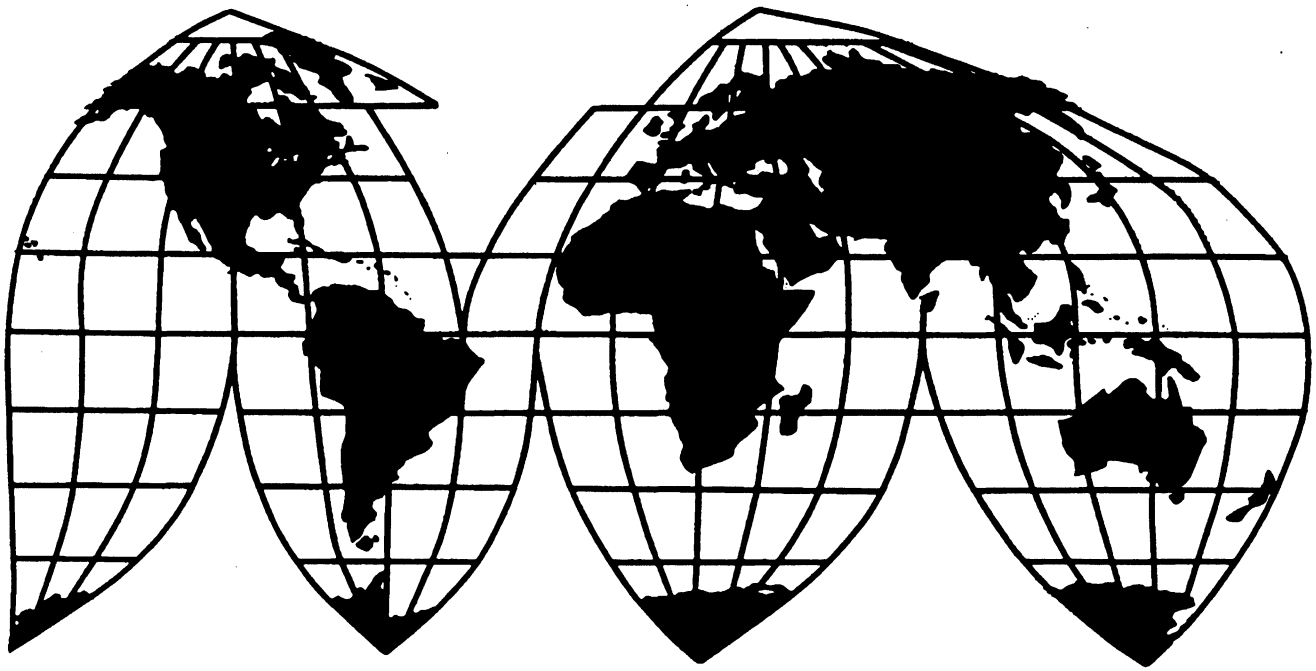
Certain Steel Wire Rod

Investigation No. TA-204-6

Publication 3451 **August 2001**

U.S. International Trade Commission



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PREFACE

On March 16, 2001 (66 FR 16496, March 26, 2001), the Commission instituted Investigation No. TA-204-6 under section 204(a)(2) of the Trade Act of 1974 (19 U.S.C. 2254(a)(2)) (the Act) for the purpose of preparing a report to the President and Congress on the results of its monitoring of developments with respect to the domestic industry since the President imposed a tariff-rate quota on imports of certain steel wire rod effective March 1, 2000. Section 204(a)(1) of the Act requires that the Commission, so long as any action taken under section 203 of the Act remains in effect, monitor developments with respect to the domestic industry, including the progress and specific efforts made by workers and firms in the domestic industry to make a positive adjustment to import competition. Section 204(a)(2) requires that whenever the initial period of an action under section 203 of the Act exceeds 3 years, the Commission shall submit a report on the results of the monitoring under section 204(a)(1) to the President and the Congress not later than the mid-point of the initial period of the relief, or by August 30, 2001, in this case.

Section 201(b)(1) of the Act states that a positive adjustment to import competition occurs when (A) the domestic industry (i) is able to compete successfully with imports after actions taken under section 204 terminate, or (ii) the domestic industry experiences an orderly transfer of resources to other productive pursuits; and (B) dislocated workers in the industry experience an orderly transition to productive pursuits.

Section 201(b)(2) states that the domestic industry may be considered to have made a positive adjustment to import competition even though the industry is not of the same size and composition as the industry at the time the investigation was instituted under section 202(b).

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Note.–Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

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GLOSSARY OF ABBREVIATIONS

ACSR	Aluminum cable steel reinforced
AISI	American Iron and Steel Institute
ATPA	Andean Trade Preference Act
AWPA	American Wire Producers Association.
AmeriSteel	AmeriSteel Corp.
Atlantic	Atlantic Steel Industries, Inc.
Belgo Min	Companhia Siderugica Belgo Min
Birmingham	Birmingham Steel Corp.
CBERA	Caribbean Basin Economic Recovery Act
CF&I	CF&I Steel, L.P.
COGS	Cost of goods sold
Caribbean Ispat	Caribbean Ispat, Ltd.
Cascade	Cascade Steel Rolling Mills, Inc.
Charter	Charter Steel
Chicago STC	Chicago Strategic Trade Center
Colakoglu	Colakoglu Metalurji A.S.
Commerce	United States Department of Commerce
Connecticut	Connecticut Steel Corp.
Contran	Contran Corp.
Co-Steel	Co-Steel, Inc.
Co-Steel Raritan	Co-Steel Raritan
Customs	U.S. Customs Service
Daido	Daido Steel Co., Ltd.
EC	European Community
EU	European Union
FR	Federal Register
GS Industries	GS Industries, Inc.
GSP	Generalized System of Preferences
GST	GST Steel Co.
Georgetown	Georgetown Steel Corp.
HTS	Harmonized Tariff Schedule of the United States
Habas	Habas Sinai ve Tibbi Gazlar Istihsal Endustrisi A.S.
Hylsa	Hylsa S.A. de C.V.
IFTA	United States-Israel Free Trade Area Implementation Act
IISI	International Iron and Steel Institute
ILAFA	Instituto Latinamericano del Fierro y el Acero
ISI	Ispat Inland, Inc.
Ispat Inland	Ispat Inland Bar Products
Ispat International	Ispat International N.V.
Ivaco	Ivaco, Inc.
Keystone	Keystone Steel & Wire Co.
Kobe	Kobe Steel, Ltd.

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GLOSSARY OF ABBREVIATIONS–*Continued*

MMZ	Moldova Steel Works
NAFTA	North American Free-Trade Agreement
Nippon	Nippon Steel Corp.
North Star	North Star Steel Co.
North Star Texas	North Star Steel Texas, Inc.
Northwestern	Northwestern Steel & Wire, Inc.
Nucor	Nucor Corp.
PRWs	Production and related workers
R&D	Research and development
Republic	Republic Technologies International
Rocky Mountain	Rocky Mountain Steel Mills
SG&A	Selling, general, and administrative
Saarsteel/Saarstahl	Saarsteel, Inc./Saarstahl AG
Schnitzer	Schnitzer Steel Industries, Inc.
Sumitomo	Sumitomo Metals (Kokura), Ltd.
TRQ	Tariff-rate quota
The Act	Trade Act of 1974
USITC or Commission	United States International Trade Commission
USS/Kobe	USS/Kobe Steel Co.
WTO	World Trade Organization

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EXECUTIVE SUMMARY

On February 16, 2000, following an affirmative determination[1] by the Commission under section 201 of the Trade Act of 1974, the President proclaimed the imposition of a tariff-rate quota (TRQ) on imports of certain steel wire rod. Wire rod is a hot-rolled intermediate steel product of circular or approximately circular cross section that is typically produced in nominal fractional diameters from 7/32 inch (5.6 mm) to 47/64 inch (18.7 mm), and sold in irregularly wound coils, primarily for drawing and finishing into wire. The steel wire rod subject to the TRQ was defined in the Proclamation as excluding wire rod of tire cord quality, valve spring quality, class III pipe wrap quality, aircraft cold-heading quality, aluminum cable steel reinforced quality, piano wire string quality, grade 1085 annealed bearing quality, and grade 1080 tire bead quality. The President applied the TRQ to subject steel wire rod imports from all countries with the exception of Canada and Mexico.

The Presidential Proclamation provided for a 3-year plus 1-day TRQ running from March 1, 2000 through March 1, 2003. In-quota quantities under the TRQ are assessed duties only at the column-1 general rate. The rate of duty for over-quota imports is 10.0 percent *ad valorem* for year 1; 7.5 percent *ad valorem* for year 2; and 5.0 percent *ad valorem* for year 3. During the first three quarters of each quota year, there is a quarterly quota that is one-third of the total TRQ trigger amount for the year. Any quantity of product that is entered, or withdrawn from warehouses for consumption, in excess of the quarterly limit is subject to the over-quota rate of duty then in effect. For the fourth quarter of a quota year, the aggregate quantity of certain steel wire rod entered at the in-quota rate during the first three quarters of the quota year is subtracted from the total annual within-quota quantity to calculate the remaining available in-quota quantity (if any) for that quota year. No individual country allocations were established by the TRQ. The annual quota trigger amounts for each year are as follows:

March 1, 2000 through February 28, 2001 ... 1,433,351,886 kg (1,580,000 short tons)
March 1, 2001 through February 28, 2002 ... 1,462,018,923 kg (1,611,600 short tons)
March 1, 2002 through March 1, 2003 ..... 1,491,259,302 kg (1,643,832 short tons)

Implementation of the quota in the first year was not smooth in that there were substantial mis-classifications by importers of certain steel wire rod as nonsubject product, frequently as excluded steel wire rod. This problem, as those shipments were counted toward the triggers, resulted in Customs having to make retroactive downward adjustments in the remaining in-quota amounts that had previously been announced. Customs has, however, moved to ensure that there will be tighter compliance with the TRQ in the future and no parties have expressed concerns at this time about circumvention. The majority of importers that responded to Commission questionnaires indicated that the TRQ had a negative impact on the operations of their firms, particularly with respect to the additional administrative burdens and the requirement to time shipments to prevent entries after the quota had been filled for any

[1] The Commission was equally divided on the question of whether certain steel wire rod was being imported into the United States in such increased quantities as to be a substantial cause of serious injury or the threat of serious injury to the domestic certain steel wire rod industry. Chairman Lynn M. Bragg, Vice Chairman Marcia E. Miller, and Commissioner Stephen Koplan made affirmative determinations and Commissioners Carol T. Crawford, Jennifer A. Hillman, and Thelma J. Askey made negative determinations. Section 330(d)(1) of the Tariff Act of 1930 provides that when the Commission is equally divided on the question of injury under section 202(b) of the Trade Act of 1974, "the determination agreed upon by either group of commissioners may be considered by the President as the determination of the Commission."

quarter. Over-quota imports of certain steel wire rod, totaling 91,780,787 kg, were entered during the first year of the TRQ.

Several parties advocated various modifications to the TRQ, including termination. No party objected to a specific allocation of quota quantity to the fourth quarter of each quota year. Producers from several countries advocated country- or region-specific allocations; while domestic producers approved of such allocations in principle, domestic purchasers and Japanese producers opposed it. Domestic producers opposed any increase in the total within-quota allocation, and also opposed termination of the TRQ.[2]

The Commission's monitoring investigation collected annual data for 1998, 1999, and 2000, and interim data for January-March 2000, and January-March 2001. The quantity of imports of certain steel wire rod from all sources increased steadily from 1998 to 2000, although the import gain was not as great in 2000. Imports increased by 19.6 percent from 1998 to 1999, but only by 7.0 percent from 1999 to 2000. Imports fell 10.2 percent from the first quarter of 2000 to the first quarter of 2001. Firms responding to Commission questionnaires reported that demand for certain steel wire rod has decreased since March 1, 2000, primarily due to the slowing U.S. economy. Apparent consumption of certain steel wire rod decreased by 20.3 percent from the first quarter of 2000 to the first quarter of 2001, and U.S. shipments of domestically produced certain wire rod fell by 24.5 percent, in terms of quantity. U.S. producers continued to account for the largest, albeit a steadily decreasing, share of the domestic market for certain steel wire rod throughout the period examined.

Domestic production of certain steel wire rod was relatively level from 1998 to 2000, then fell by 31.3 percent from January-March 2000 to January-March 2001. The magnitude of the fall-off in production is due in part to the scaling down in operations of domestic plants that are closing, with all but one of the responding U.S. producers reported declines in production for the first quarter of 2001 compared to the first quarter of 2000. During the period reviewed, 15 firms manufactured certain steel wire rod in the United States. Atlantic shut down its wire rod mill in December 1998; Birmingham announced that it would close its wire rod plant in June 2001; GS Industries permanently idled its Kansas City, MO, mill in February 2001; North Star's Kingman, AZ, plant shut down wire rod production in May 2001; and Northwestern announced in May 2001 that it would be shutting down operations in the near future. (Of these firms, only GS Industries and North Star maintain other wire rod production facilities.) U.S. producers' shipments fell at a slower rate in January-March 2001 than did production as domestic manufacturers drew down their inventories.

A comparison of data on a quota-year basis shows a decreasing volume of imports of all steel wire rod (including the nonsubject specialty wire products, which account for about 11 percent of the total). In the 12 months following the imposition of the TRQ (March 2000-February 2001), the quantity of imports from all sources fell by 1.5 percent in comparison to the preceding 12-month period. However, the trend reported for countries subject to the TRQ differed from the trend for those that were not subject to the TRQ. Specifically, imports of all steel wire rod from covered countries fell by 7.9 percent in quantity from the year ending February 28, 2000 to the year ending February 28, 2001, while imports from Canada and Mexico increased by 16.2 percent. Imports from countries not subject to the restrictions of the TRQ increased in market share from the first quarter of 2000 to the first quarter of 2001, whereas the market share of imports from covered countries as a whole remained unchanged.

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[2] Commissioner Bragg notes that a country-by-country allocation of the tariff rate quota, based on an historical base period, and/or a quarterly quota allocation, would be expected to benefit the domestic industry in its adjustment to import competition.

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

In general, prices for U.S.-produced certain steel wire rod fell during 1998 and the first quarter of 1999, increased slightly during the rest of 1999 and the first three quarters of 2000, then fell during the rest of the period. The Commission collected quarterly pricing data for five specific products. Over the entire period, prices for U.S.-produced products 1-5 were lower at the end of the period than they were at the beginning. In some cases prices for imported certain steel wire rod showed similar price trends; in other cases, price series either fluctuated too widely or did not have enough data points to show consistent price trends. In the vast majority of cases, prices for imported certain steel wire rod were lower at the end of the period than they were at the beginning.[3]

During the section 201 injury investigation of certain steel wire rod, the domestic industry submitted to the Commission its proposals for competitive adjustment under any import relief. These proposals consisted of an Adjustment Plan, dated May 12, 1999, comprised mainly of firm-specific efforts for the majority of the U.S. producers, as well as responses by the individual firms to questions in the producers' questionnaire about the adjustments that they would make if the industry were to receive import relief. All parties to this section 204 proceeding, the domestic industry as well as respondents, agree that the U.S. producers as a group have been unable to make all of the efforts that they proposed to the Commission during the section 201 investigation to adjust to import competition. U.S. producers' capital expenditures for their certain steel wire rod operations fell by 13.3 percent from $85.1 million in 1999 to $73.8 million in 2000, then decreased by 32.4 percent from $12.8 million in the first quarter of 2000 to $8.7 million in the first quarter of 2001. Only 3 of the 13 reporting firms spent more than $*** for capital expenditures every year from 1998 through 2000. The domestic industry states in its briefs that the TRQ has failed to limit the quantity of imports entering the United States or to allow for increases in domestic prices by applying a tariff of sufficient magnitude on over-quota imports. In their responses to the U.S. producers' questionnaire for the section 204 investigation, the majority of firms specifically indicated that the TRQ did *not* provide relief or had no effect or that imports continued to have a negative impact on the operations of their firm. The U.S. certain steel wire rod industry also has been hampered in its efforts to adjust to import competition by declining demand since March 1, 2000.

[3] Overall, there were 281 quarterly price comparisons between U.S.-produced products 1-5 and subject imports. Imported products 1-5 undersold U.S.-produced products 1-5 in 193 comparisons and oversold U.S.-produced products 1-5 in 88 comparisons.

PART I: INTRODUCTION

BACKGROUND

On January 12, 1999, counsel for Atlantic, Birmingham, Connecticut, Co-Steel Raritan, GS Industries,[1] Keystone, North Star, North Star Texas, Northwestern, the Independent Steel Workers Alliance, and the United Steelworkers of America AFL-CIO filed a petition under section 202 of the Act alleging that certain steel wire rod[2] was being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article. The Commission was equally divided in its injury determination, and on July 13, 1999, transmitted to the President its report containing the determinations of both groups of Commissioners and remedy recommendations of the three Commissioners who made affirmative determinations. Following receipt of the Commission's report, the President announced that he considered the determination of the Commissioners voting in the affirmative as the determination of the Commission and, on February 16, 2000, issued Proclamation 7273 imposing relief in the form of a TRQ on imports of certain steel wire rod[3] for a period of three years and one day. The report in this monitoring investigation, required under section 204(a) of the Act, provides the results of the Commission's monitoring of developments with respect to the certain steel wire rod industry since the Presidential proclamation.

THE WTO PROCEEDINGS

The EC requested WTO dispute settlement consultations with respect to certain steel wire rod in December 2000; the consultations were held between the United States and the EC on January 26, 2001. During the consultations, the EC alleged, *inter alia*, that the causation provisions of the U.S. safeguard law are incompatible with the WTO Safeguards Agreement; that the findings regarding causation, injury, and unforeseen developments were inadequate; that insufficient notice was provided prior to the introduction of the safeguard measure; and that the treatment of NAFTA imports was inconsistent with

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[1] GS Industries is the parent company for the consolidated divisions Georgetown and GST.

[2] Certain steel wire rod was defined by the Commission as hot-rolled bars and rods, in irregularly wound coils, of circular or approximately circular solid cross section, having a diameter of 5 mm or more but less than 19 mm, of non-alloy or alloy steel, except such bars and rods of free-machining steel or of alloy steel containing by weight 24 percent or more of nickel. Free-machining steel is any steel product containing by weight one or more of the following elements, in the specified proportions: 0.03 percent or more of lead, 0.05 percent or more of bismuth, 0.08 percent or more of sulfur, more than 0.04 percent of phosphorus, more than 0.05 percent of selenium, and/or more than 0.01 percent of tellurium. Certain steel wire rod is provided for in subheadings 7213.91, 7213.99, 7227.20, and 7227.90.60 of the *HTS*. The scope of the investigation did not cover concrete reinforcing bars and rods, or bars and rods of stainless steel or tool steel, which are provided for in other *HTS* subheadings.

[3] The President adopted the definition of "certain steel wire rod" as specified in the original section 201 investigation but added exclusions for wire rod of tire cord quality, valve spring quality, class III pipe wrap quality, aircraft cold-heading quality, aluminum cable steel reinforced ("ACSR") quality, piano wire string quality, grade 1085 annealed bearing quality, and grade 1080 tire bead quality. These products are described in detail in the annex to Presidential Proclamation 7273 (65 FR 8624, February 18, 2000), which is presented in appendix A. *See* also the section of this report entitled "The Product."

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U.S. obligations. Since the consultations there have been no additional dispute settlement developments relating to the U.S. safeguard measure on certain wire rod products.

SUMMARY DATA

Information relating to the background and schedule of the investigation is presented in table I-1.[4] A summary of data collected in the investigation is presented in appendix C. Table C-1 presents data on the steel wire rod covered by the TRQ for the period covered by the current investigation (1998-2000, January-March 2000, and January-March 2001). Table C-2 presents data on the broader category of steel wire rod covered in the original section 201 investigation for the period covered by the current investigation.

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

Effective date	Action	*Federal Register* citation
January 12, 1999	Petition properly filed with the Commission; institution of Inv. No. TA-201-69	64 FR 4123, January 27, 1999
July 12, 1999	Commission's findings and recommendations transmitted to the President	64 FR 38692, July 19, 1999
February 16, 2000	Proclamation 7273 issued by the President imposing a TRQ on imports of certain steel wire rod	65 FR 8621, February 18, 2000
March 16, 2001	Institution of Inv. No. TA-204-6 for the purpose of preparing a report to the President and Congress on the results of monitoring domestic industry developments	66 FR 16496, March 26, 2001
July 11, 2001	Commission's hearing	Not applicable
August 23, 2001	Commission's report transmitted to the President and Congress	Not applicable
Source: *Federal Register* notices.		

PREVIOUS AND ON-GOING INVESTIGATIONS

Several previous petitions for import relief on wire rod have been filed with the Commission under various statutory authorities. At the time of the original section 201 investigation an antidumping order was in place with respect to carbon steel wire rod from Argentina (November 1984) and a suspended countervailing duty order was also in place on carbon steel wire rod from Argentina (September 1982). Both orders were revoked effective January 1, 2000, following negative Commission

[4] *Federal Register* notices and the Presidential Proclamation cited in table I-1 are presented in appendix A, with the exception of the institution notice for the original section 201 investigation. Appendix B presents a list of hearing witnesses.

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determinations in sunset reviews. In addition, effective July 24, 2001, the Commission instituted Inv. No. NAFTA-312-1 (*Certain Steel Wire Rod*); its findings are due to be sent to the President on August 23, 2001.

THE PRODUCT

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

Also excluded from the scope of this section 204 investigation are a number of specific rod products that were included in the original section 201 investigation, but were excluded from the TRQ relief granted by the President. They consist of wire rod of tire cord quality, valve spring quality, class III pipe wrap quality, aircraft cold-heading quality, ACSR quality, piano wire string quality, grade 1085 annealed bearing quality, and grade 1080 tire bead wire quality.[5] *See* the annex to Presidential Proclamation 7273 for a detailed description of each product.[6] [7] These products will be referred to as the "excluded products" in the remainder of this report. Those imported wire rod products that are subject to this investigation will be referred to as "certain steel wire rod" in the remainder of this report. Finally, those wire rod products that correspond to the scope of the Commission's original section 201 investigation (which excludes bars and rods of free-machining steel or of alloy steel containing by weight 24 percent or more of nickel, concrete reinforcing bars and rods, and/or bars and rods of stainless or alloy steel but includes the above-defined "excluded products") will be referred to as "all steel wire rod" or simply "wire rod."

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[5] All six Commissioners found in the original section 201 investigation that there was "one like product" and that domestic steel wire rod is "like" the imported steel rod. No Commissioner found any of the specialty types of steel wire rod to be separate like products. *Certain Steel Wire Rod*, Publication 3207 (July 1999), pp. I-9 and I-10, I-25 and I-26.

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

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

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Physical Characteristics and Uses

Wire rod is a hot-rolled intermediate steel product of circular or approximately circular cross section that is typically produced in nominal fractional diameters from 7/32 inch (5.6 mm) to 47/64 inch (18.7 mm), and sold in irregularly wound coils, primarily for subsequent drawing and finishing by wire drawers.[8] Wire rod sold in the United States is categorized by "quality" according to end use. End-use categories are broad descriptions in which there is an overlap of metallurgical quality, chemistry,[9] and physical characteristics. Quality and commodity descriptions for 11 major types of wire rod, as indicated by the Iron and Steel Society, are presented in table I-2. Industrial quality wire rod reportedly accounts for the majority of wire rod consumed in the United States. It is primarily intended for drawing into industrial or standard quality wire that, in turn, is used for the manufacture of such products as coat hangers, wire mesh, and chain link fence. Most industrial quality wire rod is produced and sold in 7/32 inch (5.5 mm) diameter, which is also the smallest cross-sectional diameter that is hot-rolled in significant commercial quantities. Industrial quality wire rod is manufactured from low or medium-low carbon steel.[10]

Foreign-produced wire rod as a group generally is interchangeable with U.S.-produced wire rod, and competes within the same or similar product groupings (table I-3).[11] Although the types and qualities of imported wire rod may vary among country sources,[12] wire rod is imported within the same range of qualities and is used for the same general end uses by approximately the same end users as the domestic product. For most wire rod, there does not appear to be a high degree of differentiation between foreign and U.S.-produced wire rod based on the type of production process or on the basis of quality. One source indicates that more than 70 countries produce carbon steel wire rod;[13] the primary sources of U.S. imports of all steel wire rod listed in order of quantity imported in 2000 were: Canada, Ukraine, Trinidad & Tobago, Brazil, Japan, Moldova, Turkey, Mexico, and Germany.

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

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

[10] Iron and Steel Society, *Steel Products Manual: Carbon Steel Wire and Rods*, August 1993, p. 36.

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

[12] For example, in 2000, compared to the figure for total imports, industrial quality wire rod accounted for a relatively higher share of imports from Trinidad & Tobago, Turkey, Mexico, and "all other sources;" high-carbon and medium-high-carbon quality wire rod accounted for a relatively higher share of imports from Canada and Mexico; cold-heading wire rod accounted for a relatively higher share of imports from Japan, Germany, and Canada; and welding wire rod accounted for a relatively higher share of imports from Trinidad & Tobago and Canada (table I-3).

[13] *Iron and Steel Works of the World*, 12th edition (Surrey, England: Metal Bulletin Books, Ltd., 1997), pp. 613-617.

Table I-2
Wire rod: Quality, end uses, and important characteristics

Quality	End uses	Important characteristics
Chain quality	Electric welded chain	Butt-welding properties and uniform internal soundness
Cold-finishing quality	Cold-drawn bars	Surface quality
Cold-heading quality	Cold-heading, cold-forging, cold-extrusion products	Internal soundness, good surface quality, may require thermal treatments
Concrete reinforcement	Nondeformed rods for reinforcing concrete (plain round or smooth surface rounds)	Chemical composition important only insofar as it affects mechanical property
Fine wire	Insect screen, weaving wire, florist wire	Rods must be suitable for drawing into wire sizes as low as 0.035 inch (0.889 mm) without intermediate annealing; internal quality important
High-carbon and medium-high carbon	Strand and rope, tire bead, upholstery spring, mechanical spring, screens, ACSR core, and prestressed concrete strand; pipe wrap wire is a subset	Requires thermal treatment prior to drawing; however, it is not intended to be used for music wire or valve spring wire
Industrial (standard) quality	Nails, coat hangers, mesh for concrete reinforcement, fencing	Can only be drawn a limited number of times before requiring thermal treatment
Music spring wire	Springs subject to high stress; valve springs are a subset	Restrictive requirements for chemistry, cleanliness, segregation, decarburization, and surface imperfections
Scrapless nut	Fasteners produced by cold-heading, cold-expanding, cold-punching, and thread tapping	Internal soundness, good surface quality
Tire cord	Tread reinforcement in pneumatic tires	Restrictive requirements for cleanliness, segregation, decarburization, chemistry, and surface imperfections
Welding quality	Wire for gas welding, electric arc welding, submerged arc welding, and metal inert gas welding	Restrictive requirements for uniform chemistry
Source: Iron and Steel Society, *Steel Products Manual: Carbon Steel Wire and Rods*, August 1993, pp. 35-37.		

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Table I-3
Certain steel wire rod: U.S. producers' and U.S. importers' U.S. shipments, by quality, 2000

Source	Industrial or standard	High-carbon and medium-high carbon	Cold-heading	Welding	All other	Total
	Percent of quantity					
Domestic	49.7	21.6	13.3	2.4	13.0	100.0
Countries subject to TRQ						
Ukraine	***	***	***	***	***	100.0
Trinidad & Tobago	***	***	***	***	***	100.0
Brazil	***	***	***	***	***	100.0
Japan	***	***	***	***	***	100.0
Moldova	***	***	***	***	***	100.0
Turkey	***	***	***	***	***	100.0
Germany	***	***	***	***	***	100.0
All others	***	***	***	***	***	100.0
Countries not subject to TRQ						
Canada	***	***	***	***	***	100.0
Mexico	***	***	***	***	***	100.0
All countries						
Total imports	44.5	18.9	14.8	5.7	16.2	100.0
Total	48.5	20.9	13.6	3.2	13.8	100.0

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

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

Manufacturing Process

The manufacturing process for wire rod consists of several stages: (1) steelmaking, where the steel's chemistry is fixed; (2) casting the steel into a semifinished shape (billet); (3) hot-rolling the billet into rod on a multistand, high-speed rolling mill; and (4) coiling and controlled cooling of the wire rod as it is passed along a specialized conveyor (called a Stelmor deck, which is unique to the wire rod industry). Wire rod mills often tailor their operating practices to meet a customer's needs for specific applications and quality requirements. The desired metallurgical properties may be imparted by

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adjusting the chemistry during steelmaking as well as by varying rolling and cooling practices.[14] Finally, the product is inspected, bundled, and readied for shipment.[15]

The wire rod rolling process determines the rod's size (diameter) and dimensional precision, its depth of decarburization, surface defects and seams, amount of mill scale, structural grain size, and within limits set by the chemistry, the tensile strength and other physical properties. There is little or no difference among the wire rod rolling mills in the United States, or between U.S. mills and their foreign competitors. A larger billet will produce a heavier coil; however, not all mills have the capability to produce heavier coils. Depending on the capabilities of the wire drawer's equipment and machinery, coil size may be limited.

U.S. and foreign wire rod manufacturers have made capital investments in their production facilities to improve processing efficiencies and product quality. Standards of product quality (e.g., tighter dimensional tolerances, control over residuals, and coil weight) have become higher across the entire range of wire rod products, largely in response to customer demands for improved performance on the customer's equipment. These improvements have tended to blur the distinctions among quality terms over time.

Some wire rod manufacturers purchase billets, while others have steelmaking capabilities and thus can produce their own billets. Most U.S. wire producers today use minimill technology where scrap is melted in an electric arc furnace. The exceptions to this are (1) *** where the integrated route to steelmaking is still employed (i.e., a basic oxygen furnace using pig iron, which is produced from iron ore) and (2) those rod producers who are not steelmakers and, therefore, purchase billets. Minimills use scrap as their primary raw material and may add direct reduced iron (DRI) or hot-briquetted iron and/or pig iron to the mix, depending on the specifications for the end product and the relative costs of the raw materials. Minimills that produce high quality rod products, such as ***, may use less scrap and more DRI than other steelmakers.

U.S. Tariff Treatment

U.S. imports of certain steel wire rod are classified in subheadings 7213.91, 7213.99, 7227.20, and 7227.90.60 of the *HTS*. The column 1-general rates of duty are as shown in table I-4.

THE TARIFF-RATE QUOTA

In Presidential Proclamation 7273 of February 16, 2000, the President imposed a safeguard action of a type described under section 203(a)(3) of the Act (a tariff-rate quota or TRQ). The TRQ applies to goods imported from all countries except Canada and Mexico[16] into the United States for a period of three years and one day, beginning March 1, 2000. The Proclamation also suspends, pursuant to section 503(c)(1) of the Act, duty-free treatment for imported certain steel wire rod that is

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[14] The wire rod producer can accelerate or retard the wire rod's rate of cooling by raising or lowering covers over the Stelmor deck and by using forced air drafts. Cooling also affects scale buildup, which affects wire drawers' yield losses. Other post-rolling thermal treatments include annealing and patenting to obtain desired mechanical properties and microstructure.

[15] For a more detailed discussion of the wire rod production process, see *Certain Steel Wire Rod from Brazil and Japan*, USITC Pub. 2761, March 1994, pp. II-6 to II-10.

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

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Table I-4
Rates of duty for certain steel wire rod

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

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

Source: *HTS (2001).*

manufactured in beneficiary countries under the GSP, the CBERA, the ATPA, and the IFTA.[17] No individual country allocations were established by the TRQ.

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

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

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Table I-5
Certain steel wire rod: In-quota quantities and additional duties for imports in excess of the in-quota allocations, quota years 1-3[1]

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

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

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

PROPOSED MODIFICATIONS TO THE TARIFF-RATE QUOTA

Respondents proposed several modifications to the TRQ in their briefs to the Commission and in their testimony at the Commission's hearing. These modifications include termination of the relief, establishing country or regional sub-quotas, reallocating the TRQ to establish a quota for the fourth quarter, and increasing the within-quota allocation; they are described in greater detail below. The domestic industry has indicated to the Commission that it endorses the addition of specific country or region-specific quota limits within the TRQ and the establishment of quarterly quota periods; it opposes terminating the relief.[18] The domestic industry also seeks the inclusion of the NAFTA countries Canada and Mexico within the TRQ with a finding by the President that a surge in imports from these countries is undermining the effectiveness of the relief program.[19] On July 24, 2001, counsel for Co-Steel Raritan, GS Industries, Keystone, and North Star Texas filed a request under section 312 of the NAFTA Implementation Act for the Commission to determine whether surges in imports of certain steel wire rod from Canada and Mexico are undermining the import relief program announced by the President in February 2000. As indicated earlier, the Commission instituted Inv. No. NAFTA-312-1 (*Certain Steel Wire Rod*) in response to this request; its findings were sent to the President on August 23, 2001. *See* the AWPA's posthearing brief for its comments concerning its opposition to any possible inclusion of the NAFTA countries in the TRQ (pp. 8-10). In addition, Hylsa, a producer of certain steel wire rod in Mexico, argues in its posthearing submission that there is no basis in this case for a recommendation to expand the remedy to cover imports from Canada and Mexico.

In its prehearing brief, respondent Saarstahl[20] requested that the safeguard measure be modified by allocating the available quota to individual countries or country groups based on 1998 import levels of

[18] Petitioners' posthearing brief, pp. 1 and 14-15.

[19] Petitioners' posthearing brief, pp. 16-19.

[20] Saarstahl AG is a German producer and exporter of certain steel wire rod, and Saarsteel, Inc. is its related U.S. importer of the subject product.

those countries or country groups, plus an annual increase of two percent.[21] It argued that establishing regional sub-quotas would address the difficulties in entering product experienced by the traditional suppliers of special quality wire rod such as cold-heading quality and welding quality wire rod that must compete for the available in-quota quantity with producers of industrial quality wire rod.[22] Saarstahl is joined by the EU producers in a posthearing brief in arguing that the EU producers, which predominantly export special quality wire rod, have been adversely affected by the TRQ. To remove what they label a "bias" against EU producers, the EU respondents argue for changes to the TRQ that include: (1) a sub-quota for the EU and (2) separate HTS categories for special quality wire rod.[23]

Caribbean Ispat, a manufacturer of certain steel wire rod in Trinidad & Tobago, addressed the issue of how to allocate the TRQ on a country-specific or regional basis in its posthearing brief, arguing that the only "reasonable" method for establishing country-specific allocations would be to develop a methodology to determine each country's share of imports of the *non-excluded* products (also not including NAFTA imports) during the representative period chosen, which it indicates should be 1996-98.[24]

Other respondents opposed the restructuring of the TRQ into specific country or regional sub-quotas. The AWPA[25] maintained that "{c}ountry-specific quotas that lock-in each import source to a set number of tons eliminate the ability of U.S. wire drawers to adjust to changes in supply and demand."[26] Japanese respondents also opposed establishing sub-quotas, arguing that doing so results in what amounts to "more restrictive relief" in that less than the entire quota would now be available to each country. Also, the quantity allocated to specific countries could well be less than the amounts they have already been able to ship under the TRQ as it is currently structured. There is, according to Japanese respondents, no legal basis under section 204 of the statute for actions that result in making the relief *more* restrictive.[27]

The AWPA requested in its briefs that the quarterly sub-quotas be reallocated so that there is specific quota set aside for the fourth quarter in addition to the first, second, and third quarters of each year.[28] It states that doing so would result in a more "orderly and predictable flow of wire rod into the domestic market" and prevent the quota from being exhausted during the first nine months of the quota year, leaving no quota available for the final three months. As a minimum, 20 percent of the annual quota should be reserved for the fourth quarter, in addition to any unused quota remaining from the first

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[21] Saarstahl's prehearing brief, pp. 7-8.

[22] According to Saarstahl, special quality steel wire rod customers order merchandise on an as-needed basis and must receive shipments regardless of quota availability. Saarstahl maintains that "{i}mporters of specialty quality products are forced to pay additional duties because importers of industrial quality wire rod use all of the available quota early in the quota period." Industrial quality steel wire rod is a commodity product that is frequently produced without specific customers in mind and, if necessary, can readily be inventoried until it can be entered within the quota. Saarstahl's prehearing brief, p. 6.

[23] Saarstahl and EU producers' posthearing brief, pp. 4-7 and 8-10.

[24] Caribbean Ispat's posthearing brief, pp. 1-2. *See* also the comments of the domestic industry as to how sub-quotas for suppliers should be structured (attachment 1 to the petitioners' posthearing brief, p. 4).

[25] The AWPA is an association of wire drawers that purchase certain steel wire rod.

[26] AWPA's posthearing brief, pp. 7-8.

[27] Japanese respondents' posthearing brief, pp. 3-10.

[28] AWPA's prehearing brief, pp. 3 and 16-17. *See* also AWPA's posthearing brief, pp. 5-6.

three quarters. Several respondents, in addition to the domestic industry, specifically endorsed this proposal for a quota reservation for the fourth quarter.[29] No party opposed this proposal.

The AWPA also requested in its prehearing brief that the quota component of the TRQ be increased "substantially" for the remainder of the program due to the closing of several mills with resulting reduction in domestic capacity to produce certain steel wire rod.[30] The domestic industry opposed the proposal by the AWPA that the in-quota allocation under the TRQ be increased, stating that there is no evidence of "current or future shortages of wire rod in the market."[31]

Several respondents also have argued for outright termination of the safequard measure. Specifically, Belgo-Min, a manufacturer of the subject product in Brazil, maintained in its posthearing brief that "{t}he Commission should decide to continue the restrictions only if it determines that the industry will make positive adjustments to import competition during the latter part of the TRQ relief period, and that the restrictions are necessary for these adjustments."[32] Japanese respondents argued that relief should be terminated or reduced because "a large share of the domestic industry has made inadequate efforts to adjust to import competition in comparison to the promises they made in the Adjustment Plan."[33] Saarstahl stated in its prehearing brief that the TRQ should be terminated because the level of effort made by the domestic industry to adjust to import competition "is not sufficient to warrant continued relief."[34] The firm was joined by the EU producers in a posthearing brief to argue that the TRQ should be terminated because petitioners "concede that the current TRQ is not doing anything to prevent or remedy serious injury and that it is not facilitating any adjustments to import competition." Accordingly, Saarstahl and the EU producers asserted that "{t}he TRQ should be terminated because it is not consistent with the United States' obligation under the WTO Agreement on Safeguards to limit safeguard measures to those that are necessary to prevent or remedy injury and facilitate adjustment to import competition. Judged by this standard, the futile remedy afforded by the TRQ is clearly not necessary."[35] The domestic industry stated that the TRQ "while providing no real likelihood of improving the condition of the domestic industry, should nonetheless be retained without any further reduction to provide some measure of protection against further erosion of the condition of the U.S. industry, in light of increases in imports and product shifting that may result from the {ongoing} section 201 investigation of other carbon steel products."[36]

Some parties also addressed the treatment of the specialty products that have been excluded from the TRQ. The AWPA indicated that it supports the continued exclusion of the specialty products from

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[29] *See* Caribbean Ispat's posthearing brief, p. 1, and Saarstahl's and EU producers' posthearing brief, pp. 7-8.

[30] AWPA's prehearing brief, pp. 3 and 16. *See* also the AWPA's posthearing brief (pp. 3-4) in which it argued that the mill closures represent "changed economic circumstances" pursuant to section 204 such that further liberalization of the TRQ is warranted.

[31] Petitioners' posthearing brief, pp. 10-14.

[32] Belgo-Min's posthearing brief, p. 3.

[33] Posthearing brief of Japanese respondents, p. 13. *See* exhibit 1 of their posthearing brief for Japanese respondents' comparison of the Adjustment Plan submitted by the domestic industry in the section 201 investigation to the reported efforts made by the domestic industry under the TRQ.

[34] Saarstahl's prehearing brief, pp. 2-4.

[35] Saarstahl and the EU producers' posthearing brief, pp. 1-4.

[36] Petitioners' prehearing brief, p. 17.

the TRQ.[37] Respondent Belgo-Min pointed out in its posthearing brief that the excluded products are not subject to this section 204 investigation.[38] Japanese respondents stated in their prehearing brief that domestic sources for the specialty steel wire rod products excluded under Presidential Proclamation 7273 remain "non-existent or inadequate" and that these products are "*essential* manufacturing inputs to U.S. purchasers of specialty steel wire rod."[39]

[37] AWPA's posthearing brief, p. 6.

[38] Belgo-Min's posthearing brief, pp. 2 and 5.

[39] Japanese manufacturers' prehearing brief, p. 21.

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PART II: THE U.S. MARKET

U.S. PRODUCERS

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

U.S. wire rod producers are located throughout the United States and manufacture various types of wire rod. All firms tend to supply wire rod regionally based on the locations of their plants, with none of the firms dominating the U.S. market. In addition to selling wire rod on the open market, nine firms produced wire rod in 2000 for internal consumption or consumption by related firms. Eighteen percent of U.S. producers' domestic shipments in 2000 were for internal consumption or transfer to related wire drawers.

Data for U.S. producers' production of the excluded products were not specifically collected in this review investigation. It is, however, possible to calculate U.S. production of such products based on the questionnaire responses.[3] As shown in table II-2, the U.S. industry continues to manufacture relatively small quantities of these products.[4] U.S. production of the excluded products represented only *** percent of total U.S. wire rod production in 2000, and only *** percent in January-March 2001.

Changes in the operation of the domestic certain steel wire rod industry since January 1998 are itemized in table II-3, along with data reported on the elimination of shifts in 2000 due to a lack of orders. As shown, several firms have shut down their wire rod mills in recent years. Specifically, Atlantic sold its plant site and stopped operating in December 1998; Birmingham closed its American Steel & Wire rod plant in Cuyahoga Heights, OH, in June 2001; GS Industries permanently idled its Kansas City, MO, rod mill in February 2001; and North Star's Kingman, AZ, plant shut down production in May 2001.[5] Each firm cited low-priced imports in its questionnaire response as contributing to the closures. The closing of GS Industries' Kansas City, MO, facility was coupled with its filing for Chapter 11 bankruptcy protection. In a February 2001 news article, Mark Essig, chairman, president, and chief executive officer of GS Industries, is reported to have said that "weak markets for wire rod and grinding media, the company's two main products, higher electricity and natural gas costs and heavy debt were

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

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

[3] Specifically, data were collected in Commission questionnaires for all steel wire rod as well as for certain steel wire rod. The differences between these data are for those products excluded in the Presidential Proclamation, i.e., the "excluded products."

[4] Steel wire rod products excluded under the Presidential Proclamation were manufactured during the period reviewed by ***.

[5] ***. Attachment 1 to petitioners' posthearing brief, p. 10.

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Table II-1
Certain steel wire rod: U.S. producers, positions on import relief, plant locations, and U.S. production and shares of U.S. production in 2000

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

[1] Atlantic is a *** subsidiary of Ivaco (Montreal, Canada). ***.
[2] Birmingham is not owned, in whole or in part, by any other firm.
[3] Cascade is a *** subsidiary of Schnitzer (Portland, OR). Cascade states that "***."
[4] Charter is a *** subsidiary of Charter Manufacturing (Mequon, WI).
[5] Connecticut, as of September 30, 1999, is *** owned by ***. Previously, the firm was owned by Swiss Steel AG (Emmenbruecke, Switzerland). Connecticut states that "***."

Notes continued on next page.

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Continuation.

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

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

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

[9] Keystone is *** owned by Contran (Dallas, TX). Keystone states that "***."

[10] North Star is a *** subsidiary of Cargill (Wayzata, MN). ***. North Star states that "***." ***.

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

[12] Republic's rod facility was formerly USS/Kobe. In August 1999, USS/Kobe was merged into Republic. ***. Republic states that "***."

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

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

Table II-2
All steel wire rod: U.S. production by product category, 1998-2000, January-March 2000, and January-March 2001

Category	1998	1999	2000	January-March	
				2000	2001
	Quantity (*short tons*)				
Certain steel wire rod	5,270,138	5,394,760	5,336,432	1,421,446	977,180
Excluded products[1]	***	***	***	***	***
All steel wire rod	***	***	***	***	***

[1] Consists of wire rod of tire cord quality, valve spring quality, class III pipe wrap quality, aircraft cold-heading quality, ACSR quality, piano wire string quality, grade 1085 annealed bearing quality, and grade 1080 tire bead quality.

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

Table II-3
Certain steel wire rod: Responses by U.S. manufacturers to selected questions in the Commission's producer questionnaire concerning their operations

* * * * * * *

the factors that led GS Industries to file for bankruptcy protection."[6] In addition, Northwestern, which as of December 2000, had been operating under Chapter 11 bankruptcy protection, announced on May 18,

[6] "GS Industries Files Ch. 11, Sets Closure of GST Steel," *American Metal Market*, February 8, 2001, p. 9.

2001, that it will be shutting down operations in the near future.[7] The AWPA testified at the Commission's hearing that the independent wire producers are concerned about the effects that the mill closings will have on rod availability in the U.S. market.[8]

Firms also were requested in the questionnaire to report the significance of the TRQ on their certain steel wire rod operations. Their responses are listed in table II-4. As shown, six firms (specifically, ***) either specifically indicated that the TRQ did not provide relief or that imports continued to have a negative impact on their firm's operations. In addition, *** reported downward trends for its operations that were worse now than at the time of the original section 201 investigation. The remaining firms (i.e., ***) either reported no effect from the TRQ or that the question was not applicable to their business operations and/or markets.[9]

Table II-4
Reported significance of the tariff-rate quota on certain steel wire rod imposed by the President effective March 1, 2000, in terms of its effects on U.S. producers' operations

* * * * * * *

U.S. IMPORTERS

The Commission sent questionnaires to 37 firms[10] believed to be U.S. importers of certain steel wire rod;[11] 26 of these firms provided usable responses for the period from January 1998 to March 2001. In addition, one U.S. producer, ***, reported direct imports of certain steel wire rod during the period examined and submitted an importer questionnaire response.[12] Table II-5 lists responding firm names and total reported imports of certain steel wire rod in 1998-2000, by source, along with the reported foreign manufacturers, if known, of the imported product. It also lists official Commerce statistics for the *HTS* subheadings under which all steel wire rod is reported, adjusted using questionnaire responses to subtract out the excluded products.[13] The completeness of coverage obtained from the returned importer questionnaires can be calculated by comparing reported imports of certain steel wire rod to the adjusted Commerce statistics. As shown, coverage of 46.6 percent was obtained for 1998, 63.9 percent for 1999, and 80.0 percent for 2000.[14] Certain steel wire rod from most countries was typically entered into the United States by more than one importer. Further, individual importers frequently imported from a number of sources.

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[7] "Northwestern Steel and Wire Closing, 1,400 LayOffs," found at internet address *http://biz/yahoo.com/rf/010518/n18206367.html*, retrieved May 25, 2001.

[8] Hearing transcript (Peter Cronin, President of Industrial Wire Products), p. 88.

[9] *See*, however, ***'s comment on its capital improvements and investment. Also, *** did not provide a response to that section of the questionnaire.

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

[11] The U.S. importer mailing list was compiled from information provided by Customs.

[12] *** also submitted an importer questionnaire response to the Commission; the reported imports of certain steel wire rod by the firm were later determined to be purchases.

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

[14] The actual shares will be higher than listed to the extent that non-respondents imported excluded products.

Table II-5
Certain steel wire rod: U.S. imports reported by firms responding to Commission questionnaires, by selected sources,[1] 1998-2000

Item	1998	1999	2000	Cited foreign manufacturers (if known and/or provided)
	(Short tons)			
Countries subject to TRQ:				
Ukraine				
Questionnaire data reported by:[2] ***	***	***	***	***
Commerce data	160,273	193,003	367,712	--
Trinidad & Tobago				
Questionnaire data reported by:[2] ***	***	***	***	***
Commerce data	257,720	341,815	287,507	--
Brazil				
Questionnaire data reported by:[2] ***	***	***	***	***
Commerce data	33,984	152,535	224,546	--
Japan				
Questionnaire data reported by:[2] ***	***	***	***	***
Commerce data	81,465	77,188	40,520	--
Moldova				
Questionnaire data reported by:[2] ***	***	***	***	***
Commerce data	109,632	190,239	191,074	--
Turkey				
Questionnaire data reported by: ***	***	***	***	***
Commerce data	127,738	151,346	187,878	--
Germany				
Questionnaire data reported by: ***	***	***	***	***
Commerce data	40,448	81,422	37,027	--
All other sources				
Questionnaire data reported by: 16 firms	***	***	***	Various firms located in 20 countries
Commerce data	681,514	603,740	506,094	--

Table continued on next page.

Table II-5--*Continued*
Certain steel wire rod: U.S. imports reported by firms responding to Commission questionnaires, by selected sources,[1] 1998-2000

Item	1998	1999	2000	Cited foreign manufacturers (if known and/or provided)
	(Short tons)			
Countries not subject to TRQ:				
Canada				
Questionnaire data reported by: ***	***	***	***	***
Commerce data	555,886	626,352	715,974	--
Mexico				
Questionnaire data reported by: ***	***	***	***	***
Commerce data	75,241	122,038	159,818	--
Total				
Questionnaire data reported by: 24 firms	989,788	1,623,096	2,170,509	--
Commerce data	2,123,900	2,539,679	2,718,150	--

[1] Selected sources are top 9 countries ranked by quantity of all steel wire rod imports in 2000.
[2] Listed firms are those that reported data during the entire period reviewed.

Note.–The following firms reported imports only of excluded products: ***. Significant non-responding importers consist of: ***. However, *** and *** informed the Commission that neither entity imported any excluded wire rod products into the United States during the period reviewed. Telephone conversation with ***, May 22, 2001.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics (adjusted using questionnaire responses to subtract out the excluded products).

Firms were requested in the Commission's importer questionnaire to report data on both certain steel wire rod and all steel wire rod (from which it is possible to calculate imports of the excluded products for the 1998-2000, January-March 2000, and January-March 2001 periods). As reported in the questionnaires, relatively large amounts of wire rod excluded under the Presidential Proclamation were imported from Germany and Japan. No such imports were reported in questionnaire responses from Brazil, Mexico, Moldova, Trinidad & Tobago, Turkey, or Ukraine, although data obtained from Chicago STC (Customs) also show excluded product to be entered from Brazil and Mexico (in small amounts), as well as more than minimal quantities from Canada and the United Kingdom.[15]

[15] From March 2000 to February 2001, 59.7 percent of the 326,066 short tons of excluded product imported was from Japan, 17.1 percent was from Brazil, 9.8 percent was from the United Kingdom, 9.5 percent was from Germany, 2.7 percent was from Canada, 0.6 percent was from Mexico, and 0.6 percent was from the four remaining
(continued...)

Like U.S. producers, importers were asked to report the effects on their operations that resulted from the imposition of the TRQ. Importer comments are reported in table II-6. As shown, the majority of reporting firms indicated that the TRQ had a negative impact on their firms, particularly with respect to the additional administrative burdens and the requirement to time shipments to prevent entries after the quota has been filled for any quarter.[16] One importer, ***, specifically referred in its response to increases in U.S. imports of industrial quality steel wire rod from certain countries, including the Ukraine, taking up what it labeled a "disproportionate share" of the within-quota amount. It also reported that in the fourth quarter of the first quota year (i.e., December 1, 2000 to February 28, 2001), Customs retroactively adjusted downward the in-quota amount that had previously been announced. (*See* the section of this report entitled "U.S. imports)." Other firms, including those importing from excluded countries (i.e., Canada and Mexico), indicated that the TRQ had no effect on their operations.

Table II-6
Reported significance of the tariff-rate quota on certain steel wire rod imposed by the President effective March 1, 2000, in terms of its effects on U.S. importers' operations for certain steel wire rod

* * * * * * *

APPARENT U.S. CONSUMPTION

Data on apparent U.S. consumption of certain steel wire rod are presented in table II-7. Apparent U.S. consumption of certain steel wire rod, in terms of volume, rose steadily by 7.4 percent from 1998 to 2000 and then fell by 20.3 percent from the first quarter of 2000 to the first quarter of 2001. On a value basis, apparent U.S. consumption declined irregularly by 2.5 percent from 1998 to 2000 and then fell 22.2 percent from the first quarter of 2000 to the first quarter of 2001.

CHANNELS OF DISTRIBUTION

Domestically produced and imported certain steel wire rod are sold through the same channels of distribution. A majority of the product is sold to end users for drawing and finishing. Domestic producers sold 96.4 percent, and importers sold 92.8 percent, of their certain steel wire rod to end users in 2000. The remaining quantities are sold through distributors.

U.S. IMPORTS

Data on imports of certain steel wire rod for the period 1998-2000, January-March 2000, and January-March 2001 are presented in table II-8. As shown, the quantity of imports rose steadily from 1998 to 2000, rising by 28.0 percent, then fell by 10.2 percent from the first quarter of 2000 to the first

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[15] (...continued)
sources. Table WR6 of data provided by the Chicago STC (Customs), compiled June 12, 2001.

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

II-7

Table II-7
Certain steel wire rod: U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, 1998-2000, January-March 2000, and January-March 2001

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

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

II-8

Table II-8
Certain steel wire rod: U.S. imports, by sources, 1998-2000, January-March 2000, and January-March 2001

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

II-9

Table II-8--Continued
Certain steel wire rod: U.S. imports, by sources, 1998-2000, January-March 2000, and January-March 2001

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

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

II-10

quarter of 2001. The unit value of certain steel wire rod for all sources fell by $52 per short ton from 1998 to 1999, increased by $14 per short ton from 1999 to 2000, and rose again by $16 per short ton from the first quarter of 2000 to the first quarter of 2001. The individual countries listed in table II-8 (i.e., Ukraine, Trinidad & Tobago, Brazil, Japan, Moldova, Turkey, and Germany, as well as Canada and Mexico, which are not subject to the TRQ) comprise the top 9 sources of U.S. imports of all steel wire rod ranked by quantity in 2000.[17]

The President imposed quantitative restrictions on imports of certain steel wire rod in the form of TRQs beginning on March 1, 2000, from all sources with the exception of Canada and Mexico. Thus, the quota year runs from March 1 to February 28 of each year except for year 3 when its ends on March 1, 2003. *See* the section of this report entitled "The Tariff-Rate Quota" for information on the terms of the quota, by year, and the terms of its administration. Official Commerce data on U.S. imports of all steel rod (including imports of excluded products)[18] are presented in table II-9 for the first quota year and compared to the previous 12-month period. Total U.S. imports of all steel wire rod decreased by 1.5 percent in quantity from the year ending February 28, 2000 to the year ending February 28, 2001. However, the trend reported for countries subject to the TRQ differed from the trend for those that were not subject to the TRQ. Specifically, imports of all steel wire rod from covered countries fell by 7.9 percent in quantity from the year ending February 28, 2000 to the year ending February 28, 2001, while imports from Canada and Mexico increased by 16.3 percent.[19] With respect to the top seven countries (in terms of import volume in 2000) subject to the TRQ, imports fell for each source, with the exception of the Ukraine and Moldova. Imports of all steel wire rod from the Ukraine and Moldova rose by 55.6 percent and 0.3 percent, respectively, from the March 1999-February 2000 period to the March 2000-February 2001 period.

Table II-10 lists U.S. imports compiled from official Commerce statistics of certain steel wire rod, by quarter, for the first quota year. Also listed is the in-quota quantity for each quarterly period. As shown by the figures in table II-10, the quota for certain steel wire rod appeared to remain open during the entire quota year. However, some steel wire rod *was* entered on an over-quota basis during the first

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[17] In descending order of quantity of imports of all steel wire rod in 2000, other importing countries are as follows: Indonesia, Venezuela, South Africa, United Kingdom, Italy, Egypt, Spain, Argentina, India, Malaysia, Luxembourg, and 17 other sources.

[18] Data on certain steel wire rod are not available for the March 1999-February 2000 period. As indicated earlier, specific reporting categories for certain steel wire rod were not established within the *HTS* until March 1, 2000. According to data compiled by the Chicago STC (Customs), approximately 11 percent of total U.S. imports of all steel wire rod during the March 2000-February 2001 period consisted of product excluded under the terms of the Presidential Proclamation. Commerce statistics show approximately one-fourth of total U.S. imports of all steel wire rod to be excluded; this share is, however, overstated since some of the wire rod first shown as excluded in Commerce statistics was later re-classified, primarily as subject product.

[19] ***, a Canadian mill, contends that the increase in U.S. imports of steel wire rod from Canada from the year ending February 29, 2000 to the year ending February 28, 2001 does not constitute a "surge" in Canadian imports. The firm points instead to what it indicates is a continuous upward trend that existed before the imposition of the TRQ and argues that the TRQ "had no real effect on this trend." Questionnaire response of ***, amendment dated July 17, 2001. U.S. imports of all wire steel wire rod from Canada rose by 12.4 percent from March 1999-February 2000 to March 2000-February 2001 (table II-9). Certain steel wire rod imports from Canada rose by 12.7 percent from 1998 to 1999, increased another 14.3 percent from 1999 to 2000, then fell by 4.0 percent from the first quarter of 2000 to the first quarter of 2001 (table II-8).

II-11

Table II-9
Steel wire rod: U.S. imports, by specified products and sources, March 1999-February 2000, and March 2000-February 2001

Source	All steel wire rod[1]		Certain steel wire rod	
	March 1999-February 2000	March 2000-February 2001	March 2000-February 2001	
			Commerce[2]	Customs[3]
	Quantity (*short tons*)			
Countries subject to TRQ:				
Ukraine	219,766	341,867	249,815	335,525
Trinidad & Tobago	327,728	244,387	236,714	245,551
Brazil	201,237	192,337	124,003	140,723
Japan	252,609	206,781	20,300	20,336
Moldova	183,505	184,043	160,940	191,304
Turkey	174,312	155,369	146,562	177,211
Germany	175,145	102,209	63,676	70,444
All others	610,468	548,420	455,829	505,994
Subtotal covered	2,144,769	1,975,413	1,457,837	1,687,088
Countries not subject to TRQ:				
Canada	642,924	722,981	713,052	718,299
Mexico	131,591	177,148	77,607	175,123
Subtotal non-covered	774,515	900,129	790,659	893,421
Total	2,919,284	2,875,542	2,248,496	2,580,509

[1] Data for all steel wire rod are provided since data for certain steel wire rod are not available for the March 1999-February 2000 period.
[2] Official Commerce statistics (not corrected for misclassifications).
[3] Chicago STC (Customs).

Source: Official Commerce statistics and data compiled, as of June 12, 2001, by the Chicago STC (Customs).

II-12

Table II-10
Certain steel wire rod: U.S. imports for consumption, by source and by quarter, March 2000-February 2001

Item	TRQ year one: March 2000-February 2001				
	Mar.-May	June.-Aug.	Sept.-Nov.	Dec.-Feb.	Total
Quantity (*short tons*)					
Countries subject to TRQ:					
Ukraine	57,666	83,364	77,411	31,373	249,815
Trinidad & Tobago	47,286	76,160	68,906	44,361	236,714
Brazil	9,748	54,214	46,570	13,471	124,003
Japan	6,230	4,367	5,178	4,525	20,300
Moldova	52,285	50,373	52,315	5,967	160,940
Turkey	44,265	20,790	58,892	22,615	146,562
Germany	15,518	26,577	16,676	4,905	63,676
Other sources	32,065	158,224	144,363	121,177	455,829
Subtotal covered	265,063	474,070	470,311	248,394	1,457,837
In-quota allocation	526,667	526,667	526,667	370,556[1]	1,580,000
Countries not subject to TRQ:					
Canada	180,453	197,120	183,537	151,941	713,052
Mexico	22,634	16,953	32,716	5,305	77,607
Subtotal non-covered	203,087	214,073	216,253	157,246	790,659
Total	468,150	688,143	686,564	405,640	2,248,496

[1] Theoretical figure. It is calculated as the sum of the remaining in-quota quantities for the first three quarters. The remaining in-quota quantities were calculated for each quarter by subtracting total imports of certain steel wire rod from countries subject to the TRQ from the in-quota allocation for each quarter.

Note.–Subtotals of imports from countries subject to the TRQ are lower for each of the first three quarters shown than total in-quota and over-quota imports shown in table II-12. The discrepancy is due to misclassifications of product at time of entry into the United States. Corrected misclassifications are reflected in table II-12; they are not reflected in the data included above. Customs must sort out entries after the fact to determine how to charge the quantities imported.

Source: Compiled from official Commerce statistics (not corrected for misclassifications).

II-13

quota year.[20] According to Customs' *Quota Weekly Status Reports*, the quota for certain steel wire rod closed in the fourth quarter (i.e., December 2000-February 2001) of the first quota year.[21] Table II-11 presents data compiled from the Customs website on the quantity of U.S. in-quota certain steel wire rod imports and the percent of the in-quota quantities filled since the quota was implemented on March 1, 2000. Imports from countries subject to the TRQ were shown to be well under quota at less than 50 percent in the first quarter. During both the second quarter and third quarter, in-quota imports reportedly filled well over 80 percent of the TRQ established for each quarter. In the fourth quarter, the remaining in-quota quantity was exhausted. As shown in the notes to table II-11, the quantities listed for each quarter (and the calculated share of the in-quota quantity that has been filled) reflect, in part, only those imports which were initially classified as subject product. There appeared to be substantial misclassifications of certain steel wire rod as nonsubject product, frequently as excluded steel wire rod, since the TRQ was implemented on March 1, 2000.[22]

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[20] Once the TRQ has been filled, any product that is entered, or withdrawn from warehouses for consumption, is subject to the over-quota rate of duty.

[21] Also *see* the reports of U.S. importers that responded to the Commission's questionnaires (tables D-2 and D-3). U.S. importers indicated that they have entered approximately 26,000 short tons on an over-quota basis since March 1, 2000 (table D-2). Also, U.S. importers reported that they delayed in entering product because the within-quota limit was already filled for a particular quarter (table D-3). Several firms (i.e., *** as shown in table D-3) specifically attributed their failing to enter their product before the exhaustion of the within-quota quantity to the initial misclassification of the certain steel wire rod that was later added to the fourth quarter quota for the first quota year.

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

As shown in table II-9, relatively large amounts of misclassifications appear to have occurred for product entered from the Ukraine, Turkey, and Moldova, with lesser quantities of U.S. imports from Brazil, Trinidad & Tobago, and Germany (obtained by comparing the uncorrected Commerce data for certain steel wire rod to the adjusted data that were provided by the Chicago STC (Customs)).

One importer (***) indicated that "early on in the TRQ program, there was mass confusion about the *HTS* numbers to be used. We found that the individual districts were not always ***. ... {With reference to a relatively small part of the firm's total misclassifications}, our brokers still claim that, at the time, they used the tariff numbers which were given to them by Customs." With reference to other misclassifications, the firm indicates that they "seem to have been at fault" by not instructing their broker to use both the HTS chapter 72 *and* the chapter 99 subheadings to enter their merchandise. E-mail from ***, June 19, 2001.

II-14

Table II-11
Certain steel wire rod: In-quota quantities, by TRQ quarter, March 2000-May 2001

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

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

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

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

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

Customs has, however, moved to ensure that there will be tighter compliance with the TRQ in the future[23] and has provided the Commission with corrected data for the first year of the TRQ (table II-12). As shown, once the misclassifications were charged against the quota there were over-quota imports entered in every quarter, although, as shown in the note to table II-12, this would not have been the case had the imports been correctly classified at entry. Table II-13 provides a listing of in-quota imports and over-quota imports, by source, for TRQ year one. With the exception of Moldova, over-quota imports were assessed for each of the top sources of U.S. imports of certain steel wire rod.

[23] *See* Japanese respondents' prehearing brief, p. 19 and exhibit 3. Japanese respondents state that "Customs has corrected and penalized prior classification errors and is continuing to closely monitor entries for compliance with the TRQ. Such actions are necessary and appropriate, as well as sufficient to address any concerns about circumvention." *Id.*, p. 20. In their testimony at the Commission's hearing, the domestic industry appeared to concur with there being no evidence of ongoing circumvention ("{t}he problem has been addressed and remedied"). *See* hearing transcript, p. 48. *See* also the response of the domestic industry to Commission questions (attachment 1 to the posthearing brief, p. 1).

II-15

Table II-12
Certain steel wire rod: In-quota quantities and over-quota quantities for TRQ year one (March 1, 2000 through February 28, 2001), by quarter

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

[1] As shown, over-quota imports were charged for quarters one and three despite the fact that total imports did not exceed the *quarterly* trigger (*see* table II-10). However, as shown, the *annual* quota was exceeded and misclassified imports that were later charged to the TRQ were recorded as over-quota imports in the quarter they were entered. Telephone conversation with Customs (***), August 2, 2001.

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

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

Table II-13
Certain steel wire rod: In-quota quantities and over-quota quantities, if any, for selected countries, TRQ year one (March 1, 2000 through February 28, 2001)

Source	In-quota imports	Over-quota imports	Total imports
	Quantity (*short tons*)		
Ukraine	315,948	19,577	335,525
Trinidad & Tobago	236,173	9,378	245,551
Brazil	123,848	16,875	140,723
Japan	18,107	2,229	20,336
Moldova	191,304	0	191,304
Turkey	156,024	21,187	177,211
Germany	62,245	8,200	70,445
All others	482,269	23,725	505,994
Total	1,585,917	101,171	1,687,088

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

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

U.S. Producers' Imports

As indicated earlier, only one U.S. producer (specifically, ***) reported importing certain steel wire rod during the period examined.[24] However, several domestic producers are related to U.S. importers of certain steel wire rod. ***. ***.[25] ***.[26]

U.S. Importers' Inventories

Inventories held by importers responding to Commission questionnaires are presented in table II-14. Reported inventories were from several sources; however, a number of individual importers indicated that they did not maintain inventories in the United States. Inventories from all sources increased more than three-fold from 15,783 short tons to 70,489 short tons between December 31, 1998 and March 31, 2001. The magnitude of the trend may be somewhat misleading in that ***. However, inventories from all sources also increased, by 45.1 percent, between December 31, 1999 and March 31, 2001.

Table II-14
Certain steel wire rod: U.S. importers' end-of-period inventories of imports, 1998-2000, January-March 2000, and January-March 2001

* * * * * * *

U.S. IMPORTS RELATIVE TO PRODUCTION

Data on the ratio of U.S. imports to domestic production are presented in table II-15. The ratios of imports from countries subject to the TRQ to U.S. production rose steadily from 28.3 percent in 1998 to 33.2 percent in 1999 to 34.5 percent in 2000, and from 26.7 percent in January-March 2000 to 30.9 percent in January-March 2001.

U.S. MARKET SHARES

Market shares based on U.S. producers' U.S. shipments and U.S. imports are presented in table II-16. U.S. producers continue to dominate the U.S. market for certain steel wire rod, accounting for more than 65.0 percent of the market in terms of both volume and value during the period examined. However, the share of the market held by domestic producers has fallen steadily throughout the period reviewed as import market shares from both countries subject to the TRQ and those not subject to the TRQ have risen.

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[24] ***.

[25] ***.

[26] ***.

II-17

Table II-15
Certain steel wire rod: U.S. production, U.S. imports, by sources, and ratios of imports to production, 1998-2000, January-March 2000, and January-March 2001

Item	1998	1999	2000	January-March 2000	January-March 2001
	Quantity (short tons)				
U.S. production	5,270,138	5,394,760	5,336,432	1,421,446	977,180
U.S. imports from--					
Countries subject to TRQ:					
Ukraine	160,273	193,003	367,712	52,813	57,906
Trinidad & Tobago	257,720	341,815	287,507	63,178	60,992
Brazil	33,984	152,535	224,546	64,070	53,235
Japan	81,465	77,188	40,520	13,125	6,248
Moldova	109,632	190,239	191,074	16,903	0
Turkey	127,738	151,346	187,878	53,812	31,875
Germany	40,448	81,422	37,027	28,077	8,262
All other sources	681,514	603,740	506,094	86,906	83,325
Subtotal	1,492,773	1,791,288	1,842,359	378,885	301,844
Countries not subject to TRQ:					
Canada	555,886	626,352	715,974	172,055	165,170
Mexico	75,241	122,038	159,818	37,874	61,920
Subtotal	631,127	748,390	875,792	209,929	227,090
Total U.S. imports	2,123,900	2,539,679	2,718,150	588,814	528,934
	Ratio to U.S. production (percent)				
U.S. imports from--					
Countries subject to TRQ:					
Ukraine	3.0	3.6	6.9	3.7	5.9
Trinidad & Tobago	4.9	6.3	5.4	4.4	6.2
Brazil	0.6	2.8	4.2	4.5	5.4
Japan	1.5	1.4	0.8	0.9	0.6
Moldova	2.1	3.5	3.6	1.2	0.0
Turkey	2.4	2.8	3.5	3.8	3.3
Germany	0.8	1.5	0.7	2.0	0.8
All other sources	12.9	11.2	9.5	6.1	8.5
Subtotal	28.3	33.2	34.5	26.7	30.9
Countries not subject to TRQ:					
Canada	10.5	11.6	13.4	12.1	16.9
Mexico	1.4	2.3	3.0	2.7	6.3
Subtotal	12.0	13.9	16.4	14.8	23.2
Total U.S. imports	40.3	47.1	50.9	41.4	54.1

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

II-18

Table II-16
Certain steel wire rod: Apparent U.S. consumption and market shares, 1998-2000, January-March 2000, and January-March 2001

Item	1998	1999	2000	January-March 2000	January-March 2001
	Quantity (short tons)				
Apparent consumption	7,353,751	7,876,516	7,898,025	2,004,803	1,597,852
	Value ($1,000)				
Apparent consumption	2,459,579	2,329,112	2,398,753	614,996	478,598
	Share of quantity (percent)				
U.S. producers' shipments	71.1	67.8	65.6	70.6	66.9
U.S. imports from--					
Countries subject to TRQ:					
Ukraine	2.2	2.5	4.7	2.6	3.6
Trinidad & Tobago	3.5	4.3	3.6	3.2	3.8
Brazil	0.5	1.9	2.8	3.2	3.3
Japan	1.1	1.0	0.5	0.7	0.4
Moldova	1.5	2.4	2.4	0.8	0.0
Turkey	1.7	1.9	2.4	2.7	2.0
Germany	0.6	1.0	0.5	1.4	0.5
All other sources	9.3	7.7	6.4	4.3	5.2
Subtotal	20.3	22.7	23.3	18.9	18.9
Countries not subject to TRQ:					
Canada	7.6	8.0	9.1	8.6	10.3
Mexico	1.0	1.5	2.0	1.9	3.9
Subtotal	8.6	9.5	11.1	10.5	14.2
Total U.S. imports	28.9	32.2	34.4	29.4	33.1
	Share of value (percent)				
U.S. producers' shipments	72.4	70.8	68.0	73.4	67.6
U.S. imports from--					
Countries subject to TRQ:					
Ukraine	1.6	1.5	3.2	1.8	2.4
Trinidad & Tobago	3.0	3.7	3.1	2.5	3.3
Brazil	0.4	1.4	2.4	2.4	3.2
Japan	1.8	1.7	0.9	0.9	1.0
Moldova	1.0	1.7	1.7	0.6	0.0
Turkey	1.3	1.3	1.9	2.0	1.4
Germany	0.6	0.9	0.3	1.1	0.6
All other sources	7.9	6.0	5.4	3.2	4.4
Subtotal	17.7	18.3	18.9	14.4	16.5
Countries not subject to TRQ:					
Canada	9.0	9.6	11.5	10.7	12.8
Mexico	0.9	1.3	1.6	1.5	3.2
Subtotal	9.9	10.9	13.1	12.1	15.9
Total U.S. imports	27.6	29.2	32.0	26.6	32.4

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

II-19

PART III: CONDITION OF THE U.S. INDUSTRY[1]

Data addressing the condition of the U.S. industry manufacturing certain steel wire rod are presented for the period 1998-2000, January-March 2000, and January-March 2001. As indicated earlier in the report, the petition for the original section 201 investigation was filed with the Commission on January 12, 1999; the Commission's affirmative findings and recommendations were transmitted to the President on July 12, 1999; and the Presidential Proclamation establishing the TRQ was issued on February 16, 2000. Data for all steel wire rod were collected during the section 201 investigation for the 1994-98 period; questionnaires issued during the section 204 investigation also collected data on all steel wire rod for selected items (*see* table C-2). Production data for all steel wire rod as reported in the section 201 investigation, but adjusted to exclude the operations of Northwestern, a firm that reported data during the section 201 investigation but did not provide a questionnaire response for the section 204 investigation, and as reported in table C-2 of this report, are shown below (in *1,000 short tons*):

1994	1995	1996	1997	1998	1998	1999	2000	January-March	
								2000	2001
***	***	***	***	***	***	***	***	***	***

As shown, domestic production of all steel wire rod was relatively stable during the 1994-2000 period, but plunged sharply in the first quarter of 2001 compared to the first quarter of 2000.

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Data regarding U.S. capacity, production, and capacity utilization for certain steel wire rod are summarized in table III-1. Capacity to produce certain steel wire rod in the United States fell by about 180,000 short tons from 1998 to 1999 as the shutdown of Atlantic's wire rod mill (with a rated capacity of *** short tons) was offset somewhat by capacity increases at several other facilities. Reported U.S. capacity then rose by about 120,000 short tons from 1999 to 2000 and by about 30,000 short tons in the first quarter of 2001 compared to the first quarter of 2000. However, the capacity to manufacture certain steel wire rod in the United States will fall in 2001 by the amount of production capacity at Birmingham's, GS Industries' (KC), and Northwestern's facilities as these plants close. Assuming that manufacturing capacity is otherwise constant, U.S. capacity to produce certain steel wire rod by the end of 2001 should fall by a total of *** short tons compared with capacity in 2000.[2]

U.S. production of certain steel wire rod rose by 2.4 percent from 1998 to 1999 and then declined by 1.1 percent from 1999 to 2000 before plunging by 31.3 percent from January-March 2000 to January-March 2001. The fall-off in production during the first quarter of 2001 largely results from a scaling down in operations at the closing plants (i.e., ***). However, a decline in production for that quarter was

[1] Data presented in Part III are based on U.S. producers' questionnaire responses unless otherwise noted.

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

III-1

Table III-1
Certain steel wire rod: U.S. producers' capacity, production, and capacity utilization, 1998-2000, January-March 2000, and January-March 2001

Item	1998	1999	2000	January-March	
				2000	2001
Capacity (*short tons*)	6,711,984	6,532,463	6,650,148	1,643,620	1,671,898
Production (*short tons*)	5,270,138	5,394,760	5,336,432	1,421,446	977,180
Capacity utilization (*percent*)	78.5	82.6	80.2	86.5	58.4
Source: Compiled from data submitted in response to Commission questionnaires.					

reported by each responding firm with the exception of ***. Capacity utilization, which had remained above 75.0 percent, fell sharply to 58.4 percent in January-March 2001 as production declined.

U.S. PRODUCERS' SHIPMENTS

The quantity of U.S. producers' total shipments rose slightly by 2.0 percent between 1998 and 1999 and then decreased by 2.8 percent from 1999 to 2000 before falling by 24.4 percent in the first quarter of 2001 compared to the first quarter of 2000 (table III-2). The value of U.S. producers' total shipments declined steadily during the period reviewed. The unit value of U.S. producers' total shipments fell by $31 per ton from 1998 to 1999, increased by $7 per ton from 1999 to 2000, and then fell by $15 per ton in January-March 2001 to its lowest point during the period reviewed. Internal consumption and transfers to related firms, by volume, represented 17.9 percent of total shipments in 2000, down somewhat from 1998 and 1999 as ***.[3] Export shipments accounted for only 0.3 percent of total shipments in 2000, the peak year for exports. Almost all U.S. exports of wire rod are to Canada due to high freight cost restrictions. The composition of U.S. producers' U.S. shipments, by quality or type of steel wire rod, remained generally constant from 1998 to the first quarter of 2001 (table D-1).

U.S. PRODUCERS' INVENTORIES

Overall, U.S. producers' end-of-period inventories increased by 30.9 percent from December 31, 1998 to December 31, 2000 but fell by 11.5 percent from March 31, 2000 to March 31, 2001. The ratios of inventories to both production and shipments fluctuated between 4.8 percent and 6.4 percent throughout the period reviewed (table III-3).

[3] ***.

III-2

Table III-2
Certain steel wire rod: U.S. producers' shipments, by type, 1998-2000, January-March 2000, and January-March 2001

Item	1998	1999	2000	January-March	
				2000	2001
	Quantity (*short tons*)				
Commercial shipments	4,081,905	4,216,362	4,249,878	1,142,489	897,313
Internal consumption	437,129	459,051	442,378	121,478	91,676
Transfers to related firms	710,817	661,424	487,619	152,022	79,929
U.S. shipments	5,229,851	5,336,837	5,179,875	1,415,989	1,068,918
Export shipments	12,508	11,672	16,869	4,424	5,315
Total	5,242,359	5,348,509	5,196,744	1,420,413	1,074,233
	Value (*$1,000*)				
Commercial shipments	1,450,990	1,342,652	1,382,036	374,217	278,949
Internal consumption	118,893	123,337	116,595	36,304	23,186
Transfers to related firms	209,942	182,652	133,144	41,169	21,319
U.S. shipments	1,779,825	1,648,641	1,631,775	451,690	323,454
Export shipments	4,813	4,846	8,438	2,072	2,597
Total	1,784,638	1,653,487	1,640,213	453,762	326,051
	Unit value (*per short ton*)				
Commercial shipments	$355	$318	$325	$328	$311
Internal consumption	272	269	264	299	253
Transfers to related firms	295	276	273	271	267
U.S. shipments	340	309	315	319	303
Export shipments	385	415	500	468	489
Total	341	309	316	319	304

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

III-3

Table III-3
Certain steel wire rod: U.S. producers' end-of-period inventories, 1998-2000, January-March 2000, and January-March 2001

Item	1998	1999	2000	January-March	
				2000	2001
Inventories (*short tons*)	251,749	273,466	329,662	271,713	208,279
Ratio to production (*percent*)	4.8	5.1	6.2	4.8	5.3
Ratio to U.S. shipments (*percent*)	4.8	5.1	6.4	4.8	4.9
Ratio to total shipments (*percent*)	4.8	5.1	6.3	4.8	4.8
Source: Compiled from data submitted in response to Commission questionnaires.					

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

As shown in table III-4, the number of PRWs in the certain steel wire rod industry increased by less than 1 percent from 1998 to 2000, with a dip in 1999, while their hours worked and wages paid steadily rose by 3.2 percent and 8.4 percent, respectively. However, downward trends for all three indicators were reported for the first quarter of 2001 compared to the first quarter of 2000 as the number of PRWs, hours worked, and wages paid fell by 11.5 percent, 15.6 percent, and 16.4 percent, respectively. Hourly wages paid have remained somewhat flat during the period reviewed, rising by only a little more than a dollar from 1998 to the first quarter of 2001. After a slight rise to 627.2 short tons per 1,000 hours in 1999 from 616.6 short tons per 1,000 hours in 1998, productivity has fallen to 511.6 short tons per 1,000 hours in the first quarter of 2001. Unit labor costs have risen steadily, rising by 26.2 percent from 1998 to the first quarter of 2001.

Table III-4
Certain steel wire rod: Average number of production and related workers producing certain steel wire rod, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 1998-2000, January-March 2000, and January-March 2001

Item	1998	1999	2000	January-March	
				2000	2001
PRWs (*number*)	3,969	3,858	3,954	4,025	3,562
Hours worked (*1,000*)	8,548	8,602	8,825	2,262	1,910
Wages paid (*$1,000*)	201,973	210,013	218,970	56,541	47,270
Hourly wages	$23.63	$24.41	$24.81	$24.99	$24.75
Productivity (*short tons per 1,000 hours*)	616.6	627.2	604.7	628.3	511.6
Unit labor costs (*per short ton*)	$38.32	$38.93	$41.03	$39.78	$48.37
Source: Compiled from data submitted in response to Commission questionnaires.					

FINANCIAL EXPERIENCE OF U.S. PRODUCERS

Background

Thirteen firms,[4] which together accounted for virtually all reported U.S. commercial shipments and internal consumption and/or transfers to related companies of certain steel wire rod, supplied financial data on their certain steel wire rod operations.[5] Seven companies reported internal consumption (approximately 7.1 percent of 2000 total sales value) and four producers reported transfers of certain steel wire rod to related firms (approximately 2.9 percent of 2000 total sales value).[6]

Operations on Certain Steel Wire Rod

The aggregate results of the U.S. producers' operations on certain steel wire rod are presented in table III-5. While total sales volume increased slightly from 1998 to 1999 and then decreased from 1999 to 2000, total sales value decreased continuously over the same period. Per-unit sales value decreased by $25 while per-unit total cost (combined unit COGS and unit SG&A expenses) fell by $23, resulting in a lower per-unit profitability, i.e., an increase in the per-unit operating loss from $13 in 1998 to $15 in 1999. Per-unit profitability improved only marginally from 1999 to 2000, but was still an operating loss of approximately $15 per short ton.

Both total sales volume and value decreased significantly from first quarter ("interim") 2000 to interim 2001. The industry's operating loss increased and per-short-ton profitability decreased between the interim periods, due mainly to an increase in total unit cost, as well as a decrease in unit sales price. While per-short-ton net sales value decreased from interim 2000 to interim 2001, by almost $11, total unit cost increased by $11, resulting in a much higher per-unit operating loss of $32 per short ton in interim 2001, compared to an operating loss of $10 per short ton in interim 2000.

The results of operations by individual firms are presented in table III-6. The table presents selected financial data on a company-by-company basis for net sales (quantity and value), operating income/(loss), and the ratio of operating income/(loss) to net sales value. Seven producers experienced operating losses for the entire period, while two firms had operating income for the same period. *** had an improved profitability (both, lower operating losses) in interim 2001 compared to interim 2000. The profitability of individual producers in 2000 ranged from *** in operating income to *** in operating loss.[7]

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[4] The producers whose fiscal years end other than on December 31 are ***. Atlantic did not provide financial data because it shut down its operation in December 1998. Therefore, data for 1998 are from the section 201 investigation. Birmingham's wire rod operations closed in June 2001. North Star-Arizona's operations were closed in May 2001. GST, one of GS Industries' Kansas City facilities, shut down its operations in February 2001. North Star Steel (both Texas and Arizona) questionnaire responses were verified for investigation No. 201-TA-69 in April 1999.

[5] CF&I is now called Rocky Mountain and USS/Kobe was merged into Republic in August 1999. Northwestern did not provide a questionnaire response because its operations are being closed.

[6] They were ***.

[7] ***.

Table III-5
Results of operations of U.S. producers in the production of certain steel wire rod, fiscal years 1998-2000, January-March 2000, and January-March 2001

Item	Fiscal year			January-March	
	1998	1999	2000	2000	2001
	Quantity (*short tons*)				
Commercial sales	4,402,897	4,521,556	4,554,913	1,246,402	930,891
Internal consumption	434,997	458,936	441,581	123,784	91,550
Related company transfers	365,388	334,259	178,128	55,666	46,713
Total net sales	5,203,282	5,314,751	5,174,622	1,425,852	1,069,154
	Value (*$1,000*)				
Commercial sales	1,529,954	1,432,230	1,487,749	400,550	290,545
Internal consumption	118,081	123,442	116,526	33,563	23,085
Related company transfers	104,443	101,402	48,176	15,488	11,990
Total net sales	1,752,478	1,657,074	1,652,451	449,601	325,620
COGS	1,738,618	1,661,575	1,663,447	446,246	348,156
Gross profit (loss)	13,860	(4,501)	(10,996)	3,355	(22,536)
SG&A expenses	83,463	76,095	66,577	18,085	11,576
Operating income (loss)	(69,603)	(80,596)	(77,573)	(14,730)	(34,112)
Interest expense	45,833	60,650	71,284	16,037	13,284
Other expense	11,423	39,707	113,768	6,519	6,730
Other income	16,063	6,957	2,328	773	295
Net income (loss)	(110,796)	(173,996)	(260,297)	(36,513)	(53,831)
Depreciation/amortization	69,639	69,521	62,424	18,136	13,431
Cash flow	(41,157)	(104,475)	(197,873)	(18,377)	(40,400)
	Ratio to net sales (*percent*)				
COGS	99.2	100.3	100.7	99.3	106.9
Gross profit (loss)	0.8	(0.3)	(0.7)	0.7	(6.9)
SG&A expenses	4.8	4.6	4.0	4.0	3.6
Operating income (loss)	(4.0)	(4.9)	(4.7)	(3.3)	(10.5)
	Number of firms reporting				
Operating losses	9	7	7	8	10
Data	13	12	12	12	12

Continued on next page.

Table III-5--*Continued*
Results of operations of U.S. producers in the production of certain steel wire rod, fiscal years 1998-2000, January-March 2000, and January-March 2001

Item	Fiscal year			January-March	
	1998	1999	2000	2000	2001
	Unit value (*per short ton*)				
Net sales	$337	$312	$319	$315	$305
COGS	334	313	321	313	326
Gross profit (loss)	3	(1)	(2)	2	(21)
SG&A expenses	16	14	13	13	11
Operating income (loss)	(13)	(15)	(15)	(10)	(32)
Source: Compiled from data submitted in response to Commission questionnaires.					

Table III-6
Results of operations of U.S. producers, by firms, in the production of certain steel wire rod, fiscal years 1998-2000, January-March 2000, and January-March 2001

* * * * * * *

Selected aggregate per-unit cost data of the producers on their operations, i.e., unit COGS and unit SG&A expenses, are presented in table III-7. Total unit cost and per-unit COGS decreased considerably from 1998 to 1999, but increased somewhat from 1999 to 2000 and from interim 2000 to interim 2001. From interim 2000 to interim 2001, unit raw material costs decreased substantially while unit factory overhead increased substantially, primarily as a result of much lower sales volume during this period.

III-7

Table III-7
Unit costs (per short ton) of U.S. producers in the production of certain steel wire rod, fiscal years 1998-2000, January-March 2000, and January-March 2001

Item	Fiscal year			January-March	
	1998	1999	2000	2000	2001
COGS:					
Raw materials	$171	$147	$155	$157	$138
Direct labor	32	34	31	29	30
Factory overhead	131	131	136	127	157
Total COGS	334	313	321	313	326
SG&A expenses:					
Selling expenses	3	3	3	2	2
G&A expenses	13	12	10	10	9
Total SG&A expenses	16	14	13	13	11
Total cost	350	327	334	326	336

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

A variance analysis showing the effects of prices and volume on the producers' sales of certain steel wire rod, and of costs and volume on their total cost, is shown in table III-8. The analysis is summarized at the bottom of the table. The analysis indicates that the substantial decrease in operating income ($8.0 million) between 1998 and 2000 was attributable mainly to the negative effects of declining average sales prices (negative $90.4 million), which were somewhat offset by the positive effect of decreasing costs and expenses ($82.0 million). A decrease in operating income between the interim periods was attributable to both an unfavorable price variance (a decline in unit sales value) and unfavorable net cost/expense variance (increased unit cost and expenses).

Capital Expenditures, R&D Expenses, and Investment in Productive Facilities

U.S. producers' capital expenditures and R&D expenses, together with the value of their fixed assets, are presented in table III-9. Capital expenditures increased somewhat from 1998 to 1999 and decreased from 1999 to 2000. Only three producers, ***, spent more than $10 million for capital expenditures every year from 1998 through 2000. Capital expenditures substantially decreased in interim 2001 from interim 2000. Capital expenditures by individual firms are presented in table III-10. While five producers reported R&D expenses in 1998, the number of producers reporting R&D expenses decreased to three in 1999 and to two in 2000. Only two producers, ***, reported R&D expenses in all periods. Aggregated R&D expenses decreased continuously over the period. The original cost of fixed assets also decreased continuously, due mainly to ***. However, an increase in book value in 1999 resulted from ***.

III-8

Table III-8
Variance analysis of operations of U.S. producers in the production of certain steel wire rod, fiscal years 1998-2000, January-March 2000, and January-March 2001

Item	Between fiscal years			January-March
	1998-2000	1998-99	1999-2000	2000-2001
	Value (*$1,000*)			
Net sales:				
Price variance	(90,374)	(132,947)	39,067	(11,507)
Volume variance	(9,653)	37,543	(43,690)	(112,474)
Total net sales variance	(100,027)	(95,404)	(4,623)	(123,981)
Cost of sales:				
Cost variance	65,595	114,289	(45,681)	(13,545)
Volume variance	9,576	(37,246)	43,809	111,635
Total cost variance	75,171	77,043	(1,872)	98,090
Gross profit variance	(24,856)	(18,361)	(6,495)	(25,891)
SG&A expenses:				
Expense variance	16,426	9,156	7,512	1,985
Volume variance	460	(1,788)	2,006	4,524
Total SG&A variance	16,886	7,368	9,518	6,509
Operating income variance	(7,970)	(10,993)	3,023	(19,382)
Summarized as:				
Price variance	(90,374)	(132,947)	39,067	(11,507)
Net cost/expense variance	82,021	123,445	(38,169)	(11,560)
Net volume variance	383	(1,491)	2,125	3,685

Note.--Unfavorable variances are shown in parentheses; all others are favorable.

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

III-9

Table III-9
Capital expenditures, R&D expenses, and assets utilized by U.S. producers in their production of certain steel wire rod, fiscal years 1998-2000, January-March 2000, and January-March 2001

Item	Fiscal year			January-March	
	1998	1999	2000	2000	2001
	Value (*$1,000*)				
Capital expenditures	79,715	85,145	73,839	12,840	8,685
R&D expenses	1,725	1,350	***	***	***
Productive facilities:					
Original cost	1,616,511	1,603,902	1,584,586	1,634,466	1,563,503
Book value	977,492	1,001,347	883,399	990,029	839,917

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

Table III-10
Capital expenditures by U.S. producers, by firms, in their production of certain steel wire rod, fiscal years 1998-2000, January-March 2000, and January-March 2001

* * * * * * *

Capital and Investment

The Commission requested U.S. producers to describe any actual negative effects on their return on investment, their ability to generate capital to finance the modernization of their domestic plants and equipment, or their ability to maintain existing levels of expenditures for R&D as a result of imports of certain steel wire rod. The producers' comments are presented in appendix E.

PART IV: ADJUSTMENT EFFORTS

U.S. manufacturers were asked in the producer questionnaire whether they had undertaken any efforts to compete more effectively in the U.S. market for certain steel wire rod since the TRQ was implemented (i.e., since March 1, 2000). Each of the reporting firms, with the exception of ***, indicated that they had taken some steps to compete more effectively, although in some instances this consisted of reducing capacity by closing down their wire rod operations. Table IV-1 presents a summary of responses from firms on the efforts they have taken.

Table IV-1
Efforts by U.S. producers to compete more effectively in the U.S. market for certain steel wire rod since March 1, 2000

* * * * * * *

The firms also were asked in the producer questionnaire to provide information on the status of the adjustments to their certain steel wire rod operations that they had indicated during the original section 201 investigation would be made if they were to receive import relief.[1] Responses by the firms are listed in table IV-2. As shown, only *** and *** were able to complete the adjustments they had identified in their response to the section 201 questionnaire that would permit their firms to compete more effectively with imports of certain steel wire rod after relief expires. *** reported that it was able to make a portion of them. *** and *** had indicated in their section 201 questionnaire response that they would not be making adjustments in addition to those that had already been made by the firms and/or their workers since January 1994. ***, ***, and *** either did not know what adjustment efforts their firm had proposed during the section 201 investigation (i.e., their original questionnaire response was not available) or did not respond. Finally, the remaining four firms (***, ***, ***, and ***) indicated that their identified adjustment actions had not been implemented for the reasons shown in table IV-2.

Table IV-2
Status of anticipated adjustments (as reported during the original section 201 investigation) to firm operations that would permit firm to compete more effectively with imports of certain steel wire rod after relief expires

* * * * * * *

The domestic industry, in its prehearing brief, summarized the efforts reported in response to the Commission's questionnaire as consisting "primarily of contracting and cutting back," which it

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[1] Firms were asked in the producer questionnaires for the section 201 investigation to specify adjustments that they would make to compete more effectively. In addition, the domestic industry submitted an Adjustment Plan, dated May 12, 1999. The Adjustment Plan presented individual adjustment proposals for Birmingham, Cascade, Connecticut, Co-Steel Raritan, GS Industries, North Star, Keystone, Northwestern, Rocky Mountain, and USS/Kobe (Republic). Most of the proposed adjustments fell into what petitioners characterized as three categories: (1) investments in facilities and equipment, (2) new product lines, and (3) making recent investments profitable. Petitioners stated in the Adjustment Plan that "{i}t is important to recognize that the domestic industry's adjustment will entail a multi-year period, given the nature of the industry." Adjustment Plan, p. 2.

characterized as "indicative of an industry continuing to deteriorate."[2] In its posthearing brief, the domestic industry states that it "has been unable to meet all of the commitments to adjust to imports that it hoped to achieve."[3] It maintains, however, that the industry has further plans for investment that must remain "on hold" until there is an improvement in the steel wire rod market.[4] In their submissions to the Commission and testimony at the hearing, respondents stated that the domestic industry has, on the whole, made little or no effort to compete more effectively and adjust to import competition.[5]

Both the domestic industry and respondents agree, however, that some efforts have been made by some of the U.S. companies.[6] As indicated earlier, *** and *** have largely completed actions specified in the earlier-proposed Adjustment Plan and/or section 201 questionnaire responses and *** has completed a portion of its planned adjustments, with an investment of $*** compared to the proposed expenditures of $***. *** has made investments of $*** in efforts other than those it first considered. ***, although reporting to the Commission that it has not implemented its adjustment plan as such, also has made extensive investments (of $***) as well as undertaking a variety of other actions including organizational changes to reduce costs. ***, too, has undertaken some capital investment ($*** million) and *** has expanded its mix of high-value products as it proposed during the section 201 investigation but has not completed other proposed efforts.[7] ***.[8] *** appears to have made no additional adjustments efforts and, as indicated earlier, other firms (***) indicated that they had reported during the original section 201 investigation that they would not make adjustments in addition to those that had already been made by the firm and/or its workers since January 1994 to compete more effectively. The three remaining firms (***) have either shut down their facilities or are in the process of doing so.[9]

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[2] Petitioners' prehearing brief, p. 13. The domestic industry attributed the continued deterioration of the U.S. steel wire rod industry to the failure of the TRQ either to limit the quantity of imports entering the United States or to allow increases in domestic prices by "applying an extraordinary tariff on those imports exceeding quota limits." *Id.*, p. 14.

[3] Petitioners' posthearing brief, p. 4.

[4] Petitioners' posthearing brief, pp. 4-5.

[5] *See*, for example, Japanese respondents' posthearing brief, pp. 11-13 and exhibit 1 and Saarstahl's and EU producers' posthearing brief, p. 2.

[6] Petitioners' posthearing brief, p. 4, and Japanese manufacturers' posthearing brief, pp. 12-13.

[7] *See* table IV-1, table IV-2, and exhibit 1 of the Japanese manufacturers' posthearing brief.

[8] Petitioners' posthearing brief, p. 5.

[9] *See* table IV-1, table IV-2, and Japanese manufacturers' posthearing brief, exhibit 1.

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

U.S. producers, importers, and purchasers of certain steel wire rod were asked whether changes in 12 specified factors have tended to increase, decrease, or had no effect on the price of certain steel wire rod in the U.S. market since March 1, 2000. The responses by U.S. producers, importers, and purchasers are summarized below in tables V-1 through V-3.

Table V-1
Certain steel wire rod: Effects that changes in the specified factors had on the price of certain steel wire rod in the U.S. market since March 1, 2000, as reported by U.S. producers

Changes in--	Firms reporting increasing effect on price	Firms reporting decreasing effect on price	Firms reporting no change in its effect on price
Competition between U.S. producers	1	6	3
Competition from substitute products	-	-	12
Competition from imports	2	4	3
Cost of raw materials	1	5	5
Energy costs	6	-	4
Domestic production capacity	1	7	3
Allocation of capacity to alternative products	1	0	9
Productivity of domestic producers	2	2	7
Labor agreements, contracts, etc.	-	-	10
Transportation/delivery costs	8	1	1
Market patterns	-	3	8
Demand for certain steel wire rod	-	8	3
Source: Compiled from data submitted in response to Commission questionnaires.			

V-1

Table V-2
Certain steel wire rod: Effects that changes in the specified factors had on the price of certain steel wire rod in the U.S. market since March 1, 2000, as reported by U.S. importers

Changes in--	Firms reporting increasing effect on price	Firms reporting decreasing effect on price	Firms reporting no change in its effect on price
Competition between U.S. producers	7	6	5
Competition from substitute products	1	-	17
Competition from imports	3	7	9
Cost of raw materials	3	4	10
Energy costs	12	-	3
Domestic production capacity	3	10	5
Allocation of capacity to alternative products	2	-	15
Productivity of domestic producers	3	2	9
Labor agreements, contracts, etc.	1	-	14
Transportation/delivery costs	14	-	4
Market patterns	4	3	10
Demand for certain steel wire rod	1	10	7
Source: Compiled from data submitted in response to Commission questionnaires.			

In general, U.S. producers reported that, since March 1, 2000, changes in energy and transportation/delivery costs had an increasing effect on certain steel wire rod prices. U.S. producers generally reported that changes in competition between U.S. producers, competition from imports, raw material costs, domestic production capacity, and demand for certain steel wire rod had a decreasing effect on certain steel wire rod prices. U.S. producers generally reported that changes in competition from substitute products, allocation of capacity to alternative products, productivity of domestic producers, labor agreements, and market patterns had no effect on certain steel wire rod prices.

V-2

Table V-3
Certain steel wire rod: Effects that changes in the specified factors had on the price of certain steel wire rod in the U.S. market since March 1, 2000, as reported by U.S. purchasers

Changes in--	Firms reporting increasing effect on price	Firms reporting decreasing effect on price	Firms reporting no change in its effect on price
Competition between U.S. producers	15	19	16
Competition from substitute products	2	1	32
Competition from imports	9	17	22
Cost of raw materials	4	23	20
Energy costs	41	0	8
Domestic production capacity	12	22	15
Allocation of capacity to alternative products	6	12	30
Productivity of domestic producers	9	1	34
Labor agreements, contracts, etc.	7	0	39
Transportation/delivery costs	39	1	8
Market patterns	14	8	22
Demand for certain steel wire rod	3	35	10
Source: Compiled from data submitted in response to Commission questionnaires.			

In general, U.S. importers reported that, since March 1, 2000, changes in competition between U.S. producers, energy costs, and transportation/delivery costs had an increasing effect on certain steel wire rod prices. U.S. importers generally reported that changes in domestic production capacity and demand for certain steel wire rod had a decreasing effect on certain steel wire rod prices. U.S. importers generally reported that changes in competition from substitute products, competition from imports, raw material costs, allocation of capacity to alternative products, productivity of domestic producers, labor agreements, and market patterns had no effect on certain steel wire rod prices.

In general, U.S. purchasers reported that, since March 1, 2000, changes in energy and transportation/delivery costs had an increasing effect on certain steel wire rod prices. U.S. purchasers generally reported that changes in competition between U.S. producers, raw material costs, domestic production capacity, and demand for certain steel wire rod had a decreasing effect on certain steel wire rod prices. U.S. purchasers generally reported that changes in competition from substitute products, competition from imports, allocation of capacity to alternative products, productivity of domestic producers, labor agreements, and market patterns had no effect on certain steel wire rod prices.

V-3

Demand Factors

Nearly all responding U.S. producers and importers reported that, since March 1, 2000, there have been no changes in the types or prices of substitute products for certain steel wire rod.[1] Most responding U.S. producers and importers reported that demand for certain steel wire rod has decreased since March 1, 2000, primarily due to the slowing U.S. economy.[2] [3] Petitioners' predictions concerning future demand varied. Mr. Dillon of GS Industries predicted that demand will be relatively flat through the rest of 2001, or growing towards the end of this year.[4] Mr. Lundberg of North Star does not see demand increasing to the point that they could restart capacity.[5] In general, respondents believe that

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[1] ***.

[2] *** reported that demand for wire rod dampened during the second half of 2000 and conditions have remained soft during 2001. The automotive, appliance, agricultural, and public and private construction segments all were flat to falling at the end of 2000, resulting in massive inventory reductions by ***'s wire drawing customers. *** reported that the only major part of the certain steel wire rod market that it supplies is ***. Demand has dropped significantly as most of ***'s product goes to ***, and the automotive market turned down in the second half of 2000 and has not yet recovered. *** reported that rod demand declined somewhat starting in the third quarter of 2000, but there are now signs that the market has recovered. The question still remains if these purchases of steel wire rod since the recovery began will go to domestic or foreign producers. The principal factors affecting demand are the general domestic and world economies, more specifically the automotive and construction markets. *** reported that demand slowed considerably in the fourth quarter of 2000 and first quarter of 2001 due to the weakening economic conditions and the continuing high level of imports. *** reported that demand has decreased. Reasons for the changes are competition from imports and softening of demand on the part of end users. *** reported that general economic factors and not import relief are affecting demand for its products. *** reported that demand has decreased due primarily to a softening economy. Hearing transcript, pp. 27-28, 60-61, and 68. Petitioners' posthearing brief, p. 3.

[3] *** reported that, since March 1, 2000, demand for cold-heading quality wire rod for manufacturing automotive fasteners has been weak due to the slowdown in the automotive industry. *** reported that wire mesh demand decreased with the slowing economy. However, first quarter 2001 quantities have remained constant even though the economy was still declining. *** reported that certain steel wire rod demand weakened because of general economic conditions. *** reported that demand for wire rod has remained steady since March 1, 2000, with the weak economy slowing purchases in the last 6 months. *** reported that the recent decline in demand from the U.S. auto industry has certainly and negatively affected demand from its customers, who are mainly related to the auto industry. *** reported increased demand due to concern for higher prices due to quota exhaustion. *** reported that demand has stayed even in total quantities, but buyers commit earlier. *** reported that demand has fallen due to economic slowdown. *** reported that demand has decreased in first quarter 2001 due to the economy. *** reported that demand slowed in first quarter 2001 but has started to recover; major influences are the automotive slowdown and inventory corrections. *** reported that demand has dropped mostly due to the automotive decline. *** reported that in anticipation of the tariff-rate quota announcement a lot of hedge buying had taken place. Prices dropped after March 1, 2000 because of high inventories. *** reported that downstream demand (auto/construction) decreased, affecting cold-heading quality and rockbit (bearing) demand since the fourth quarter of 2000. *** reported that the market has remained very depressed since the second half of 2000 because of the economic slowdown. Most customers are operating on reduced capacity utilization and have cut offshore purchases significantly. *See* also the hearing transcript, pp. 122-124 and 133-134.

[4] Hearing transcript, pp. 42 and 45.

[5] Hearing transcript, p. 46.

demand for certain steel wire rod will increase in the future.[6] A survey of AWPA members shows most companies predicting an increase in demand for wire rod in 2002 compared to 2001 ranging from 3.05 to 33.33 percent.[7]

Supply Factors

Most responding U.S. producers and importers reported that their product range or marketing of certain steel wire rod has not changed significantly since March 1, 2000.[8] Most responding U.S. producers and importers also reported that there have not been any changes in the demand for or production of alternate products that have affected their production of certain steel wire rod since March 1, 2000.[9] [10] Most responding U.S. producers and importers reported that, since March 1, 2000, there have not been changes in the sizes or qualities of certain steel wire rod that they manufacture.[11] [12] No U.S. producers and only 3 of 20 responding importers reported ever being unable to supply their customers, wholly or partially, with any certain steel wire rod product desired by their customers in a timely manner at prevailing market prices since March 1, 2000.[13] [14] [15] Several AWPA members have reported allocations or limitations on their purchases from domestic certain steel wire rod producers.[16]

The AWPA argues that, during 2001, U.S. productive capacity has fallen dramatically due to the recent closures of GS Industries' Kansas City mill; North Star's Kingman, AZ operations; and Birmingham's American Steel & Wire rod mill in Cleveland. The AWPA further states that Northwestern also is closing its facilities. The AWPA maintains that the estimated shortfall in the U.S. market as a result of all of these reductions in domestic capacity is approximately one million tons.[17] At the hearing, respondents argued that, currently, reduced domestic demand caused by the severe downturn in the economy has offset the negative impact of these capacity reductions. However, respondents argue

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[6] Hearing transcript, p. 171.

[7] The AWPA's posthearing brief, pp. 4-5 and exhibit 1.

[8] ***.

[9] ***.

[10] ***.

[11] ***.

[12] ***.

[13] *** reported that it is unaware of any of its customers having to shut down machinery due to its late delivery. *** has not taken advantage of certain sale opportunities when pricing was unacceptable. This was usually the case when customers want pricing at or near import offerings or when their distance from *** is prohibitive.

[14] *** reported that it was unable to supply certain steel wire rod products to ***. Since March 1, 2000 *** has been unable to supply the full amount of wire rod requested by these customers during the last month of each of the first three quarters of the first quota year and throughout the final quarter of the first quota year due to exhaustion of the quota during these time periods. The quantity of wire rod involved was approximately *** short tons. The type of product involved was ***. *** reported that it was sometimes difficult to fill orders, especially during January/February 2001 as the quota was filled. *** worked around the issue and paid some duty. *** reported that between January 2001 and March 2001 it could not deliver the following orders because the quota had been filled: ***.

[15] Petitioners' posthearing brief, attachment 1, pp. 8-9.

[16] ***. The AWPA's posthearing brief, exhibit 2, pp. 9-10.

[17] The AWPA's prehearing brief, pp. 5-6. The AWPA's posthearing brief, pp. 1, 3, and 4.

that when domestic demand improves, the dramatically reduced domestic supply could result in a supply crisis for the steel wire industry.[18]

Furthermore, respondents argue that many domestic mills have upgraded their product mix in order to make the more profitable grades of high-carbon and value-added products. As a result, these respondents believe that these mills do not want to produce low-carbon grades of certain steel wire rod, even though low-carbon certain steel wire rod is the bread and butter of the U.S. wire industry.[19]

Petitioners deny that there are any shortages of certain steel wire rod. They argue that, although a million tons of domestic supply may have left the market recently, consumption of certain steel wire rod fell by 400,000 tons during the first quarter of 2001 as compared with the first quarter of 2000, an annualized decrease of 1.6 million tons. Petitioners state that, based on the first quarter of 2001, consumption may be only 6.5 million tons this year. Petitioners maintain that even with the announced capacity reductions the domestic industry would have approximately 5.5 million tons of capacity, and even more capacity that could readily be brought back on line if facing rational pricing levels.[20] Although petitioners acknowledge that U.S. producers cannot supply the entire U.S. certain steel wire rod market, they maintain that the domestic industry can supply more than 75 percent of the market. Petitioners also note that they currently have excess capacity available, which is being supplanted by imports.[21]

Raw Material Costs[22]

U.S. producers reported that raw material costs to produce certain steel wire rod accounted for 51.1 percent of the cost of goods sold in 1998, 47.2 percent in 1999, and 48.2 percent in 2000. The main raw material used in the production of certain steel wire rod is scrap. U.S. producers reported that the cost of scrap accounts for between about 18 and 56 percent of the total cost of the certain steel wire rod, with the average around 36 percent. U.S. producers were asked to discuss how any changes in the price of scrap affected their sales prices for certain steel wire rod. Some producers reported that scrap costs and certain steel wire rod prices often follow similar trends. However, several of these producers noted that they try to increase prices of certain steel wire rod when scrap prices increase, but often they are not successful because the market will not accept the higher prices. A couple of responding producers reported that there has been little relationship between the price for scrap and the price for certain steel wire rod, as prices for the two products are determined by independent market dynamics.

Purchasers also commented on the relationship between scrap prices and certain steel wire rod prices. Some purchasers reported that they follow trends in scrap prices and use scrap prices as a barometer for future changes in certain steel wire rod prices.[23] According to the AWPA, some certain steel wire rod contracts have even included references to potential changes in certain steel wire rod prices as a result of changes in prices of scrap.[24]

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[18] Hearing transcript, p. 12. The AWPA's posthearing brief, p. 5.

[19] Hearing transcript, pp. 88 and 98.

[20] Hearing transcript, p. 29. Petitioners' posthearing brief, pp. 13-14.

[21] Hearing transcript, p. 65.

[22] Most of this information is based on questionnaire responses from the section 201 injury investigation.

[23] Section 201 injury hearing transcript, p. 276.

[24] The AWPA's posthearing brief, exhibit 11, attachment A, pp. 1-4.

Energy Costs

Respondents maintain that one market change that is impacting U.S. producers is higher energy costs. Respondents state that one domestic producer has blamed escalating energy costs for the closure of one of its operations, and another mill has cited higher electricity rates as the reason for its planned capacity reductions. Respondents further state that several domestic producers have announced that recent price increases–effective in April and July 2001–were, in part, due to rising energy costs.[25]

Natural gas and electricity are two important energy inputs for certain steel wire rod producers. Monthly indexes of natural gas and electricity prices for the period January 1998-April 2001 are shown in figure V-1. In general, electricity prices fluctuated within a relatively small range throughout the period. Prices for natural gas fluctuated within a relatively small range during 1998 and 1999. Natural gas prices increased sharply throughout 2000, and reached a peak in January 2001. Natural gas prices then generally declined over the last three months of the period.

U.S. Inland Transportation Costs[26]

Transportation costs of certain steel wire rod for delivery within the United States vary from firm to firm but, in general, are estimated to account for a moderate percentage of the total cost of the certain steel wire rod. Producers and importers were asked to estimate the percentage of the total delivered cost of the certain steel wire rod that is accounted for by U.S. inland transportation costs. U.S. producers generally reported that these costs accounted for between 1 and 11 percent. Importers of certain steel wire rod reported that these transportation costs accounted for between 1 and 10 percent. Because transportation costs increase for longer distances, they can account for a greater percentage of the total cost of the certain steel wire rod for shipments farther from the plant and/or warehouse. Producers and importers were also asked to estimate the percentage of their shipments made within specified distances in the United States and to estimate the relative transportation costs within those distance ranges. U.S. producers and importers reported that, while transportation costs increase (relative to total cost) as distance traveled increases, these costs still account for a moderate share of the total cost, even at long distances. In addition, both U.S. producers and importers tend to ship more of their certain steel wire rod either to customers located close to their facilities or to customers located over 500 miles from their facilities.

Transportation Costs to the U.S. Market

Transportation costs for certain steel wire rod from all import sources (based on 2000 import data) to the United States (excluding U.S. inland costs) are estimated to be 10.6 percent of the landed, duty-paid value of the certain steel wire rod.[27] This estimate is derived from official U.S. import data and represents the transportation and other charges on imports.

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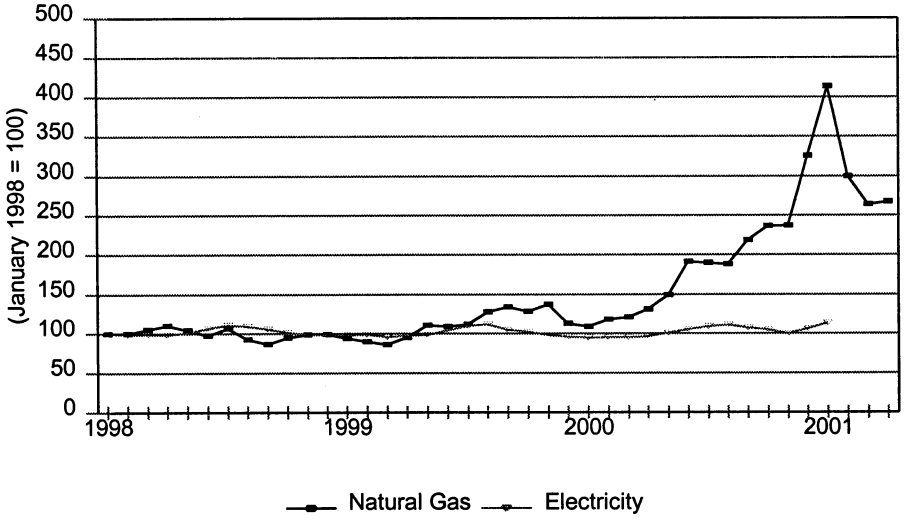
[25] The AWPA's prehearing brief, pp. 2-3.

[26] All of this information is based on questionnaire responses from the section 201 investigation.

[27] This estimate represents data for all countries that exported wire rod to the United States in 2000.

V-7

Figure V-1
Energy costs: Monthly indexes of natural gas and electricity prices, January 1998-April 2001



Source: Department of Energy, Energy Information Administration, *Monthly Energy Review*, June 2001.

EXCHANGE RATES

Due to the large number of countries that export certain steel wire rod to the United States, exchange rates are shown for selected countries only. A summary table (table V-4) presents changes in nominal and real exchange rates of the selected currencies relative to the U.S. dollar; a graphical presentation of the exchange rates for the selected countries appears in appendix F.

PRICING PRACTICES[28]

Sales of wire rod are usually made based on quarterly agreements.[29] Available information indicates that these agreements are often informal and not actual written contracts. Negotiations usually take place approximately one month prior to the upcoming quarter and involve discussions concerning the quantity needed and the price to be paid.[30] However, several producers noted that when prices are

[28] Most of this information is based on questionnaire responses from the section 201 investigation.

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

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

V-8

Table V-4
Wire rod: Overall appreciation or depreciation amounts for currencies of selected countries relative to the U.S. dollar[1]

Country	Nominal exchange rate		Real exchange rate[2]	
	Currency appreciation	Currency depreciation	Currency appreciation	Currency depreciation
	Percent	*Percent*	*Percent*	*Percent*
Brazil	-	44.9	-	25.8
Canada	-	6.4	-	6.1
Czech Republic	-	8.0	-	8.3
Egypt	-	11.8	-	6.7
France	-	14.2	-	23.0
Germany	-	14.2	-	22.6
India	-	15.8	-	8.8
Indonesia	-	3.5	52.7	-
Mexico	-	13.2	15.7	-
Moldova	-	61.8	-	-
Netherlands	-	14.2	-	20.0
Spain	-	14.3	-	20.0
Trinidad & Tobago	0.4	-	8.1	-
Turkey	-	71.9	-	17.4
Ukraine	-	63.8	-	40.4
United Kingdom	12.8	-	10.0	-
Venezuela	-	26.8	5.5	-

[1] Exchange rate changes are measured for the period January 1998-March 2001, unless otherwise shown in the graphs in appendix F.
[2] For countries where no producer price index data are available, no real exchange rates are presented.

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

V-9

falling, more sales tend to be made on a spot basis or an order-by-order basis.[31] Several purchasers noted that when the supply of wire rod is tight, there is little, if any, negotiation of prices; prices are generally set by the supplier in those situations. At the hearing, respondents reported that they are very cost oriented, and determine the price they are willing to pay for certain steel wire rod based on the prices for the products that they sell.[32] Most U.S. producers and importers reported that there have been no changes in the way that their firms determine the prices for certain steel wire rod since March 1, 2000.[33]

Available information indicates that quarterly agreements in the wire rod market are flexible and that changes can and do occur in the tonnage of wire rod initially agreed upon in the negotiations. U.S. producers reported that customers are allowed to cancel a portion or all of their originally specified quantity requirements at any time and that there is no penalty for doing so.[34] Purchasers reported that cancellations are often done because of changes in the demand for their products.[35] Often "cancellations" by the purchaser are actually requests for changes in the specific type/grade of wire rod that the purchaser wants to buy from a supplier.[36]

Wire rod is generally sold on a delivered basis, with the supplier arranging and paying for the transportation costs. While a few U.S. producers and importers reported that they ship product nationwide, many stated that shipments are made within specific geographic regions. Producers and importers reported that their geographic markets are usually determined by the location of their customers and the cost of transporting the product to these customers. Most responding U.S. producers and importers reported that their U.S. geographic market area has not changed since March 1, 2000.[37]

Sales Terms and Discounts[38]

None of the responding suppliers reported using published price lists for their sales of wire rod. Since suppliers do not have price lists for their sales of wire rod, there are no formal discount policies; rather, price levels are set during quarterly price negotiations. U.S. producers, however, reported that they generally give prompt-payment discounts. U.S. importers reported that they generally do not offer

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

[32] Hearing transcript, p. 120.

[33] *** reported that weakness of the market due to oversupply caused by import growth has resulted in a change from quarterly to monthly price negotiations for the majority of its accounts. *** reported that if its customers request certain steel wire rod despite exhaustion of the in-quota amount, *** attempts to pass the additional duty on to the customer.

[34] *Certain Steel Wire Rod from Canada, Germany, Trinidad and Tobago, and Venezuela*, public hearing transcript, p. 302.

[35] Orders for imported wire rod are generally not canceled (*Certain Steel Wire Rod from Canada, Germany, Trinidad and Tobago, and Venezuela*, public hearing transcript, pp. 351 and 408).

[36] Section 201 injury hearing transcript, p. 208.

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

[38] Most of this information is based on questionnaire responses from the section 201 investigation.

such prompt-payment discounts. Nearly all responding U.S. producers and importers reported that there have been no changes in their discount policies since March 1, 2000.[39]

PRICE DATA

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

Product 1.-- Industrial quality wire rod, grade C1006, 5.5 mm (7/32 inch) through 12 mm (15/32 inch) in diameter, for hangers, chain link fencing, collated nails and staples, grates, and other formed products (in green condition, e.g., NOT cleaned, coated, etc.).

Product 2.-- Industrial quality wire rod, grades C1008 through C1010, 5.5 mm (7/32 inch) through 12 mm (15/32 inch) in diameter, for hangers, chain link fencing, collated nails and staples, grates, and other formed products (in green condition, e.g., NOT cleaned, coated, etc.).

Product 3.-- Mesh quality wire rod, grades C1006 through C1015, 5.5 mm (7/32 inch) through 14 mm (9/16 inch) in diameter, for the manufacturing of concrete reinforcement products such as wire for A-82 applications (in green condition, e.g., NOT cleaned, coated, etc.).

Product 4.-- Grades C1050 through C1070 wire rod, 5.5 mm (7/32 inch) through 6.5 mm (1/4 inch) in diameter, for spring applications–excluding valve spring (in green condition, e.g., NOT cleaned, coated, etc.).

Product 5.-- Cold-heading quality wire rod, grade C1006 to C1008, 5.5 mm (7/32 inch) through 14 mm (9/16 inch) in diameter, for the manufacturing of mechanical fasteners (in green condition, e.g., NOT cleaned, coated, etc.).

Ten U.S. producers and 16 importers provided usable pricing data for sales of the requested products, although not all firms reported prices for all products in all quarters. Because of the large number of foreign countries that export certain steel wire rod to the U.S. market, the Commission received pricing data for 28 countries. In many cases, data for a given country for a given product are sparse (i.e., one or two quarters of data). In general, data are presented for the largest exporters of certain steel wire rod to the United States;[40] however, data are also presented for countries that supplied four or more quarters of data for a given product.[41] Pricing data accounted for approximately 31.5 percent of

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[39] ***.

[40] The one major exception is imports from Japan. While Japan has been a significant supplier of wire rod to the U.S. market, the Commission received no price data for any of the specified products. This is likely because Japanese wire rod producers tend to focus on higher grade carbon wire rod products. The products for which pricing data were requested are lower grade carbon products that tend to account for a large share of imports from all sources but are not necessarily the products that the Japanese export to the United States in significant quantities.

[41] Moldova is an exception to this rule. Although importers reported only three quarters of price data for sales of (continued...)

U.S. producers' commercial shipments of certain steel wire rod during January 1998-March 2001 and 23.4 percent of U.S. imports during that period.

Price Trends

Weighted-average prices for U.S.-produced and imported certain steel wire rod and margins of underselling/overselling on a quarterly basis for January 1998-March 2001 are shown in tables and figures in appendix G. Tables V-5 through V-7 summarize price trends by product and country of origin. In general, prices for U.S.-produced certain steel wire rod fell during 1998 and the first quarter of 1999, increased slightly during the rest of 1999 and the first three quarters of 2000, then fell during the rest of the period. Over the entire period, prices for U.S.-produced products 1-5 were lower at the end of the period than they were at the beginning. In some cases prices for imported certain steel wire rod showed similar price trends; in other cases, price series either fluctuated too widely or did not have enough data points to show consistent price trends. In the vast majority of cases, prices for imported certain steel wire rod were lower at the end of the period than they were at the beginning.

Table V-5
Summary of weighted-average prices for pricing products 1 and 2, by country

* * * * * * *

Table V-6
Summary of weighted-average prices for pricing products 3 and, 4 by country

* * * * * * *

Table V-7
Summary of weighted-average prices for pricing product 5, by country

* * * * * * *

In its prehearing brief, the AWPA maintained that purchasers are seeing higher prices in the second and third quarters of 2001, with domestic mills announcing price increases effective April 1 and July 1. The AWPA stated that the increases in the second quarter ranged from $10 per ton to $25 per ton. AWPA reported that for the third quarter, the domestic mills uniformly have raised prices again between $15 and $20 per ton. The AWPA claimed that, for most mills, these price increases are for all grades of wire rod–high and low carbon.[42] In its posthearing brief, the AWPA provided a number of examples of purchasers reporting price increases for certain steel wire rod this year.[43] The AWPA

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[41] (...continued)
certain steel wire rod from Moldova, these three quarters of sales accounted for a relatively large share of imports. For this reason, these price data are presented in the report.

[42] AWPA's prehearing brief, p. 12.

[43] ***. The AWPA's posthearing brief, exhibit 2, pp. 3-4.

maintained that, with the implementation of the price increases for the second and third quarters of 2001, the members of the AWPA anticipate that domestic rod prices will be higher than they were in 1998.[44]

At the hearing, petitioners acknowledged that the industry's closures of capacity in the last six months of 2000 have provided some small price increases this year.[45] However, petitioners maintain that, despite their attempts to increase prices in April and July 2001, the domestic industry received little of its April increase, and does not anticipate being able to increase prices substantially in July.[46] [47] Petitioners also reported attempting to institute an energy surcharge, but that they were unable to receive any price increase to offset increased energy costs.[48]

Price Comparisons

Overall, there were 281 quarterly price comparisons between U.S.-produced products 1-5 and subject imports from Brazil, Canada, the Czech Republic, Egypt, France, Germany, India, Indonesia, Mexico, Moldova, the Netherlands, Spain, Trinidad & Tobago, Turkey, Ukraine, the United Kingdom, and Venezuela. Imported products 1-5 undersold U.S.-produced products 1-5 in 193 comparisons and oversold U.S.-produced products 1-5 in 88 comparisons. In general, imported products 1-5 from Brazil, the Czech Republic, Egypt, France, Germany, Indonesia, Mexico, Moldova, Spain, Trinidad & Tobago, Turkey, Ukraine, and Venezuela undersold U.S.-produced products 1-5. Imported products 1-5 from Canada, India, the Netherlands, and the United Kingdom tended to oversell U.S.-produced products 1-5. Table V-8 provides a summary of underselling/overselling information by country of origin of the 5 products.

Table V-8
Certain steel wire rod: Summary of underselling/overselling, by country

* * * * * * *

[44] AWPA's posthearing brief, exhibit 2, p. 7.

[45] Hearing transcript, pp. 17 and 23. Petitioners' posthearing brief, p. 9.

[46] Hearing transcript, pp. 28 and 71. Petitioners' posthearing brief, p. 4.

[47] ***. Petitioners' posthearing brief, attachment 1, p. 6.

[48] Hearing transcript, pp. 72-73.

V-13

PART VI: THE FOREIGN INDUSTRIES

Firms manufacturing steel wire rod in the following countries filed a notice of appearance in this section 204 investigation: Brazil (i.e., Belgo Min), Germany (i.e., Saarstahl), Japan (i.e., Daido, Kobe, Nippon, and Sumitomo), Moldova (i.e., MMZ), and Turkey (i.e., Colakoglu).[1] No Canadian or Mexican firms filed a notice of appearance, although counsel representing Hylsa, a Mexican producer, filed comments.[2] The Commission sent questionnaires to each represented manufacturer as well as to those firms that responded to questionnaires sent during the original section 201 investigation. A total of 28 foreign producer questionnaires were mailed; 21 responses representing the operations of 23 firms were returned.

Responding manufacturers, their reported U.S. exports of certain steel wire rod, and U.S. imports of certain steel wire rod as reported in official Commerce statistics (adjusted to remove the excluded products) in 2000 are shown in table VI-1. Exports reported by the responding manufacturers in 2000 accounted for approximately one-half[3] of total U.S. imports of certain steel wire rod. For some countries, including Germany, Turkey, and Trinidad & Tobago, all, or virtually all, the foreign manufacturers located in those countries provided questionnaire responses to the Commission. (Also *see* the cited foreign manufacturers reported by U.S. importers in table II-5). No foreign manufacturer in Mexico, Moldova, or Ukraine returned a questionnaire.[4] MMZ, the sole steelmaker in Moldova, was reported in August 1998 to have been planning to install a Stelmore cooling deck to its rolling mill, along with other modernizations to the melt shop;[5] the firm ***. Ukrainian producers were reported during the section 201 investigation to have scaled back production while new export markets were identified. Krivoi Rog, ***, indicated that it planned to widen its product range and upgrade its mill in order to compete in the global market. Exports were reported to be the primary focus of wire rod production in the Ukraine as there was very little domestic demand for steel products.[6]

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[1] In addition, a notice of appearance was filed on behalf of the Delegation of the European Commission and the Japan Iron and Steel Exporters Association.

[2] As discussed earlier, the Commission, in its section 201 injury determination, found that imports of certain steel wire rod from Canada and Mexico were not contributing importantly to the serious injury caused by imports and recommended that imports of certain steel rod from Canada and Mexico be excluded from any remedy action. The President subsequently excluded certain steel wire rod from Canada and Mexico from the TRQ. Effective July 24, 2001, the Commission instituted Inv. No. NAFTA-312-1 (*Certain Steel Wire Rod*) to determine under section 312(c)(2) of the NAFTA Implementation Act whether a surge in imports from Canada and Mexico undermines the effectiveness of the import relief.

[3] This share is understated to the extent that the total import figure includes some excluded products.

[4] Hylsa (Mexico) and MMZ (Moldova) did respond in the section 201 investigation.

[5] *Certain Steel Wire Rod*, pp. II-34, citing "MMZ seeks investment for wire rod mill," *Metal Bulletin*, August 17, 1998, p. 19.

[6] *Certain Steel Wire Rod*, pp. II-33 and II-34, citing Robin Paxton, "Krivorozhstal seeks a way out of the red," *Metal Bulletin Monthly*, February 1999, pp. 48-50.

Table VI-1
Certain steel wire rod: Reporting firms, their reported U.S. exports, and U.S. imports in 2000, by source

Source	Firms responding to Commission questionnaires	Reported U.S. exports	Total U.S. imports	Reported U.S. exports to U.S. imports
		Quantity (*short tons*)		*Percent*
Countries subject to TRQ				
Ukraine	No reporting firms	--	367,712	--
Trinidad & Tobago	***	***	287,507	***
Brazil	Belgo Min	***	224,546	***
Japan	Daido, Kobe, Nippon, Sumitomo	***	40,520	***
Moldova	No reporting firms	--	191,074	--
Turkey	Colakoglu, ***	***	187,878	***
Germany	***, Saarstahl	***	37,027	***
All other sources	10 firms in 7 countries[1]	***	506,094	***
Subtotal	--	***	1,842,359	***
Countries not subject to TRQ				
Canada	***	***	715,974	***
Mexico	No reporting firms	--	159,818	--
Subtotal	--	***	875,792	***
All countries				
Total	23 firms in 13 countries	1,288,798	2,718,150	47.4

[1] Other reporting countries consist of Argentina (i.e., ***), Belgium (i.e., ***), France (i.e., ***), Indonesia (i.e., ***), Italy (i.e., ***), Spain (i.e., ***), and the United Kingdom (i.e., ***).

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics (adjusted using questionnaire responses to subtract out the excluded products).

As shown in table VI-2, there are numerous manufacturers of wire rod throughout the world, 15 of which are located in the United States. Firms exporting to the United States that responded to the foreign producer questionnaire accounted for about 20 percent of the production in 1999 of all wire rod

VI-2

Table VI-2
Wire rod: Number of producers, reporting producers, and production in 1999, by source

Source	Total no. producers	Producers responding to Commission questionnaires	Production in 1999		
			All wire rod		Certain steel wire rod
			Total[1]	Reported	Reported
			Quantity *(1,000 short tons)*		
Countries subject to TRQ					
Argentina	4	***	334	***	***
Belgium	2	***	1,039	***	***
Brazil	5	Belgo Min	2,519	***	***
China	18	No reporting firms	28,604	(2)	(2)
Czech Republic	4	No reporting firms	NR	(2)	(2)
France	2	***	1,849	***	***
Germany	7	***, Saarstahl	6,488	***	***
India	14	No reporting firms	(3)	(2)	(2)
Indonesia	7	***	527	***	***
Italy	9	***	4,149	***	***
Japan	11	Daido, Kobe, Nippon, Sumitomo	7,722	***	***
Korea	5	No reporting firms	2,757	(2)	(2)
Moldova	1	No reporting firms	(3)	(2)	(2)
Poland	3	No reporting firms	(3)	(2)	(2)
Russia	10	No reporting firms	(3)	(2)	(2)
Spain	5	***	2,597	***	***
Taiwan	6	No reporting firms	3,306	(2)	(2)
Trinidad & Tobago	1	***	692	***	***
Turkey	9	Colakoglu, ***	(3)	***	***
Ukraine	3	No reporting firms	(3)	(2)	(2)
United Kingdom	4	***	2,102	***	***
All others[4]	84	***	22,000	(2)	(2)
Subtotal	214	--	87,000	18,414	15,426

Table continued on next page.

Table VI-2--*Continued*
Wire rod: Number of producers, reporting producers, and production in 1999, by source

Source	Total no. producers	Producers responding to Commission questionnaires	Production in 1999		
			All wire rod		Certain steel wire rod
			Total[1]	Reported	Reported
			Quantity *(1,000 short tons)*		
Countries not subject to TRQ					
Canada	3	***	1,499	***	***
Mexico	6	No reporting firms	1,702	(3)	(3)
Subtotal	9	--	3,201	***	***
All foreign sources	223	--	90,000	***	***
United States	15	13 firms, as listed in table II-1	5,966	***	5,401
Total	238	--	96,000	***	***

[1] Data are for all steel wire rod products and include those not covered during the section 201 investigation (i.e., stainless steel, tool steel, high-nickel alloy steel, and free-machining steel).
[2] No data were reported to the Commission.
[3] Not reported separately, but included in the category for "all others."
[4] Data include estimates for countries for which reported data are not available.

Source: Compiled from data submitted in response to Commission questionnaires and from data in the AISI Annual Statistical Report, IISI Annual Statistical Report 2000, and ILAFA Statistical Yearbook 2000. The number of producing firms for sources other than the United States is from *Iron and Steel Works of the World*, 13th Edition (Metal Bulletin Books, London, 1999).

in the countries subject to the TRQ.[7] China was the leading world producer of wire rod in 1999, followed by Japan, Germany, Italy, and Taiwan. China and Italy were net importers of wire rod in 1999 (table VI-3). A relatively large portion of the wire rod produced in Germany and Italy is not subject to the TRQ (i.e., it is excluded product, as shown by the differences in the data listed in table VI-2 for reported all wire rod and for reported certain steel wire rod). As shown in table VI-3, non-U.S. production of wire rod increased by about 8 percent from approximately 83 million short tons in 1998 to 90 million short tons in 1999.

[7] This figure is understated in that the published data for all wire rod (i.e., the "total" wire rod column in table VI-2) include stainless steel, tool steel, high-nickel alloy steel, and free-machining steel, which are not included in the figures for "all steel wire rod" that were reported to the Commission (i.e., the "reported" all wire rod column). These additional wire rod products are believed, however, to account for less than 10 percent of total wire rod.

Table VI-3
Steel wire rod:[1] World production and import/export status,[2] by source

Source	Production		Share of world production in 1999 (*percent*)	Import (export) status in 1999
	1998	1999		
	Quantity (*1,000 short tons*)			
Countries subject to TRQ				
Argentina	454	334	0.4	(17)
Belgium	883	1,039	1.0	(397)
Brazil	2,217	2,519	3.0	(401)
China	24,582	28,604	30.0	666
Czech Republic	1,157	(3)	-	(668)
France	1,989	1,849	2.0	103
Germany	6,579	6,488	7.0	(546)
India	(3)	(3)	-	(4)
Indonesia	616	527	1.0	(162)
Italy	3,987	4,149	4.0	669
Japan	7,426	7,722	8.0	(1,403)
Korea	2,541	2,757	3.0	494
Moldova	(3)	(3)	-	(4)
Poland	1,068	(3)	-	359
Russia	(3)	(3)	-	(4)
Spain	2,468	2,597	3.0	245
Taiwan	2,830	3,306	3.0	(54)
Trinidad & Tobago	717	692	1.0	(690)
Turkey	(3)	(3)	-	(4)
Ukraine	(3)	(3)	-	(4)
United Kingdom	2,308	2,102	2.0	(605)
All others[5]	18,000	22,000	23.0	(4)
Subtotal	80,000	87,000	90.0	(4)

Table continued on next page.

VI-5

Table VI-3--*Continued*
Steel wire rod:[1] World production and import/export status,[2] by source

Source	Production		Share of world production in 1999	Import (export) status in 1999
	1998	1999		
	Quantity (*1,000 short tons*)			
Countries not subject to TRQ				
Canada	1,364	1,499	2.0	(209)
Mexico	1,439	1,702	2.0	23
Subtotal	2,803	3,201	3.0	-
All foreign sources	83,000	90,000	94.0	-
United States	5,760	5,966	6.0	(6)
Total for all sources	89,000	96,000	100.0	-

[1] Data are for all steel wire rod products and include those not covered during the section 201 investigation (i.e., stainless steel, tool steel, high-nickel alloy steel, and free-machining steel).
[2] Positive numbers represent net imports; negative numbers (in parentheses) represent net exports.
[3] Not reported separately, but included in the category for "all others."
[4] Not available.
[5] Data include estimates for countries for which reported data are not available.
[6] Not applicable.

Source: IISI Annual Statistical Report 2000, ILAFA Statistical Yearbook 2000, and Commission estimates.

The data furnished by foreign manufacturers indicate that production capacity for certain steel wire rod dipped somewhat in 1999 from that reported in 1998, nearly recovered to 1998 levels in 2000, and is projected to fall from *** tons in 2000 to *** tons in 2001 (table VI-4).[8] The following firms reported plans to add, expand, curtail, or shut down production capacity and/or production of certain steel wire rod:[9]

- Brazil.–Belgo Min is "***."
- Canada.–Ivaco Rolling Mill ***.
- Trinidad & Tobago.–Caribbean Ispat ***.

[8] *See* table VI-5 for data on the operations of foreign manufacturers in only those countries subject to the TRQ. Data collected from foreign producers are presented by source in appendix D (tables D-4 through D-10).

[9] Firms not listed below reported that they had no plans to expand, curtail, or shut down production capacity or production. *** responded affirmatively to the question, but provided no additional detail.

Table VI-4
Certain steel wire rod: Data for foreign producers in all countries, 1998-2000, January-March 2000, January-March 2001, and projected 2001-02

* * * * * * *

Table VI-5
Certain steel wire rod: Data for foreign producers in countries subject to TRQ, 1998-2000, January-March 2000, January-March 2001, and projected 2001-02

Item	1998	1999	2000	January-March		Projected	
				2000	2001	2001	2002
	Quantity (*short tons*)						
Capacity	17,041,943	16,802,533	16,955,383	4,239,921	4,247,513	15,200,401	15,354,652
Production	14,757,801	15,425,099	15,748,726	3,997,314	3,997,309	13,739,470	14,082,288
End-of-period inventories	612,534	580,355	604,807	483,830	645,823	549,901	608,249
Shipments: Internal consumption/ transfers	1,436,102	1,430,471	1,447,014	375,164	362,221	1,363,244	1,594,931
Home market	7,390,838	8,108,278	8,147,855	2,088,931	2,088,018	7,128,512	7,241,345
Exports to: United States	793,676	805,783	846,577	217,816	170,822	689,688	705,474
All other markets	5,148,018	5,093,745	5,283,521	1,326,334	1,229,581	4,546,841	4,511,632
Total exports	5,941,694	5,899,527	6,130,098	1,544,150	1,400,402	5,236,529	5,217,106
Total shipments	14,768,634	15,438,276	15,724,967	4,008,246	3,850,641	13,728,285	14,053,382
	Ratios and shares (*percent*)						
Capacity utilization	82.8	87.7	88.9	90.8	90.1	90.4	91.7
Inventories/production	4.2	3.8	3.8	3.0	4.0	4.0	4.3
Inventories/shipments	4.1	3.8	3.8	3.0	4.2	4.0	4.3
Share of total shipments: Internal consumption/ transfers	9.7	9.3	9.2	9.4	9.4	9.9	11.3
Home market	50.0	52.5	51.8	52.1	54.2	51.9	51.5
Exports to: United States	5.4	5.2	5.4	5.4	4.4	5.0	5.0
All other markets	34.9	33.0	33.6	33.1	31.9	33.1	32.1
Total exports	40.2	38.2	39.0	38.5	36.4	38.1	37.1
Source: Compiled from data submitted in response to Commission questionnaires.							

VI-7

Certain steel wire rod production rose by *** percent from 1998 to 1999, by *** percent from 1999 to 2000, and by *** percent from the first quarter of 2000 to the first quarter of 2001. Production in 2001 is estimated to be *** percent below that reported in 2000. Prior to the imposition of the TRQ, exports to the United States of all steel wire rod had been expected to increase by *** percent between 1998 and 2000;[10] the actual rate of increase (not including the excluded products) was *** percent (table VI-4). Exports to the United States, however, fell sharply in the first quarter of 2001, down *** percent compared to the first quarter of 2000. Exports to the United States as a share of total shipments were *** percent in January-March 2000 and *** percent in January-March 2001. They are, however, expected to rebound to *** percent in 2001, then fall to *** percent in 2002.

Foreign manufacturers were also asked to report the effect of the imposition of the TRQ on their operations. Their responses are listed in table VI-6.

Table VI-6
Reported significance of the tariff-rate quota imposed by the President, effective March 1, 2000, in terms of its effect on the production capacity, production, home market shipments, exports to the United States and other markets, and inventories of foreign manufacturers

* * * * * * *

Colombia imposed an antidumping duty order on Caribbean Ispat's exports of low-carbon wire rod in December 1997. Under the order, imports of low-carbon wire rod must meet or exceed certain reference prices established by the Ministry of Foreign Trade.[11] Also, steel wire rod manufactured in Turkey is subject to an Indonesian order imposed in 1998.[12] At the time of the section 201 investigation, the United States had announced a preliminary Comprehensive Agreement with Russia covering a wide variety of steel mill products, including wire rod. The preliminary agreement proposed that U.S. imports of wire rod from Russia be held at 16,535 short tons per year.[13] However, the Russian quota for certain steel wire rod was zero in the final Comprehensive Agreement that was signed on July 12, 1999.[14]

Some steel products other than steel wire rod (including coiled rebar, free cutting steel, and excluded wire rod) are commonly manufactured on the machinery and equipment used in the production of the subject product.[15] The domestic industry argued in its prehearing brief that if relief is provided to

[10] *See* table 15 in *Certain Steel Wire Rod.*

[11] Low-carbon wire rod imports intended for re-export after further manufacture in Colombia may be exempted from the order. *Questionnaire response* of Caribbean Ispat.

[12] *Questionnaire response* of Habas.

[13] 64 FR 9892, February 26, 1999.

[14] Telephone conversation with Commerce (***), June 21, 2001.

[15] *See* foreign producer questionnaire responses.

a large section of the carbon steel industry as a result on the ongoing section 201 investigation (No. TA-201-73 (*Steel*)) there is "likely to be {a} diversion of imports to wire rod."[16]

[16] Petitioners' prehearing brief, pp. 2-3. *See* also testimony at the Commission's hearing (hearing transcript (Paul Rosenthal), p. 31) where counsel to the domestic industry discussed concerns about diversion of imports into wire rod from products covered by the section 201 investigation on steel as well as the recently completed antidumping investigations on rebar (Invs. Nos. 731-TA-873-874 and 877-879 (*Certain Steel Concrete Reinforcing Bars from Belarus, China, Korea, Latvia, and Moldova*). Respondents, specifically Belgo Min in its posthearing brief (p. 4), argue that "{t}his justification for continuing section 201 relief is not contemplated under the U.S. statute. Furthermore, continuation for these purposes would be inconsistent with U.S. international obligations under the WTO Safeguards Agreement."

APPENDIX A

FEDERAL REGISTER NOTICES

A-1

INTERNATIONAL TRADE COMMISSION

[Investigation No. TA-201-69]

Certain Steel Wire Rod

Determination

On the basis of the information in the investigation, the Commission—

(1) Was equally divided on the question of whether certain steel wire rod [1] is being imported into the United States in such increased quantities as to be a substantial cause of serious injury or the threat of serious injury to the domestic industry producing an article like or directly competitive with the imported article pursuant to section 202(b) of the Trade Act of 1974; [2]

(a) Chairman Lynn M. Bragg, Vice Chairman Marcia E. Miller, and Commissioner Stephen Koplan made an affirmative determination; [3]

(b) Commissioners Carol T. Crawford, Jennifer A. Hillman, and Thelma J. Askey made a negative determination. In light of their negative determination, Commisssioners Crawford, Hillman, and Askey do not believe any import relief is appropriate in this investigation;

(2) Makes negative findings, [4] pursuant to section 311(a) of the North American Free-Trade Agreement (NAFTA) Implementation Act (19 U.S.C. 3371(a)), with respect to imports of certain steel wire rod from Canada and Mexico.

Recommendations With Respect To Remedy

Vice Chairman Marcia E. Miller and Commissioner Stephen Koplan recommend:

(1) That the President impose an additional duty on imports of certain steel wire rod that are the subject of this investigation, as follows:

First year: 15.0 percent *ad valorem;*
Second year: 13.0 percent *ad valorem;*
Third year: 11.0 percent *ad valorem;* and
Fourth year: 9.0 percent *ad valorem;*

(2) That the additional duty apply to imports of certain steel wire rod from beneficiary countries of the Caribbean Basin Economic Recovery Act;

(3) That the additional duty not apply to certain specialty steel wire rod items, specifically, tire cord quality wire rod, pipe wrap quality wire rod, and valve spring quality wire rod;

(4) Having made negative findings with respect to imports of certain steel wire rod from Canada and Mexico under section 311(a) of the NAFTA Implementation Act, that such imports be excluded from the additional duty; and

(5) That the additional duty not apply to any imports of certain steel wire rod entered duty-free from beneficiary countries under the Andean Trade Preference Act, or to imports of certain steel wire rod from Israel.

Chairman Lynn M. Bragg recommends:

(1) That the President impose a duty, in addition to the current rate of duty, for a four-year period, on all imports of steel wire rod that are the subject of this investigation without exclusion except as provided below, as follows:

First year: 7 percent *ad valorem;*
Second year: 6.5 percent *ad valorem;*
Third year: 6.0 percent *ad valorem;* and
Fourth year: 5.5 percent *ad valorem;*

(2) That the additional duty described above apply to imports of steel wire rod from Canada under section 311(a) of the NAFTA Implementation Act;

(3) Having made a negative finding with respect to imports of steel wire rod from Mexico under section 311(a) of the NAFTA Implementation Act, that such imports be excluded from the increase in duty described above;

(4) That the additional duty described above apply to imports of steel wire rod entered duty-free from beneficiary countries under the Caribbean Basin Economic Recovery Act, but that it not apply to imports of steel wire rod entered duty-free from beneficiary countries under the Andean Trade Preference Act or imports of steel wire rod from Israel.

Background

Following receipt of a properly filed petition on January 12, 1999, by counsel on behalf of Atlantic Steel Industries, Inc., Atlanta, GA; Birmingham Steel Corp., Birmingham, AL; 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 Co., Minneapolis, MN; North Star Steel Texas Inc., Beaumont, TX; Northwestern Steel & Wire Co., Sterling, IL; the Independent Steel Workers Alliance, Bartonville, IL; and the United Steelworkers of America AFL-CIO, Pittsburgh, PA, the Commission instituted investigation No. TA-201-69, Certain Steel Wire Rod, under section 202 of the Trade Act of 1974 to determine whether certain steel wire rod is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article.

Notice of the institution of the Commission's investigation and of the scheduling of public hearings to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the **Federal Register** of January 27, 1999 (64 F.R. 4123). The hearing in connection with the injury phase of the investigation was held on April 15, 1999, and the hearing on the question of remedy was held on June 8, 1999. Both hearings were held in Washington, DC; all persons who requested the opportunity were permitted to appear in person or by counsel.

[1] The imported article covered by this investigation is defined as hot-rolled bars and rods, in irregularly wound coils, of circular or approximately circular solid cross section, having a diameter of 5 mm or more but less than 19 mm, of non-alloy or alloy steel, except such bars and rods of free-machining steel or of alloy steel containing by weight 24 percent or more of nickel. Free-machining steel is any steel product containing by weight one or more of the following elements, in the specified proportions: 0.03 percent or more of lead, 0.05 percent or more of bismuth, 0.08 percent or more of sulfur, more than 0.04 percent of phosphorus, more than 0.05 percent of selenium, and/or more than 0.01 percent of tellurium. Certain steel wire rod is provided for in subheadings 7213.91, 7213.99, 7227.20 and 7227.90.60 of the Harmonized Schedule of the United States (HTS). The scope of this investigation does not cover concrete reinforcing bars and rods, or bars and rods of stainless steel or tool steel, which are provided for in other HTS subheadings.

[2] Section 330(d)(1) of the Tariff Act of 1930 (19 U.S.C. 1330(d)(1)) provides that when the Commission is equally divided on the question of injury under section 202(b) of the Trade Act of 1974, "then the determination agreed upon by either group of commissioners may be considered by the President as the determination of the Commission."

[3] Chairman Lynn M. Bragg made an affirmative determination of threat of serious injury. Vice Chairman Marcia E. Miller and Commissioner Stephen Koplan made an affirmative determination of serious injury. Commissioners Carol T. Crawford, Jennifer A. Hillman, and Thelma J. Askey made a negative determination.

[4] Chairman Lynn M. Bragg dissenting with respect to Canada. Only Commissioners making an affirmative determination, i.e., Chairman Bragg, Vice Chairman Marcia E. Miller, and Commissioner Stephen Koplan, were required to make findings with respect to imports of certain steel wire rod from Canada and Mexico.

The Commission transmitted its determination in this investigation to the President on July 12, 1999. The views of the Commission are contained in USITC Publication 3207 (July 1999), entitled Certain Steel Wire Rod: Investigation No. TA-201-69.

By order of the Commission.

Issued: July 13, 1999.

Donna R. Koehnke,

Secretary.

[FR Doc. 99-18333 Filed 7-16-99; 8:45 am]

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Federal Register
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Friday, February 18, 2000

Presidential Documents

Title 3—

The President

Proclamation 7273 of February 16, 2000

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

By the President of the United States of America

A Proclamation

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

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

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

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

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

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

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

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

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

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

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

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

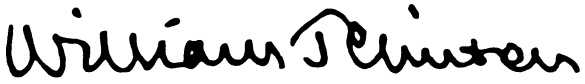
(5) Effective at the close of March 1, 2003, or at the close of the date which may earlier be proclaimed by the President as the termination of the import relief set forth in the Annex to this proclamation, the suspension of duty-free treatment under the GSP, the CBERA, the ATPA and the IFTA Act shall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

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

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

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

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



Billing code 3195–01–P

ANNEX

Modifications to the Harmonized Tariff Schedule of the United States

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

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

(a) Tire cord quality wire rod measuring 5.0 mm or more but not more than 6.0 mm in cross-sectional diameter, with an average partial decarburization of no more than 70 microns in depth (maximum 200 microns); having no inclusions greater than 20 microns; capable of being drawn to a diameter of 0.30 mm or less with 3 or fewer breaks per ton, imported pursuant to a purchase order from a tire manufacturer or a tire cord wire manufacturer in the United States for tire cord quality wire rod, and containing by weight the following elements in the proportions shown:

– 0.68 percent or more of carbon,

– less than 0.01 percent of aluminum,

– 0.040 percent or less, in the aggregate, of phosphorus and sulfur,

– 0.006 percent or less of nitrogen, and

– not more than 0.55 percent, in the aggregate, of copper, nickel and chromium;

(b) Valve spring quality wire rod containing by weight 0.43 percent or more but not more than 0.73 percent of carbon, having a maximum inclusion content to ASTM A-877, Table 4, imported pursuant to a purchase order from an automotive valve spring or automotive brake spring manufacturer in the United States for automotive valve spring or automotive brake spring quality wire rod, measuring 5.5 mm or more but not more than 18 mm in cross-sectional diameter and having a partial decarburization of no more than 0.127 mm in depth and seams of no more than 0.075 mm in depth, or if measuring over 9.5 mm but not more than 18 mm in cross-sectional diameter either:

– having a partial decarburization of not over 1.3 percent of the diameter of the rod, a zero ferrite (total) decarburization and seams of no more than 0.075 mm in depth, or

– if AISI grade 6150, having a partial decarburization of not more than 0.127 mm in depth, a zero ferrite (total) decarburization and a seam depth of not more than 1 percent of the diameter;

(c) Class III pipe wrap quality wire rod measuring 10.3 mm in cross-sectional diameter, with an average partial decarburization per coil of no more than 70 microns in depth, having no inclusions greater than 20 microns, free of injurious piping and undue segregation, having a heat tensile strength minimum of 170 ksi and a maximum of 177 ksi, and containing by weight the following elements in the proportions shown:

– 0.72 percent or more of carbon,

– 0.50 percent or more but not more than 1.10 percent of manganese,

– not more than 0.030 percent of phosphorus,

– not more than 0.035 percent of sulfur, and

– 0.10 percent or more but not more than 0.35 percent of silicon;

(d) Aircraft quality cold heading quality wire rod measuring 5.5 mm or more but not more than 19.0 mm in cross sectional diameter for the grades enumerated herein, meeting the requirements defined in the aerospace and military specifications listed for each grade:

Grade	Specification
4037	AMS6300, 2301
4130	AMS6370, 2301; MIL-S6758
4140	AMS6382, 2301; MIL-S5626
4340	AMS6415, 2301; MIL-S5000
8740	AMS6322, 2301; MIL-S6049
PWA722	AMS6304, 2301,

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

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

– 95 kgf/mm^2 for AISI grade 1045 wire rod measuring 7.2 mm or more but not more than 7.8 mm in cross-sectional diameter,

– 92 kgf/mm^2 for AISI grade 1045 wire rod measuring 9.2 mm or more but not more than 9.8 mm in cross-sectional diameter,

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

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

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

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

– 0.72 percent or more but not more than 1.0 percent of carbon,

– less than 0.01 percent of aluminum,

– not more than 0.040 percent, in the aggregate, of phosphorus and sulfur,

– not more than 0.003 percent of nitrogen,

– not more than 0.55 percent, in the aggregate, of copper, nickel and chromium, and

– less than 0.60 percent of manganese;

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

– 0.80 percent or more but not more than 0.85 percent of carbon,

– 0.70 percent or more but not more than 1.00 percent of manganese, and

– not more than 15 ppm of oxygen;

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

– 0.78 percent or more of carbon,

– less than 0.03 percent of soluble aluminum,

– not more than 0.040 percent, in the aggregate, of phosphorous and sulfur,

– not more than 0.004 percent of nitrogen, and

– not more than 0.055 percent, in the aggregate, of copper, nickel and chromium."

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

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

	:[Hot-rolled...(con.):]		
	: [If...(con.):]		
9903.72.15	: Other	: The rate provided in the Rates of Duty 1 General subcolumn for the applicable subheading (7213.91, 7213.99, 7227.20 or 7227.90.60) +5%	: The rate provided in the Rates of Duty 2 column for the applicable subheading (7213.91, 7213.99, 7227.20 or 7227.90.60) + 5%"

[FR Doc. 00–4198
Filed 2–17–00; 11:42 am]
Billing code 3190–01–C

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Technical Correction to the Harmonized Tariff Schedule of the United States

AGENCY: Office of the United States Trade Representative.

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

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

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

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

Correction to HTS

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

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

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

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

Charlene Barshefsky,

United States Trade Representative.

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

BILLING CODE 3190–01–M

INTERNATIONAL TRADE COMMISSION

[Investigation No. TA–204–6]

Certain Steel Wire Rod: Monitoring Developments in the Domestic Industry

AGENCY: United States International Trade Commission.

ACTION: Institution and scheduling of an investigation under section 204(a) of the Trade Act of 1974 (19 U.S.C. § 2254(a)) (the Act).

SUMMARY: The Commission instituted the investigation for the purpose of preparing the report to the President and the Congress required by section 204(a)(2) of the Trade Act of 1974 on the results of its monitoring of developments with respect to the domestic certain steel wire rod industry since the President imposed a tariff-rate quota on imports of certain steel wire rod [1] effective March 1, 2000.

For further information concerning the conduct of this investigation, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 206, subparts A and F (19 CFR part 206).

EFFECTIVE DATE: March 16, 2001.

FOR FURTHER INFORMATION CONTACT: Debra Baker (202–205–3180), Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its internet server (http://www.usitc.gov). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS–ON–LINE) at http://dockets.usitc.gov/eol/public.

SUPPLEMENTARY INFORMATION:

Background

Following receipt of a report from the Commission in July 1999 under section 202 of the Trade Act of 1974 (19 U.S.C. § 2252) containing an equally divided determination on the question of whether certain steel wire rod was being imported into the United States in such increased quantities as to be a substantial cause of serious injury or the threat of serious injury to the domestic wire rod industry, and containing remedy recommendations, the President, on February 16, 2000, pursuant to section 203 of the Trade Act of 1974 (19 U.S.C. § 2253), issued Proclamation 7273, announcing that he considered the determination of the Commissioners voting in the affirmative to be the determination of the Commission, and imposing import relief in the form of a tariff-rate quota on imports of certain steel wire rod for a period of 3 years and 1 day, effective March 1, 2000. Section 204(a)(1) of the Trade Act of 1974 (19 U.S.C. § 2254(a)(1)) requires that the Commission, so long as any action under section 203 of the Trade Act remains in effect, monitor developments with respect to the domestic industry, including the progress and specific efforts made by workers and firms in the domestic industry to make a positive adjustment to import competition. Section 204(a)(2) requires, whenever the initial period of an action under section 203 of the Trade Act exceeds 3 years, that the Commission submit a report on the results of the monitoring under section 204(a)(1) to the President and the Congress not later than the mid-point of the initial period of the relief, or by August 30, 2001, in this case. Section 204(a)(3) requires that the Commission hold a hearing in the course of preparing each such report.

Participation in the Investigation and Service List

Persons wishing to participate in the investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, not later than 14 days after publication of this notice in the **Federal Register**. The Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance.

Public Hearing

As required by statute, the Commission has scheduled a hearing in connection with this investigation. The hearing will be held beginning at 9:30 a.m. on July 11, 2001, at the U.S. International Trade Commission Building, 500 E Street SW, Washington, DC. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before July 2, 2001. All persons desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on July 6, 2001, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the hearing are governed by sections 201.6(b)(2) and 201.13(f) of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 days prior to the date of the hearing.

[1] The imported article covered by this investigation is defined as hot-rolled bars and rods, in irregularly wound coils, of circular or approximately circular solid cross section, having a diameter of 5 mm or more but less than 19 mm, of non-alloy or alloy steel, except such bars and rods of free-machining steel or of alloy steel containing by weight 24 percent or more of nickel. Free-machining steel is any steel product containing by weight one or more of the following elements, in the specified proportions: 0.03 percent or more of lead, 0.05 percent or more of bismuth, 0.08 percent or more of sulfur, more than 0.04 percent of phosphorus, more than 0.05 percent of selenium, and/or more than 0.01 percent of tellurium. Certain steel wire rod is provided for in subheadings 7213.91, 7213.99, 7227.20, and 7227.90.60 of the Harmonized Schedule of the United States (HTS). The scope of this investigation does not cover concrete reinforcing bars and rods, or bars and rods of stainless steel or tool steel, which are provided for in other HTS subheadings. Also excluded from the scope of the investigation are wire rod of tire cord quality, valve spring quality, class III pipe wrap quality, aircraft cold heading quality, aluminum cable steel reinforced ("ACSR") quality, piano wire string quality, grade 1085 annealed bearing quality, and grade 1080 tire bead wire quality. These products are described in detail in the annex to Presidential Proclamation 7273 (65 FR 8624, February 18, 2000).

Written Submissions

Each party is encouraged to submit a prehearing brief to the Commission. The deadline for filing prehearing briefs is July 3, 2001. Parties may also file posthearing briefs. The deadline for filing posthearing briefs is July 18, 2001. In addition, any person who has not entered an appearance as a party to the investigation may submit, on or before July 18, 2001, a written statement concerning the matters to be addressed in the Commission's report to the President. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain confidential business information must also conform with the requirements of section 201.6 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means.

In accordance with section 201.16(c) of the Commission's rules, each document filed by a party to the investigation must be served on all other parties to the investigation (as identified by the service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: This investigation is being conducted under the authority of section 204(a) of the Trade Act of 1974; this notice is published pursuant to section 206.3 of the Commission's rules.

By order of the Commission.

Issued: March 20, 2001.

Donna R. Koehnke,

Secretary.

[FR Doc. 01–7440 Filed 3–23–01; 8:45 am]

BILLING CODE 7020–02–P

APPENDIX B

HEARING WITNESSES

B-1

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject: Certain Steel Wire Rod: Monitoring Developments in the Domestic Industry

Inv. No.: TA-204-6

Date and Time: July 11, 2001 - 9:30 a.m.

Sessions were held in connection with this investigation in the Main Hearing Room (Room 101), 500 E Street, SW, Washington, D.C.

OPENING REMARKS

Domestic Producers (**Paul C. Rosenthal**, Collier Shannon Scott, PLLC)
Respondents (**H.O. Woltz, III**, President and CEO, Insteel Industries, Incorporated)

DOMESTIC PRODUCERS:

Collier Shannon Scott, PLLC
Washington, D.C.
on behalf of

GS Industries, Incorporated
North Star Steel Texas, Incorporated
Keystone Steel & Wire Company
Co-Steel Raritan

Timothy J. Dillon, Vice President, Commercial, GS Industries, Incorporated

William Lundberg, Vice President, Commercial, North Star Steel Texas, Incorporated

Paul C. Rosenthal)
R. Alan Luberda) – OF COUNSEL
John M. Herrmann)

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RESPONDENTS:

Holland & Knight LLP
Washington, D.C.
on behalf of

American Wire Producers Association ("AWPA")

Peter Cronin, AWPA President and President, Industrial Wire Products Incorporated

H.O. Woltz, III, President and CEO, Insteel Industries, Incorporated

Joe Downs, President, Leggett & Platt Wire Group

Robert J. Moffitt, Vice President, Purchasing, Davis Wire Corporation

Kimberly A. Korbel, Executive Director, American Wire Producers Association

Frederick P. Waite)
) – OF COUNSEL
Kimberly R. Young)

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RESPONDENTS (continued):

Willkie Farr & Gallagher
Washington, D.C.
on behalf of

Japanese Respondents

Kobe Steel Ltd.
Nippon Steel Corporation
Sumitomo Metal Industries Ltd.
Daido Steel Corporation
Japan Iron & Steel Exporters' Association

Kirk Manning, Plant Manager, Haldex Garphyttan Corporation

William Kringel, Corporate Vice President, MGF Industries

William H. Barringer)
) – OF COUNSEL
Julia K. Eppard)

deKieffer & Horgan
Washington, D.C.
on behalf of

European Respondents

Celsa Steel Group
Corus Group plc
Lucchini S.p.A.
Saarstahl AG

J. Kevin Horgan) – OF COUNSEL

REBUTTAL/CLOSING REMARKS

Domestic Producers (**Paul C. Rosenthal**, Collier Shannon Scott, PLLC)
Respondents (**Frederick P. Waite**, Holland & Knight LLP)

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APPENDIX C

SUMMARY TABLES

C-1

Table C-1
Certain steel wire rod: Summary data concerning the U.S. market, 1998-2000, January-March 2000, and January-March 2001

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

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

Table continued on next page.

C-3

Table C-1--Continued
Certain steel wire rod: Summary data concerning the U.S. market, 1998-2000, January-March 2000, and January-March 2001

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

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

Table continued on next page.

C-4

Table C-1--Continued
Certain steel wire rod: Summary data concerning the U.S. market, 1998-2000, January-March 2000, and January-March 2001

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

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

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Not applicable.
(3) Undefined.

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

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

C-5

Table C-2
All steel wire rod: Summary data concerning the U.S. market, 1998-2000, January-March 2000, and January-March 2001

* * * * * * *

C-6

APPENDIX D

ADDITIONAL INFORMATION

D-1

Table D-1
Certain steel wire rod: U.S. producers' and importers' reported U.S. shipments, 1998-2000, January-March 2000, and January-March 2001

Item	1998	1999	2000	January-March 2000	January-March 2001
	Quantity (short tons)				
U.S. producers' U.S. shipments:					
Industrial (standard) quality rod	***	***	***	***	***
High- and medium-high carbon	***	***	***	***	***
Cold heading quality rod	***	***	***	***	***
Welding quality rod	***	***	***	***	***
All other certain steel wire rod	***	***	***	***	***
Total	5,229,862	5,336,255	5,179,587	1,415,792	1,068,859
U.S. importers' U.S. shipments:					
Industrial (standard) quality rod	***	***	***	***	***
High- and medium-high carbon	***	***	***	***	***
Cold heading quality rod	***	***	***	***	***
Welding quality rod	***	***	***	***	***
All other certain steel wire rod (1)	***	***	***	***	***
Total	760,176	1,184,694	1,622,019	306,411	447,414
Total U.S. shipments:					
Industrial (standard) quality rod	***	***	***	***	***
High- and medium-high carbon	***	***	***	***	***
Cold heading quality rod	***	***	***	***	***
Welding quality rod	***	***	***	***	***
All other certain steel wire rod	***	***	***	***	***
Total	5,990,038	6,520,949	6,801,606	1,722,203	1,516,273
	Share of U.S. shipments (percent)				
U.S. producers' U.S. shipments:					
Industrial (standard) quality rod	***	***	***	***	***
High- and medium-high carbon	***	***	***	***	***
Cold heading quality rod	***	***	***	***	***
Welding quality rod	***	***	***	***	***
All other certain steel wire rod	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
U.S. importers' U.S. shipments:					
Industrial (standard) quality rod	***	***	***	***	***
High- and medium-high carbon	***	***	***	***	***
Cold heading quality rod	***	***	***	***	***
Welding quality rod	***	***	***	***	***
All other certain steel wire rod (1)	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
Total U.S. shipments:					
Industrial (standard) quality rod	***	***	***	***	***
High- and medium-high carbon	***	***	***	***	***
Cold heading quality rod	***	***	***	***	***
Welding quality rod	***	***	***	***	***
All other certain steel wire rod	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0

(1) ***.

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

D-3

Table D-2
U.S. importers entering certain steel wire rod into the United States that was subject to the 10 percent duty for imports exceeding the applicable within-quota quantity since March 1, 2000

* * * * * * *

Table D-3
U.S. importers that delayed in entering certain steel wire rod into the United States since March 1, 2000 because the applicable within-quota quantity was exhausted

* * * * * * *

Table D-4
Certain steel wire rod: Data for producers in Brazil, 1998-2000, January-March 2000, January-March 2001, and projected 2001-02

* * * * * * *

Table D-5
Certain steel wire rod: Data for producers in Canada, 1998-2000, January-March 2000, January-March 2001, and projected 2001-02

* * * * * * *

Table D-6
Certain steel wire rod: Data for producers in Germany, 1998-2000, January-March 2000, January-March 2001, and projected 2001-02

* * * * * * *

Table D-7
Certain steel wire rod: Data for producers in Japan, 1998-2000, January-March 2000, January-March 2001, and projected 2001-02

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Table D-8
Certain steel wire rod: Data for producers in Trinidad & Tobago, 1998-2000, January-March 2000, January-March 2001, and projected 2001-02

* * * * * * *

Table D-9
Certain steel wire rod: Data for producers in Turkey, 1998-2000, January-March 2000, January-March 2001, and projected 2001-02

* * * * * * *

Table D-10
Certain steel wire rod: Data for producers in all other countries, 1998-2000, January-March 2000, January-March 2001, and projected 2001-02

* * * * * * *

D-4

APPENDIX E

EFFECTS OF IMPORTS ON PRODUCERS' EXISTING DEVELOPMENT AND PRODUCTION EFFORTS, GROWTH, INVESTMENT, AND ABILITY TO RAISE CAPITAL

E-1

The Commission requested U.S. producers to describe any actual negative effects since March 1, 2000 on their return on investment, their ability to generate capital to finance the modernization of their domestic plants and equipment, or their ability to maintain existing levels of expenditures for R&D as a result of imports of certain steel wire rod. Their responses are as follows:

* * * * * * *

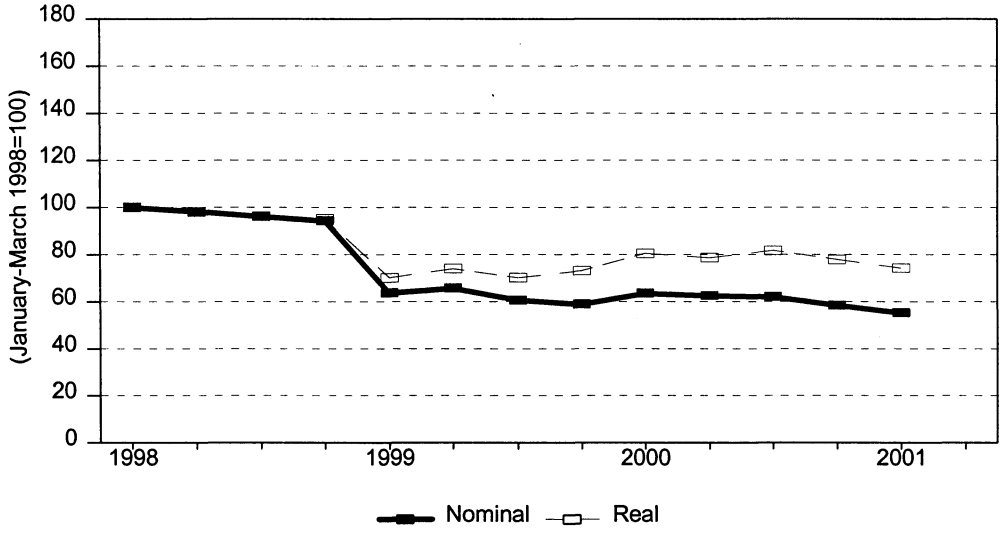
E-3

APPENDIX F

EXCHANGE RATE GRAPHS

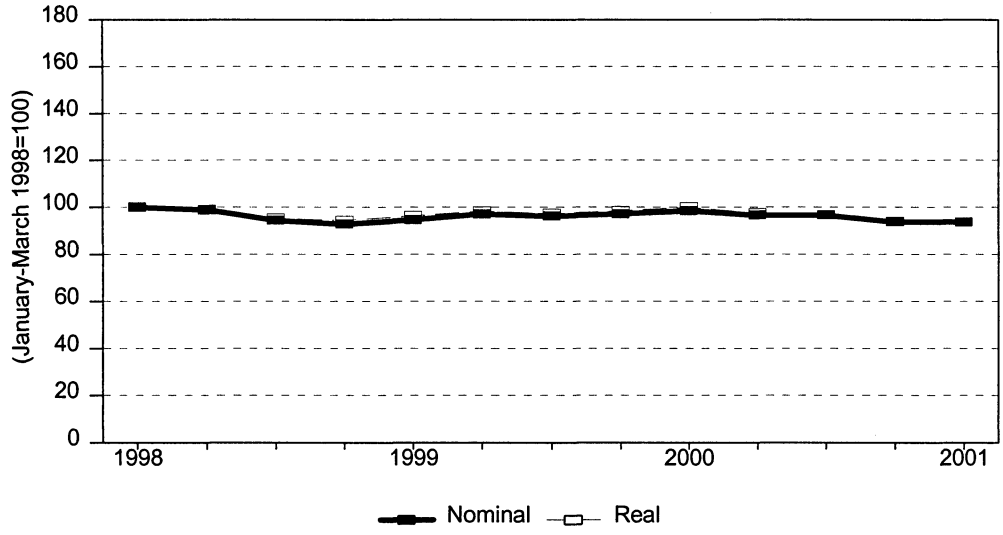
F-1

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



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

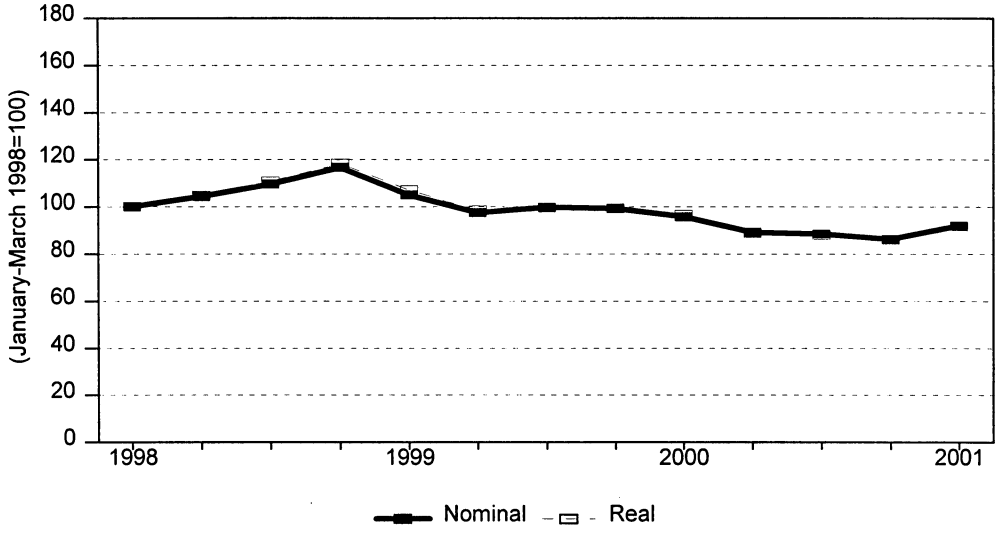
Figure F-2
Exchange rates: Indexes of the nominal and real exchange rates of the Canadian dollar relative to the U.S. dollar, January 1998-March 2001



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

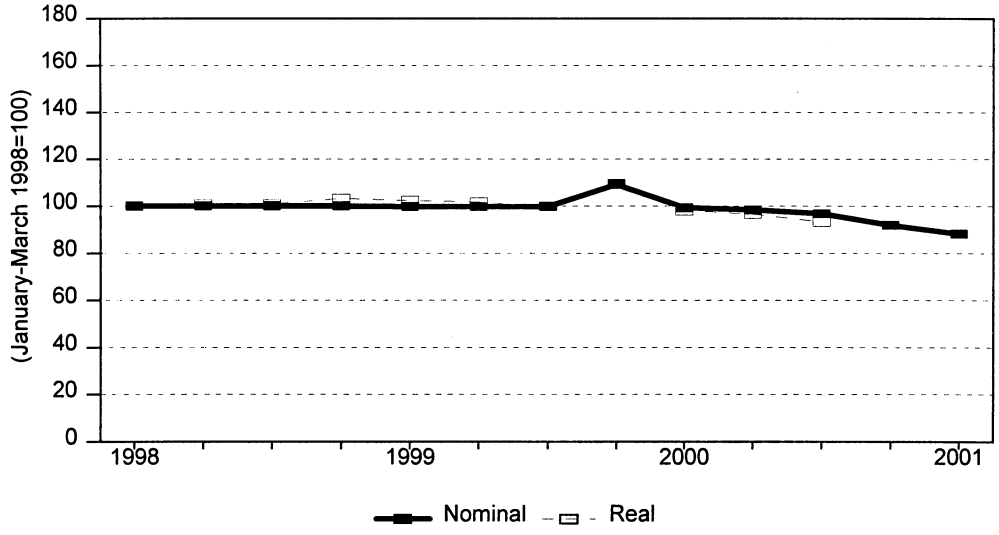
F-3

Figure F-3
Exchange rates: Indexes of the nominal and real exchange rates of the Czech Republic koruny relative to the U.S. dollar, January 1998-March 2001



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

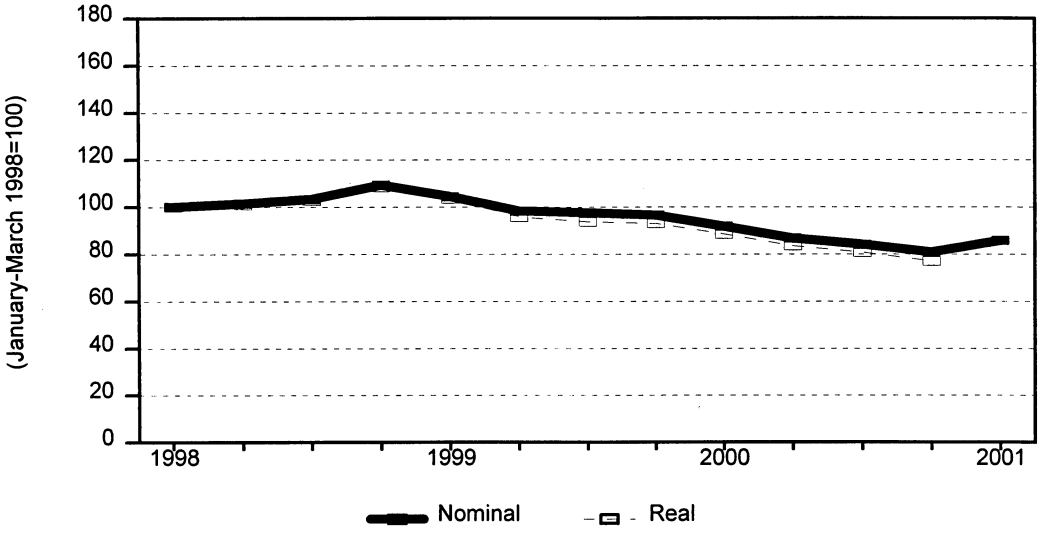
Figure F-4
Exchange rates: Indexes of the nominal and real exchange rates of the Egyptian pound relative to the U.S. dollar, January 1998-March 2001



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

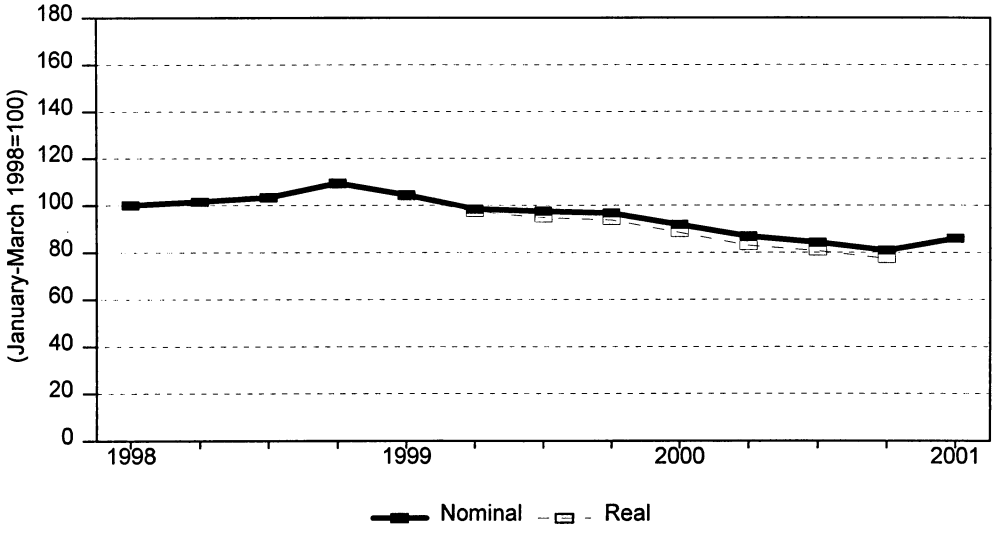
F-4

Figure F-5
Exchange rates: Indexes of the nominal and real exchange rates of the French franc relative to the U.S. dollar, January 1998-March 2001



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

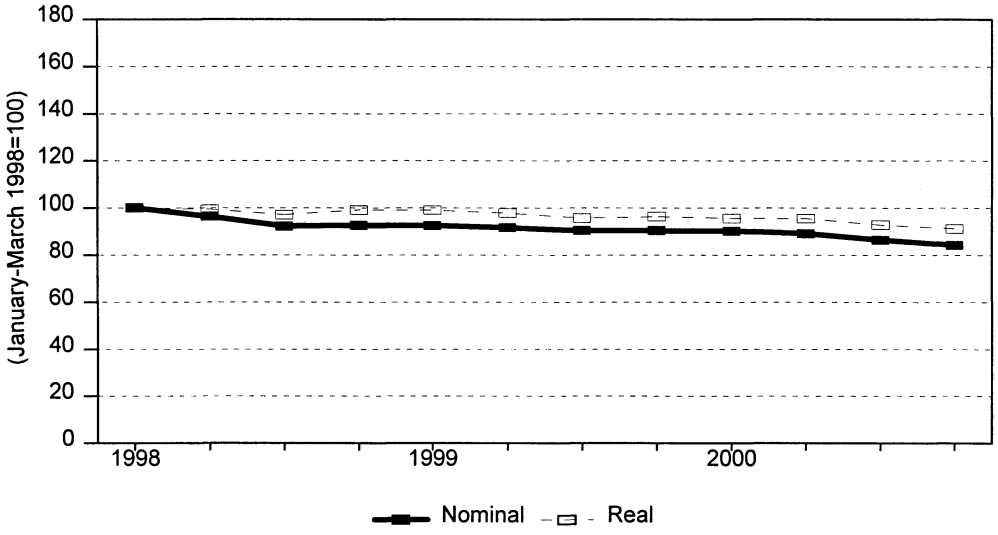
Figure F-6
Exchange rates: Indexes of the nominal and real exchange rates of the German deutsche mark relative to the U.S. dollar, January 1998-March 2001



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

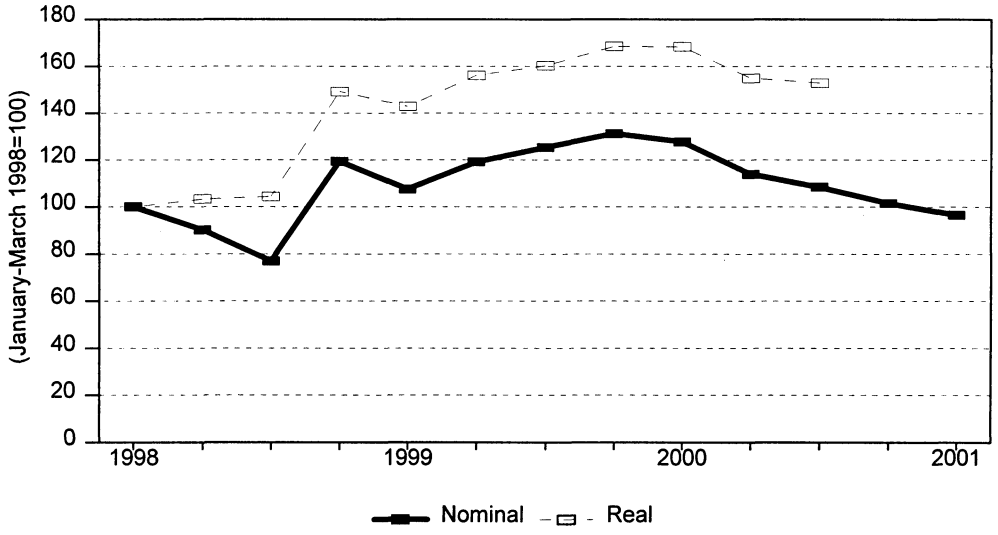
F-5

Figure F-7
Exchange rates: Indexes of the nominal and real exchange rates of the Indian rupee relative to the U.S. dollar, January 1998-December 2000



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

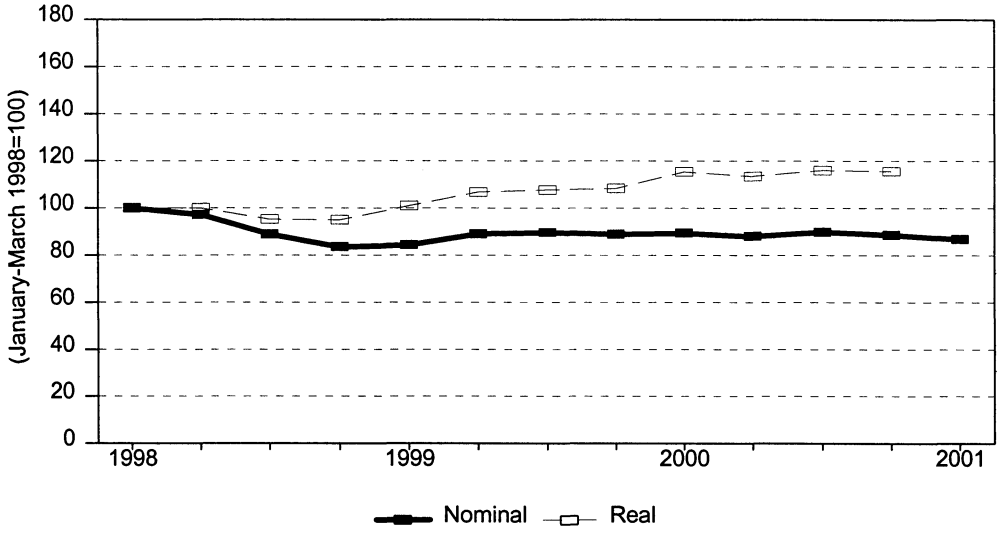
Figure F-8
Exchange rates: Indexes of the nominal and real exchange rates of the Indonesian rupiah relative to the U.S. dollar, January 1998-March 2001



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

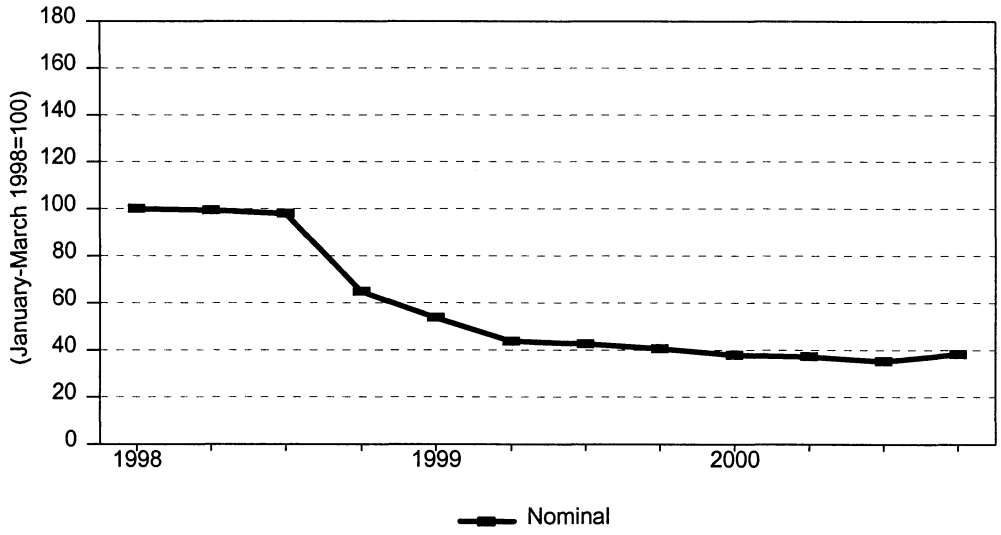
F-6

Figure F-9
Exchange rates: Indexes of the nominal and real exchange rates of the Mexican peso relative to the U.S. dollar, January 1998-March 2001



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

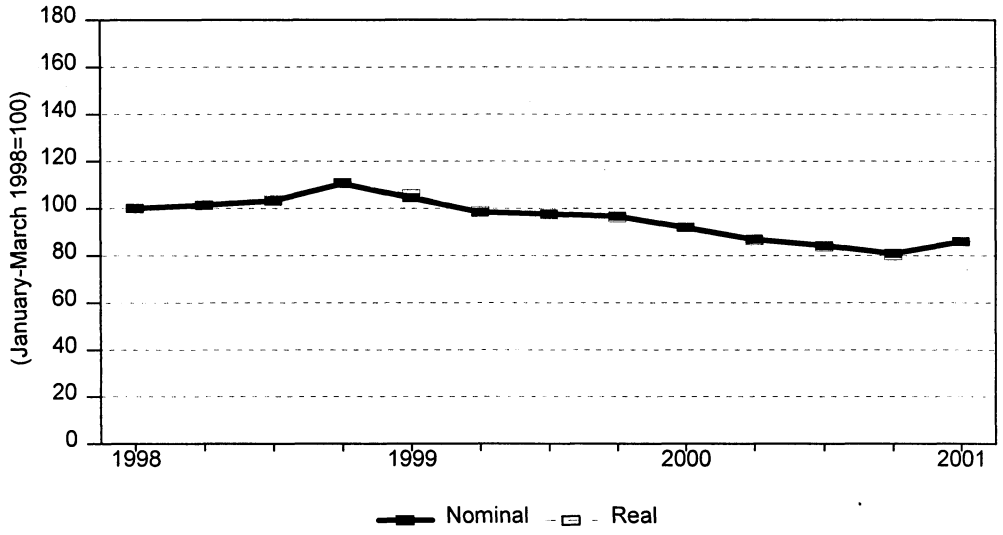
Figure F-10
Exchange rates: Indexes of the nominal exchange rates of the Moldova lei relative to the U.S. dollar, January 1998-December 2000



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

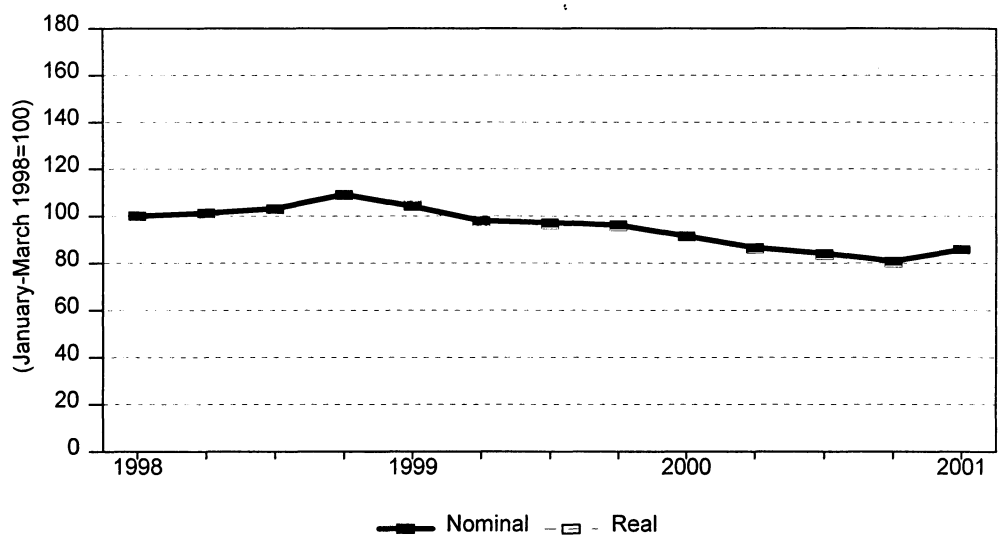
F-7

Figure F-11
Exchange rates: Indexes of the nominal and real exchange rates of the Netherlands guilders or euros relative to the U.S. dollar, January 1998-March 2001



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

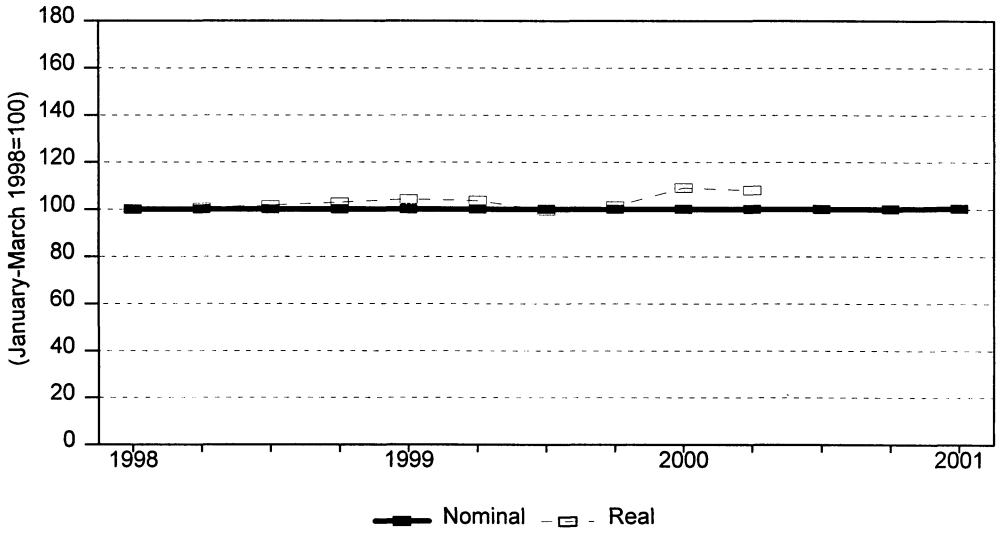
Figure F-12
Exchange rates: Indexes of the nominal and real exchange rates of the Spanish peseta relative to the U.S. dollar, January 1998-March 2001



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

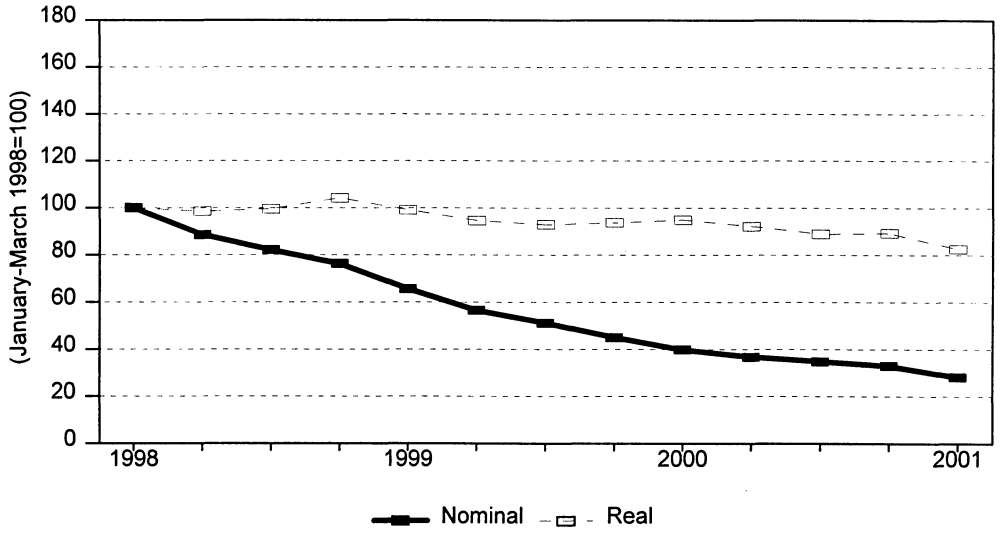
F-8

Figure F-13
Exchange rates: Indexes of the nominal and real exchange rates of the Trinidad & Tobago TT dollar relative to the U.S. dollar, January 1998-March 2001



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

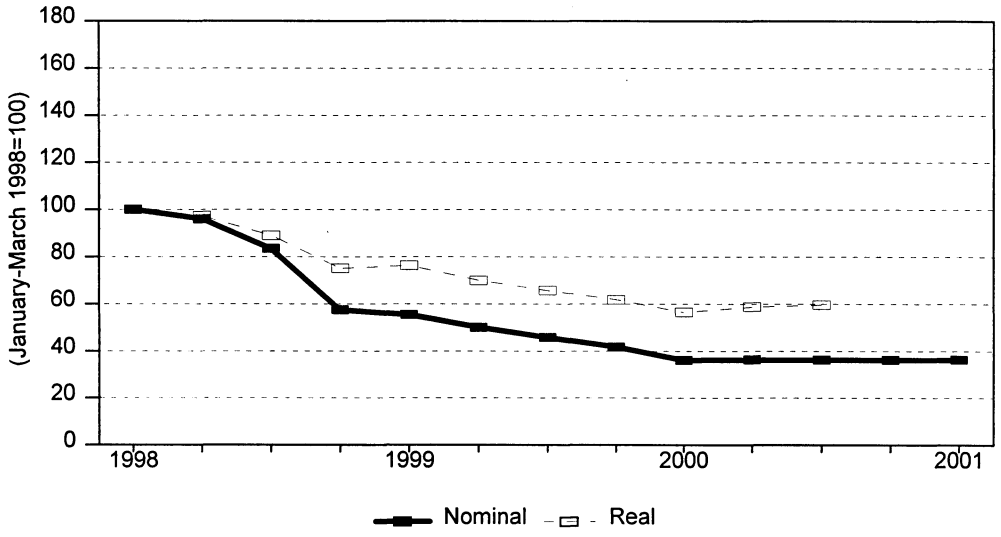
Figure F-14
Exchange rates: Indexes of the nominal and real exchange rates of the Turkish lira relative to the U.S. dollar, January 1998-March 2001



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

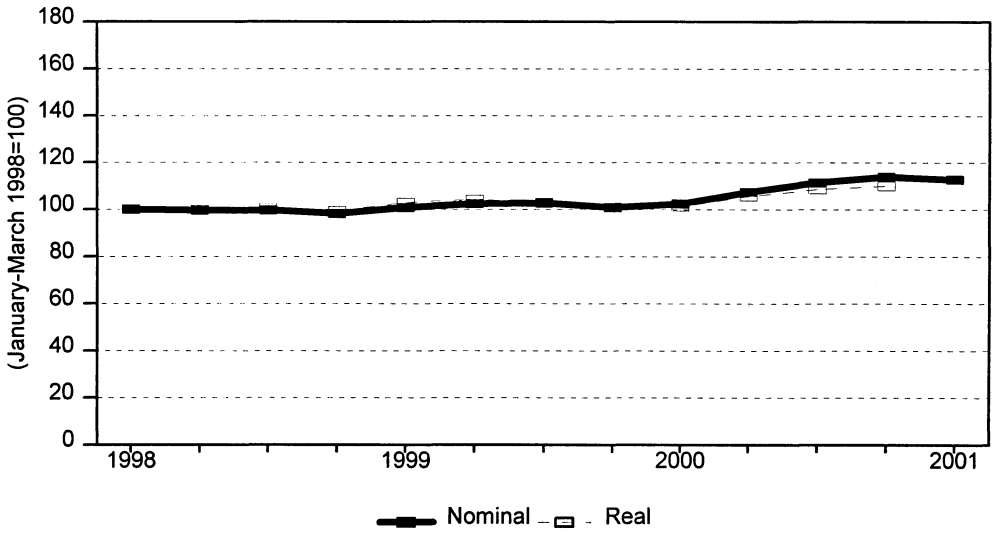
F-9

Figure F-15
Exchange rates: Indexes of the nominal and real exchange rates of the Ukrainian hryvnia relative to the U.S. dollar, January 1998-March 2001



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

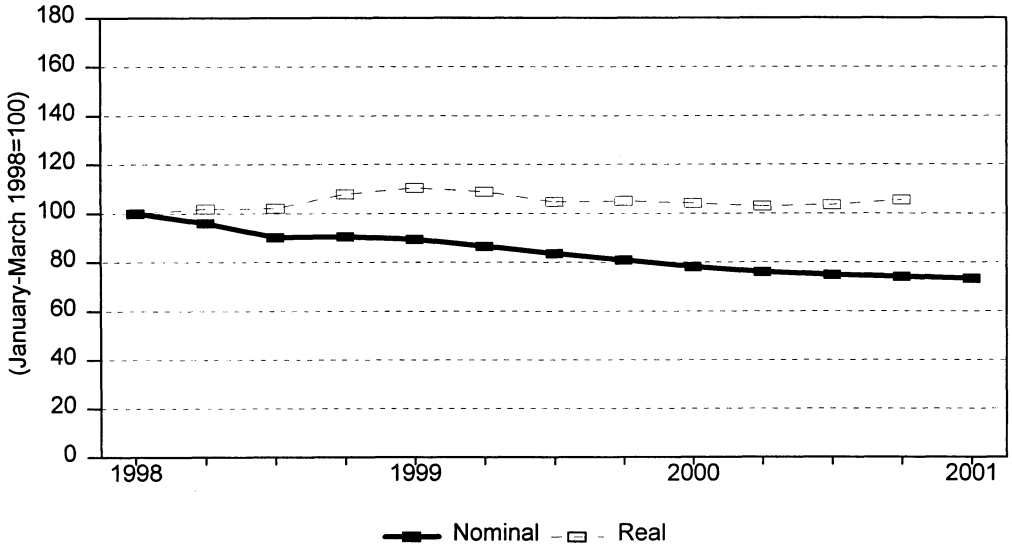
Figure F-16
Exchange rates: Indexes of the nominal and real exchange rates of the United Kingdom pound relative to the U.S. dollar, January 1998-March 2001



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

F-10

Figure F-17
Exchange rates: Indexes of the nominal and real exchange rates of the Venezuelan bolivar relative to the U.S. dollar, January 1998-March 2001



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

F-11

APPENDIX G

PRICE TABLES AND GRAPHS

G-1

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

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

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Table G-3
Certain steel wire rod: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January 1998-March 2001

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

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

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G-3

Figure G-1
Weighted-average f.o.b. prices of domestic and imported Brazilian, Canadian, and Czech Republic product 1, January 1998-March 2001

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Figure G-2
Weighted-average f.o.b. prices of domestic and imported Egyptian, Indonesian, and Mexican product 1, January 1998-March 2001

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Figure G-3
Weighted-average f.o.b. prices of domestic and imported Trinidad & Tobago, Turkish, and Venezuelan product 1, January 1998-March 2001

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Figure G-4
Weighted-average f.o.b. prices of domestic and imported Brazilian, Canadian, and Egyptian product 2, January 1998-March 2001

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Figure G-5
Weighted-average f.o.b. prices of domestic and imported Indian, Indonesian, and Mexican product 2, January 1998-March 2001

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Figure G-6
Weighted-average f.o.b. prices of domestic and imported Trinidad & Tobago, Turkish, and Ukrainian product 2, January 1998-March 2001

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Figure G-7
Weighted-average f.o.b. prices of domestic and imported Venezuelan product 2, January 1998-March 2001

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Figure G-8
Weighted-average f.o.b. prices of domestic and imported German, Indian, and Moldova product 3, January 1998-March 2001

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G-4

Figure G-9
Weighted-average f.o.b. prices of domestic and imported Turkish and Ukrainian product 3, January 1998-March 2001

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Figure G-10
Weighted-average f.o.b. prices of domestic and imported Brazilian, Canadian, and Mexican product 4, January 1998-March 2001

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Figure G-11
Weighted-average f.o.b. prices of domestic and imported Spanish and United Kingdom product 4, January 1998-March 2001

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Figure G-12
Weighted-average f.o.b. prices of domestic and imported Brazilian, Canadian, and French product 5, January 1998-March 2001

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Figure G-13
Weighted-average f.o.b. prices of domestic and imported German, Dutch, and Spanish product 5, January 1998-March 2001

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Figure G-14
Weighted-average f.o.b. prices of domestic and imported United Kingdom product 5, January 1998-March 2001

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G-5