CR at IV-2, PR at IV-2.

<sup>77</sup> Table IV-2, CR at IV-3, PR at IV-3.

<sup>78</sup> Commissioner Crawford notes that whether the volume is significant cannot be determined in a vacuum, but must be evaluated in the context of its price effect and impact.

<sup>79</sup> Table IV-2, CR at IV-3, PR at IV-3; Table IV-1, CR at IV-2, PR at IV-2.

<sup>80</sup> As noted above, the domestic industry's average-of-period capacity utilization, net of all production outages, (continued...)

imports from Trinidad and Tobago between 1995 and 1996 was only \*\*\* short tons, while the amount of production the domestic industry lost to planned and unplanned outages during the same period was 314,700 short tons.<sup>81</sup> Thus, all of the increase in import volume from Trinidad and Tobago during that period was serving demand that the domestic industry would not have been able to satisfy. Finally, as discussed further in the following sections, petitioners' primary argument was that the large increase in the volume of subject from Trinidad and Tobago led to a decline in domestic prices. We note, however, that the increase in the volume of subject imports from Trinidad and Tobago which occurred in 1996 followed, rather than preceded, the declines in domestic steel wire rod prices which began in mid-1995.

## 2. Price Effects of Subject Imports

As noted above, prices of domestic steel wire rod generally rose in 1994 and the first half of 1995, fell from mid-1995 through early to mid-1996, and rose thereafter, although not recovering to their 1995 period highs by the second quarter of 1997.<sup>82</sup> Nevertheless, we do not find the requisite causal connection between the prices of subject imports from Trinidad and Tobago and the declines in domestic producers' prices that occurred between mid-1995 and mid-1996.

In the preliminary determinations, we found that price is an important factor in purchasing decisions in the U.S. market for certain steel wire rod, particularly with respect to sales of industrial quality rod and other lower-quality grades.<sup>83</sup> Data obtained from purchasers in the final phase of these investigations confirm that price is one of a number of important factors in purchasing decisions. The majority of purchasers reported that quality is the most important factor considered when choosing from whom to purchase steel wire rod. As might be expected in light of the frequency of supply disruptions in the market, purchasers also rated availability, reliability, and the need for multiple sources of supply as very important.<sup>84</sup> Thus, the majority of responding purchasers reported that the lowest price does not necessarily win a sale and that they will purchase the same product from multiple

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<sup>80</sup> (...continued)

ranged from about 87 to 92 percent over the period examined. Table III-2, CR at III-4, PR at III-3. While these capacity utilization figures might suggest some small ability on the part of the domestic industry to increase its market share, the use of annual averages masks the fact that individual domestic producers were frequently unable to supply all their customers' demands at various points over this period. *See, e.g.*, AWPA Prehearing Brief at 11-17; Hearing Tr. at 285, 328-329. Thus, we are not convinced that the domestic industry could have increased its market share in a sustainable manner during any year of the period examined.

<sup>81</sup> Table III-2, CR at III-4, PR at III-3.

<sup>82</sup> CR at V-11, PR at V-8; Tables V-3-V-8, CR at V-12-V-17, PR at V-9; Supplementary Tables V-7-V-8, CSR at I-7-I-8, PSR at I-6.

<sup>83</sup> Prelim. Det. at 25.

<sup>84</sup> CR at II-7-II-10, PR at II-5-II-7.

suppliers at different prices to maintain alternate sources that meet their quality requirements.<sup>85 86</sup>

We do not find either the frequency or the margins of underselling by subject imports from Trinidad and Tobago to be significant. During the period examined, the subject imports from Trinidad and Tobago undersold the domestic product in 49 out of 54 possible comparisons, more than 90 percent of the time.<sup>87</sup> Contrary to petitioners' contention, however, we do not find that the frequency of underselling was appreciably higher during the time when prices were declining in the second half of 1995 and the first half of 1996 than earlier in the period.<sup>88</sup> Moreover, the margins by which the subject imports undersold the domestic product remained relatively constant over the period. To the extent they exhibit any trend, underselling margins on products 1 and 2 from Trinidad and Tobago reached their lowest levels during the period examined between the third quarter of 1995 and the second quarter of 1996. Finally, as discussed above, we find that these modest margins of underselling reflect the price premium which domestic producers command in the U.S. market for certain steel wire rod.<sup>89</sup> Our conclusions that price is not always the determining factor in making a sale and that underselling by subject imports from Trinidad and Tobago is not significant in this

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<sup>85</sup> CR at II-11, PR at II-7-II-8.

<sup>86</sup> Commissioner Crawford does not join the remainder of this subsection. To evaluate the effects of the dumping on domestic prices, Commissioner Crawford compares domestic prices that existed when the imports were dumped with what domestic prices would have been if the subject imports had been fairly traded. In most cases, if the subject imports had not been traded unfairly, their prices in the U.S. market would have increased. In this investigation, the dumping margins for subject imports from Trinidad and Tobago are moderate. Thus, subject imports of steel wire rod from Trinidad and Tobago likely would have been priced somewhat higher had they been fairly traded. The degree of substitution between steel wire rod from Trinidad and Tobago, domestic steel wire rod, other subject imports and nonsubject imports is good. If subject imports of steel wire rod from Trinidad and Tobago had been priced higher, some of the demand would have shifted to the domestic industry. However, because of limited capacity in the domestic industry and the availability of alternative sources of supply (*e.g.* other subject imports and nonsubject imports), little demand would have shifted to the domestic industry. The evidence indicates that the majority of steel wire rod imported from Trinidad and Tobago consisted of Products 1 and 2, industrial quality steel wire rod. A large number of suppliers compete in this segment of the market. Tables V-3 and V-4, CR at V-12-V-13, PR at V-9. On the supply side, any attempt by an individual supplier in the domestic industry to increase its prices in response to any limited shift in demand that may have taken place would have been challenged by competitors, *i.e.* other subject imports and nonsubject imports. Under such supply and demand conditions, any effort by a domestic supplier to raise its prices significantly would have been beaten back by its competitors. Therefore, significant effects on domestic prices of steel wire rod cannot be attributed to the dumped subject imports from Trinidad and Tobago. Consequently, Commissioner Crawford finds that subject imports from Trinidad and Tobago are not having significant effects on prices of domestic steel wire rod.

<sup>87</sup> Table V-9, CR at V-24, PR at V-12; CR at V-23, PR at V-12; Supplementary Table V-10, CSR at I-9, PSR at I-6.

<sup>88</sup> Imports from Trinidad and Tobago of products 1 and 2 undersold the domestic product in every comparison from first quarter 1994 through second quarter 1997. Table V-9, CR at V-24, PR at V-12. For product 3, imports from Trinidad and Tobago undersold the domestic product in 3 out of 5 possible comparisons through second quarter 1995 and 4 out of six possible comparisons during the rest of the period examined. Supplementary Table V-10, CSR at I-9, PSR at I-6.

<sup>89</sup> See notes 51-53, *supra*.



investigation are buttressed, moreover, by the fact that we were unable to confirm a single lost sale or lost revenue allegation with respect to imports from Trinidad and Tobago.<sup>90</sup>

As noted above, the decline in domestic prices that began in mid-1995 preceded the increase in the volume of imports from Trinidad and Tobago that occurred in 1996 by about half a year.<sup>91</sup> Further, we find no correlation between price trends for subject imports from Trinidad and Tobago and domestic price trends indicative of a causal relationship between the prices of subject imports from Trinidad and Tobago and declines in domestic steel wire rod prices between mid-1995 and mid-1996. Between the first quarter of 1994 and the fourth quarter of 1996, domestic prices for product 1 peaked in the second quarter of 1995, reached a period low in the first quarter of 1996, and generally rose thereafter, while prices for imports from Trinidad and Tobago peaked in the third quarter of 1995 and reached a period low in the third quarter of 1996.<sup>92</sup> For product 2, prices for the domestic product peaked in the second quarter of 1995 and reached a period low in the first quarter of 1996, while prices for imports from Trinidad and Tobago also peaked in the second quarter of 1995 and reached a period low in the second quarter of 1996.<sup>93</sup> These trends show that for products 1 and 2, the two highest volume products imported from Trinidad and Tobago for which the Commission obtained pricing data, prices for subject imports from Trinidad and Tobago generally followed price increases and decreases for the domestic like product. Price comparisons for product 3 also show domestic prices declining before or at the same time as the prices of imports from Trinidad and Tobago.<sup>94</sup> In light of the consistent pattern of underselling regardless of whether domestic steel wire rod prices were rising or falling, the lack of correlation between rising subject import volumes and market share in 1996 and the decline in domestic prices that began in mid-1995, and the fact that domestic prices generally fell before subject import prices in 1995, we do not find that the subject imports from Trinidad and Tobago have depressed domestic prices for certain steel wire rod to a significant degree.<sup>95</sup>

Similarly, we do not find that the prices of subject imports from Trinidad and Tobago suppressed domestic price increases that would otherwise have occurred to a significant degree. As noted above, the domestic industry's unit SG&A and unit COGS both increased modestly between 1995 and 1996, by 4.5 and 1.3 percent, respectively.<sup>96</sup> Although domestic producers were unable to raise prices to cover the entire cost increase in 1996, price increases in the latter half of the year did

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<sup>90</sup> Tables V-12-V-15, CR at V-27-V-31, PR at V-14.

<sup>91</sup> *See also* Memorandum INV-U-080 (Nov. 13, 1997).

<sup>92</sup> Table V-3, CR at V-12, PR at V-9.

<sup>93</sup> Table V-4, CR at V-13, PR at V-9.

<sup>94</sup> Table V-5, CR at V-14, PR at V-9. Meaningful comparisons of peaks were not possible for product 4 from Trinidad and Tobago. Imports from Trinidad and Tobago of product 5 represented very small volumes. There were no reported imports from Trinidad and Tobago of products 6 and 7. Tables V-6-V-8, CR at V-15-V-17, PR at V-9; Supplementary Tables V-7-V-8, CSR at I-7-I-8, PSR at I-6.

<sup>95</sup> Further support for this conclusion can be found in the purchaser questionnaire responses, which overwhelmingly identified domestic producers as the price leaders in this market. *See generally* Purchaser Questionnaire Responses at 12.

<sup>96</sup> Table VI-1, CR at VI-2-VI-3, PR at VI-2.

cover a significant portion of those cost increases.<sup>97</sup> We do not view the inability to cover the remaining costs to be evidence of significant price suppression. Moreover, in light of the absence of evidence supporting a correlation between subject import volumes or prices and declines in domestic steel wire rod prices during the period examined, we cannot conclude that subject import prices prevented, to a significant degree, domestic price increases that would otherwise have occurred.

### 3. Impact of Subject Imports<sup>98 99</sup>

As discussed above, after remaining steady between 1994 and 1995, the domestic industry's financial performance declined precipitously between full-year 1995 and full-year 1996, resulting in significant operating losses.<sup>100</sup> Because we have found no causal connection between the volume or prices of imports from Trinidad and Tobago and the decline in domestic steel wire rod prices in 1995-

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<sup>97</sup> Between the second and fourth quarters of 1996, domestic producers' prices rose by 1.9 percent for product 1, 2.1 percent for product 2, 1.8 percent for product 3, 1.0 percent for product 4, and 0.3 percent for product 5, while their prices for product 6 declined by 0.2 percent. *See generally* Tables V-3-V-8, CR at V-12-V-17, PR at V-9; Supplementary Tables V-7-V-8, CSR at I-7-I-8, PSR at I-6. In addition, the domestic industry's per-unit net sales value increased from \$350 per short ton in the first half of 1996 to \$353 per short ton in the second half of 1996. Memorandum INV-U-084.

<sup>98</sup> Pursuant to 19 U.S.C. § 1677(7)(C)(iii)(V), we note that the dumping margin for Trinidad and Tobago identified by Commerce in its final determination is 11.85 percent. 63 *Fed. Reg.* 9177 (Feb. 24, 1998).

<sup>99</sup> As previously stated, Commissioner Crawford does not evaluate impact based on trends in statutory impact factors. In her analysis of material injury by reason of dumped imports, Commissioner Crawford evaluates the impact of subject imports on the domestic industry by comparing the state of the industry when the imports were unfairly traded with what the state of the industry would have been had the imports been fairly traded. In assessing the impact of the subject imports on the domestic industry, she considers, among other relevant factors, output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, research and development and other relevant factors as required by 19 U.S.C. § 1677(7)(C)(iii). These factors together either encompass or reflect the volume and price effects of the unfairly traded imports, and so she gauges the impact of the dumping through those effects. In this regard, the impact on the domestic industry's prices, sales and overall revenues is critical, because the impact on the other industry indicators (e.g., employment, wages, etc.) is derived from this impact. As noted above, there is no substantial evidence that the domestic industry would have been able to increase its prices significantly if subject imports from Trinidad and Tobago had been fairly traded. Had subject imports from Trinidad and Tobago been fairly traded, there would have been an insignificant shift in demand from subject imports to the domestic industry due to capacity limitations in the domestic industry. If subject imports from Trinidad and Tobago had been fairly traded, to satisfy the demand for steel wire rod purchasers would have continued to purchase subject imports from other sources and would have continued to purchase nonsubject imports. In other words, had subject imports from Trinidad and Tobago not been dumped, the domestic industry would not have been able to increase its output and sales, and therefore its revenues, significantly. Consequently the domestic industry would not have been materially better off if the subject imports from Trinidad and Tobago had been fairly traded. Therefore, Commissioner Crawford does not find that unfairly traded steel wire rod from Trinidad and Tobago are having a significant impact on the domestic industry and she finds that the domestic industry producing steel wire rod is not materially injured by reason of unfairly traded imports of steel wire rod from Trinidad and Tobago.

<sup>100</sup> Table VI-1, CR at VI-2-VI-3, PR at VI-2.

96, however, we cannot conclude that the domestic industry's financial troubles were attributable to subject imports from Trinidad and Tobago. In any event, as discussed above, by the second half of 1996, as prices began recovering, so did the financial condition of the domestic industry, as well as virtually every other indicator of the condition of the domestic industry, despite the fact that subject import volumes continued to rise. This recovery continued into the first half of 1997, aided by further increases in domestic prices and rising apparent consumption.<sup>101</sup> In addition, as discussed in detail above, the record indicates that the domestic industry continued to invest vigorously in plant modernizations and expansions throughout the period examined, contradicting any claim that competition from subject imports from Trinidad and Tobago contributed to a decline in capital expenditures.<sup>102</sup>

In light of the lack of significant import volumes and significant price effects attributable to subject imports from Trinidad and Tobago, the consistently high level of investments by the domestic industry, and the improving trend in the industry's financial condition that began well before the petition was filed, we do not find that the subject imports from Trinidad and Tobago are presently having an adverse impact on the domestic industry.

## **V. NO THREAT OF MATERIAL INJURY BY REASON OF DUMPED IMPORTS**

### **A. Cumulation for Purposes of Threat Analysis**<sup>103</sup>

In assessing whether a domestic industry is threatened with material injury by reason of imports from two or more countries, the Commission has discretion to cumulate the volume and price effects of such imports if they meet the requirements for cumulation in the context of present material injury.<sup>104</sup> In deciding whether to cumulate for purposes of making our threat determinations, we also consider whether the subject imports are increasing at similar rates and have similar pricing patterns.<sup>105</sup>

Petitioners argue that imports from the four subject countries should be cumulated for purposes of the Commission's threat determinations with respect to Canada, Germany, and Venezuela, although they concede that the Commission may not cumulate for purposes of its threat determination for

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<sup>101</sup> Memorandum INV-U-084 (Nov. 19, 1997); Table IV-2, CR at IV-3, PR at IV-3; Table III-2, CR at III-4, PR at III-3. Because the rising price trend and accompanying financial recovery of the domestic industry began in mid-1996, more than half a year before the petitions in these investigations were filed in February of 1997, we conclude that these trends are not related to the pendency of the investigation and that, consistent with 19 U.S.C. § 1677(7)(I), the post-petition information provision, we may give full weight to such trends.

<sup>102</sup> See notes 70-74, *supra*.

<sup>103</sup> Commissioner Crawford does not join in this discussion because of her determination that the domestic steel wire rod industry is presently being materially injured by reason of unfairly traded imports from Canada, Germany, and Venezuela.

<sup>104</sup> 19 U.S.C. § 1677(7)(H).

<sup>105</sup> See Torrington Co. v. United States, 790 F. Supp. 1161 (Ct. Int'l Trade 1992); Metallverken Nederland B.V. v. United States, 728 F. Supp. 730, 741-42 (Ct. Int'l Trade 1989); Asociacion Colombiana de Exportadores de Flores v. United States, 704 F. Supp. 1068, 1072 (Ct. Int'l Trade 1988).

Trinidad and Tobago.<sup>106</sup> Canadian, German, and Venezuelan respondents argue that the Commission should not cumulate for purposes of its threat determinations.<sup>107</sup>

In these investigations, the volume of subject imports from Canada, Germany, Trinidad and Tobago, and Venezuela all rose between 1994 and 1996, and were lower in interim 1997 than in interim 1996.<sup>108</sup> With respect to price trends, for product 1, prices for subject imports from Canada, Trinidad and Tobago, and Venezuela all reached their period highs in mid-1995 and declined in 1996. For product 2, prices for subject imports from all four subject countries reached their period highs in 1995 and declined in 1996 (except that Venezuelan prices peaked in the first quarter of 1996).<sup>109</sup> With respect to underselling, subject imports from Germany, Trinidad and Tobago, and Venezuela undersold the domestic product in most comparisons, while subject imports from Canada showed a mixed pattern of over- and underselling.<sup>110</sup> Based on these trends, as well as the analysis of the mandatory cumulation factors in the Cumulation section above, we determine that it is appropriate to cumulate the dumped imports from all four countries for purposes of our threat determinations with respect to Canada, Germany, and Venezuela. For purposes of our threat determination with respect to Trinidad and Tobago, we consider dumped imports from Trinidad and Tobago alone.<sup>111</sup>

## **B. Statutory Factors**

Section 771(7)(F) of the Act directs the Commission to determine whether the U.S. industry is threatened with material injury by reason of the subject imports by analyzing whether “further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted.”<sup>112</sup> The Commission may not make such a determination “on the basis of mere conjecture or supposition,” and considers the threat factors as a whole” in making its determination whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued.<sup>113</sup> In making

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<sup>106</sup> Petitioners’ Prehearing Brief at 53-54.

<sup>107</sup> Canadian Respondents’ Prehearing Brief at IV-1-IV-3; Sidor Prehearing Brief at 1-4; Sairstahl Prehearing Brief at 16-18.

<sup>108</sup> Supplementary Table IV-1, CSR at I-5, PSR at I-4.

<sup>109</sup> Tables V-3 and V-4, CR at V-12-V-13, PR at V-9.

<sup>110</sup> CR at V-22 and V-25, PR at V-11-V-12.

<sup>111</sup> For the reasons indicated in footnote 31, *supra*, Vice Chairman Bragg also cross-cumulates dumped imports from the four subject countries with subsidized imports from Canada, Trinidad and Tobago, and Venezuela for purposes of her threat determinations with respect to Canada, Germany, and Venezuela, and cross-cumulates dumped and subsidized imports from Trinidad and Tobago for purposes of her threat determination with respect to Trinidad and Tobago.

<sup>112</sup> 19 U.S.C. § 1673d(b) and 1677(7)(F)(ii).

<sup>113</sup> 19 U.S.C. § 1677(7)(F)(ii). While the language referring to imports being imminent (instead of “actual  
(continued...)

our determination, we have considered all statutory factors<sup>114</sup> that are relevant to these investigations.<sup>115</sup>

For the reasons discussed below, we determine that the domestic industry is not threatened with material injury by reason of LTFV imports from Canada, Germany, Trinidad and Tobago, and Venezuela.

### **1. Determinations with Respect to Canada, Germany, and Venezuela**

The record indicates that subject imports have been decreasing throughout interim 1997, and were at lower levels during that period than during either the first or second half of 1996. Although the statute now directs us to consider whether any changes in subject import volume since the filing of the petition are related to the pendency of the investigations,<sup>116</sup> the record indicates that the reduced level of subject imports in interim 1997 is not related to the filing of the petitions in these investigations on February 26, 1997. While the petition was filed at the end of February of 1997, the decline in subject imports began earlier.<sup>117</sup> Thus the interim 1997 data appear to show a continuation of a downward trend in imports, rather than merely a response to the petition. Consequently, we believe that the interim 1997 data concerning subject import volume are not skewed by the filing of the petition and are probative regarding the likelihood of substantially increased exports of subject merchandise to the United States. These data, combined with the full year 1996 data, lead us to conclude that substantially increased imports of subject merchandise are not likely.<sup>118</sup>

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(...continued)

injury” being imminent and the threat being “real”) is a change from the prior provision, the SAA indicates the “new language is fully consistent with the Commission’s practice, the existing statutory language, and judicial precedent interpreting the statute.” SAA at 854.

<sup>114</sup> The statutory factors have been amended to track more closely the language concerning threat of material injury determinations in the WTO Antidumping Agreement and Subsidies and Countervailing Measures Agreement, although “[n]o substantive change in Commission threat analysis is required.” SAA at 855.

<sup>115</sup> 19 U.S.C. § 1677(7)(F)(I). Factor VII regarding raw and processed agriculture products is inapplicable to the products at issue. Additionally, there are no known antidumping or countervailing duty findings or remedies in effect in other countries with respect to certain steel wire rod from Canada, Germany, Trinidad and Tobago, or Venezuela. CR at VII-6, PR at VII-2. See 19 U.S.C. § 1677(7)(F)(iii)(I). Because she is not cross-cumulating, Chairman Miller finds that Factor I, concerning export subsidies, is not applicable. Vice Chairman Bragg adopts the discussion of Factor I contained in the Commission’s final countervailing duty determinations. Final CVD Dets. at 37, 40.

<sup>116</sup> 19 U.S.C. § 1677(7)(I).

<sup>117</sup> Memorandum INV-U-080; Tables V-3-V-8, CR at V-12-V-17, PR at V-9; Supplementary Tables V-7-V-8, CSR at I-7-I-8, PSR at I-6. According to official statistics, subject imports declined in December of 1996 from prior levels, rose somewhat in January of 1997, then declined in every month but one during the remainder of the interim period. We note that official statistics, which are the only source of monthly import data on the record, track a group of products which is not identical to the “certain steel wire rod” within the scope of these investigations. However, we find that these statistics are a good indicator of monthly import trends.

<sup>118</sup> Moreover, we note that, as discussed above, during periods in which the imports did increase, this increase  
(continued...)

The available data indicate that foreign producers of the subject merchandise have generally been operating at or near full capacity throughout the period examined.<sup>119</sup> While most such producers reported stable capacity throughout the period examined with no plans for expansion, \*\*\*. However, the record indicates that \*\*\*.<sup>120</sup> \*\*\*.<sup>121</sup> Based on this evidence we cannot conclude that the existence of additional or unused productive capacity, or imminent increases in capacity, indicate a likelihood of substantially increased imports of subject merchandise into the United States.

As stated above, subject imports at current volumes and prices have not had any significant adverse effects on prices for the domestic like product in the United States. We find no record basis for concluding that such price effects are likely to occur in the imminent future. Accordingly, we do not find that subject imports are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices or are likely to increase demand for further subject imports.

The record reveals that, in general, steel wire rod is not produced for inventory; rather, both domestic and foreign producers focus on wire drawers' orders.<sup>122</sup> While purchasers may amass inventories,<sup>123</sup> producers generally do not. Indeed, the data show that, during the period examined, foreign producers shipped the vast majority of wire rod produced in a given year during the year it was produced.<sup>124</sup>

There is no information in the record indicating any potential for product-shifting. Although some producers can shift production facilities between steel wire rod and rebar,<sup>125</sup> there is no record evidence that any subject producer has done so during the period examined or will do so in the near future. Moreover, there is little or no evidence of record from which it could be inferred that Ispat International has to date or will in future coordinate the marketing practices of its various steel wire rod producing affiliates in subject countries.<sup>126</sup>

In light of the extensive, continuing expansion and modernization programs pursued by the domestic industry throughout the period examined and projected for the next year, discussed above, we

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<sup>118</sup> (...continued)

did not come at the expense of domestic producers' market share, and that despite import volumes during 1996 that significantly exceed more recent levels, such imports never reached injurious levels.

<sup>119</sup> See Tables VII-2-VII-6, CR at VII-1-VII-6, PR at VII-2-VII-3; Supplementary Table VII-1, CSR at I-10, PSR at I-6.

<sup>120</sup> CR at VII-1-VII-5, PR at VII-1-VII-3.

<sup>121</sup> Table VII-5, CR at VII-5, PR at VII-3.

<sup>122</sup> CR at VII-5, PR at VII-1.

<sup>123</sup> CR at V-6, PR at V-5.

<sup>124</sup> Tables VII-2-VII-6, CR at VII-1-VII-6, PR at VII-2-VII-3; CR at VII-5, PR at VII-1; Supplementary Table VII-1, CSR at I-10, PSR at I-6.

<sup>125</sup> CR at III-3, PR at III-1.

<sup>126</sup> Compare Conf. Tr. at 183-85; Ispat Hamburger Postconference Brief at 24; CIL Postconference Brief at 39; \*\*\* Importer Questionnaire; with Petitioners' Posthearing Brief at 15.

do not find that subject imports are having or are likely to have negative effects on the development and production efforts of the domestic industry.

Finally, there are no other demonstrable adverse trends that indicate the probability the domestic industry is likely to be materially injured by reason of subject imports. As discussed above, the domestic industry has experienced improving trends in domestic shipments, prices, and profits that began in mid-1996 and continued through interim 1997. In addition, it has recently brought on line many capacity and process improvements. In light of these circumstances, we find that the domestic industry is not vulnerable to subject imports in the immediate future.

Evaluating all the statutory threat factors, we find that the record indicates neither that substantially increased volumes of subject steel wire rod is imminent nor that material injury by reason of subject imports would occur absent issuance of an antidumping duty order. Accordingly, we determine that the domestic steel wire rod industry is not threatened with material injury by reason of subject imports from Canada, Germany, and Venezuela.

## **2. Determination With Respect to Trinidad and Tobago**<sup>127</sup>

The record indicates that the volume of subject imports during interim 1997 was roughly equivalent to subject imports during interim 1996.<sup>128</sup> Moreover, subject imports during interim 1997 have decreased from their levels during both the first and second halves of 1996.<sup>129</sup> Although the statute now directs us to consider whether any changes in subject import volume since the filing of the petition are related to the pendency of the investigation,<sup>130</sup> the record indicates that the reduced level of subject imports in interim 1997 is not related to the filing of the petition in this investigation on February 26, 1997. While the petition was filed at the end of February of 1997, the decrease in

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<sup>127</sup> Commissioner Crawford notes that in her analysis of whether the domestic steel wire rod industry is threatened by reason of unfairly traded imports from Trinidad and Tobago that she considers the statutory factors. 19 U.S.C. § 1677(F)(1). She notes that no new evidence has been introduced in the final phase of the antidumping investigation to alter her final determination on this issue in the subsidy investigation. Final CVD Dets. at 40. The volume of subject imports from Trinidad and Tobago has changed little when the interim period of 1996 is compared with the most recent data from interim 1997. Table IV-1, CR at IV-2, PR at IV-2. Trinidad and Tobago's market share increased only \*\*\* percent from 1995 to 1996. The capacity utilization of Trinidad and Tobago's steel wire rod industry is \*\*\* and there is no evidence that there are significant inventories of subject imports in Trinidad and Tobago. Table VII-5, CR at VII-5, PR at VII-3. Commissioner Crawford has determined that dumped imports from Trinidad and Tobago are not having a price effect on the domestic industry or a significant impact on the output, sales and revenues of the domestic steel wire rod industry. There is no evidence which suggests that these conditions will change in the future. Thus, she determines that the domestic steel wire rod industry is not threatened with material injury by reason of dumped imports from Trinidad and Tobago.

<sup>128</sup> Table IV-1, CR at IV-2, PR at IV-2.

<sup>129</sup> Memorandum INV-U-080.

<sup>130</sup> 19 U.S.C. § 1677(7)(I).

imports began earlier.<sup>131</sup> Thus the interim 1997 data appear to be a continuation of a trend in imports, rather than merely a response to the petition. Consequently, we believe that the interim 1997 data concerning subject import volume are not skewed by the filing of the petition and are probative of the likelihood of substantially increased exports of subject merchandise to the United States. These data, combined with the full year 1996 data, lead us to conclude that substantially increased imports of subject merchandise are not likely.<sup>132</sup>

There is currently only one producer of steel wire rod in Trinidad and Tobago, CIL. The data indicate that CIL has been operating \*\*\*.<sup>133</sup> As discussed elsewhere, CIL \*\*\* throughout the period examined largely through equipment upgrades. However, \*\*\*.<sup>134</sup> These upgrades \*\*\*.<sup>135</sup> Based on this evidence we cannot conclude that the existence of additional or unused productive capacity, or imminent increases in capacity, indicate a likelihood of substantially increased imports of subject merchandise from Trinidad and Tobago into the United States.

As stated above, subject imports from Trinidad and Tobago at current volumes and prices have not had any significant adverse effects on prices for the domestic like product in the United States. We find no record basis for concluding that such price effects are likely to occur in the imminent future. Accordingly, we do not find that subject imports from Trinidad and Tobago are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices or are likely to increase demand for further subject imports.

The record reveals that, in general, steel wire rod is not produced for inventory; rather, both domestic and foreign producers focus on wire drawers' orders.<sup>136</sup> While purchasers may amass inventories,<sup>137</sup> producers generally do not. Indeed, the data show that \*\*\*.<sup>138</sup>

There is no information in the record indicating that CIL has any potential for product-shifting. Moreover, there is little or no evidence of record from which it could be inferred that Ispat International has to date or will in the future coordinate the marketing practices of its various steel wire

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<sup>131</sup> Memorandum INV-U-080; Tables V-3-V-8, CR at V-12-V-17, PR at V-9; Supplementary Tables V-7-V-8, CSR at I-7-I-8, PSR at I-6. According to official statistics, subject imports from Trinidad and Tobago declined in December of 1996 from prior levels, rose in January of 1997, and were at significantly reduced levels during the rest of the interim period.

<sup>132</sup> Moreover, we note that, as discussed above, during periods in which the imports did increase, this increase did not come at the expense of domestic producers' market share, and that despite import volumes during 1996 that significantly exceed more recent levels, such imports never reached injurious levels.

<sup>133</sup> See Table VII-5, CR at VII-5, PR at VII-3.

<sup>134</sup> CR at VII-3-VII-5, PR at VII-1-VII-3.

<sup>135</sup> Table VII-5, CR at VII-5, PR at VII-3.

<sup>136</sup> CR at VII-5, PR at VII-1.

<sup>137</sup> CR at V-6, PR at V-5.

<sup>138</sup> Table VII-5, CR at VII-5, PR at VII-3.



rod producing affiliates in subject countries as alleged by the petitioners.<sup>139</sup> In light of the extensive, continuing expansion and modernization programs pursued by the domestic industry throughout the period examined and projected for the next year, discussed above, we do not find that subject imports from Trinidad and Tobago are having or are likely to have negative effects on the development and production efforts of the domestic industry.

Finally, there are no other demonstrable adverse trends that indicate the probability the domestic industry is likely to be materially injured by reason of subject imports. As discussed above, the domestic industry has experienced improving trends in domestic shipments, prices, and profits that began in mid-1996 and continued through interim 1997. In addition, it has recently brought on line many capacity and process improvements. In light of these circumstances, we find that the domestic industry is not vulnerable to LTFV imports from Trinidad and Tobago in the immediate future.

Evaluating all the statutory threat factors, we find that the record indicates neither that substantially increased volumes of subject steel wire rod from Trinidad and Tobago is imminent nor that material injury by reason of subject imports would occur absent issuance of an antidumping duty order. Accordingly, we determine that the domestic steel wire rod industry is not threatened with material injury, by reason of subject imports from Trinidad and Tobago.

## CONCLUSION

For the foregoing reasons, we determine that the domestic industry producing certain steel wire rod is neither materially injured nor threatened with material injury by reason of LTFV imports from Canada, Germany, Trinidad and Tobago, and Venezuela.

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<sup>139</sup> Compare Conf. Tr. at 183-85; Ispat Hamburger Postconference Brief at 24; CIL Postconference Brief at 39; \*\*\* Importer Questionnaire; *with* Petitioners' Posthearing Brief at 15.



## DISSENTING VIEWS OF COMMISSIONER CAROL T. CRAWFORD

On the basis of information obtained in these investigations, I determine that the industry in the United States producing steel wire rod is materially injured by reason of imports of steel wire rod from Canada, Germany and Venezuela that the Department of Commerce has found to be sold at less-than-fair-value (“LTFV”). I join my colleagues’ findings with respect to like product, domestic industry and cumulation, and I join their discussion of the condition of the domestic industry. In addition, I concur in the conclusion that the domestic industry is not materially injured or threatened with material injury by reason of dumped imports from Trinidad and Tobago. However, I do not concur in their determination that the domestic industry is not materially injured or threatened with material injury by reason of the subject imports from Canada, Germany and Venezuela. Rather, I determine that the domestic industry is materially injured by reason of the dumped imports from Canada, Germany and Venezuela. Because my determinations with respect to Canada, Germany and Venezuela differ from my colleagues’ determinations, my dissenting views follow.

### I. BACKGROUND

These antidumping investigations arise from countervailing duty and antidumping petitions that were filed simultaneously, but decided on a staggered time frame. In its final determinations in the countervailing duty investigations, the Commission cumulated imports that Commerce had finally determined to be subsidized with imports that Commerce had only preliminarily determined to be dumped. The Commission majority found imports from Germany negligible and made final negative determinations with respect to the other three countries. I concurred in the finding that subsidized subject imports from Germany were negligible, and in the negative final determination with respect to Trinidad and Tobago. However, I did not concur in the negative determinations with respect to the other two countries. Rather, I determined that the domestic industry was materially injured by reason of the subsidized imports from Canada and Venezuela.<sup>1</sup>

In these antidumping investigations, I concur in my colleagues’ negative determination with respect to Trinidad and Tobago, but not in their negative determinations with respect to the other three countries. Rather, I determine that the domestic industry is materially injured by reason of dumped imports from Canada, Germany and Venezuela. My determinations are based on the record compiled in the countervailing duty cases.<sup>2</sup> However, my analysis in these antidumping determinations differs in two respects from my analysis in my countervailing duty determinations. First, one Canadian producer, Stelco, received a *de minimis* dumping margin,<sup>3</sup> and therefore my evaluation does not include the imports of this producer. Second, in accordance with the clear terms of the statute I have not cross-cumulated the

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<sup>1</sup> In accordance with the statute, for those determinations I cumulated subsidized imports from Canada, Trinidad & Tobago, and Venezuela with preliminarily dumped imports from Canada, Germany, Venezuela and Trinidad and Tobago. Certain Steel Wire Rod from Canada, Germany, Trinidad and Tobago, and Venezuela, Inv. Nos. 701-TA-368-371 (Final), USITC Pub. at 17-22.

<sup>2</sup> See Views of the Commission, *supra* at note 1.

<sup>3</sup> Supplemental Staff Report, CSR at note 6; PSR at

subsidized imports with the dumped imports.<sup>4</sup> Therefore, I have evaluated the volume, price effects and impact of only the dumped imports.

These differences do not warrant determinations that differ from my determinations in the countervailing duty investigations. First, the excluded imports of the Canadian producer are not large, and thus do not reduce significantly the volume of subject imports.<sup>5</sup> Second, even though I do not evaluate the effects of the subsidies, the final dumping margins alone are sufficiently large that the volume, price effects and impact of the dumped imports leads to the same conclusion, that is, that the domestic industry would have been materially better off had the subject imports not been dumped. Taking these differences into account, my analysis follows.

## II. INTRODUCTION

The statute calls upon us to determine whether the domestic industry is materially injured by reason of the dumped imports. This case illustrates important analytical differences between my interpretation of the statute and that of my colleagues, regarding both injury and causation.

We differ regarding injury. Injury is a relative concept, not an absolute. We must in each case ask whether the industry is injured relative to what. That is, we must have a baseline, or a point of comparison, against which to measure the condition of the industry as it is factually described in the evidentiary record. The so-called “trends” analysis implicitly adopts as a baseline some unspecified point in the past when the industry was “healthy” or “normal.” Injury is then determined by comparing the industry’s current condition with its past “normal” or “healthy” state, whenever it occurred, but generally within the period of investigation. If the industry is not performing as well as it was at the previous point in time selected for comparison, it is found to be injured; if it is performing as well as or better than it was at the baseline point, it is found not to be injured. In my view, this analysis is inadequate for several reasons. It lacks transparency. It arbitrarily selects a time period to define the industry’s profile. It uses as a point of comparison a historical period in time largely different from the time period the Department of Commerce has reported that dumping took place. Perhaps most important, it carries an assumption that any industry that is doing well cannot simultaneously be injured under the statute.

This case presents evidence of an industry doing well. However, in my view “doing well” is not necessarily inconsistent with being injured. A runner might win his race even with a sprained ankle. The measure of his injury is not whether he wins, rather it is how much faster his time would have been had he not had the sprained ankle. Just as an exceptionally talented runner might win a race notwithstanding a sprained ankle, it is reasonable to expect that an efficient and aggressive industry can be doing well in spite of competition from dumped imports. The measure of injury is not whether the industry is doing well, but whether it would have been doing even better had the imports not been dumped. My analysis adopts a baseline that I believe more accurately reflects both the intent of the statute and realities in the marketplace. It compares the performance of the industry when imports were dumped against how well the industry would have been doing if the subject imports had been fairly traded. It allows an estimate of output, prices and revenue foregone as a result of the dumping. The more appropriate comparison used in my analysis thus captures foregone revenues lost by profitable industries, as well as those that are not profitable. This

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<sup>4</sup> See Views of the Commission, *supra* at Section III-B.

<sup>5</sup> In these antidumping investigations the 1996 volume of subject imports (excluding Stelco’s imports) was \*\*\* short tons, while the volume of the subsidized and preliminary dumped imports (including Stelco’s imports) in the countervailing duty investigations was \*\*\*. The difference in volumes does not affect the outcome of my analysis.

case presents such a situation, as I will discuss below. The industry could not have increased its output significantly, but it could have increased its prices, and therefore its revenues significantly, had the subject imports from Canada, Germany, and Venezuela been traded fairly.

My interpretation of the causation requirement of the statute also differs from that of my colleagues.<sup>6</sup> In this case, as in most, we have evidence of a domestic industry experiencing internal problems as well as robust domestic competition and competition from both subject and nonsubject imports. A dynamic marketplace resists any tidy classification of causes and effects. Undoubtedly many factors contributed to the industry's failure to show larger profits. Here, it is possible that internal industry problems, taken alone, have caused injury that would be deemed material, and could even be greater than the harm caused by the unfair imports. Other problems facing the industry, singularly or together, might also have caused material injury. Nonetheless, we are not to weigh causes.<sup>7</sup> Rather, we are to determine if the dumping caused injury that is material. The dumping need not be the most important cause of the material injury. It must only be found that, when isolated from other causes, the dumping caused material injury to the domestic industry. The value of my analysis is that, in addition to measuring injury by foregone revenues, or in this case foregone profits, it allows isolation of the injury caused by the dumped imports, thereby allowing me to determine if the dumped imports, taken alone, are causing material injury. This avoids inappropriate speculation on causes and effects of different events in the marketplace.<sup>8</sup> In this

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<sup>6</sup> The statute requires that the Commission determine whether a domestic industry is “materially injured by reason of” the LTFV imports. The clear meaning of the statute is to require a determination of whether the domestic industry is materially injured by reason of LTFV imports, not by reason of the LTFV imports among other things. Many, if not most, domestic industries are subject to injury from more than one economic factor. Of these factors, there may be more than one that independently are causing material injury to the domestic industry. It is assumed in the legislative history that the “ITC will consider information which indicates that harm is caused by factors other than less-than-fair-value imports.” S. Rep. No. 249, 96th Cong., 1st Sess. 75 (1979). However, the legislative history makes it clear that the Commission is not to weigh or prioritize the factors that are independently causing material injury. *Id.* at 74; H.R. Rep. No. 317, 96th Cong., 1st Sess. 46-47 (1979). The Commission is not to determine if the dumped and LTFV imports are “the principal, a substantial or a significant cause of material injury.” S. Rep. No. 96-249 at 74 (1979). Rather, it is to determine whether any injury “by reason of” the LTFV imports is material. That is, the Commission must determine if the subject imports are causing material injury to the domestic industry. “When determining the effect of imports on the domestic industry, the Commission must consider all relevant factors that can demonstrate if unfairly traded imports are materially injuring the domestic industry.” S. Rep. No. 71, 100th Cong., 1st Sess. 116 (1987) (emphasis added); Gerald Metals v. United States, 132 F.3d 716 (Fed. Cir. 1997).

A detailed description of my analytical framework is presented below. Both the Court of International Trade and the United States Court of Appeals for the Federal Circuit have held that the “statutory language fits very well” with my mode of analysis, expressly holding that my mode of analysis comports with the statutory requirements for reaching a determination of material injury by reason of the subject imports. United States Steel Group v. United States, 96 F.3d 1352, 1361 (Fed. Cir. 1996), *aff’d* 873 F. Supp. 673, 694-95 (Ct. Int’l Trade 1994).

<sup>7</sup> The legislative history makes it clear that the Commission is not to weigh or prioritize the factors that are independently causing material injury. S. Rep. No. 249, 96th Cong., 1st Sess. 74 (1979); H.R. Rep. No. 317, 96th Cong., 1st Sess. 46-47 (1979).

<sup>8</sup> Such a comparison is intended to “isolate the imports as a cause of “material injury”, *United States Steel Group v. United States*, 873 F. Supp. 673, 695 (CIT 1995), *aff’d* 96 F.3d 1352 (Fed Cir. 1996), and thus fulfills the statutory requirement that the material injury suffered by the domestic industry is “by reason of” the unfairly traded (continued...)

case, the record reveals that the industry's revenues were adversely affected by a variety of factors. One of those factors was the dumped imports, which reduced the industry's revenues materially over what those revenues would have been had the imports been fairly traded. Consequently, even though the domestic industry is doing well, it is materially injured by reason of the dumped imports.

### III. ANALYTICAL FRAMEWORK

In determining whether a domestic industry is materially injured by reason of the dumped imports, the statute directs the Commission to consider:

- (I) the volume of imports of the merchandise which is the subject of the investigation,
- (II) the effect of imports of that merchandise on prices in the United States for like products, and
- (III) the impact of imports of such merchandise on domestic producers of like products, but only in the context of production operations within the United States . . .<sup>9</sup>

In making its determination, the Commission may consider "such other economic factors as are relevant to the determination."<sup>10</sup> In addition, the Commission "shall evaluate all relevant economic factors which have a bearing on the state of the industry . . . within the context of the business cycle and conditions of competition that are distinctive to the affected industry."<sup>11</sup>

The statute directs that we determine whether the domestic industry is "materially injured by reason of" the dumped imports. Thus we are called upon to evaluate the effect of the dumped imports on the domestic industry and determine if they are causing material injury. There may be, and often are, other "factors" that are causing injury. These factors may even be causing greater injury than the dumping. However, the statute does not require us to weigh or prioritize the factors that are independently causing material injury. Rather, the Commission is to determine whether any injury "by reason of" the unfairly traded imports is material. That is, the Commission must determine if the subject imports are causing material injury to the domestic industry. "When determining the effects of imports on the domestic industry, the Commission must consider all relevant factors that can demonstrate if unfairly traded imports are materially injuring the domestic industry."<sup>12</sup> It is important, therefore, in these investigations to assess the effects of the dumped imports in a way that distinguishes those effects from the effects of other factors unrelated to the dumping. To do this, as noted above, I compare the current condition of the industry to the industry conditions that would have existed without the dumping, that is, had subject imports all been fairly

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<sup>8</sup> (...continued)  
imports.

<sup>9</sup> 19 U.S.C. § 1677(7)(B)(i).

<sup>10</sup> 19 U.S.C. § 1677(7)(B)(ii).

<sup>11</sup> 19 U.S.C. § 1677(7)(C)(iii).

<sup>12</sup> S. Rep. No. 71, 100th Cong., 1st Sess. 116 (1987)(emphasis added); Gerald Metals v. United States, 132 F.3d 716 (Fed. Cir. 1997).

traded. I then determine whether the change in conditions constitutes material injury.<sup>13</sup>

In my analysis of material injury, I evaluate the effects of the dumped imports<sup>14</sup> on domestic prices, domestic sales, and domestic revenues. To evaluate the effects of the dumped imports on domestic prices, I compare domestic prices that existed when the imports were dumped with what domestic prices would have been if the imports had been traded fairly. Similarly, to evaluate the effects of the dumped imports on the quantity of domestic sales,<sup>15</sup> I compare the level of domestic sales that existed when imports were dumped with what domestic sales would have been if the imports had been traded fairly. The combined price and quantity effects translate into an overall domestic revenue impact. Understanding the impact on the domestic industry's prices, sales and overall revenues is critical to determining the state of the industry, because the impact on other industry indicators (e.g., employment, wages, etc.) is derived from the impact on the domestic industry's prices, sales, and revenues.

I then determine whether the price, sales and revenue effects of the dumped imports, either separately or together, demonstrate that the domestic industry would have been materially better off if the imports had been traded fairly. If so, the domestic industry is materially injured by reason of the dumped imports.

For the reasons discussed below, I determine that the domestic industry producing steel wire rod is materially injured by reason of dumped imports of steel wire rod from Canada, Germany and Venezuela.

#### IV. CONDITIONS OF COMPETITION

To understand how an industry is affected by unfair imports, we must examine the conditions of competition in the domestic market. The conditions of competition constitute the commercial environment in which the domestic industry competes with unfair imports, and thus form the foundation for a realistic assessment of the effects of the dumped imports. This environment includes demand conditions, substitutability among and between products from different sources, and supply conditions in the market.

##### A. Demand Conditions

An analysis of demand conditions tells us what options are available to purchasers, and how they are likely to respond to changes in market conditions, for example an increase in the general level of prices in the market. Purchasers generally seek to avoid price increases, but their ability to do so varies with conditions in the market. The willingness of purchasers to pay a higher price will depend on the importance of the product to them (e.g., how large a cost factor), whether they have options that allow them to avoid the price increase, for example by switching to alternative products, or whether they can exercise buying

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<sup>13</sup> Both the Court of International Trade and the United States Court of Appeals for the Federal Circuit have held that the "statutory language fits very well" with my mode of analysis, expressly holding that my mode of analysis comports with the statutory requirements for reaching a determination of material injury by reason of the subject imports. United States Steel Group v. United States, 96 F.3d 1352, 1361(Fed. Cir. 1996), *aff'd* 873 F.Supp. 673, 694-695 (Ct. Int'l Trade 1994).

<sup>14</sup> As part of its consideration of the impact of imports, the statute as amended by the URAA now specifies that the Commission is to consider in an antidumping proceeding, "the magnitude of the margin of dumping." 19 U.S.C. § 1677(7)(C)(iii)(V).

<sup>15</sup> In examining the quantity sold, I take into account sales from both existing inventory and new production.

power to negotiate a lower price. An analysis of these demand-side factors tells us whether demand for the product is elastic or inelastic, that is, whether purchasers will reduce the quantity of their purchases if the price of the product increases. For the reasons discussed below, I find that the overall elasticity of demand for steel wire rod is relatively low.

Importance of the Product and Cost Factor. Key factors that measure the willingness of purchasers to pay higher prices are the importance of the product to purchasers and the significance of its cost. In the case of products that are incorporated into other products (e.g., a component), the importance will depend on its cost relative to the total cost of the product in which it is used. When the price of the component is a small portion of the total cost of the product in which it is used, changes in the price of the component are less likely to affect its purchase.

Record evidence shows that steel wire rod is used as a component for a host of products and that the cost component of steel wire rod in most of the end uses is moderate.<sup>16</sup> This moderate cost share suggests a lower elasticity of demand for steel wire rod.

Alternative Products. Another important factor in determining whether purchasers would be willing to pay higher prices is the availability of viable alternative products. Often purchasers can avoid a price increase by switching to alternative products. If such an option exists, it can impose discipline on producer efforts to increase prices.

Steel wire rod is an intermediate product used in the production of wire and wire products. The record in these investigations indicates there are few, if any, practical substitutes for steel wire rod used in wire making.<sup>17</sup> This suggests an inelastic demand for steel wire rod.

Based on the moderate cost share of steel wire in downstream products and in particular the limited availability of alternative products, I find that overall the demand for steel wire rod is inelastic. That is, purchasers will not reduce significantly the amount of steel wire rod they buy in response to a general increase in the price of steel wire rod.

## B. Substitutability

Simply put, substitutability measures the similarity or dissimilarity of imported versus domestic products from the purchaser's perspective. Substitutability depends upon 1) the extent of product differentiation, measured by product attributes such as physical characteristics, suitability for intended use, design, convenience or difficulty of usage, quality, etc.; 2) differences in other non-price considerations such as reliability of delivery, technical support, and lead times; and 3) differences in terms and conditions of sale. Products are close substitutes if their product attributes, other non-price considerations and terms and conditions of sale are similar.

While price is nearly always important in purchasing decisions, non-price factors that differentiate products determine the value that purchasers receive for the price they pay. If products are close substitutes, their value to purchasers is similar, and thus purchasers will respond more readily to relative price changes. On the other hand, if products are not close substitutes, relative price changes are less important and are therefore less likely to induce purchasers to switch from one source to another.

Because demand elasticity for steel wire rod is inelastic, overall purchases will not decline significantly if the overall prices of steel wire rod increase. However, purchasers can avoid price increases

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<sup>16</sup> CR at II-21; PR at II-16.

<sup>17</sup> CR I-4 and I-5; PR at I-4.



from one source by seeking other sources of steel wire rod. In addition to any changes in overall demand for steel wire rod, the demand for steel wire rod from different sources will decrease or increase depending on their relative prices and their substitutability. If steel wire rod from different sources is substitutable, purchasers are more likely to shift their demand from one source when the products from that source (i.e., subject imports) experience a price increase. The magnitude of this shift in demand is determined by the degree of substitutability among the sources.

Purchasers have three potential sources of steel wire rod: domestically produced steel wire rod, subject imports, and nonsubject imports. Purchasers are more or less likely to switch from one source to another depending on the similarity, or substitutability, between and among them. I have evaluated the substitutability among steel wire rod from different sources as follows.

Based on the evidence in the record, I find that subject imports and domestic steel wire rod are good substitutes for each other. I further find that subject imports and nonsubject imports are at least moderate substitutes for each other. Thus, a shift in demand away from subject imports likely would increase demand for both nonsubject imports and domestic steel wire rod.

Purchasers noted that Canadian steel wire rod and domestic steel wire rod were equally available, had comparable delivery times, could be purchased with similar discounts, were of the same consistent quality and had comparable delivery times. A majority of purchasers reported that Venezuelan steel wire rod and domestic product had comparable delivery times, were available at similar discounts, were packaged in the same manner, had comparable product consistency and product range. Most producers, importers and purchasers reported that German subject imports and domestic steel wire rod were used to produce the same downstream products. Most purchasers reported German subject imports to be of comparable quality, have the same product range, were offered at similar discounts and were served with comparable technical support as domestic steel wire rod. Similarly, producers, importers and purchasers generally agree that subject imports from Trinidad and Tobago and domestic steel wire rod generally can be used in the same end uses. The majority of purchasers reported that subject imports from Trinidad and Tobago were comparable as to delivery terms, discounts provided, packaging, and product quality, range and consistency. Overall a majority of purchasers reported that domestic steel wire rod and subject imports are comparable in the majority of the bases for comparison and are good substitutes for each other.<sup>18</sup>

For these reasons, I find that subject imports and domestic steel wire rod are good substitutes for each other. I further find that nonsubject imports are at least moderate substitutes for domestic steel wire rod and subject imports.<sup>19</sup> Therefore, all else being equal, it is likely that purchasers would have switched from purchases of subject imports to purchases of both nonsubject imports and domestic steel wire rod had the subject imports been fairly traded.

### C. Supply Conditions

Supply conditions in the market are a third condition of competition. Supply conditions determine how producers would respond to an increase in demand for their product, and also affect whether producers are able to institute price increases and make them stick. Supply conditions include producers' capacity

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<sup>18</sup> CR tables II-2, II-3, II-4, II-5 and II-6 at II-11 and II-19; PR at II-8-II-12.

<sup>19</sup> Most importers indicated that nonsubject imports of steel wire rod and subject imports were moderate substitutes. CR, at II-20; PR at 13. An additional indication of the degree of substitutability between subject imports and nonsubject imports is that the increase in subject imports from 1995 to 1996 mainly displaced nonsubject imports in the market. CSR, table C-1 at I-11; PSR at I-7.

utilization, their ability to increase their capacity readily, the availability of inventories, the availability of products for export markets that can be diverted to the domestic market, production alternatives, and the level of competition in the market. For the reasons discussed below, I find that the elasticity of supply of steel wire rod is low.

Capacity Utilization and Capacity. Unused capacity can exercise discipline on prices, if there is a competitive market, as no individual producer could easily make a price increase stick. Any attempt at a price increase by any one producer would be beaten back by its competitors who have the available capacity and are willing to sell more at a lower price. In 1996, a 10.2 percent of the domestic industry's capacity to produce steel wire rod was not used<sup>20</sup> and, thus only this limited amount of capacity was available to increase production. Other evidence in the record indicates that this apparent available capacity may be overstated. The domestic industry acknowledged that it did not have the capacity to serve the demand for steel wire rod in the domestic market.<sup>21</sup> Several purchasers reported instances when U.S. producers could not fill orders for steel wire rod and placed the purchasers on allocation.<sup>22</sup> The inability of the domestic industry to supply the domestic steel wire purchasers with adequate supply was a point emphasized by the Respondents during the investigations.<sup>23</sup> Thus, the domestic industry had little, if any, actual unused capacity available to supply the demand for subject imports.

Inventories and Exports. As noted above, the domestic industry maintained insignificant inventories throughout the period of investigation.<sup>24</sup> In addition, the domestic industry's exports are insignificant, accounting for approximately 1 percent of shipments in 1996.<sup>25</sup> Thus, the domestic industry did not have available inventories or exports that could have filled the demand for subject imports.

Level of Competition. The level of competition in the domestic market has a critical effect on producer responses to demand increases. A competitive market is one with a number of suppliers in which no one producer has the power to influence price significantly. There are 17 domestic producers of steel wire rod in the U.S. market, and thus there is significant competition within the domestic industry. Nonsubject imports also have been a presence in this market, accounting for up to 10.7 percent of consumption during 1996.<sup>26</sup> Consequently, I find that there is a significant level of competition in the U.S. market for steel wire rod.

Notwithstanding the level of competition in the domestic market, I find that the elasticity of supply is low based on the domestic industry's limited ability to increase supply from existing unused capacity,

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<sup>20</sup> CR table III-2 at III-4, PR at III-3.

<sup>21</sup> Petitioner's Prehearing Brief at 7; Conf. Tr. at 260-62; table III-2, CR at III-4; PR at III-3; table IV-2, CR at IV-3, PR at IV-3. See Certain Steel Wire Rod from Canada, Germany, Trinidad and Tobago, and Venezuela, Inv. Nos. 701-TA-368-371 (Final), USITC Pub. 3075 at 10-14.

<sup>22</sup> CR at III-3; PR at III-1.

<sup>23</sup> Prehearing brief of the American Wire Producers Association at 6-17.

<sup>24</sup> Memorandum INV-U-083 (Nov. 18, 1997). See Certain Steel Wire Rod from Canada, Germany, Trinidad and Tobago, and Venezuela, Inv. Nos. 701-TA-368-371 (Final), USITC Pub. 3075 at n.64 and at 13.

<sup>25</sup> CSR, table C-1 at I-12; PSR at table C-1 at I-8.

<sup>26</sup> CSR, table C-1 at I-11; PSR, table C-1 at I-7.

inventories and exports.

## V. MATERIAL INJURY BY REASON OF LTFV IMPORTS OF STEEL WIRE ROD FROM CANADA, GERMANY AND VENEZUELA

The statute requires us to consider the volume of dumped imports, their effect on domestic prices, and their impact on the domestic industry. I consider each requirement in turn.

### A. Volume of Dumped Imports

Dumped imports of steel wire rod from Canada, Venezuela, Trinidad and Tobago, and Germany<sup>27</sup> increased from \*\*\* short tons in 1995 to \*\*\* short tons in 1996.<sup>28</sup> The value of subject imports was \$\*\*\* in 1995, and \$\*\*\* in 1996.<sup>29</sup> By quantity, subject imports held a market share of \*\*\* percent in 1995, and \*\*\* percent in 1996.<sup>30</sup> Their market share by value was \*\*\* percent in 1995, and \*\*\* percent in 1996.<sup>31</sup> While it is clear that the larger the volume of dumped imports, the larger the effect they will have on the domestic industry, whether the volume is significant cannot be determined in a vacuum, but must be evaluated in the context of its price effects and impact. Based on the market share of dumped imports and the conditions of competition in the domestic market, I find that the volume of subject imports is significant in light of its price effects and impact.

### B. Effect of Dumped Imports on Domestic Prices

To determine the effect of dumped imports on domestic prices, I examine whether the domestic industry could have increased its prices if the subject imports had been fairly traded. As discussed, both demand and supply conditions in the steel wire rod market are relevant. Examining demand conditions helps us understand whether purchasers would have been willing to pay higher prices for the domestic product, or buy less of it, if subject imports had been fairly traded. Examining supply conditions helps us understand whether available capacity and competition among suppliers to the market would have imposed discipline and prevented price increases for the domestic product, even if subject imports had been fairly traded.

If the dumped imports had not fairly traded their prices in the U.S. market would have increased. Thus, if subject imports had been fairly traded, they would have become more expensive relative to

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<sup>27</sup> As stated above, for purposes of my analysis of material injury by reason of dumped steel wire rod imports from Canada, Germany and Venezuela, I have cumulated dumped imports from Canada, Germany and Venezuela with dumped imports from Trinidad and Tobago. *See* Views of the Commission, *supra* at Section III.

<sup>28</sup> CSR, table IV-2 at I-6; PSR, table IV-2 at I-5.

<sup>29</sup> CSR, table IV-1, at I-5; PSR, table IV-1 at I-4.

<sup>30</sup> In the countervailing duty investigations the volume of subject imports, including Stelco's imports, accounted for a \*\*\* percent market share by quantity in 1996. Even after excluding Stelco's imports, I find that the \*\*\* percent market share of subject imports in these antidumping investigations is significant.

<sup>31</sup> CSR, table IV-2, at I-6; PSR, table IV-2 at I-5.

domestic steel wire rod and nonsubject imports. In such a case, if dumped imports are good substitutes with steel wire rod from other sources, purchasers would have shifted towards the relatively less expensive products.

In these investigations, the dumping margins for subject imports are sufficiently large that subject imports likely would have been priced significantly higher had they been fairly traded<sup>32</sup>. Subject imports and domestic steel wire rod are good substitutes for each other. However, due to capacity limitations the domestic industry would have been able to supply only a small portion of the full demand for subject imports that likely would have shifted to domestic steel wire rod had subject imports been fairly traded. Nonsubject imports are also a presence in the market, and they are moderate substitutes with subject imports. Thus, some of the demand for subject imports likely would have shifted to nonsubject imports as well. However, it is unlikely that nonsubject imports would have captured all of the demand for dumped imports because of the moderate degree of substitutability. Instead, some fairly traded subject imports would have remained in the market to serve part of the demand that the domestic industry and nonsubject imports could not supply. Overall, the shift in demand and the limited availability of supply from other sources would have allowed the domestic industry to raise its prices for steel wire rod. Overall demand would not have changed very much in response to higher prices, since demand is inelastic. Thus, had the subject imports been fairly traded, the domestic industry would have increased its prices for steel wire rod.<sup>33</sup> Consequently, I find that dumped imports are having a significant effect on prices for domestic steel wire rod.

### C. Impact of Dumped Imports on the Domestic Industry

To assess the impact of dumped imports on the domestic industry, I consider output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, research and development and other relevant factors.<sup>34</sup> These factors together either encompass or reflect the volume and price effects of the dumped imports, and so I gauge the impact of the dumping through those effects.

As discussed above, had subject imports been fairly traded, the domestic industry would have increased its prices significantly. However, the domestic industry would not have been able to increase its output and sales because of the low elasticity of domestic supply. Nevertheless, the domestic industry dominates the market, accounting for 71.8 percent of domestic consumption in 1996. Therefore a significant increase in the price of domestic steel wire rod would have had a significant impact on the domestic industry's revenues. Based on the increase in the domestic industry's prices, and consequently, its revenues, I conclude that the domestic industry would have been materially better off if the subject imports had been fairly traded.

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<sup>32</sup> As noted above, I have not evaluated the effects of the subsidized imports. However, in these investigations the dumping margins alone are sufficiently large that the subject imports likely would have been priced significantly higher had they been fairly traded.

<sup>33</sup> See testimony of Robert Stoner TR at 313 - 317.

<sup>34</sup> 19 U.S.C. § 1677(7)(C)(iii).

VI. CONCLUSION

On the basis of the foregoing analysis, I determine that the domestic industry producing steel wire rod is materially injured by reason of dumped imports of steel wire rod from Canada, Germany, and Venezuela.



## SUPPLEMENTAL INFORMATION

### BACKGROUND

These investigations were instituted in response to a petition filed by counsel for Connecticut Steel Corp., Wallingford, CT; Co-Steel Raritan, Perth Amboy, NJ; GS Industries, Inc., Georgetown, SC; Keystone Steel & Wire Co., Peoria, IL; North Star Steel Texas, Inc., Beaumont, TX; and Northwestern Steel & Wire, Sterling, IL, on February 26, 1997, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and less-than-fair-value (LTFV) imports of certain steel wire rod<sup>1</sup> from Canada, Germany, Trinidad & Tobago, and Venezuela.<sup>2</sup>

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<sup>1</sup> For purposes of these investigations, certain steel wire rod is hot-rolled carbon steel and alloy steel products, in coils, of approximately round cross section, between 5.00 mm (0.20 inch) and 19.0 mm (0.75 inch), inclusive, in solid cross-sectional diameter, as covered by statistical reporting numbers 7213.91.3000, 7213.91.4500, 7213.91.6000, 7213.99.0030, 7213.99.0090, 7227.20.0000, and 7227.90.6050 of the Harmonized Tariff Schedule of the United States (HTSUS). Specifically excluded are steel products possessing the above-noted physical characteristics and meeting the HTSUS definitions for being made of (1) stainless steel; (2) tool steel; (3) high nickel steel; (4) ball bearing steel; (5) free machining steel that contains by weight 0.03 percent or more of lead, 0.05 percent or more of bismuth, 0.08 percent or more of sulfur, more than 0.4 percent of phosphorus, more than 0.05 percent of selenium, and/or more than 0.01 percent of tellurium; and/or (6) concrete reinforcing bars and rods. In addition, the following products are not included within the definition of certain steel wire rod for purposes of these investigations:

Coiled products 5.50 mm or less in true diameter with an average partial decarburization per coil of no more than 70 microns in depth, no inclusions greater than 20 microns, containing by weight the following: carbon greater than or equal to 0.68 percent; aluminum less than or equal to 0.005 percent; phosphorous plus sulfur less than or equal to 0.040 percent; maximum combined copper, nickel and chromium content of 0.13 percent; and nitrogen less than or equal to 0.006 percent. This product is commonly referred to as "tire cord wire rod."

Coiled products 7.9 mm to 18 mm in diameter with a partial decarburization of 75 microns or less in depth and seams no more than 75 microns in depth, containing 0.48 percent to 0.73 percent carbon by weight. This product is commonly referred to as "valve spring quality wire rod."

Coiled products 11 mm to 12.5 mm in diameter, with an average partial decarburization per coil of no more than 70 microns in depth, no inclusions greater than 20 microns, containing by weight the following: carbon greater than or equal to 0.72 percent; manganese 0.50-1.10 percent; phosphorus less than or equal to 0.030 percent; sulfur less than or equal to 0.035 percent; and silicon 0.10-0.35 percent. This product is free of injurious piping and undue segregation. The use of this excluded product is to fulfill contracts for the sale of Class III pipe wrap wire in conformity with ASTM specification A648-95 and imports of this product must be accompanied by such a declaration on the mill certificate and/or sales invoice. This excluded product is commonly referred to as "Semifinished Class III Pipe Wrapping Wire."

Staff note.--The latter product was not excluded from the product scope in Commerce's preliminary antidumping determinations nor in Commerce's or the Commission's final countervailing-duty determinations. A highly specialized product, it was produced in very limited quantities by a single U.S. producer until 1996 and has since been imported in equally small quantities from Germany. (\*\*\*) The effect of this product's exclusion on the Commission's data base for these investigations is negligible, and the data have not been modified to reflect the

(continued...)

On November 19, 1997, the Commission made negative determinations with respect to the investigations on subsidized imports from Canada, Trinidad and Tobago, and Venezuela, and determined that subsidized imports from Germany were negligible (thereby also terminating the countervailing duty investigation concerning Germany).<sup>3</sup>

Information relating to the background of the investigations is provided below.<sup>4</sup>

<i>Date</i>	<i>Action</i>
February 26, 1997 .	Petition filed with Commerce and the Commission; institution of Commission investigations
March 24, 1997 . . . .	Commerce's notices of initiation
April 11, 1997 . . . .	Commission's preliminary determinations
August 1, 1997 . . . .	Commerce's preliminary countervailing-duty determinations (62 FR 41927, August 4, 1997); scheduling of final phase of the Commission's countervailing-duty investigations (62 FR 44288, August 20, 1997)
September 29, 1997 .	Commerce's preliminary antidumping determinations (62 FR 51572, October 2, 1997); scheduling of final phase of the Commission's antidumping investigations (62 FR 54854, October 22, 1997)
October 16, 1997 . . .	Commission's hearing
October 22, 1997 . . .	Commerce's final countervailing-duty determinations (62 FR 54972, October 22, 1997)
October 22, 1997 . . .	Commerce's agreements with Trinidad & Tobago and Venezuela to suspend (and continue) its countervailing duty investigations (62 FR 54960, October 22, 1997)
November 19, 1997 .	Commission's countervailing-duty votes
November 28, 1997 .	Commission's countervailing-duty determinations sent to Commerce

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<sup>1</sup> (...continued)

exclusion. (For the period for which data were collected, U.S.-produced pipe wrapping wire accounted for well below 1 percent of U.S. wire rod production, and imports accounted for well below 1 percent of wire rod imports from Germany).

<sup>2</sup> The 1997 most-favored-nation tariff rates, applicable to products of Germany and Venezuela, are as follows: 1.3 percent *ad valorem* for imports entered under subheadings 7213.91.30, 7213.91.45, and 7213.99.00; 1.6 percent *ad valorem* for subheading 7213.91.60; and 3.2 percent *ad valorem* for subheadings 7227.20.00 and 7227.90.60. Through 1997, NAFTA originating goods of Canada were dutiable as follows: 0.1 percent *ad valorem* for imports entered under subheadings 7213.91.30, 7213.91.45, 7213.99.00; 0.2 percent *ad valorem* for subheading 7213.91.60; and 0.4 percent *ad valorem* for subheadings 7227.20.00 and 7227.90.60 in 1997; all became free of duty effective January 1, 1998. Under the duty preference provisions of the Caribbean Basin Economic Recovery Act, products of Trinidad & Tobago are eligible to enter free of duty.

<sup>3</sup> *Certain Steel Wire Rod from Canada, Germany, Trinidad & Tobago, and Venezuela, Invs. Nos. 701-TA-368-371 (Final)*, USITC Pub. 3075, November 1997.

<sup>4</sup> *Federal Register* notices cited in the tabulation with respect to Commerce's final antidumping margins and its latest suspension agreement with Venezuela are presented in app. A. All others are included in the business proprietary version of the final staff report to the Commission on the countervailing-duty investigations, Nov. 6, 1997 (hereinafter referred to as "the CVD staff report").



February 13, 1998 . . . Commerce's agreement with Venezuela to suspend (and continue) its antidumping investigation (63 FR 8948, February 23, 1998)<sup>5</sup>

February 23/24, 1998 Commerce's final antidumping determinations (63 FR 8946, February 23, 1998, and 63 FR 9177, February 24, 1998)<sup>6</sup>

March 9, 1998 . . . . . Commission's antidumping votes

March 17, 1998 . . . . . Commission's antidumping determinations transmitted to Commerce

### SUPPLEMENTARY DATA

The Commission's data base in these antidumping investigations is identical to its data base in the CVD staff report, except for Commerce's final dumping margins, which were found for all foreign firms subject to these investigations except one Canadian firm, Stelco Inc. Stelco's margins were *de minimis*. This exclusion affects data presented in the CVD staff report, namely those in tables IV-1 (U.S. imports), IV-2 (apparent U.S. consumption), V-7 (weighted-average delivered prices for product 5), V-8 (weighted-average delivered prices for product 6), V-10 (margins of underselling/overselling for products 3, 4, 5, and 6),<sup>7</sup> VII-1 (data for specified Canadian firms), and summary table C-1. These tables have been modified to reflect the exclusion of Stelco and are herewith submitted as supplementary tables IV-1, IV-2, V-7, V-8, V-10, VII-1, and C-1. For the period for which data were collected (January 1994-June 1997), imports from Stelco represented \*\*\* percent of total imports from Canada, \*\*\* percent of total imports from the subject countries, and \*\*\* percent of apparent U.S. consumption.

Stelco's *de minimis* margin also required revising the COMPAS model findings that were presented in appendix D of the CVD staff report. The revised COMPAS model, which excludes imports of Stelco's products, is presented in appendix B.

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<sup>5</sup> Although the suspension agreement remained in force, Commerce continued its investigation pursuant to a request made on Feb. 13, 1998, by counsel representing the Venezuelan producer.

<sup>6</sup> Commerce's final dumping margins in percent *ad valorem* are as follows: **Canada**--Ivaco, Inc. (11.47), Sidbec-Dosco (ISPAT) Inc. (aka Ispat-Sidbec) (11.94), Stelco, Inc. (0.91-*de minimis*), all others (11.62); **Germany**--Brandenburger Elektrostahlwerke (BDG) (153.10), ISPAT Hamburger Stahlwerke GmbH (72.51), Saarstahl AG (153.10), Thyssen Stahl AG (153.10), all others (72.51); **Trinidad & Tobago**--Caribbean Ispat Ltd. (11.85), all others (11.85); **Venezuela** CVG Siderurgica del Orinoco C.A. (SIDOR) (66.75), all others (66.75).

<sup>7</sup> Prices in the other tables need no revision because Stelco only reported prices for products 5, 6, and 7, and U.S. producers reported no prices for the latter. The Canadian prices and quantities for product 5 in supplementary table V-7 \*\*\* from those in the original table V-7 that included Stelco; moreover, because Stelco was \*\*\*.

## Supplementary table IV-1

Certain steel wire rod: U.S. imports, by sources, 1994-96, Jan.-June 1996, and Jan.-June 1997

Item	1994	1995	1996	Jan.-June--	
				1996	1997
<i>Quantity (short tons)</i>					
Canada (Ivaco and Sidbec-Dosco) . . . .	***	***	***	***	***
Germany . . . . .	146,514	99,984	231,182	137,599	86,692
Trinidad & Tobago . . . . .	***	***	***	***	***
Venezuela . . . . .	***	***	***	***	***
Subtotal . . . . .	***	***	***	***	***
Canada (Stelco) . . . . .	***	***	***	***	***
Subtotal . . . . .	915,308	943,697	1,312,952	653,889	563,454
All other . . . . .	871,959	1,140,118	798,002	316,144	476,492
Total . . . . .	1,787,267	2,083,815	2,110,954	970,033	1,039,946
<i>Value (1,000 dollars)</i>					
Canada (Ivaco and Sidbec-Dosco) . . . .	***	***	***	***	***
Germany . . . . .	46,849	35,945	68,118	38,954	28,369
Trinidad & Tobago . . . . .	***	***	***	***	***
Venezuela . . . . .	***	***	***	***	***
Subtotal . . . . .	***	***	***	***	***
Canada (Stelco) . . . . .	***	***	***	***	***
Subtotal . . . . .	326,983	354,893	449,927	223,816	199,916
All other . . . . .	337,646	423,377	328,555	139,620	177,534
Total . . . . .	664,628	778,270	778,482	363,436	377,450
<i>Share of quantity (percent)</i>					
Canada (Ivaco and Sidbec-Dosco) . . . .	***	***	***	***	***
Germany . . . . .	8.2	4.8	10.9	14.2	8.4
Trinidad & Tobago . . . . .	***	***	***	***	***
Venezuela . . . . .	***	***	***	***	***
Subtotal . . . . .	***	***	***	***	***
Canada (Stelco) . . . . .	***	***	***	***	***
Subtotal . . . . .	51.2	45.3	62.2	67.4	54.2
All other . . . . .	48.8	54.7	37.8	32.6	45.8
Total . . . . .	100.0	100.0	100.0	100.0	100.0

Note.--Because of rounding, figures may not add to the totals shown. Shares are calculated from the unrounded figures.

Source: Quantities for the subject countries were compiled from export data of foreign producers' questionnaires; values for the subject countries were derived by multiplying export quantity data by country-specific average unit values as reported in importers' questionnaires; "all other" data were compiled from official statistics of the US. Department of Commerce, and contain some nonsubject product such as tire cord (including tire cord from Germany) and valve spring wire.

## Supplementary table IV-2

Certain steel wire rod: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 1994-96, Jan.-June 1996, and Jan.-June 1997

Item	1994	1995	1996	Jan.-June--	
				1996	1997
<i>Quantity (Short tons)</i>					
Producers' U.S. shipments . . . . .	5,495,673	5,380,579	5,361,834	2,752,337	2,957,970
U.S. imports from--					
Canada (Ivaco and Sidbec-Dosco) . . . . .	***	***	***	***	***
Germany . . . . .	146,514	99,984	231,182	137,599	86,692
Trinidad & Tobago . . . . .	***	***	***	***	***
Venezuela . . . . .	***	***	***	***	***
Subtotal . . . . .	***	***	***	***	***
Canada (Stelco) . . . . .	***	***	***	***	***
Subtotal . . . . .	915,308	943,697	1,312,952	653,889	563,454
All other . . . . .	871,959	1,140,118	798,002	316,144	476,492
Total . . . . .	1,787,267	2,038,815	2,110,954	970,033	1,039,946
Apparent consumption . . . . .	7,282,940	7,464,394	7,472,788	3,722,370	3,997,916
<i>Share of quantity of U.S. consumption (percent)</i>					
Producers' U.S. shipments . . . . .	75.5	72.1	71.8	73.9	74.0
U.S. imports from--					
Canada (Ivaco and Sidbec-Dosco) . . . . .	***	***	***	***	***
Germany . . . . .	2.0	1.3	3.1	3.7	2.2
Trinidad & Tobago . . . . .	***	***	***	***	***
Venezuela . . . . .	***	***	***	***	***
Subtotal . . . . .	***	***	***	***	***
Canada (Stelco) . . . . .	***	***	***	***	***
Subtotal . . . . .	12.6	12.6	17.6	17.6	14.1
All other . . . . .	12.0	15.3	10.7	8.5	11.9
Total . . . . .	24.5	27.9	28.2	26.1	26.0
<i>Share of value of U.S. consumption (percent)</i>					
Producers' U.S. shipments . . . . .	74.2	71.5	70.1	72.0	72.8
U.S. imports from--					
Canada (Ivaco and Sidbec-Dosco) . . . . .	***	***	***	***	***
Germany . . . . .	1.8	1.3	2.6	3.0	2.0
Trinidad & Tobago . . . . .	***	***	***	***	***
Venezuela . . . . .	***	***	***	***	***
Subtotal . . . . .	***	***	***	***	***
Canada (Stelco) . . . . .	***	***	***	***	***
Subtotal . . . . .	12.7	13.0	17.3	17.3	14.4
All other . . . . .	13.1	15.5	12.6	10.8	12.8
Total . . . . .	25.8	28.5	29.9	28.0	27.2

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from official statistics of the U.S. Department of Commerce.

Supplementary table V-7

Certain steel wire rod: Weighted-average delivered prices and quantities of domestic and imported product 5, by country and by quarters, Jan. 1994-June 1997

\* \* \* \* \*

Supplementary table V-8

Certain steel wire rod: Weighted-average delivered prices and quantities of domestic and imported products 6 and 7, by country and by quarters, Jan. 1994-June 1997

\* \* \* \* \*

Supplementary table V-10

Certain steel wire rod: Margins of under/(over)selling for products 3, 4, 5, and 6, by sources and by quarters, Jan. 1994-June 1997

\* \* \* \* \*

Supplementary table VII-1

Certain steel wire rod: Production, capacity, shipments, and exports of Canadian producers Ivaco and Sidbec-Dosco (Ispat-Sidbec), 1994-96, Jan.-June 1996, and Jan.-June 1997

\* \* \* \* \*

## Supplementary table C-1

Certain steel wire rod: Summary data concerning the U.S. market, 1994-96, January-June 1996, and January-June 1997

(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			
	1994	1995	1996	January-June		1994-96	1994-95	1995-96	Jan.-June 1996-97
				1996	1997				
U.S. consumption quantity:									
Amount	7,282,940	7,464,394	7,472,788	3,722,370	3,997,916	2.6	2.5	0.1	7.4
Producers' share (1)	75.5	72.1	71.8	73.9	74.0	-3.7	-3.4	-0.3	(2)
Importers' share (1):									
Canada:									
Ivaco and Sidbec-Dosco	***	***	***	***	***	***	***	***	***
Stelco	***	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***	***
Germany	2.0	1.3	3.1	3.7	2.2	1.1	-0.7	1.8	-1.5
Trinidad and Tobago	***	***	***	***	***	***	***	***	***
Venezuela	***	***	***	***	***	***	***	***	***
Subtotal	12.6	12.6	17.6	17.6	14.1	5.0	0.1	4.9	-3.5
Other sources	12.0	15.3	10.7	8.5	11.9	-1.3	3.3	-4.6	3.4
Total imports	24.5	27.9	28.2	26.1	26.0	3.7	3.4	0.3	(3)
U.S. consumption value:									
Amount	2,572,117	2,728,061	2,601,610	1,296,580	1,389,273	1.1	6.1	-4.6	7.1
Producers' share (1)	74.2	71.5	70.1	72.0	72.8	-4.1	-2.7	-1.4	0.9
Importers' share (1):									
Canada:									
Ivaco and Sidbec-Dosco	***	***	***	***	***	***	***	***	***
Stelco	***	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***	***
Germany	1.8	1.3	2.6	3.0	2.0	0.8	-0.5	1.3	-1.0
Trinidad and Tobago	***	***	***	***	***	***	***	***	***
Venezuela	***	***	***	***	***	***	***	***	***
Subtotal	12.7	13.0	17.3	17.3	14.4	4.6	0.3	4.3	-2.9
Other sources	13.1	15.5	12.6	10.8	12.8	-0.5	2.4	-2.9	2.0
Total imports	25.8	28.5	29.9	28.0	27.2	4.1	2.7	1.4	-0.9
U.S. imports from--									
Canada (Ivaco and Sidbec-Dosco):									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Canada (Stelco):									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Canada (total):									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Germany:									
Quantity	146,514	99,984	231,182	137,599	86,692	57.8	-31.8	131.2	-37.0
Value	46,849	35,945	68,118	38,954	28,369	45.4	-23.3	89.5	-27.2
Trinidad and Tobago:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Venezuela:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Subtotal:									
Quantity	915,308	943,697	1,312,952	653,889	563,454	43.4	3.1	39.1	-13.8
Value	326,983	354,893	449,927	223,816	199,916	37.6	8.5	26.8	-10.7
Other sources:									
Quantity	871,959	1,140,118	798,002	316,144	476,492	-8.5	30.8	-30.0	50.7
Value	337,646	423,377	328,555	139,620	177,534	-2.7	25.4	-22.4	27.2
All sources:									
Quantity	1,787,267	2,083,815	2,110,954	970,033	1,039,946	18.1	16.6	1.3	7.2
Value	664,628	778,270	778,482	363,436	377,450	17.1	17.1	(4)	3.9

Table continued on next page.

Supplementary table C-1--Continued

Certain steel wire rod: Summary data concerning the U.S. market, 1994-96, January-June 1996, and January-June 1997

(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			
	1994	1995	1996	January-June		1994-96	1994-95	1995-96	Jan.-June 1996-97
				1996	1997				
U.S. producers':									
Average capacity quantity	6,236,196	6,091,460	5,949,518	3,004,486	3,256,301	-4.6	-2.3	-2.3	8.4
Production quantity	5,526,397	5,521,393	5,375,712	2,768,073	2,934,450	-2.7	-0.1	-2.6	6.0
Capacity utilization (1)	88.6	90.6	90.4	92.1	90.1	1.7	2.0	-0.3	-2.0
U.S. shipments:									
Quantity	5,495,673	5,380,579	5,361,834	2,752,337	2,957,970	-2.4	-2.1	-0.3	7.5
Value	1,907,489	1,949,791	1,823,128	933,144	1,011,823	-4.4	2.2	-6.5	8.4
Export shipments:									
Quantity	39,380	64,603	58,925	31,473	14,694	49.6	64.1	-8.8	-53.3
Value	11,645	21,996	19,325	10,092	4,754	66.0	88.9	-12.1	-52.9
Ending inventory quantity	203,338	296,102	451,836	457,926	342,605	122.2	45.6	52.6	-25.2
Inventories/total shipments (1)	3.7	5.4	8.3	8.2	5.8	4.7	1.8	2.9	-2.5
Production workers	3,122	3,106	3,103	3,133	3,022	-0.6	-0.5	-0.1	-3.5
Hours worked (1,000s)	6,811	6,596	6,971	3,498	3,233	2.3	-3.2	5.7	-7.6
Wages paid (\$1,000s)	131,119	136,161	137,270	70,334	66,772	4.7	3.8	0.8	-5.1
Hourly wages	\$19.25	\$20.64	\$19.69	\$20.11	\$20.65	2.3	7.2	-4.6	2.7
Productivity (tons per hour)	0.7	0.7	0.7	0.7	0.8	-4.8	1.6	-6.3	10.3
Unit labor costs	\$27.21	\$28.71	\$29.24	\$29.05	\$27.04	7.5	5.5	1.9	-6.9
Net sales:									
Quantity	5,823,630	5,629,518	5,751,958	2,901,352	3,084,695	-1.2	-3.3	2.2	6.3
Value	2,063,977	2,068,738	2,001,689	1,004,320	1,088,833	-3.0	0.2	-3.2	8.4
Unit value	\$354.41	\$367.48	\$348.00	\$346.16	\$352.98	-1.8	3.7	-5.3	2.0
Cost of goods sold (COGS)	1,862,654	1,873,331	1,938,486	984,774	1,033,978	4.1	0.6	3.5	5.0
Gross profit or (loss)	201,323	195,407	63,203	19,546	54,855	-68.6	-2.9	-67.7	180.6
SG&A expenses	72,592	68,457	73,116	33,151	37,918	0.7	-5.7	6.8	14.4
Operating income or (loss)	128,731	126,950	(9,913)	(13,605)	16,937	(5)	-1.4	(5)	(5)
Capital expenditures	177,428	135,902	88,023	30,818	40,785	-50.4	-23.4	-35.2	32.3
Unit COGS	\$319.84	\$332.77	\$337.01	\$339.42	\$335.20	5.4	4.0	1.3	-1.2
Unit SG&A expenses	\$12.47	\$12.16	\$12.71	\$11.43	\$12.29	2.0	-2.4	4.5	7.6
Unit operating income or (loss)	\$22.10	\$22.55	(\$1.72)	(\$4.69)	\$5.49	(5)	2.0	(5)	(5)
COGS/sales (1)	90.2	90.6	96.8	98.1	95.0	6.6	0.3	6.3	-3.1
Operating income or (loss)/sales (1)	6.2	6.1	-0.5	-1.4	1.6	-6.7	-0.1	-6.6	2.9

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

(2) Increase of less than 0.05 percentage point.

(3) Decrease of less than 0.05 percentage point.

(4) Increase of less than 0.05 percent.

(5) 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.

Note.--U.S. imports from other sources include exports of tire cord wire rod to the United States reported by foreign (German) producers.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from official statistics of the U.S. Department of Commerce.

**APPENDIX A**  
***FEDERAL REGISTER* NOTICES**





Due to the large volume of notices attending these investigations, they are included only in the business proprietary version of this report.



**APPENDIX B**  
**COMPAS ANALYSIS**



## ASSUMPTIONS

The COMPAS model is a supply and demand model that assumes that domestic and imported products are less than perfect substitutes. Such models, also known as Armington models, are relatively standard in applied trade policy analysis and are used extensively for the analysis of trade policy changes both in partial and general equilibrium. Based on the discussion contained in part II of the CVD staff report, the staff selected a range of estimates that represent price-supply, price-demand, and product-substitution relationships (i.e., supply elasticity, demand elasticity, and substitution elasticity) in the U.S. steel wire rod market. The model uses these estimates with data on market shares, Commerce's estimated margins of subsidy and dumping, transportation costs, and current tariffs to analyze the likely effect of unfair pricing of subject imports on the U.S. like product industry.

## FINDINGS

The estimated effects of the pricing of imports on U.S. production of steel wire rod is as follows (in percent):

	<u>Revenue</u>	<u>Price</u>	<u>Volume</u>
<b>Subsidy:</b>			
Canada . . . . .	*** to ***	*** to ***	*** to ***
Germany . . . . .	*** to ***	*** to ***	*** to ***
Trinidad & Tobago . . . . .	<u>*** to ***</u>	<u>*** to ***</u>	<u>*** to ***</u>
<b>Total for subsidy cases . . . . .</b>	<b>*** to ***</b>	<b>*** to ***</b>	<b>*** to ***</b>
<b>Dumping:</b>			
Canada . . . . .	*** to ***	*** to ***	*** to ***
Germany . . . . .	*** to ***	*** to ***	*** to ***
Trinidad & Tobago . . . . .	*** to ***	*** to ***	*** to ***
Venezuela . . . . .	<u>*** to ***</u>	<u>*** to ***</u>	<u>*** to ***</u>
<b>Total for dumping cases . . . . .</b>	<b>*** to ***</b>	<b>*** to ***</b>	<b>*** to ***</b>
<b>Total of dumping and subsidy . . . . .</b>	<b>*** to ***</b>	<b>*** to ***</b>	<b>*** to ***</b>

Please note that for the Canadian subsidy case, the market share data do not contain data for Ivaco and Stelco because they received zero margins. Similarly, the German market share data for the subsidy case do not include data for Brandenburg and Walzdraht Hochfeld because they received *de minimis* margins. Finally, the Canadian market share data for the dumping case does not include Stelco because it received a *de minimis* margin.

Supplementary table D-5  
The effect of dumped imports from Canada

\* \* \* \* \*

Supplementary table D-6  
The effect of dumped imports from Germany

\* \* \* \* \*

Supplementary table D-7  
The effect of dumped imports from Trinidad & Tobago

\* \* \* \* \*

Supplementary table D-8  
The effect of dumped imports from Venezuela

\* \* \* \* \*