

PUBLIC VERSION

**Certain Carbon and Alloy Steel Wire Rod from
Belarus, Italy, The Republic of Korea, The Russian
Federation, The Republic of South Africa, Spain,
Turkey, Ukraine, United Arab Emirates, and
The United Kingdom**

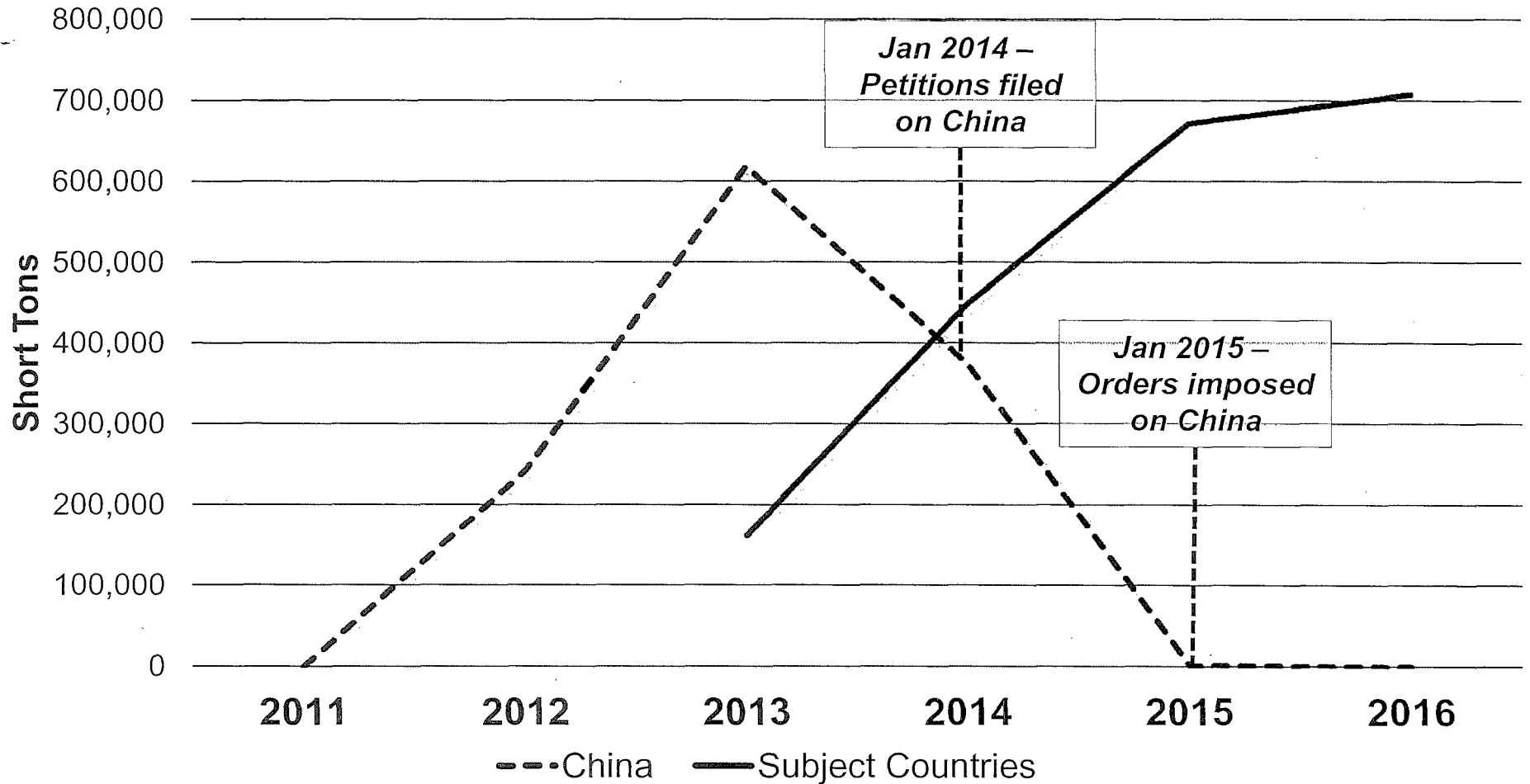
**Domestic Industry Presentation by
Paul Rosenthal, Kelley Drye & Warren LLP**

November 16, 2017

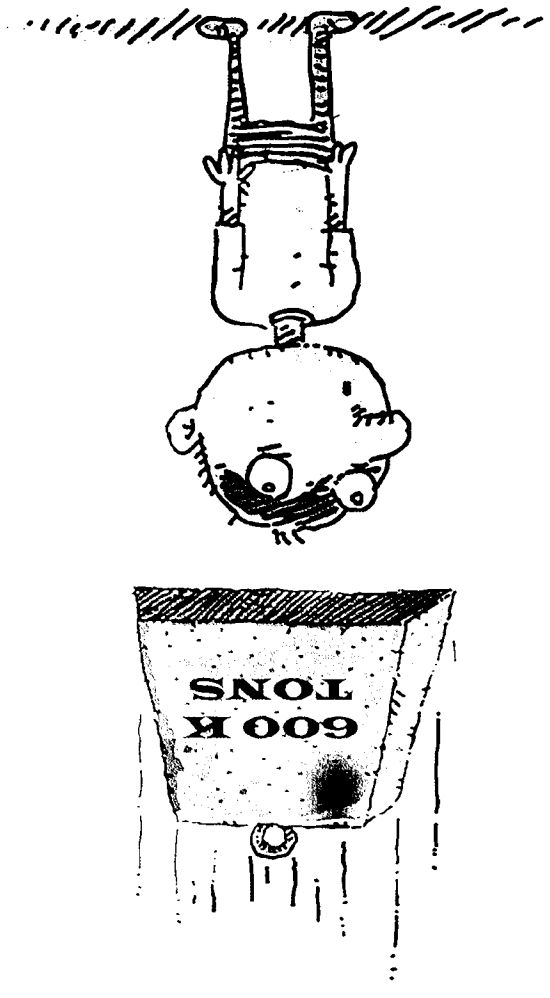
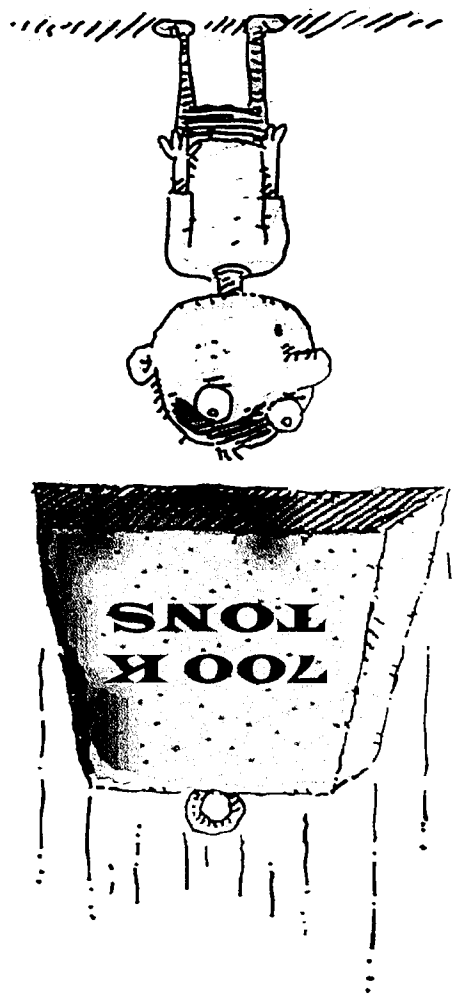
Prepared by Georgetown Economic Services, LLC

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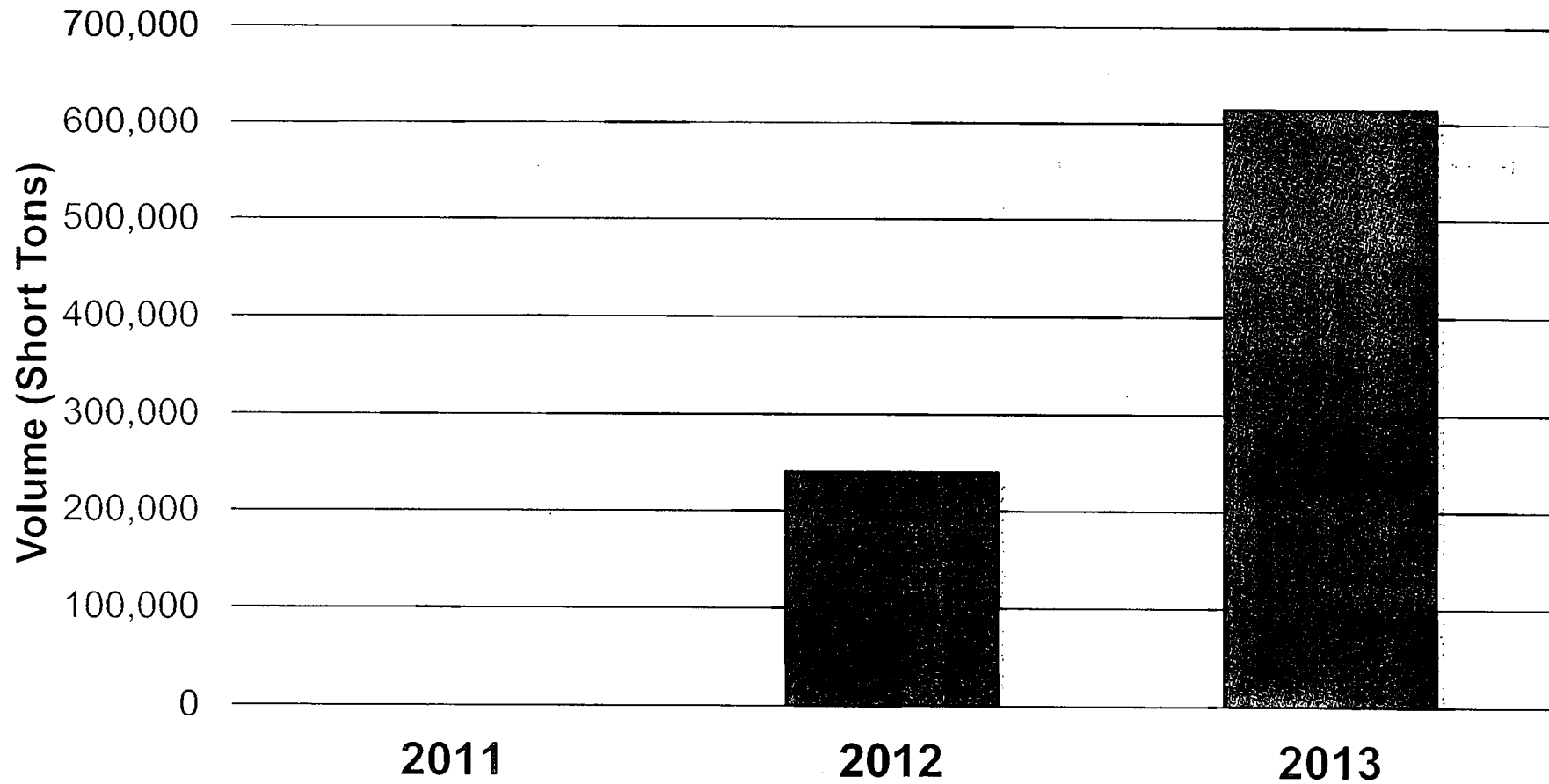
Unfairly-Traded Subject Imports Surged Over the POI to Replace the Decline in Imports from China



Source: Official Department of Commerce Import Statistics.

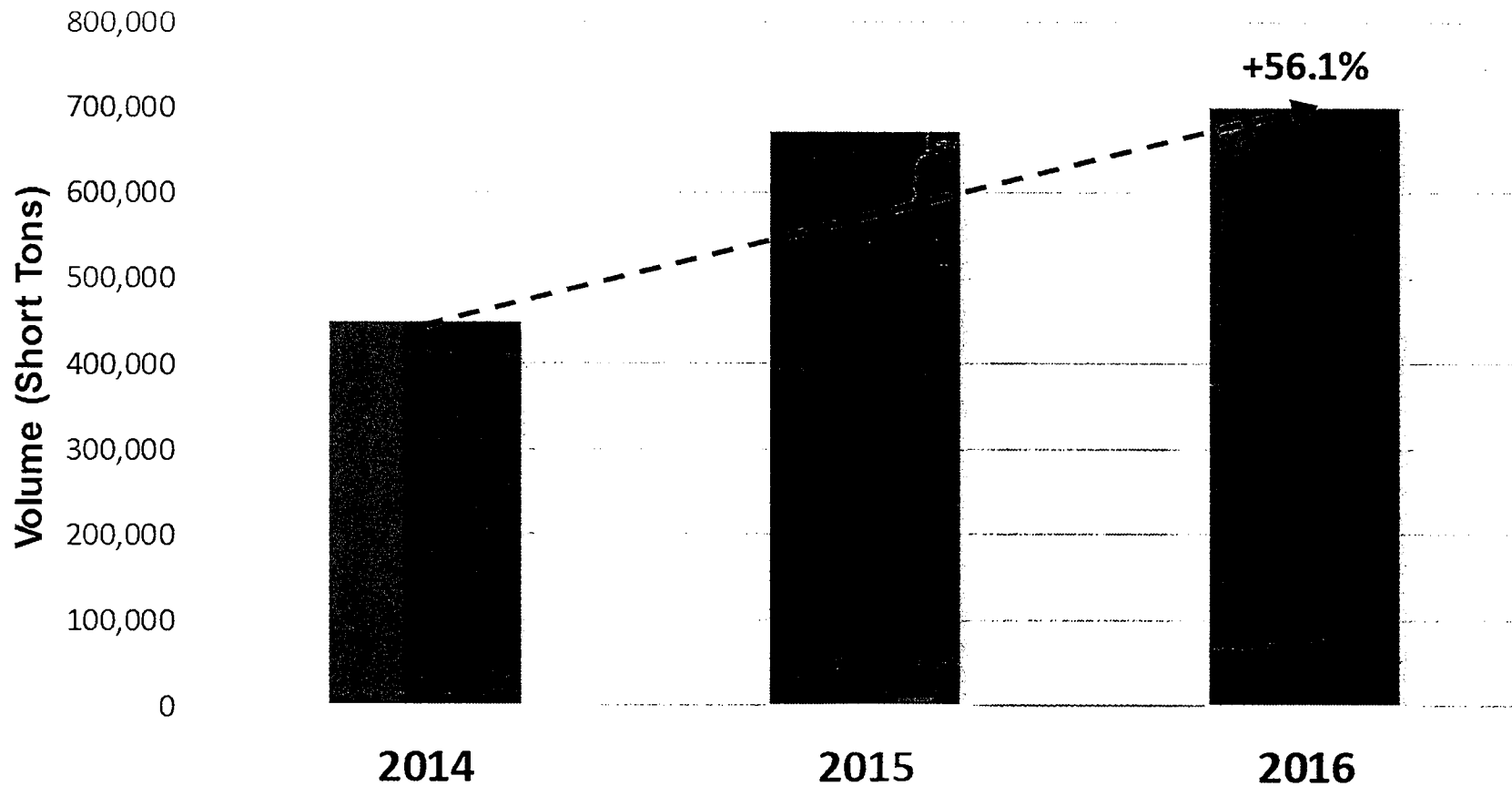


U.S. Imports from China Surged from 2011 to 2013



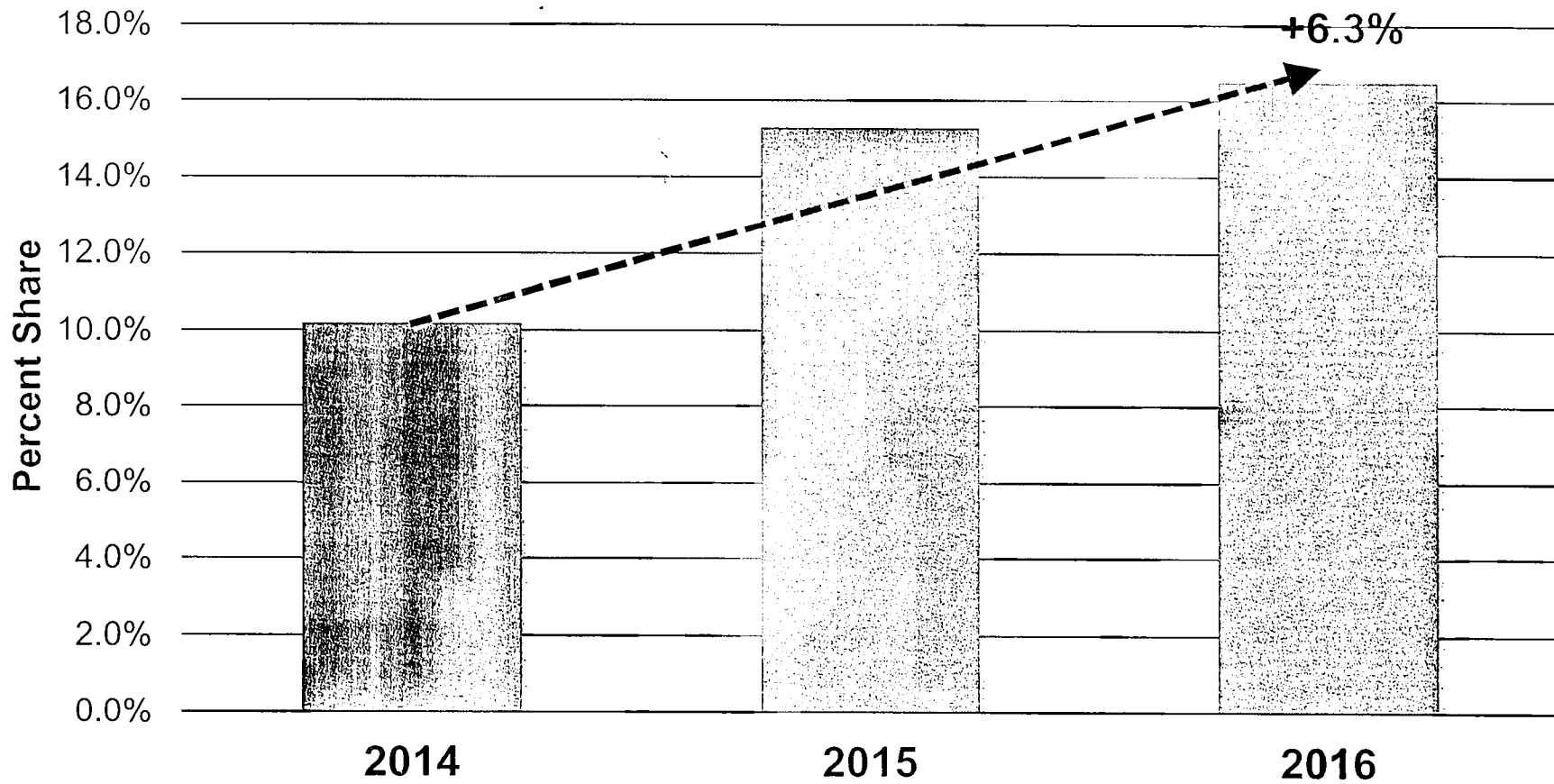
Source: USITC Pub. 4509 at C-3.

Subject Imports Quickly Replaced China and Reached Even Higher Volume Levels



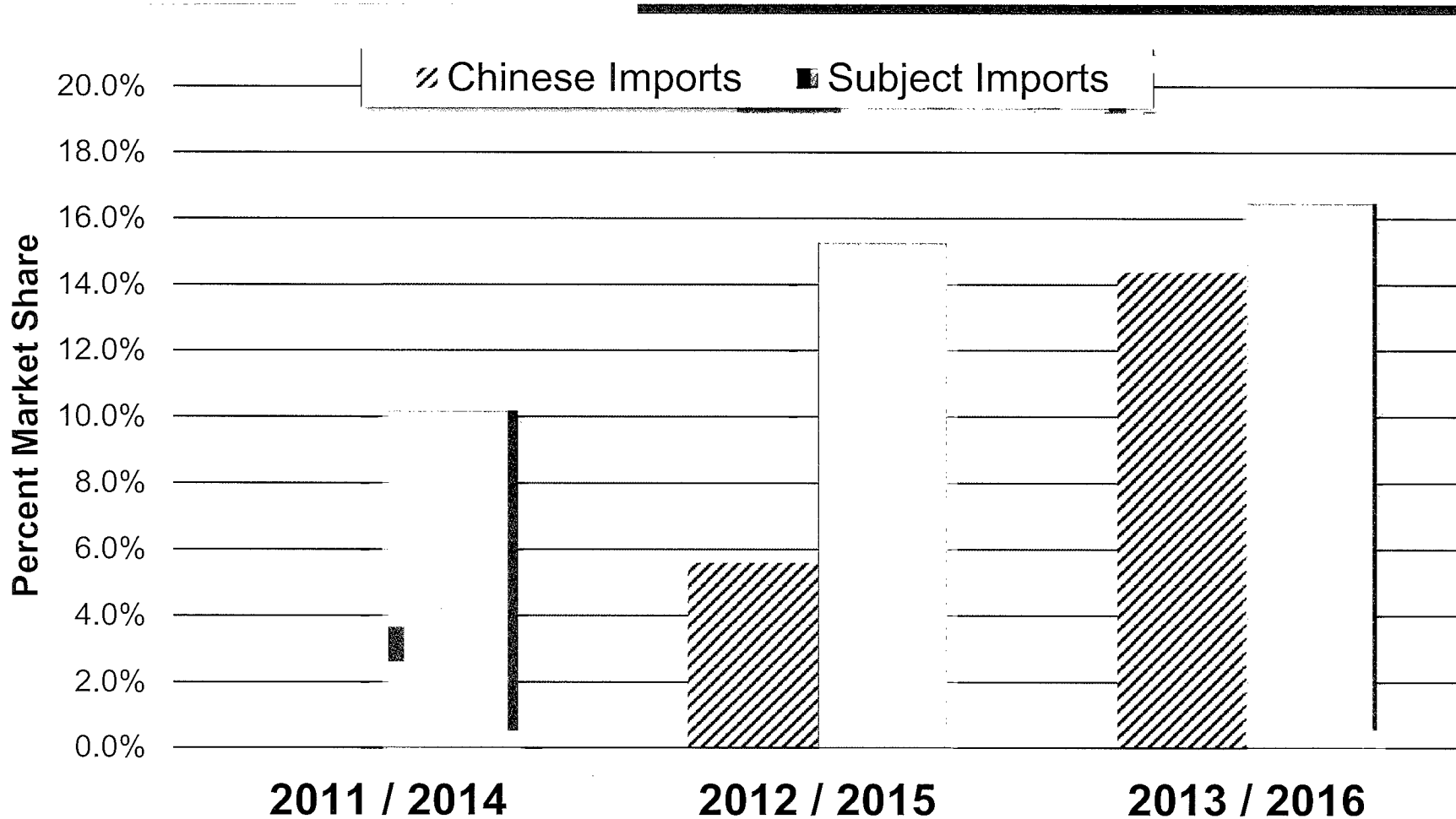
Source: ITC Prehrg. Rep. at IV-4 (Table IV-2).

Subject Imports Captured an Increasing Share of the U.S. Market From 2014 to 2016



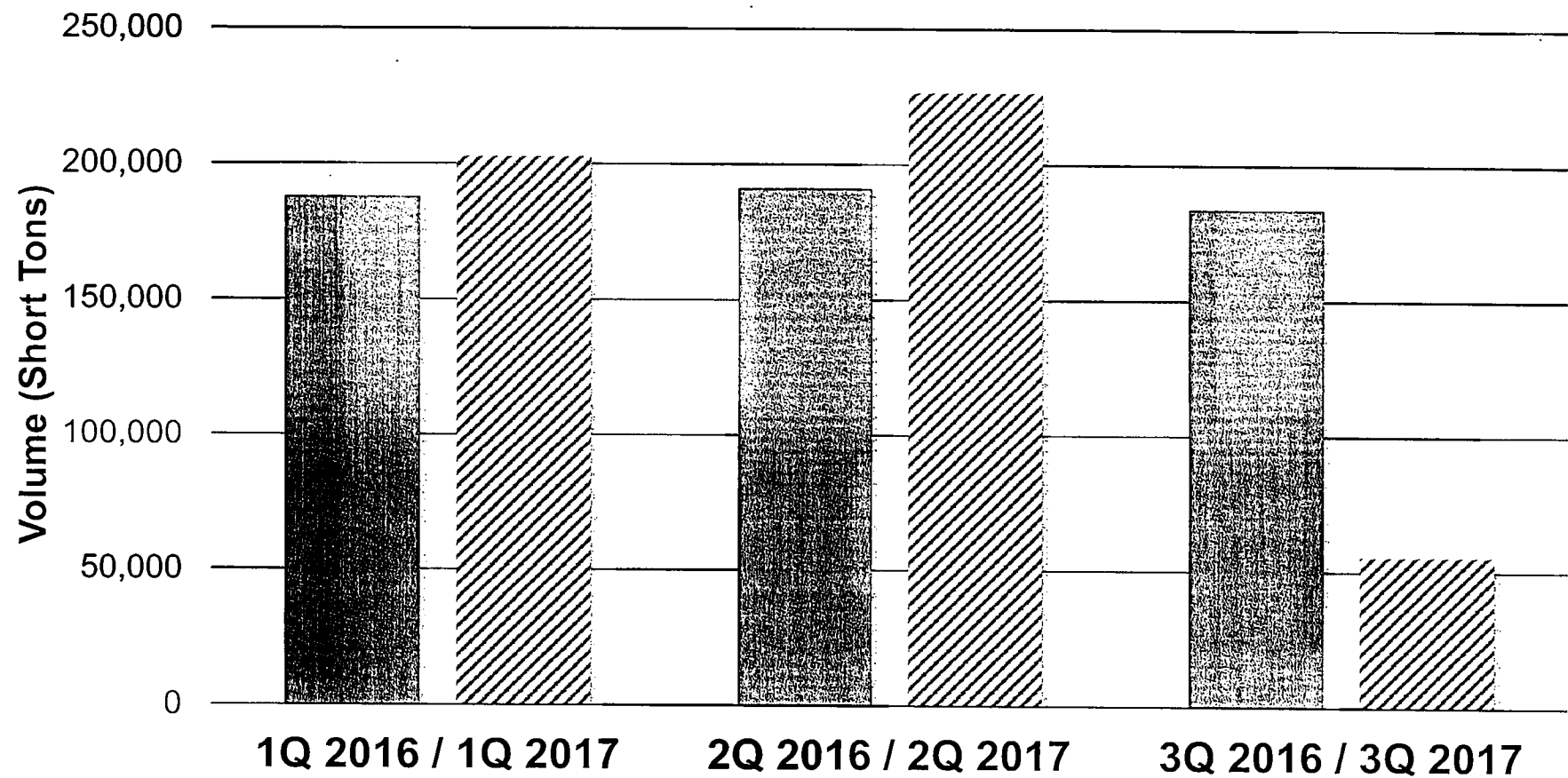
Source: ITC Prehrg. Rep. at IV-31 (Table IV-15).

Subject Market Shares Exceeded Those of China in Every Respective Year of the Investigatory Periods



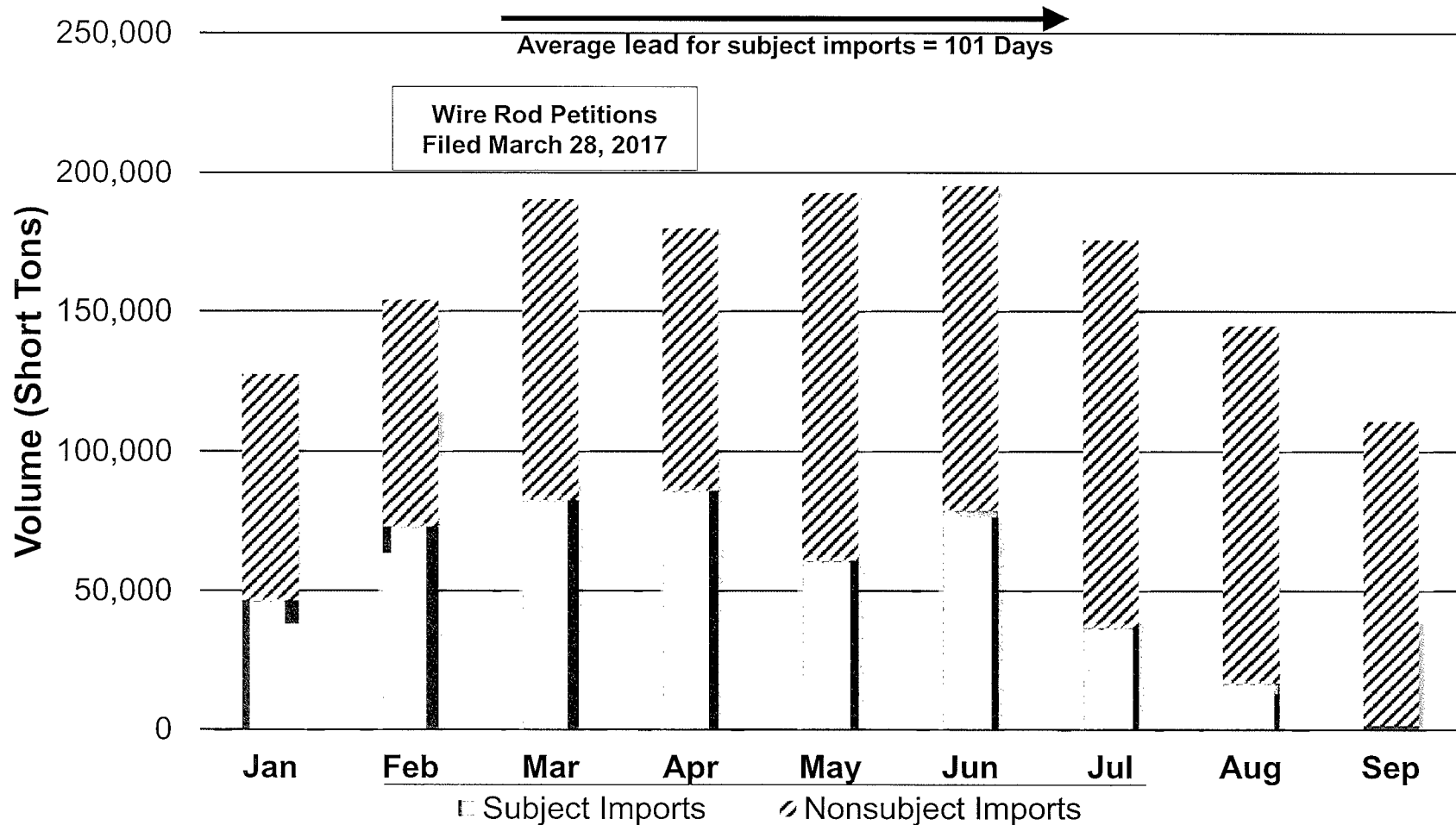
Source: ITC Prehrg. Rep. at C-5 (Table C-2) and USITC Pub. 4509 at C-4.

Subject Imports' Surge Continued Through the First Half of 2017



- Source: KDW Prehrg. Brf. at Exh. 6.

The Filing of the Petitions in 2017 Led to a Significant Decrease in Subject Wire Rod Imports



Source: U.S. Department of Commerce.

Subject Imports Undersold the U.S. Product in the Vast Majority of Quarterly Comparisons as Well as Based on Volume

	Number of Quarters – Underselling by Subject Imports	Underselling Volume by Subject Imports	Number of Quarters – Overselling by Subject Imports	Overselling Volume by Subject Imports	Percent Underselling based on Number	Percent Underselling based on Volume
Total	192	1,263,228	39	245,916	83.1%	83.7%

Source: ITC Prehrg. Rep. at V-29.

Virtually All of U.S. Purchasers Reported Subject Imports Were Lower Priced and That They Shifted Purchases To Subject Imports Principally Due To Price

Number of purchasers having purchased CASWR from subject countries instead of domestic CASWR	Number of purchasers reporting that imports were lower priced	Percent purchasers reporting that price was lower	Number of purchasers that reported shifting purchases principally due to price	Quantity of subject country purchases instead of domestic purchases where subject imports were lower priced (<i>tons</i>)
24	18	75.0%	17	[]

Source: ITC Prehrg. Rep. at V-35-37 (Table V-13).

Purchasers Overwhelmingly Reported That Subject Imports Were Priced Lower Than the Domestic Product



Source: KDW Prehrg. Brf. at 34-35.

Purchasers Reported U.S. Producers Were Forced to Lower Prices to Compete With Subject Imports

Count of purchasers reporting U.S. producers reduced prices	Simple average of estimated U.S. price reduction (<i>percent</i>)	Range of estimated U.S. price reductions (<i>percent</i>)
9	[]	5.0 – 15.0%

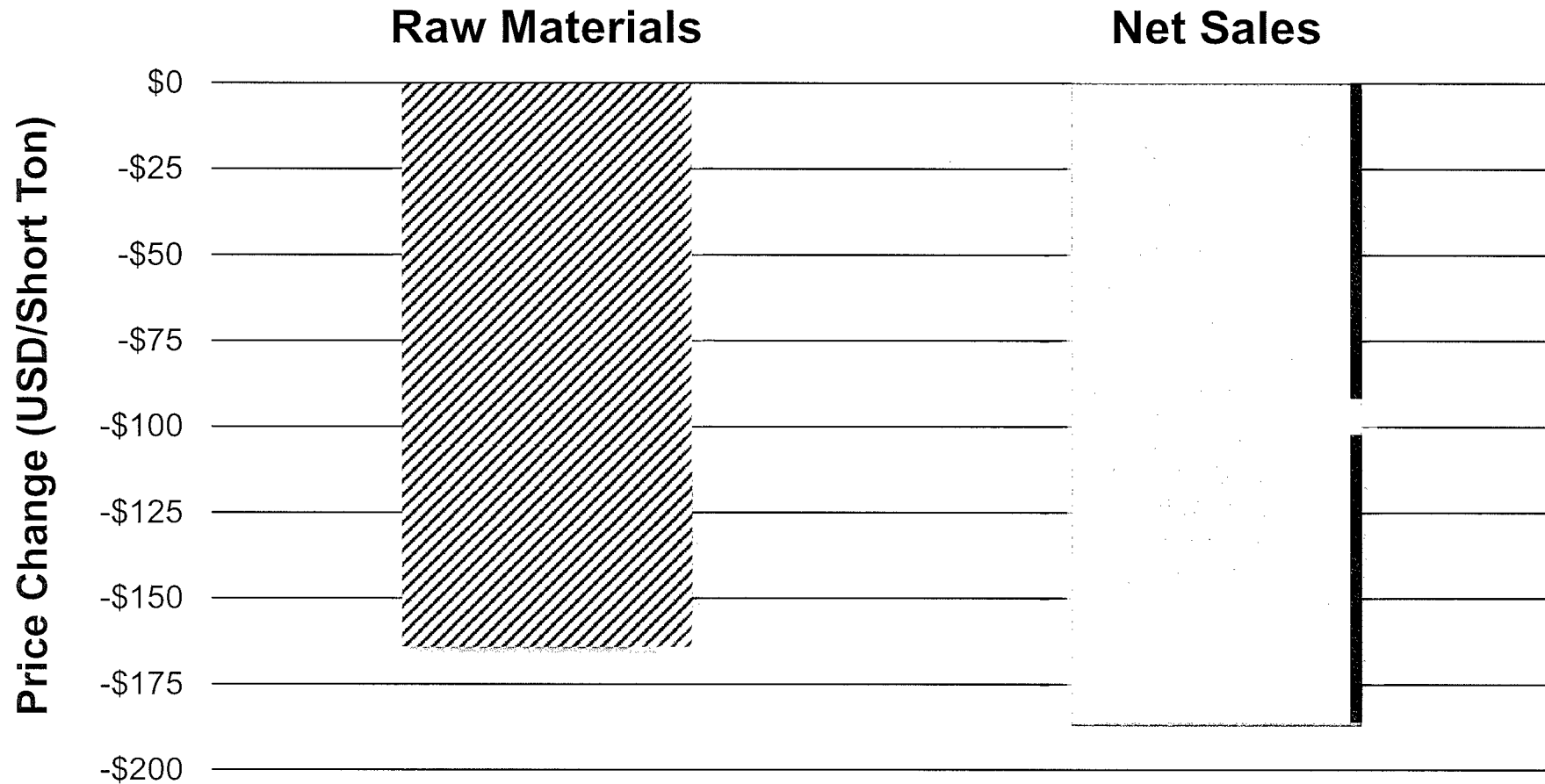
Source: ITC Prehrg. Rep. at V-41 (Table V-16).

Purchasers Reported U.S. Producers Were Forced to Lower Prices to Compete With Subject Imports



Source: ITC Prehrg. Rep. at V-39-50 (Table V-15).

Unit Net Sales Values Declined More Than Unit Raw Material Costs from 2014 to 2016



Source: ITC Prehrg. Rep. at VI-10 (Table VI-4).

Domestic Producer Prices Fell Precipitously from First Quarter 2014 to Third Quarter 2017



Source: ITC Prehrg. Rep. at V-9 to V-20.

Domestic Industry Trade Indicators Declined From Already Low Levels from 2014 to 2016

- ↓ Capacity
- ↓ Production
- ↓ Domestic Shipment Volume
- ↓ Domestic Shipment Value
- ↓ Market Share
- ↓ Production-Related Workers

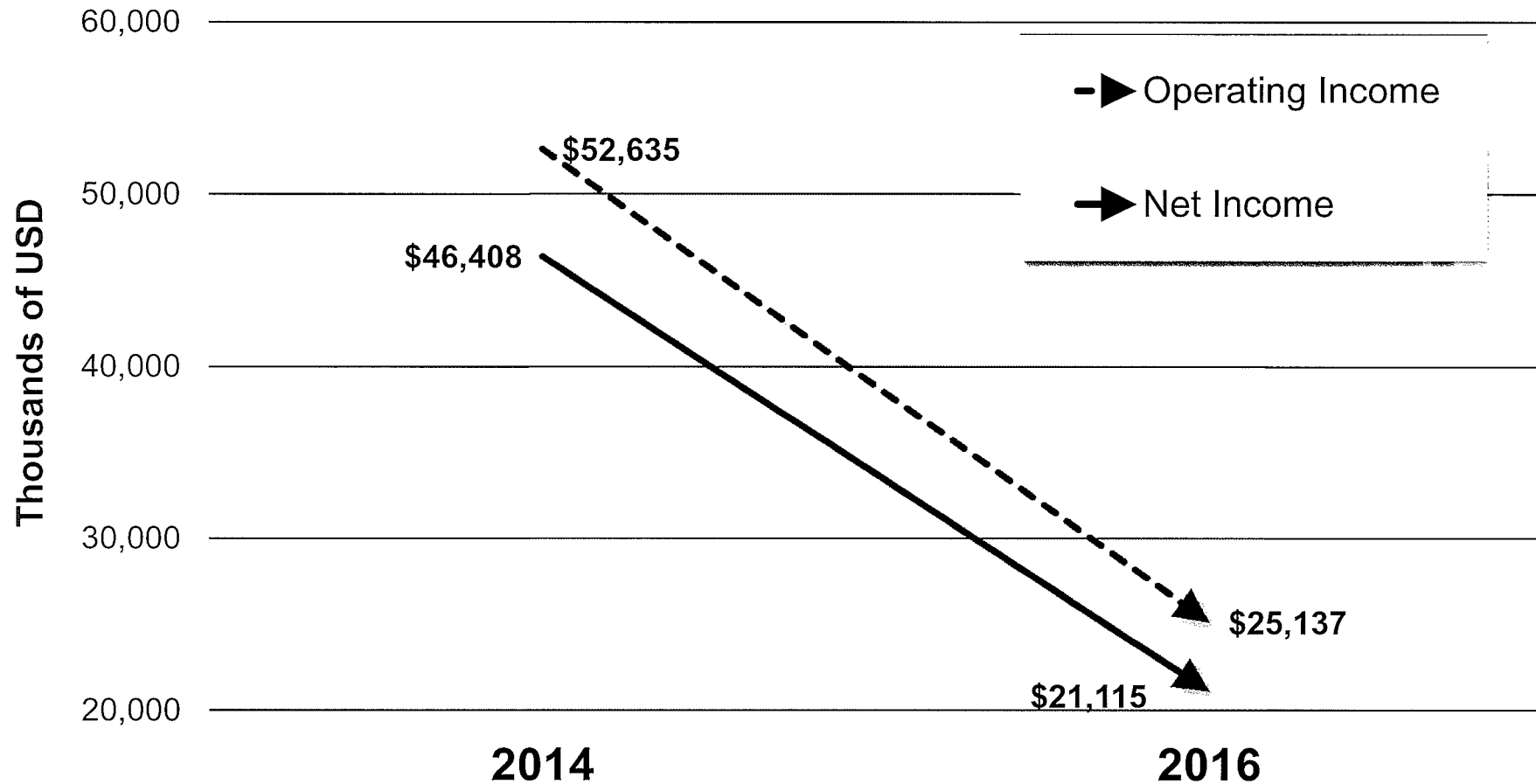
Source: ITC Prehrg. Rep. at C-5.

Domestic Industry Financial Indicators Declined Substantially from 2014 to 2016

- ↓ Net Sales Value
- ↓ Gross Profit
- ↓ Operating Income
- ↓ Net Income
- ↓ Operating Income/Net Sales
- ↓ Net Income/Net Sales

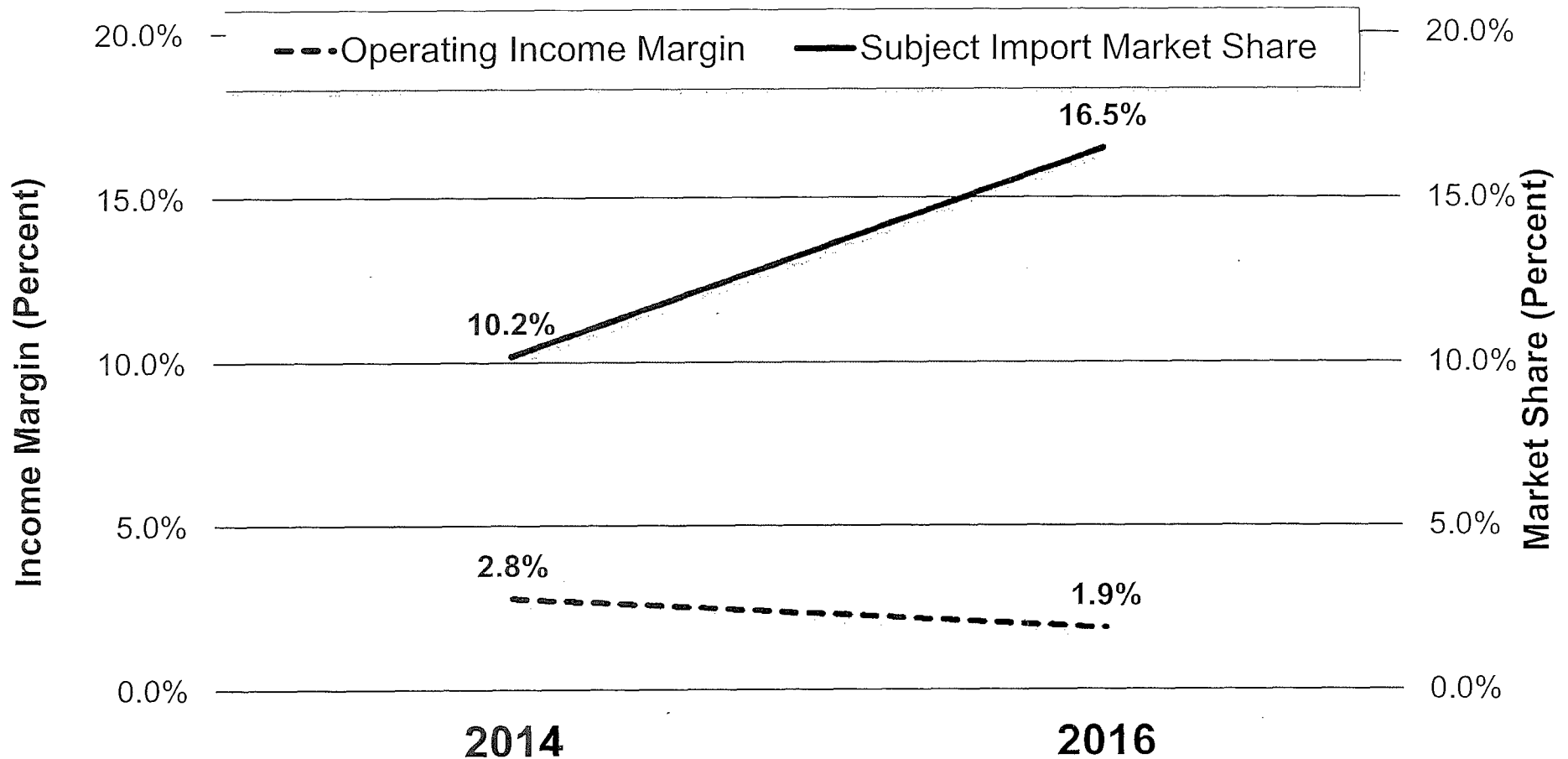
Source: ITC Prehrg. Rep. at C-5.

U.S. Producers' Profitability Plummeted by More Than 50% from 2014 to 2016



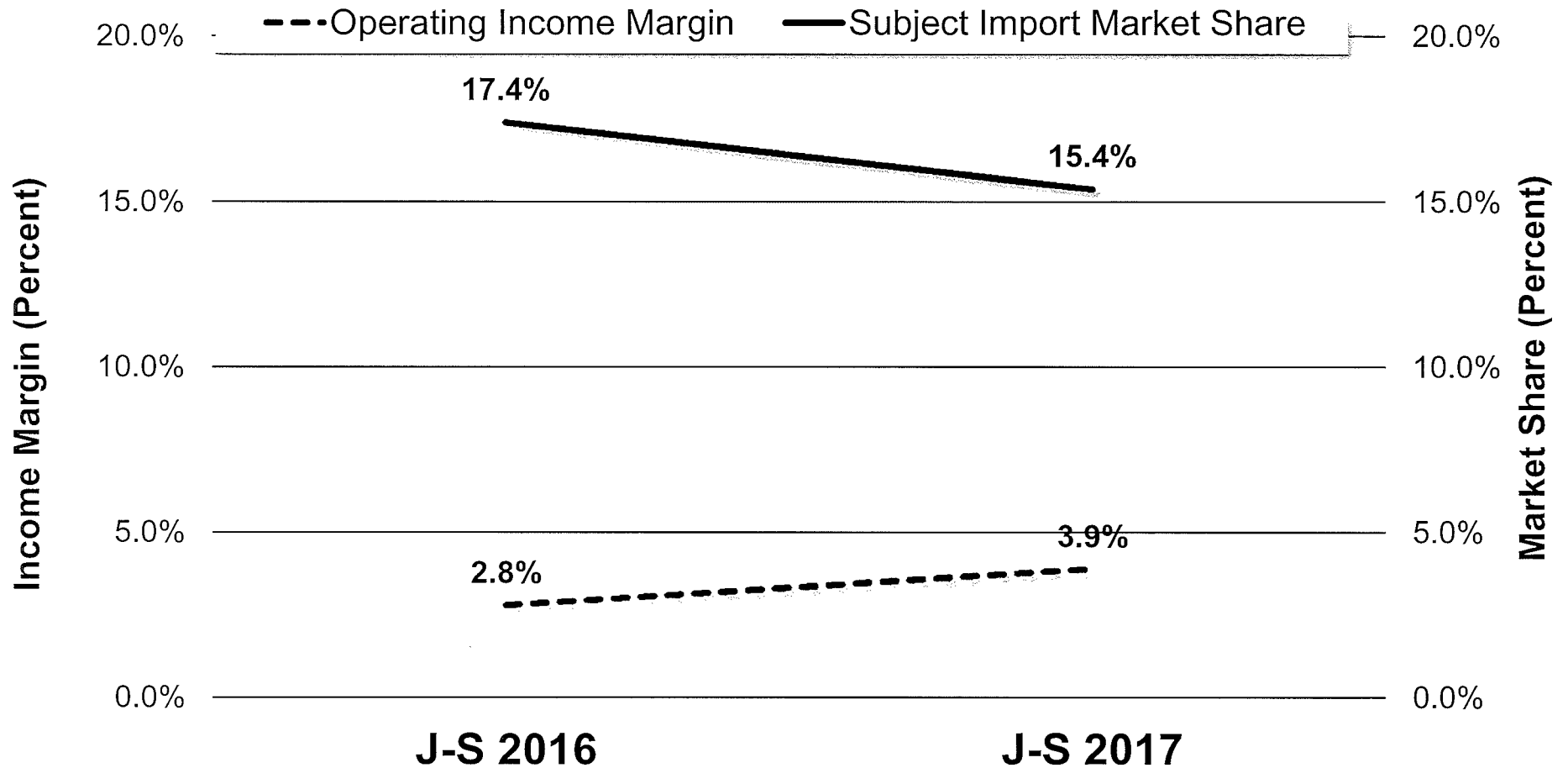
Source: ITC Prehrg. Rep. at C-5 (Table C-2).

U.S. Producers' Profit Ratios Were Abysmal And Declining from 2014 to 2016



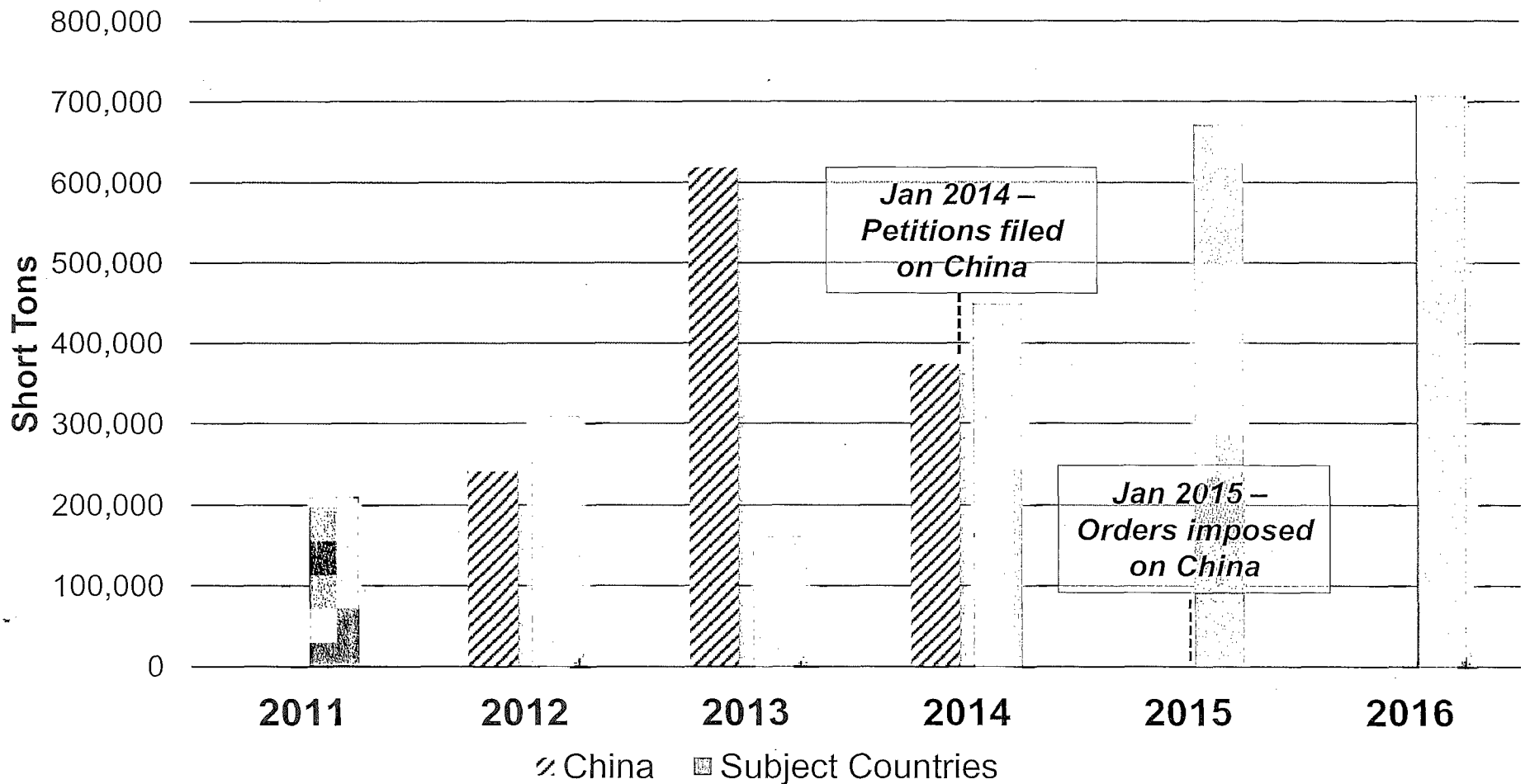
Source: ITC Prehrg. Rep. at C-5 (Table C-2).

Only After Imports Began to Decline Did Profits Improve



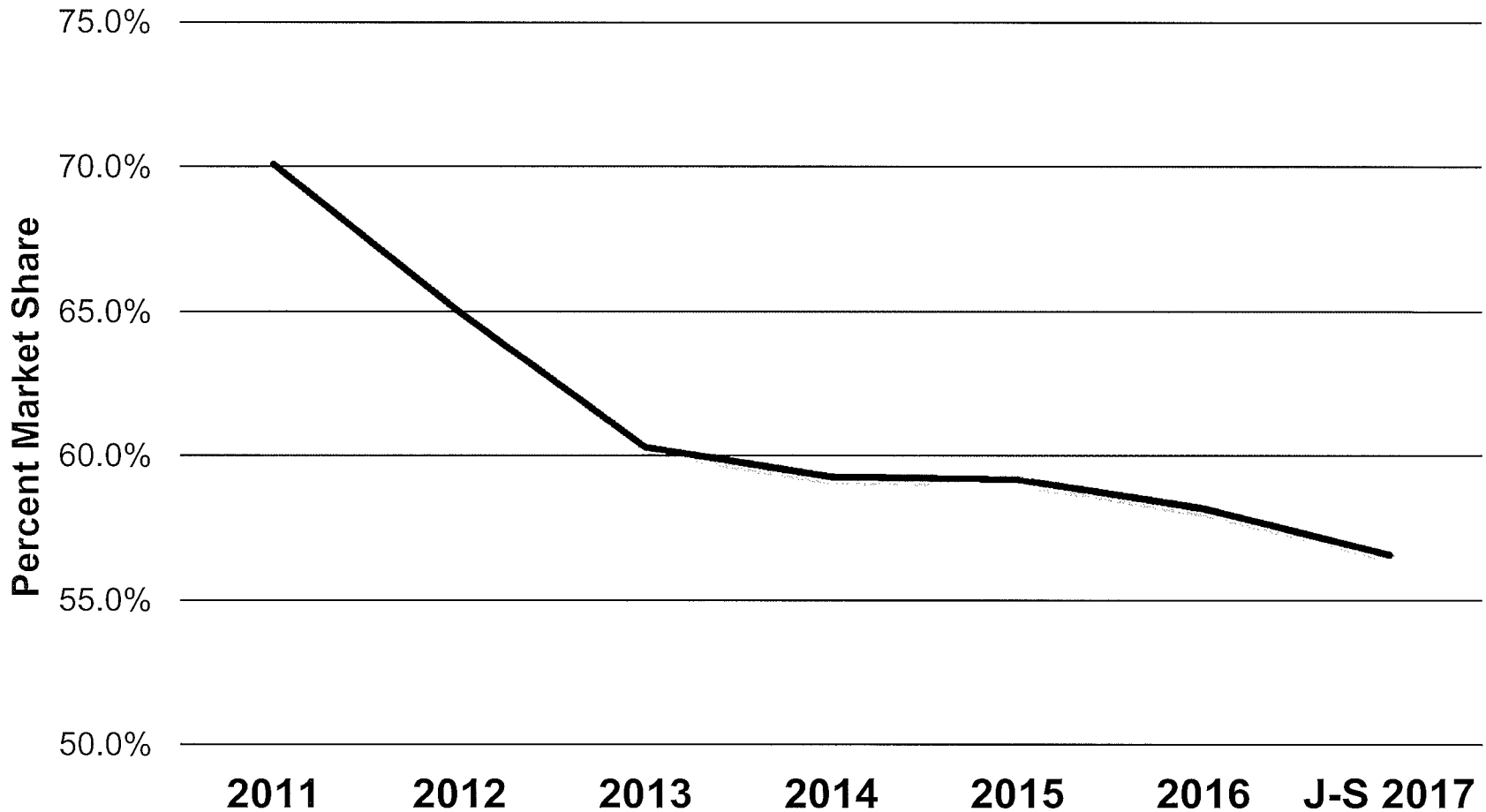
Source: ITC Prehrg. Rep. at C-5 (Table C-2).

Surging Subject Imports More Than Replaced Import Volumes from China



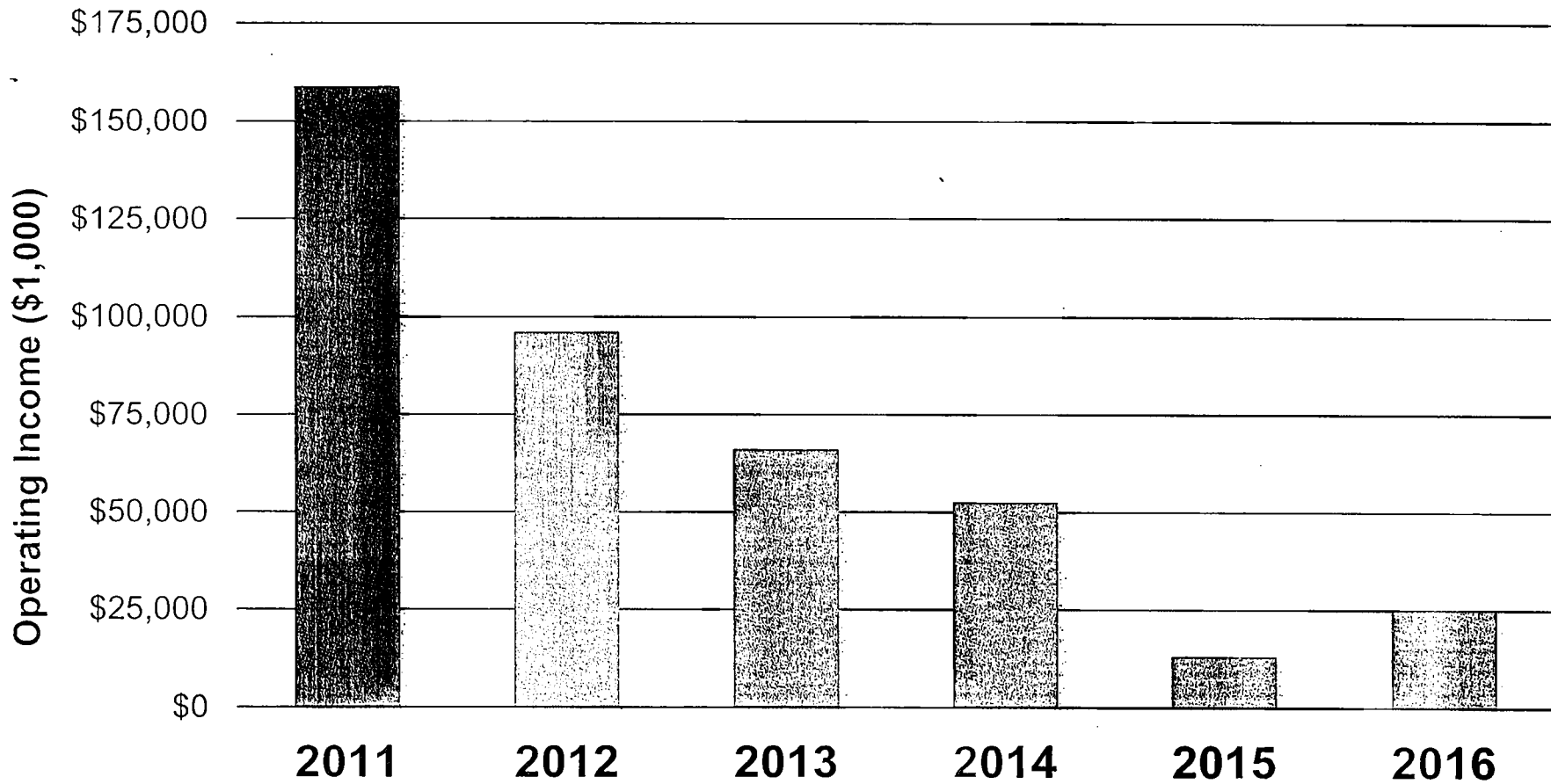
Source: Official Department of Commerce Import Statistics.

U.S. Producers' Market Share Declined from 2011 to Interim 2017



Source: ITC Prehrg. Rep. at C-5 (Table C-2) and USITC Pub. 4509 at C-4.

Surging Subject Imports Prevented the U.S. Industry from Improving Financially Once Orders Were Imposed on China



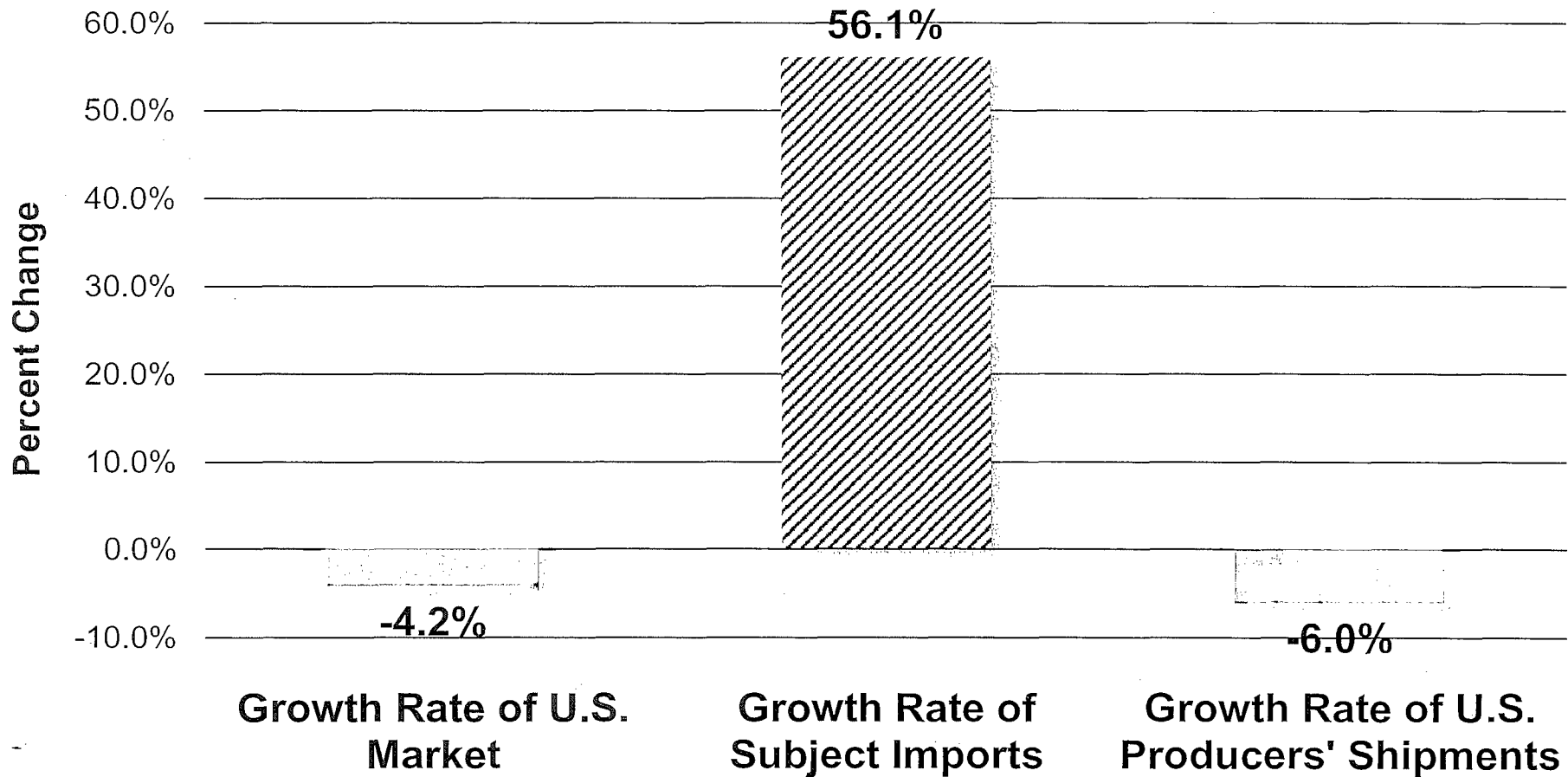
Source: USITC Pub. 4509 at C-4, ITC Prehrg. Rep. at C-5.

Capital Expenditures Fell Significantly Since the End of the China Trade Case



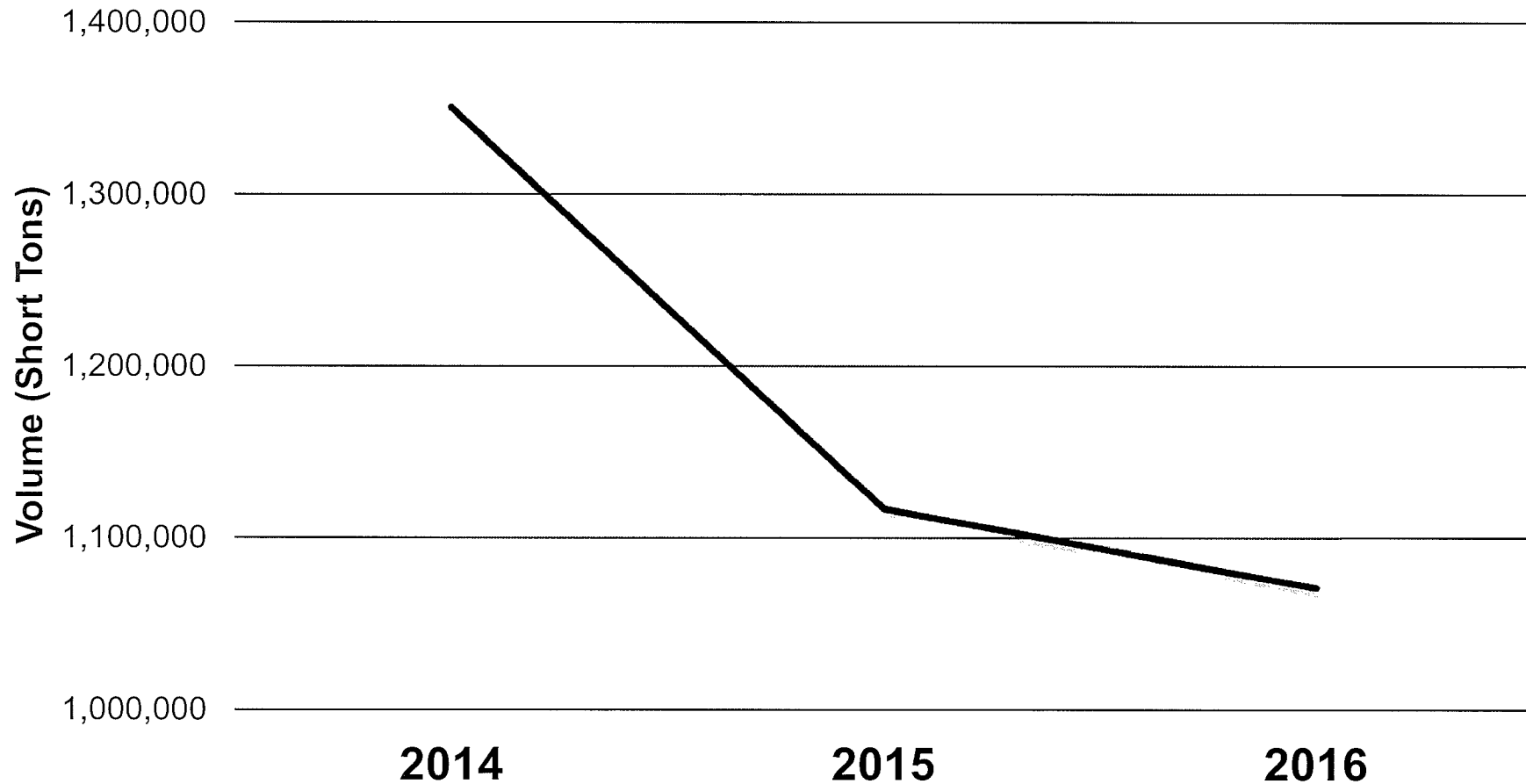
Source: USITC Pub. 4509 at C-4, ITC Prehrg. Rep. at VI-15.

The Surge in Subject Imports Caused U.S. Producers' Shipments to Fall More Rapidly than the Decline in Demand from 2014 to 2016



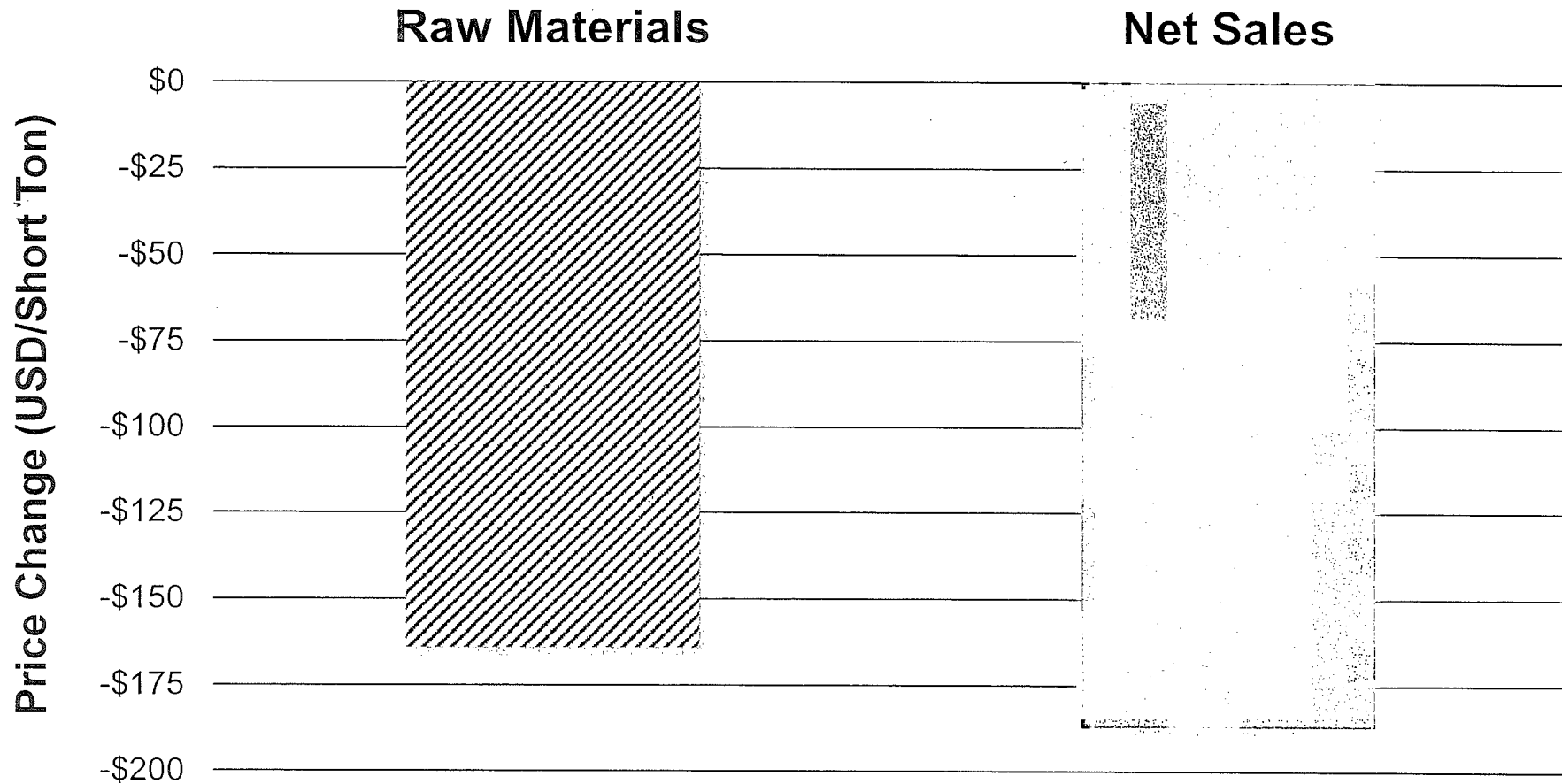
Source: ITC Prehrg. Rep. at C-4-5 (Tables C-1 and C-2).

Non-Subject Imports Declined Over the POI



Source: ITC Prehrg. Rep. at IV-4 (Table IV-2).

Unit Net Sales Values Declined More Than Unit Raw Material Costs from 2014 to 2016



Source: ITC Prehrg. Rep. at VI-10 (Table VI-4).

ArcelorMittal USA and Republic Both Cite Unfairly Traded Imports as a Reason for their Closure

- *“ArcelorMittal Georgetown, the company’s primary producer of wire rod in the United States, has been severely impacted by waves of unfairly traded steel imports from China and other countries. Even in the most recent quarter, wire rod imports rose to account for 36 percent of the U.S. market.”*

– ArcelorMittal (5/14/15)

- *“With a negative 2016 economic forecast and the continued dumping of steel imports, Republic had no other option but to idle the Lorain plant.”*

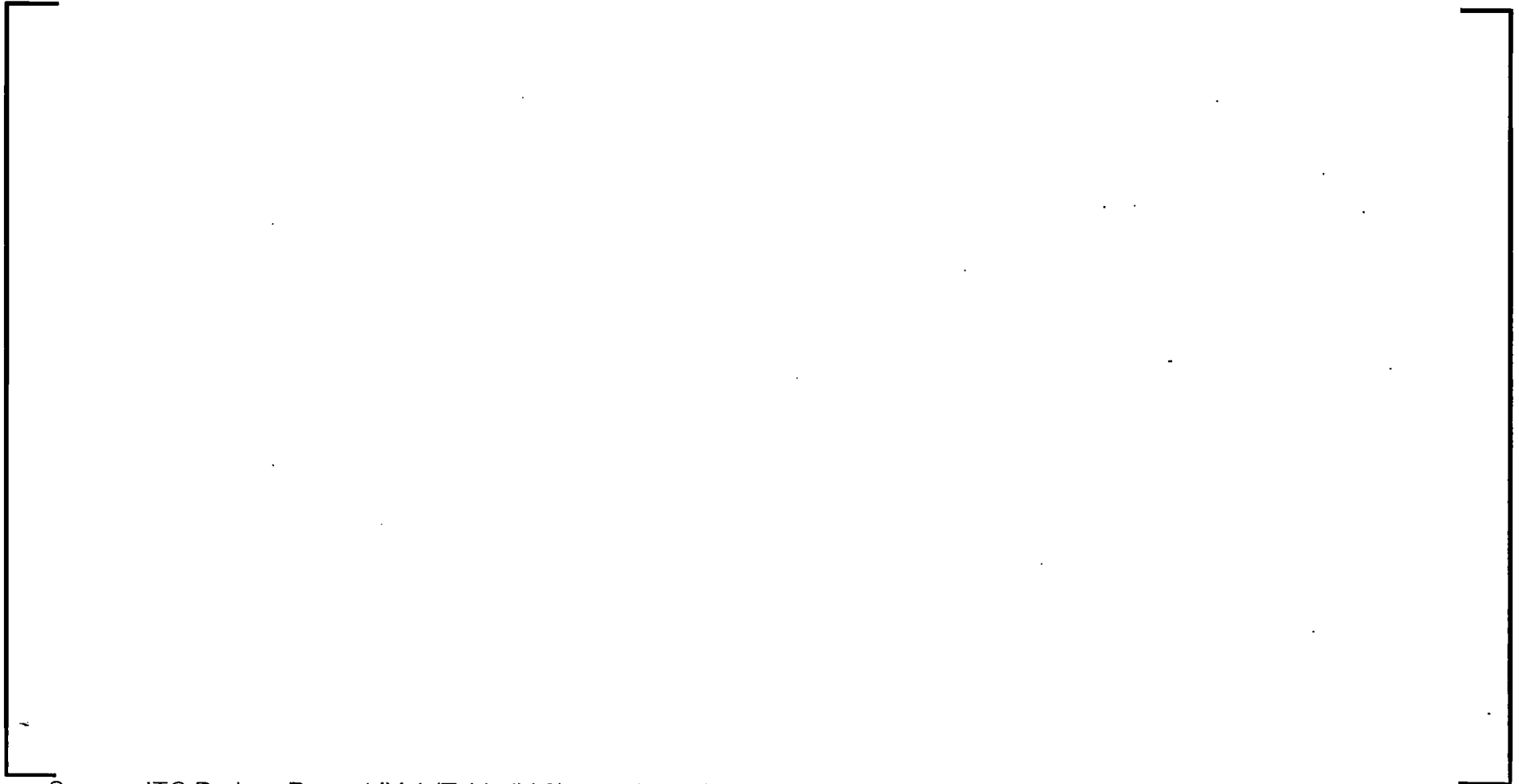
– Republic Steel (1/17/16)

Source: KDW Prehrg. Exh. 5.

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Based on ITC Questionnaires, Subject Producers Have Sufficient Excess Capacity to Increase Exports to the U.S.

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Source: ITC Prehrg. Rep. at IV-4 (Table IV-2) and VII-67 (Table VII-36).

Subject Countries Have More Excess Capacity to Produce CASWR Than The Entire U.S. Market



Source: []

Critical Circumstances Exist

- Commerce has found critical circumstances for Russia, South Africa, Spain, Turkey (except for Habas and Icdas), and the United Kingdom.
- Imports from each of the five subject countries rapidly increased following the filing of the petition.
 - Russia up []
 - South Africa up []
 - Spain up []
 - Turkey up []
 - United Kingdom up []
- Inventory levels of the subject imports also increased rapidly.
- The remedial effect of the orders would be seriously undermined absent retroactive imposition of duties.

Source: ITC Prehrg. Rep. at IV-9 to IV-13.

There Is a Single Like Product Encompassing All In-Scope CASWR, Including Grade 1080 Tire Cord and Tire Bead CASWR

- The Commission has consistently found a single continuum like product consisting of all 11 types of CASWR in every investigation dating back to 1997.
- The Commission expressly found grade 1080 tire cord and tire bead CASWR to be within the same continuum like product as all other CASWR in each previous case in which it examined the question (e.g., CASWR from Brazil 2002; CASWR from China 2014).
- In the Preliminary Determination, the Commission again found grade 1080 tire cord and tire bead CASWR to be within the same continuum like product as all other CASWR after applying its six-factor test.
- No facts have changed and respondents have offered no new arguments.

1080 Tire Cord and Tire Bead Account for a Small Share of the U.S. Market and the Increase in Subject Imports

1080 tire cord and tire bead accounted for:

- only [] of the U.S. merchant market in 2016.
- only [] of the increase in subject imports from 2014 to 2016.

Source: ITC Prehrg. Rep. at C-3-7.

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