Carbon and Certain Alloy Steel Wire Rod from Brazil, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine

Investigation Nos. 701-TA-417 and
731-TA-953, 957-959, 961, and 962 (Second Review)

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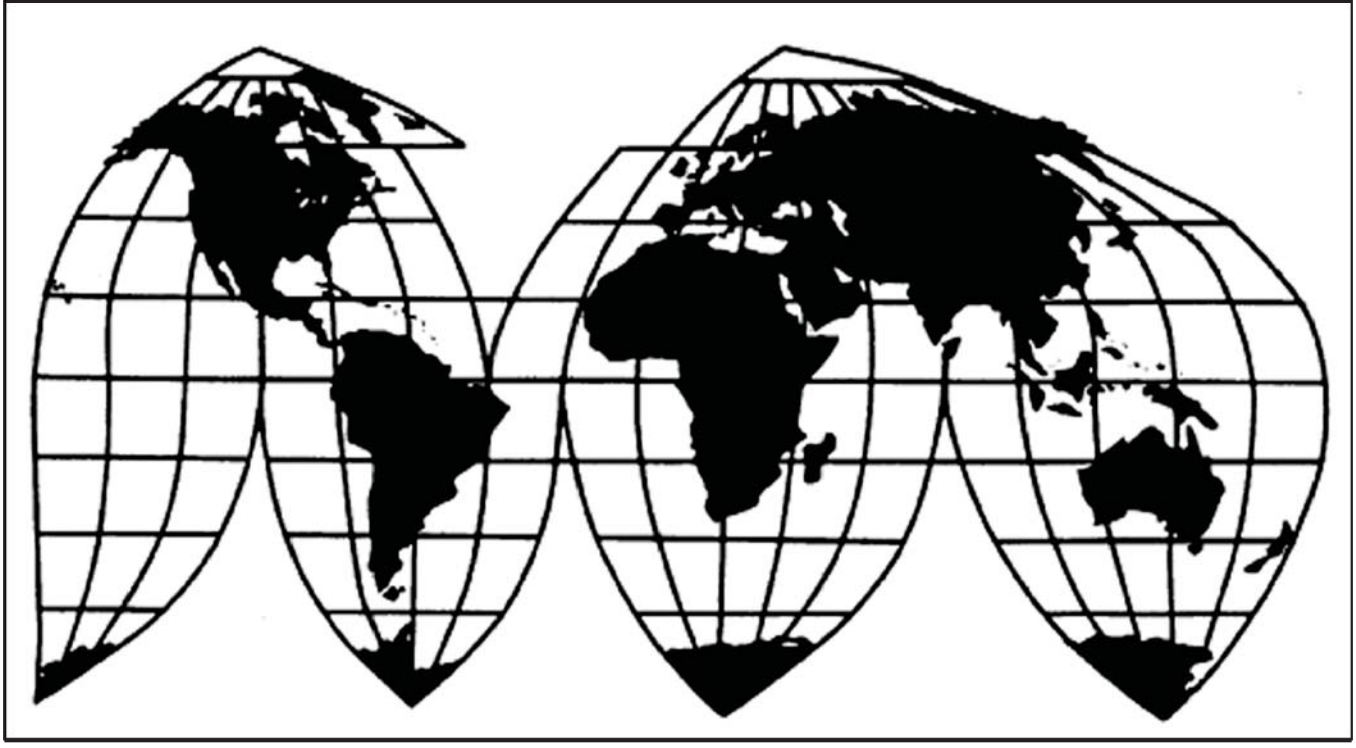
U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-417 and 731-TA-953, 957-959, 961, and 962 (Second Review)

CARBON AND CERTAIN ALLOY STEEL WIRE ROD FROM
BRAZIL, INDONESIA, MEXICO, MOLDOVA, TRINIDAD AND TOBAGO, AND UKRAINE

DETERMINATIONS

On the basis of the record[1] developed in the subject five-year reviews, the United States International Trade Commission ("Commission") determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)), that revocation of the countervailing duty order on carbon and certain alloy steel wire rod ("wire rod") from Brazil and the antidumping duty orders on wire rod from Brazil, Indonesia, Mexico, Moldova, and Trinidad and Tobago would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. The Commission also determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)), that revocation of the antidumping duty order on wire rod from Ukraine would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[2]

BACKGROUND

The Commission instituted these reviews on June 3, 2013 (78 FR 33103) and determined on September 6, 2013 that it would conduct full reviews (78 FR 60316, October 1, 2013). Notice of the scheduling of the Commission's reviews and of a public hearing 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* on December 18, 2013 (78 FR 76653). The hearing was held in Washington, DC, on April 22, 2014, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

[2] Chairman Irving A. Williamson and Commissioner David S. Johanson dissented with respect to subject imports from Ukraine, finding that revocation of the antidumping duty order on wire rod from Ukraine would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. Commissioner David S. Johanson also dissented with respect to subject imports from Mexico, finding that revocation of the antidumping duty order on wire rod from Mexico would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. Commissioner Rhonda K. Schmidtlein did not participate in these reviews.

VIEWS OF THE COMMISSION

Based on the record in these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended ("the Tariff Act"), that revocation of the countervailing duty order on carbon and certain alloy steel wire rod ("wire rod") from Brazil and the antidumping duty orders on wire rod from Brazil, Indonesia, Mexico, Moldova, and Trinidad and Tobago would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[1] We determine that revocation of the antidumping duty order on wire rod from Ukraine would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[2] [3]

I. Background

Original Investigations. In October 2002, the Commission found that an industry in the United States was materially injured by reason of subject imports of wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine.[4] Commerce issued antidumping and countervailing duty orders covering the subject merchandise on October 29, 2002.[5] [6]

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[1] Chairman Williamson determines that revocation of the countervailing duty order on wire rod from Brazil and the antidumping duty orders on wire rod from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine, would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. Except as otherwise noted, he joins all sections of these views except for section VIII.

[2] Commissioner Johanson determines that revocation of the countervailing duty order on wire rod from Brazil and the antidumping duty orders on wire rod from Brazil, Indonesia, Moldova, Trinidad and Tobago, and Ukraine, would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. He determines that revocation of the antidumping duty order on wire rod from Mexico would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. He joins sections I, II, III (A), (B), (C), IV, V, VI and VII, except as otherwise noted.

[3] Commissioner Schmidtlein did not participate in these reviews.

[4] *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Germany, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine*, Inv. Nos. 701-TA-417 and 731-TA-953, 954, 956-959, 961, and 962 (Final), USITC Pub. 3546 (Oct. 2002) ("*Original Determinations*").

[5] 67 Fed. Reg. 64871 (Oct. 29, 2002) (countervailing duty order on subject imports from Brazil), 67 Fed. Reg. 65944-65947 (Oct. 29, 2002) (antidumping duty orders on subject imports from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine).

[6] The only litigation regarding the Commission's original determinations concerning the subject imports at issue in these reviews was an appeal of the affirmative determination on subject imports from Trinidad and Tobago. USITC Pub. 3546 at 36-38. The U.S. Court of International Trade ("CIT") affirmed this determination. *Caribbean Ispat Ltd. v. United States*, 366 F. Supp. 2d 1300 (Ct. Int'l Trade 2005). However, the United States Court of Appeals for the Federal Circuit ("Federal Circuit") vacated (Continued…)

First Reviews. The Commission instituted its first five-year review of the orders in September 2007 and conducted full reviews.[7] The Commission determined that revocation of the countervailing duty order on subject imports from Brazil and the antidumping orders on subject imports from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[8] Commerce issued a continuation of the antidumping and countervailing duty orders covering the merchandise from these subject countries on July 30, 2008.[9]

Current Reviews. The Commission instituted these five-year reviews on June 3, 2013. The Commission received a consolidated response to the notice of institution from domestic producers Gerdau Ameristeel US Inc. ("Gerdau"), ArcelorMittal USA, LLC ("ArcelorMittal USA"), Keystone Consolidated Industries, Inc. ("Keystone"), Charter Steel ("Charter"), and Evraz Pueblo ("Evraz") (collectively, "Gerdau Parties") and Nucor Corp. ("Nucor"). It received a response from Deacero S.A.P.I. de C.V. , a producer and exporter of subject merchandise from Mexico, and Deacero USA Inc. ("Deacero USA"), a U.S. importer of subject merchandise from Mexico (collectively, "Deacero"), and a response from Ternium Mexico, S.A. de C.V. ("Ternium"), also a producer and exporter of subject merchandise from Mexico. On September 6, 2013, the Commission determined that the domestic interested party group response was adequate for all reviews and the respondent interested party group response was adequate for the review

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and remanded so that the Commission could (1) ascertain whether imports from subject countries other than Trinidad and Tobago were an alternative cause of injury to the domestic industry and (2) conduct an analysis under the decision in *Bratsk Aluminum Smelter v. United States*, 444 F.3d 1369 (Fed. Cir. 2006). *Caribbean Ispat Ltd. v. United States*, 450 F.3d 1336 (Fed. Cir. 2006). On first remand, the Commission reached a negative determination applying the replacement/benefit test it perceived was mandated by the *Bratsk*. *Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago*, Inv. No. 731-TA-961 (Final) (Remand), USITC Pub. 3903 (Jan. 2007). The CIT affirmed. *Mittal Steel Point Lisas Ltd. v. United States*, 495 F. Supp. 2d 1374 (Ct. Int'l Trade 2007). On appeal, the Federal Circuit again vacated and remanded. *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867 (Fed. Cir. 2008). On second remand the Commission reached an affirmative determination.[6] The CIT affirmed. *Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago*, Inv. No. 731-TA-961 (Final) (Second Remand), USITC Pub. 4170 (June 2010).

[7] 72 Fed. Reg. 73880 (Dec. 28, 2007).

[8] *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine*, Inv. Nos. 701-TA-417 and 731-TA-953, 954, 956-959, 961, and 962 (Final), USITC Pub. 4014 (June 2008) ("*First Review Determinations*"). The Commission found that revocation of the antidumping duty order on subject imports from Canada would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. *Id.* Commerce subsequently revoked this order on July 30, 2008. 73 Fed. Reg. 44223 (July 30, 2008).

[9] 73 Fed. Reg. 44218 (July 30, 2008).

on the order on subject imports from Mexico and inadequate for all other reviews.[10] The Commission determined to conduct full reviews of the orders on wire rod from Brazil, Indonesia, Moldova, Trinidad and Tobago, and Ukraine in order to promote administrative efficiency in light of the Commission's determination to conduct a full review of the order on wire rod from Mexico.[11]

Parties to the Proceedings. The Commission received prehearing and posthearing briefs from each of Gerdau Parties and Nucor (collectively, "Domestic Producers"). Representatives of Gerdau Parties and Nucor, as well as a representative from USW Local 7898, a labor union representing U.S. wire rod production workers, appeared at the Commission hearing.

The Commission received several sets of briefs from parties that support revocation of the orders. Deacero filed prehearing and posthearing briefs. Public Joint Stock Company Iron and Steel Works ("Yenakiieve"), a producer of subject merchandise from Ukraine, filed prehearing and posthearing briefs. The American Wire Producers Ass'n ("AWPA"), an association of U.S. purchasers of wire rod, filed a prehearing brief. Representatives from Deacero and Yenakiieve, as well as representatives from the Embassy of Mexico and the Embassy of Ukraine, appeared at the Commission hearing.

Data Coverage. U.S. industry data are based on questionnaire responses from ten U.S. producers of wire rod that are believed to account for all known U.S. production of wire rod in 2013.[12] The Commission received usable questionnaire data from 37 U.S. importers of wire rod, representing virtually all U.S. imports of wire rod from Mexico in 2013 and 84.8 percent of U.S. imports of wire rod from nonsubject countries.[13] There were no reported subject imports from Brazil, Indonesia, Moldova, Trinidad and Tobago, or Ukraine in 2013.[14] One U.S. importer of wire rod from Trinidad and Tobago provided a response to the Commission's questionnaire accounting for *** percent of total U.S. imports of wire rod from Trinidad and Tobago in 2008 based on official Commerce statistics.[15] U.S. import data are based on questionnaire responses for wire rod imported from Mexico and on official Commerce statistics for all other sources. The Commission also received foreign producers' questionnaire responses from one producer in Brazil estimated to account for *** percent of that country's total wire rod production in 2013, one producer in Indonesia estimated to account for *** percent of that country's total wire rod production, three producers in Mexico that estimate that they account for *** of that country's wire rod production, the sole producer of subject merchandise in Trinidad and Tobago, and two producers in Ukraine estimated to account for *** of that country's wire rod

[10] Carbon and Certain Alloy Steel Wire Rod from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine: Notice of Commission Determination to Conduct Full Five-Year Reviews, 78 Fed. Reg. 60316 (Oct. 1, 2013).

[11] Confidential Report ("CR") at I-1-I-2 n.4, Public Report ("PR") at I-1-I-2n.4.

[12] CR at I-48, PR at I-37.

[13] CR at I-52, PR at I-40.

[14] CR at I-52, PR at I-40.

[15] CR at IV-1 n.5, PR at IV-1 n.5.

production.[16] The Commission received no questionnaire response from any foreign producer in Moldova.[17]

II. Domestic Like Product and Industry

A. Domestic Like Product

In making its determination under section 751(c) of the Tariff Act, the Commission defines the "domestic like product" and the "industry."[18] The Tariff Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle."[19] The Commission's practice in five-year reviews is to examine the domestic like product definition from the original investigation and consider whether the record indicates any reason to revisit the prior findings.[20]

Commerce has defined the imported merchandise within the scope of the orders under review as follows:

> Certain hot-rolled products of carbon steel and alloy steel, in coils, of approximately round cross section, 5.00 mm or more, but less than 19.00 mm, in solid cross-sectional diameter.[21]

This definition is subject to several lengthy exclusions. Among the items excluded from the scope are rebar; articles made with stainless steel, tool steel, high nickel steel, ball bearing steel, and free machining steel;[22] grade 1080 tire cord quality rod;[23] and grade 1080 tire bead quality rod.[24]

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[16] CR at IV-17, IV-29, IV-39, IV- 55, and IV-66; PR at IV-14, IV-19, IV-25, IV-37, and IV-42.

[17] CR at I-17, PR at I-14.

[18] 19 U.S.C. § 1677(4)(A).

[19] 19 U.S.C. § 1677(10); *see*, *e.g., Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996); *Torrington Co. v. United States*, 747 F. Supp. 744, 748-49 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991); *see also* S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

[20] *See*, *e.g.*, *Internal Combustion Industrial Forklift Trucks from Japan*, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (Dec. 2005); *Crawfish Tail Meat from China*, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); *Steel Concrete Reinforcing Bar from Turkey*, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

[21] 78 Fed. Reg. 63450-51 (Oct. 24, 2013 (final results of Commerce sunset reviews).

[22] As the scope definition states:

Specifically excluded are steel products possessing the above-noted physical characteristics and meeting the Harmonized Tariff Schedule of the United States ("HTSUS") definitions for (a) stainless steel; (b) tool steel; (c) high nickel steel; (d) ball bearing steel; and (e) concrete reinforcing bars and rods. Also excluded are (f) free machining steel products (i.e., products that contain by weight one or more of the (Continued…)

Anti-Circumvention Inquiry. On June 8, 2011, at the request of the domestic industry, Commerce initiated an anti-circumvention inquiry into whether Mexican wire rod producers Deacero and Ternium shipped wire rod to the United States with an actual diameter measuring 4.75 mm, which is less than the 5.00 mm minimum diameter specified in the scope definition, in a manner that constituted merchandise altered in form or appearance in such minor respects that it should be included within the scope of the order on wire rod from Mexico.[25] On October 1, 2012, Commerce published its final determination of circumvention, finding that Ternium had not shipped this type of wire rod to the United States but that Deacero's shipments of this type of wire rod constituted merchandise altered in form or appearance in such minor respects that it should be included within the scope of the order.[26] Deacero appealed Commerce's circumvention finding to the CIT, and on September 30, 2013, the CIT remanded the matter to

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(…Continued)
following elements: 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, or more than 0.01 percent of tellurium). CR at I-29, PR at I-23.

[23] Grade 1080 tire cord quality wire rod is defined as follows:

(i) wire rod measuring 5.0 mm or more but not more than 6.0 mm in cross-sectional diameter; (ii) with an average partial decarburization of no more than 70 microns in depth (maximum individual 200 microns); (iii) having no non-deformable inclusions greater than 20 microns and no deformable inclusions greater than 35 microns; (iv) having a carbon segregation per heat average of 3.0 or better using European Method NFA 04-114; (v) having a surface quality with no surface defects of a length greater than 0.15 mm; (vi) capable of being drawn to a diameter of 0.30 mm or less with 3 or fewer breaks per ton; and (vii) containing by weight the following elements in the proportions shown: (1) 0.78 percent or more of carbon, (2) less than 0.01 percent of aluminum, (3) 0.040 percent or less, in the aggregate, of phosphorus and sulfur, (4) 0.006 percent or less of nitrogen, and (5) not more than 0.15 percent, in the aggregate, of copper, nickel, and chromium. CR at I-29, PR at I-23.

[24] Grade 1080 tire bead quality rod is defined as follows:

(i) wire rod measuring 5.5 mm or more but not more than 7.0 mm in cross-sectional diameter; (ii) with an average partial decarburization of no more than 70 microns in depth (maximum individual 200 microns); (iii) having no non-deformable inclusions greater than 20 microns and no deformable inclusions greater than 35 microns; (iv) having a carbon segregation per heat average of 3.0 or better using European Method NFA 04-114; (v) having a surface quality with no surface defects of a length greater than 0.2 mm; (vi) capable of being drawn to a diameter of 0.78 mm or larger with 0.5 or fewer breaks per ton; and (vii) containing by weight the following elements in the proportions shown: (1) 0.78 percent or more of carbon, (2) less than 0.01 percent of soluble aluminum, (3) 0.040 percent or less, in the aggregate, of phosphorus and sulfur, (4) 0.008 percent or less of nitrogen, and (5) either not more than 0.15 percent, in the aggregate, of copper, nickel, and chromium (if chromium is not specified), or not more than 0.10 percent in the aggregate of copper and nickel and a chromium content of 0.24 to 0.30 percent (if chromium is specified). CR at I-29-I-30, PR at I-23-I-24.

[25] Carbon and Certain Alloy Steel Wire Rod from Mexico: Initiation of Anti-Circumvention Inquiry of Antidumping Duty Order, 76 Fed. Reg. 33218 (June 8, 2011).

[26] Carbon and Certain Alloy Steel Wire Rod from Mexico: Affirmative Final Determination of Circumvention of the Antidumping Order, 77 Fed. Reg. 59892 (Oct. 1, 2012).

Commerce.[27] Pursuant to the CIT's order, on January 28, 2014, Commerce reversed its final determination "under respectful protest" and found that Deacero's shipments of 4.75 mm wire rod to the United States are outside the scope of the order and thus such shipments do not constitute a circumventing minor alteration.[28] The CIT ruling on Commerce's final remand determination was pending at the time the record closed in these reviews.

The Original Determinations and First Five-Year Reviews. In the original determinations, the Commission defined the domestic like product to include grade 1080 tire cord quality wire rod and grade 1080 tire bead quality wire rod, which Commerce had excluded from the scope. The Commission observed that Commerce had retained tire cord wire rod and tire bead wire rod of both higher and lower grades in the scope and that the record did not contain information indicating that the differences among grades of tire bead or tire cord wire rod was significant. Instead, it found that other domestic tire cord wire rod and tire bead wire rod articles that corresponded directly to products within the scope closely shared physical characteristics, uses, prices, channels of distribution, and production processes with the excluded grade 1080 articles.[29]

The Commission rejected arguments asserted by respondents that tire cord quality rod, cold heading quality (CHQ) wire rod meeting Industrial Fasteners Institute Specification IFI-140, and clean steel precision bar in coils (CSPBIC) should each be defined as a distinct domestic like product. The Commission found that, although each of these products was a high-end product that met exacting quality requirements, there was no clear dividing line between any one of these products and other wire rod products.[30] Instead, the Commission concluded that "the wire rod industry is composed of so many different products, used in so many different applications, that the only clear dividing line is between wire rod and other steel products."[31] Accordingly, the Commission defined a single domestic like product consisting of both the wire rod within the scope definition and the grade 1080 tire cord and grade 1080 tire bead wire rod that Commerce had excluded from the scope.[32]

In the first five-year reviews, the Commission found that there were no material changes in pertinent product characteristics from the original investigations or any other reason to revisit the like product definition.[33] Consequently, the Commission continued to define the

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[27] *Deacero S.A. de C.V. v. United States*, 942 F. Supp. 2d 1321, 1331-32 (CIT 2013). The Court directed Commerce to reconsider its finding that 4.75 mm wire rod is circumventing the order, or if Commerce were to again find that 4.75 mm wire rod is a circumventing minor alteration of subject merchandise, to thoroughly explain how the record and relevant law supports that determination in light of the fact that 4.75 mm wire rod was commercially available before the investigation and petitioners chose to limit the scope to certain steel products of 5.00 mm or more.

[28] Final Results of Redetermination Pursuant to Court Remand, Ct. No. 12-00345 (Dep't Commerce Jan. 28, 2014).

[29] *Original Determinations*, USITC Pub. 3546 at 7-8.

[30] *See Original Determinations*, USITC Pub. 3546 at 8-12.

[31] *Original Determinations*, USITC Pub. 3546 at 12.

[32] *Id.*

[33] *First Review Determinations*, UISTC Pub. 4014 at 8.

domestic like product to encompass all wire rod, including the grade 1080 tire cord and grade 1080 tire bead wire rod that Commerce had excluded from the scope.[34]

The Current Reviews. In these second five-year reviews, the Commission solicited comments from interested parties regarding the appropriate definition of the domestic like product and domestic industry.[35] Domestic interested parties agree with the Commission's definitions of the domestic like product from the original investigations and first reviews.[36] Both Mexican producer Deacero and Ukrainian producer Yenakiieve indicated that they do not disagree with the Commission's definition of the domestic like product.[37]

We define the domestic like product in the same manner as in the original investigations and first reviews. The record contains no information suggesting that the characteristics and uses of domestically produced wire rod have changed since the prior proceedings or that the like product definition should be revisited.[38] No party argued that the Commission should depart from the like product definitions it adopted in the original investigations, and no party requested that the Commission collect data concerning other possible domestic like products in the comments on the Commission's draft questionnaires.[39] Consequently, we define the domestic like product to encompass both wire rod within the scope definition and the grade 1080 tire cord and grade 1080 tire bead wire rod that Commerce has excluded from the scope.

B. Domestic Industry

Section 771(4)(A) of the Tariff Act defines the relevant industry as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[40] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 771(4)(B) of the Tariff Act. This provision allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise

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[34] *Id.*

[35] CR at I-46, PR at I-36; *see* 78 Fed. Reg. 33013 (June 3, 2013) (Commission's notice of institution).

[36] Domestic Interested Parties' Response to Notice of Institution at 31; Gerdau Parties' Prehearing Brief at 5.

[37] Deacero's Response to Notice of Institution at 15; Yenakiieve's Prehearing Brief at 5.

[38] *See generally* CR at I-32-I-47, PR at I-26-I-36.

[39] CR at I-47, PR at I-36.

[40] 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. *See* 19 U.S.C. § 1677.

or which are themselves importers.[41] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.[42]

In the original determinations, the Commission defined the domestic industry to encompass all domestic producers of wire rod. The Commission found that three domestic producers were potentially subject to exclusion pursuant to the related parties provision because they had imported subject merchandise during the period examined. However, it concluded that appropriate circumstances did not exist to exclude any of these producers from the domestic industry.[43]

In the first reviews, the Commission again defined the domestic industry to encompass all domestic producers of wire rod. The Commission found that two domestic producers, ArcelorMittal USA and Gerdau Ameristeel, were potentially subject to exclusion because they were affiliated with exporters or importers of subject merchandise and that one domestic producer, ***, was potentially subject to exclusion because it imported subject merchandise during the period of review.[44] The Commission concluded, however, that appropriate circumstances did not exist to exclude any of these producers from the domestic industry.[45]

In the current reviews, domestic interested parties argue that no U.S. producer should be excluded from the domestic industry as a related party. They observe that U.S. producers Gerdau and ArcelorMittal USA are primarily interested in U.S. production, did not benefit from affiliations with subject producers of wire rod, did not import subject merchandise during the period, and do not support revocation of any orders.[46] Yenakiieve also indicated that it did not

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[41] *See Torrington Co v. United States*, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), *aff'd without opinion*, 991 F.2d 809 (Fed. Cir. 1993); *Sandvik AB v. United States*, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), *aff'd mem.,* 904 F.2d 46 (Fed. Cir. 1990); *Empire Plow Co. v. United States*, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987).

[42] The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include the following:

(1) the percentage of domestic production attributable to the importing producer;

(2) the reason the U.S. producer has decided to import the product subject to investigation, *i.e.*, whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market; and

(3) the position of the related producer vis-a-vis the rest of the industry, *i.e.*, whether inclusion or exclusion of the related party will skew the data for the rest of the industry. *See*, *e.g., Torrington Co. v. United States*, 790 F. Supp. at 1168.

[43] *Original Determinations*, USITC Pub. 3546 at 14. The Commission further concluded that a fourth producer that purchased subject merchandise during the period examined was not a related party because its purchases were insufficient to constitute direct or indirect control of an importer. *Id.*

[44] *First Reviews*, USITC Pub. 4014 at 9-10.

[45] *Id.* The Commission further concluded that a fourth producer that purchased subject merchandise during the period examined was not a related party because its purchases were insufficient to constitute direct or indirect control of an importer. *Id.* at 8-9 n.39.

[46] *See* Gerdau Parties Prehearing Brief at 5-6.

see a basis to exclude Gerdau or ArcelorMittal USA from the domestic industry.[47] No other respondent addressed the issue.

We first identify which domestic producers are related parties. Domestic producer Gerdau reported that it is a wholly owned subsidiary of Gerdau SA, a wire rod producer in Brazil.[48] There were no reported imports or exports of subject merchandise from Brazil to the United States during the period, and we therefore find that Gerdau is not a related party due to its affiliation with Gerdau SA.

Domestic producer Republic Steel ("Republic") reported that it is owned by Mexican producers Pacific Steel, Industrias ICH, and Grupo Simec.[49] Proprietary data from *** provide no indication that any of Republic's affiliated firms in Mexico exported subject merchandise to the United States or that there were any imports of wire rod from these firms.[50] We therefore find that Republic is not a related party due to its affiliation with the aforementioned Mexican producers.

Domestic producer ArcelorMittal USA reported that it is a wholly owned subsidiary of ArcelorMittal SA (Luxembourg), which has subsidiary wire rod producers in numerous countries, including subject countries Brazil, Mexico, Trinidad and Tobago, and Ukraine.[51] ArcelorMittal USA is a related party because a subject producer also controlled by ArcelorMittal S.A., ArcelorMittal Point Lisas, exported subject merchandise from Trinidad and Tobago during the period of review.[52] Additionally, ArcelorMittal USA is a related party because it has common ownership with ArcelorMittal entities *** that imported subject merchandise from Mexico during the period of review.[53]

We next consider whether appropriate circumstances exist for the exclusion of related party producer ArcelorMittal USA. During the period of review, ArcelorMittal USA was the *** largest domestic wire rod producer, accounting for *** percent of domestic production.[54] ArcelorMittal USA supports continuation of all orders under review, except it takes no position on the continuation of the order on wire rod from Trinidad and Tobago.[55] In every year of the period except for 2010, when ArcelorMittal temporarily closed down its main production facility, the ratio of subject imports from ArcelorMittal-affiliated firms to ArcelorMittal USA's

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[47] Yenakiieve's Prehearing Brief at 5.

[48] CR at III-17, PR at III-10.

[49] CR/PR at Table I-11.

[50] CR at I-50 and III-17, PR at I-39 and III-10.

[51] CR at III-17, PR at III-10.

[52] CR/PR at Table IV-24.

[53] CR at III-18, PR at III-10; CR/PR at Table III-9. ArcelorMittal-affiliated firms did not import subject merchandise from Trinidad and Tobago during the period of review. CR at III-17 – III-18, PR at III-10.

[54] CR/PR at Table I-11.

[55] CR/PR at Table I-11. We also observe that ArcelorMittal Point Lisa's 2008 exports to the United States were *** percent of ArcelorMittal USA's production that year. CR/PR at Tables III-9 and IV-24.

production was less than *** percent.[56] ArcelorMittal USA's operating margin was *** of the period of review.[57] [58]

The record does not indicate that the activities of ArcelorMittal affiliates importing subject merchandise from Mexico or exporting subject merchandise from Trinidad and Tobago have benefitted ArcelorMittal USA. Except during 2010, ArcelorMittal USA had substantial domestic wire rod production operations, and ArcelorMittal principally supplied the U.S. market with domestic production, as opposed to subject imports, during the period of review. Moreover, no party argues for ArcelorMittal USA's exclusion from the domestic industry. Accordingly, we conclude that there are not appropriate circumstances for its exclusion from the domestic industry.

Based on the foregoing and our like product definition, we define the domestic industry to include all U.S. producers of wire rod, including grade 1080 tire cord and grade 1080 tire bead wire rod.

III. Cumulation

A. Legal Standard

> With respect to five-year reviews, section 752(a) of the Tariff Act provides as follows: the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.[59]

Cumulation therefore is discretionary in five-year reviews, unlike original investigations, which are governed by section 771(7)(G)(i) of the Tariff Act.[60] The Commission may exercise its

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[56] CR/PR at Table III-9.

[57] CR/PR at Table III-13.

[58] Commissioner Pinkert does not rely upon financial performance to determine whether there are appropriate circumstances to exclude ArcelorMittal USA from the domestic industry. In his view, the present record is not sufficient to link the company's financial performance with respect to U.S. operations to any benefit it derives as a related party.

[59] 19 U.S.C. § 1675a(a)(7).

[60] 19 U.S.C. § 1677(7)(G)(i); *see also*, *e.g.*, *Nucor Corp. v. United States*, 601 F.3d 1291, 1293 (Fed. Cir. 2010) (Commission may reasonably consider likely differing conditions of competition in deciding whether to cumulate subject imports in five-year reviews); *Allegheny Ludlum Corp. v. United States*, 475 F. Supp. 2d 1370, 1378 (Ct. Int'l Trade 2006) (recognizing the wide latitude the Commission has in selecting the types of factors it considers relevant in deciding whether to exercise discretion to cumulate (Continued…)

discretion to cumulate, however, only if the reviews are initiated on the same day, the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market, and imports from each such subject country are not likely to have no discernible adverse impact on the domestic industry in the event of revocation. Our focus in five-year reviews is not only on present conditions of competition, but also on likely conditions of competition in the reasonably foreseeable future.

In the original determinations, for purposes of the determinations on subject imports from Brazil, Canada, Indonesia, Mexico, Moldova, and Ukraine, the Commission cumulated imports from these six subject countries and subject imports from Trinidad and Tobago.[61] With respect to fungibility, it found that domestically produced wire rod and wire rod from each of the subject sources was generally interchangeable. It also found that there was a reasonable overlap in product types between the domestic like product and the subject imports and among subject imports from each of the subject countries. The Commission found sufficient geographic overlap, because the domestic like product and imports from all subject countries were generally marketed throughout the United States.[62] The Commission also found an overlap of channels of distribution because both the domestic like product and the subject imports were sold to end users.[63] The domestic like product and imports from all subject countries were present in the U.S. market throughout the period examined.

Imports from all seven subject countries were eligible for cumulation for all determinations in the first reviews because the CBERA exception to cumulation is only applicable in original investigations.[64] Based on the record, the Commission did not find that subject imports from any of the subject countries were likely to have no discernible adverse impact on the domestic industry in the event of revocation of the orders covering those imports. The Commission found that, during the period of review, each of the countries' industries had exported substantial quantities of subject merchandise, most of the industries in those countries had substantial excess capacity, and several of the industries had expanded their capacity.[65]

The Commission also found that there would likely be a reasonable overlap of competition among subject imports from each subject country and the domestic like product,

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(…Continued)
subject imports in five-year reviews); *Nucor Corp. v. United States*, 569 F. Supp. 2d 1328, 1337-38 (Ct. Int'l Trade 2008).

[61] *Original Determinations*, USITC Pub. 3546 at 23. For purposes of the determination on subject imports from Trinidad and Tobago, the Commission did not cumulate subject imports from Trinidad and Tobago with any other subject imports. The statute precluded such cumulation in the original investigations because Trinidad and Tobago was a beneficiary country under the Caribbean Basin Economic Recovery Act (CBERA). *Original Determinations*, USITC Pub. 3546 at 18.

[62] *Original Determinations*, USITC Pub. 3546 at 22.

[63] *Original Determinations*, USITC Pub. 3546 at 22.

[64] *First Review Determination*s, USITC Pub. 4014 at 12.

[65] *First Review Determination*s, USITC Pub. 4014 at 14. Not all participating Commissioners found it necessary to reach this issue with respect to every subject country. *See id.* at 12 n.64 (Commissioner Pearson), at 14 n.76 (Commissioner Okun and Commissioner Pearson).

as well as between subject imports from each country. With respect to fungibility, it found that domestically produced wire rod and wire rod from each of the subject sources was at least sometimes interchangeable. The Commission found sufficient geographic overlap and an overlap of channels of distribution because the domestic like product and imports from subject sources other than Trinidad and Tobago were predominantly sold directly to end users and sold throughout the United States.[66] The Commission stated that the absence from the U.S. market of imports from several of the subject countries during the bulk of the period of review was influenced by the imposition of the orders and that upon revocation subject imports would likely be simultaneously present in the market as they were during the original investigations.[67]

The Commission also found that there were no significant differences in the likely conditions of competition among imports from all subject sources other than Canada.[68] The Commission stated that record information indicated that the industry in each of these countries produces a product mix focusing heavily on low-carbon and high-carbon industrial grade products, that each of the subject countries had largely similar volume trends during the period, that the market penetration for five of the six countries increased during the original investigations and the remaining country's market penetration was unchanged, and that each of the subject countries has significant quantities of unused capacity during portions of the period of review.[69] Thus, it exercised its discretion to cumulate the subject imports from all of the subject countries, except for Canada.[70]

B. Likelihood of No Discernible Adverse Impact

The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.[71] Neither the statute nor the Uruguay Round Agreements Act ("URAA") Statement of Administrative Action ("SAA") provides specific guidance on what factors the Commission is to consider in

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[66] *First Review Determinations*, USITC Pub. 4014 at 16.

[67] *First Review Determinations*, USITC Pub. 4014 at 14.

[68] Two Commissioners did not join this discussion and two joined it in part. *First Review Determination*s, USITC Pub. 4014 at 17 n.100 (Commissioner Lane and Commissioner Pinkert). *First Review Determinations*, USITC Pub. 4014 at 19 n.111 (Commissioner Okun and Commissioner Pearson).

[69] *First Review Determinations*, USITC Pub. 4014 at 19.

[70] *First Review Determinations*, USITC Pub. 4014 at 19. The Commission determined that subject imports from Canada were likely to compete in the U.S. market under sufficiently different conditions of competition than imports from the other subject countries and therefore declined to exercise its discretion to cumulate subject imports from Canada with any other subject imports. *First Review Determinations*, USITC Pub. 4014 at 18. The Commission concluded that subject imports from Canada had exhibited different volume trends since the imposition of the orders, different trends in capacity, different pricing patterns, and a different product mix tending toward more specialized products. *First Review Determinations*, USITC Pub. 4014 at 18-19.

[71] 19 U.S.C. § 1675a(a)(7).

determining that imports "are likely to have no discernible adverse impact" on the domestic industry.[72] With respect to this provision, the Commission generally considers the likely volume of subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked. Our analysis for each of the subject countries takes into account, among other things, the nature of the product and the behavior of subject imports in the original investigations.

Brazil. In the original investigations, the quantity of subject imports from Brazil increased from *** short tons in 1999 to *** short tons in 2001.[73] In the first reviews, the only subject imports from Brazil were *** short tons in 2002.[74] In the current reviews, there were no subject imports from Brazil.[75]

In these reviews, the Commission received one response to its foreign producer questionnaire from ArcelorMittal Brasil, which is estimated to account for *** percent of Brazilian wire rod production in 2013 and is affiliated with the ArcelorMittal group.[76] According to ***, production capacity in Brazil increased from *** short tons in 2008 to *** short tons in 2009, and then remained constant until 2013.[77] Capacity is projected to increase to *** short tons in 2014 and *** short tons in 2015 as three new mills are projected to come online in Brazil during 2014-2015.[78] *** reported production in Brazil of *** short tons in 2013, or *** percent of published capacity.[79] The percentage of subject wire rod shipments exported by the reporting Brazilian producer ranged from *** percent in 2013 to *** percent in 2009.[80] According to Global Trade Atlas data, the United States, Argentina, and Korea were the largest export markets for wire rod from Brazil in 2013.[81]

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[72] SAA, H.R. Rep. No. 103-316, vol. I at 887 (1994).

[73] CR/PR at Appendix C (reproduction of Table I-1 of the Commission Report from the first review determinations).

[74] CR/PR at Appendix C (reproduction of Table I-1 of the Commission Report from the first review determinations). There were imports of grade 1080 tire cord/bead from Brazil. CR at IV-17, PR at IV-13-IV-14.

[75] CR/PR at Table I-1.

[76] CR at IV-17, PR at IV-13-IV-14; CR/PR at Table I-11. The following five firms were identified by the parties as currently operating producers of wire rod in Brazil: ArcelorMittal Brasil, Votorantim Metals/Barra Mansa, Companhia Siderurgica Nacional, Gerdau Acos Brazil, and Villares Metals. CR at IV-17, PR at IV-13. Gerdau Acos Brasil and ArcelorMittal Brasil together are estimated to account for *** percent of total wire rod capacity in Brazil. CR at IV-17, PR at IV-13.

[77] CR/PR at Table IV-7. *** data for 2013 are estimates. Reported production capacity was *** short tons throughout the period of review. CR/PR at Table IV-8. See below for discussion of the coverage of the *** data.

[78] CR/PR at Table IV-7. The three mills are GV do Brasil (2014), CSN (2014), and Siderurgica Latino-Americana S/A (Silat) (2015).

[79] CR/PR at Table IV-7; CR at IV-19, PR at IV-15. Reported production was *** short tons in 2013, or *** percent of capacity. CR/PR at Table IV-8.

[80] CR/PR at Table IV-8.

[81] CR/PR at Table IV-10. The *** and Global Trade Atlas data include grade 1080 tire cord and tire bead wire rod and 4.75 mm wire rod, which are not subject merchandise, and therefore the (Continued…)

Based on the record, including information on the size of the wire rod industry in Brazil, its substantial unused capacity, its exports, and its additional capacity coming online in the reasonably foreseeable future, we do not find that subject imports from Brazil would likely have no discernible adverse impact on the domestic industry if the orders were revoked.

Indonesia. In the original investigations, the quantity of subject imports from Indonesia increased from 69,805 short tons in 1999 to 86,940 short tons in 2000, and then declined to 60,065 short tons in 2001.[82] In the first reviews, subject imports from Indonesia declined to 40,863 short tons in 2002 and were present thereafter only in 2004, when they were 29,937 short tons.[83] There were no subject imports from Indonesia during the current reviews.

The Commission received one response to its questionnaires from PT Ispat Indo, which is estimated to account for *** percent of Indonesian wire rod production in 2013.[84] According to ***, production capacity in Indonesia was *** short tons throughout the period of review and is projected to remain constant through 2015.[85] *** reported production of *** short tons in 2013, or *** percent of published capacity.[86] The percentage of subject wire rod shipments exported by the reporting Indonesian producer ranged from *** percent in 2012 to *** percent in 2008.[87] According to Global Trade Atlas data, Australia and Bangladesh were the largest export markets for wire rod from Indonesia in 2012.[88]

Based on the record, including information indicating substantial unused capacity, we do not find that subject imports from Indonesia would likely have no discernible adverse impact on the domestic industry if the order was revoked.

(…Continued)
capacity, production, and export data they provide overstate the quantities of subject merchandise. *Id.* As discussed above, there were no subject imports of wire rod from the United States during the period of review and, therefore, all exports to the United States from Brazil consisted of nonsubject merchandise. Nevertheless, the fact that the United States was the largest export market for shipments of nonsubect wire rod from Brazil throughout the period of review demonstrates that Brazilian producers of wire rod remain interested in the U.S. market. CR/PR at Table IV-10.

[82] *Original Determinations,* USITC Pub. 3546*,* USITC Report at Table I-1.

[83] *First Review Determinations*, USITC Pub. 4014, USITC Report at Table I-1.

[84] CR at IV-29, PR at IV-20. According to *** there are six firms in Indonesia that maintain wire rod rolling capacity: Gunung Garuda (estimated *** short tons of capacity), PT Ispat Indo (estimated *** short tons of capacity), PT Krakatau Steel (estimated *** short tons of capacity), Growth Sumatra (estimated *** short tons of capacity), Hanil Jaya Metalworks (estimated *** short tons of capacity), and Budidharma Jakarta (estimated *** short tons of capacity). CR at IV-28, PR at IV-19.

[85] CR/PR at Table IV-12. *** data for 2013 are estimates. Master Steel reports an ongoing modernization and expansion project including a 500,000 metric ton wire rod and bar combi-mill. CR at IV-29 n.23, PR at IV-20 n.23. As previously stated, *** and Global Trade Atlas data include some nonsubject wire rod and therefore may overstate capacity, production, and exports of subject merchandise. Reported production capacity was *** short tons throughout the period of review. CR/PR at Table IV-13.

[86] CR/PR at Table IV-2; CR at IV-30, PR at IV-21. Reported production was *** short tons in 2013, or *** percent of capacity. CR/PR at Table IV-13.

[87] CR at Table IV-13.

[88] CR/PR at Table IV-14. Global Trade Atlas data for Indonesia are not yet available for 2013.

Mexico. In the original investigations, the quantity of subject imports from Mexico increased from 122,038 short tons in 1999 to 266,925 short tons in 2001.[89] In the first reviews, subject imports from Mexico declined to 123,380 short tons in 2002, declined further in 2003, rose to 68,498 short tons in 2004, and did not exceed 11,480 short tons from 2005 to 2007.[90] In the current reviews, subject imports from Mexico increased from *** short tons in 2008 to *** short tons in 2010, declined to *** short tons in 2011, increased to *** short tons in 2012, and declined to *** short tons in 2013.[91] During the period of review, the share of the quantity of apparent U.S. consumption represented by subject imports from Mexico was never greater than *** percent.[92]

The Commission received responses to its questionnaires from three producers that appear to have accounted for all or nearly all subject wire rod production in Mexico during 2013: Deacero, Ternium, and ArcelorMittal las Truchas.[93] ArcelorMittal las Truchas is affiliated with the ArcelorMittal group.[94] Reported capacity in Mexico increased irregularly from 2.4 million short tons in 2008 to 2.8 million short tons in 2013.[95] The reported capacity utilization of the Mexican producers during the period of review ranged from *** percent in 2011 to *** percent in 2013.[96] The percentage of subject wire rod shipments exported by the reporting Mexican producers ranged from *** percent in 2009 to *** percent in 2011.[97] According to Global Trade Atlas data, Colombia and Canada were the largest export markets for wire rod from Mexico in 2013.[98]

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[89] *Original Determinations,* USITC Pub. 3546*,* USITC Report at Table I-1.

[90] *First Review Determinations,* USITC Pub. 4014*,* USITC Report at Table I-1.

[91] CR/PR at Table C-1. Imports from Mexican producer Deacero of nonsubject 4.75 mm wire rod increased from *** short tons in 2008 to *** short tons in 2010, declined to *** short tons in 2011, and then declined sharply to *** short tons in 2013. CR/PR at Table E-1. Domestic interested parties argue that the Commission should treat Deacero's shipments of 4.75 mm wire rod to the United States as subject imports. See, e.g., Gerdau Parties' Prehearing Brief at 25-26. We are under no obligation to treat Deacero's 4.75 mm shipments of wire rod to the United States as subject imports because, as explained in section II of this opinion, 4.75 mm wire rod was not originally within the scope of these reviews and the latest Commerce decision does not include 4.75 mm wire rod within the scope. Notwithstanding that it is nonsubject merchandise, Deacero's shipments to the United States of 4.75 mm wire rod, which it acknowledges is largely substitutable for subject merchandise, shows a continued interest in the U.S. market. Tr. at 19 (Campbell).

[92] CR/PR at Table C-1.

[93] CR at IV-39 – IV-40, PR at IV-25. The coverage ratio is a comparison of questionnaire data with *** data. We note there is additional production of wire rod by Talleros y Aceros and by Simec. CR at IV-39 nn.32 and 33, PR at IV-25 nn.32 and 33.

[94] CR/PR at Table I-11.

[95] CR/PR at Table IV-17.

[96] CR/PR at Table IV-17.

[97] CR/PR at Table IV-17.

[98] CR/PR at Table IV-19. The Global Trade Atlas data include grade 1080 tire cord and tire bead wire rod, as well as smaller diameter wire rod produced by Deacero, which are not subject merchandise, and therefore overstate quantities of subject merchandise from Mexico. *Id.*

Based on the record, including information indicating increasing capacity and continued interest in the U.S. market, we do not find that subject imports from Mexico would likely have no discernible adverse impact on the domestic industry if the order were revoked.

Moldova. In the original investigations, the quantity of subject imports from Moldova increased from 190,239 short tons in 1999 to 191,074 short tons in 2000, and then declined to 187,370 short tons in 2001.[99] In the first reviews, subject imports from Moldova declined to 18,826 short tons in 2002 and were not present in the U.S. market thereafter.[100] In the current reviews, there were no imports of wire rod from Moldova.

Moldova Steel Works ("MSW"), the only known producer of wire rod in Moldova, did not respond to the Commission's questionnaire in these reviews. According to ***, MSW's capacity was *** short tons throughout the period of review, and it is projected to remain constant through 2015.[101] Domestic interested parties report that MSW exports approximately ***.[102] According to Global Trade Atlas data, Romania and Poland were the largest export markets for wire rod from Moldova in 2013.[103]

Based on the record, including information concerning the industry's significant export orientation, we do not find that subject imports from Moldova would likely have no discernible adverse impact on the domestic industry if the order was revoked.

Trinidad and Tobago. In the original investigations, the quantity of subject imports from Trinidad and Tobago increased from 341,815 short tons in 1999 to 355,089 short tons in 2001.[104] During the first reviews, subject imports from Trinidad and Tobago declined irregularly from 386,419 short tons in 2002 to 95,325 short tons in 2007.[105] In the current reviews, there were subject imports of wire rod from Trinidad and Tobago of 21,794 short tons in 2008, but no imports thereafter.[106] In 2008, the share of the quantity of apparent U.S. consumption represented by subject imports from Trinidad and Tobago was *** percent.[107]

ArcelorMittal Point Lisas, the sole producer of wire rod in Trinidad and Tobago, responded to the Commission's questionnaire.[108] ArcelorMittal Point Lisas is affiliated with the ArcelorMittal group.[109] Its production capacity was *** short tons throughout the period of review.[110] ArcelorMittal Point Lisas' reported capacity utilization during the period of review

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[99] *Original Determinations,* USITC Pub. 3546*,* USITC Report at Table I-1.

[100] *First Review Determinations,* USITC Pub. 4014*,* USITC Report at Table I-1.

[101] CR/PR at Table IV-21. As previously stated, *** and Global Trade Atlas data include some nonsubject wire rod and hence may overstate capacity, production, and exports of subject merchandise.

[102] CR at IV-52, PR at IV-34.

[103] CR/PR at Table IV-22.

[104] *Original Determinations,* USITC Pub. 3546*,* USITC Report at Table I-1.

[105] *First Review Determinations,* USITC Pub. 4014*,* USITC Report at Table I-1.

[106] CR/PR at Table C-1.

[107] CR/PR at Table C-1.

[108] CR at IV-52, PR at IV-34.

[109] CR/PR at Table I-11.

[110] CR/PR at Table IV-25.

ranged from *** percent in 2009 to *** percent in 2011, and was *** percent in 2013.[111] During each year of the period of review, ArcelorMittal Point Lisas exported at least *** percent of its shipments.[112] According to Global Trade Atlas data, El Salvador, Nicaragua, France, and Guatemala were the largest export markets for wire rod from Trinidad and Tobago in 2013.[113]

Based on the record, including information concerning the industry's significant export orientation and substantial excess capacity, we do not find that subject imports from Trinidad and Tobago would likely have no discernible adverse impact on the domestic industry if the order were revoked.

Ukraine.[114] In the original investigations, the quantity of subject imports from Ukraine increased from 193,003 short tons in 1999 to 367,712 short tons in 2000, and then declined to 258,526 short tons in 2001.[115] In the first reviews, subject imports from Ukraine declined to 11,159 short tons in 2002 and there were no additional imports from Ukraine other than 738 short tons in 2005.[116] During the current reviews, there have been no subject imports of wire rod from Ukraine.

The Commission received responses to its questionnaires from two wire rod producers in Ukraine: ArcelorMittal Kryvyi Rih ("ArcelorMittal KR") and Yenakiieve.[117] It is estimated that these two firms accounted for *** subject wire rod production in Ukraine during 2013.[118]

ArcelorMittal KR, the largest producer of wire rod in Ukraine during the period of review, is the successor firm to Krivorozhstal, which accounted for *** percent of Ukrainian production of wire rod during the original investigations and *** percent of subject exports to the United States.[119] ArcelorMittal KR is affiliated with the ArcelorMittal group.[120] In the first

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[111] CR/PR at Table IV-24.

[112] CR/PR at Table IV-24.

[113] CR/PR at Table IV-19. The Global Trade Atlas data includes grade 1080 tire cord and tire bead wire rod, which are not subject merchandise, and data may therefore be overstated. *Id.*

[114] Chairman Williamson and Commissioner Johanson do not join this discussion. *See* Separate and Dissenting Views of Chairman Irving A. Williamson and Commission David J. Johanson Regarding Cumulation for Ukraine.

[115] *Original Determinations,* USITC Pub. 3546*,* USITC Report at Table I-1.

[116] *First Review Determinations,* USITC Pub. 4014*,* USITC Report at Table I-1.

[117] CR at IV-66, PR at IV-42.

[118] CR at IV-66-67, PR at IV-42. *** reported that capacity to produce wire rod in Ukraine was expected to increase in 2014, but the additional capacity reported by *** is for firms that are not believed to be producers of wire rod in Ukraine (Euro Finance and Donestsk). CR at IV-66 n.48, PR at IV-42 n.48; Tr. at 160 (Dimitrova). Domestic producers also assert that Dneprovsky Dzerzhinsky Metallurgical Plant ("DMKD") is currently completing reconstruction of its rolling mill, which it estimates will result in 181,881 short tons of annual wire rod capacity. *See* Gerdau Parties' Posthearing Brief, Exh. 1, at 45-46; Nucor's Prehearing Brief, Exh. 14. We observe that *** has not included this capacity in its projections for wire rod capacity in Ukraine through 2015 and that the product mix, target markets, and ramp up time of such a project are uncertain.

[119] CR at IV-65, PR at IV-41.

[120] CR/PR at Table I-11.

review, the Commission stated the following regarding the likelihood that ArcelorMittal would increase its exports from subject countries in a manner that would impair the operations of its domestic production affiliates:

> By contrast, Arcelor Mittal does act as a single entity in the United States. ***. Even assuming arguendo that Arcelor Mittal's corporate structure will serve to deter it from exporting large additional quantities of subject merchandise upon revocation in light of a desire to protect Arcelor Mittal USA, much of the unused and additional capacity in the subject countries is attributable to countries not controlled by Arcelor Mittal.[121]

During these reviews, ArcelorMittal acknowledged that the information on the record from the first reviews accurately reflected ArcelorMittal's current policy and reported the following to the Commission:

> ArcelorMittal employs a commercial coordination policy that ***.[122]

We find that ArcelorMittal's commercial coordination policy favoring the *** make it unlikely that ArcelorMittal KR will export more than minimal volumes of wire rod to the U.S. market in the reasonably foreseeable future. At the outset, we observe that in 2013 ArcelorMittal USA had significant excess capacity *** short tons to increase its U.S. production to service any orders for ArcelorMittal-supplied wire rod in the United States.[123] To the extent it supplements domestic supply with imports, ArcelorMittal owns several other mills from which wire rod can be exported to the United States that are more geographically proximate to the United States than ArcelorMittal KR, including facilities in Canada, Mexico, Brazil, and Trinidad and Tobago.[124] In accordance with its local supply strategy, the *** of ArcelorMittal's U.S. imports of wire rod during the period of review were from ***, which were not subject to

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[121] *First Review Determinations,* EDIS Doc. No. 515654, at 50-51. Vice Chairman Aranoff and Commissioner Pinkert found that ArcelorMittal would likely balance the interests of its various operations, including its U.S. operations, in deciding whether to export subject merchandise to the United States. *Id.*at 51 n.216.

[122] TR. at 84-85 (Cannon); CR at III-19, PR at III-10 (*citing* Gerdau Parties' Posthearing Brief, Exh. 1 at 56-57).

[123] ArcelorMittal USA U.S. Producers' Questionnaire Response at II-6. ArcelorMittal USA's questionnaire response reported that it ***, which would appear to indicate that it would not need subject imports to supplement local production to supply certain types of wire rod that it did not produce. ArcelorMittal USA U.S. Producers' Questionnaire Response at II-15a (***). ***.

[124] CR/PR at Table I-11 n.2.

an order, and to a lesser extent from ***.[125] Even in 2010, as ArcelorMittal USA experienced the closure of its Georgetown facility and the idling of its Indiana Harbor facility, resulting in its domestic production plummeting to *** short tons, it was primarily imports from *** that filled the gap in its domestic production.[126] Imports from ArcelorMittal affiliates in *** remained at low levels throughout the period of review.[127] In addition, there is no evidence that imports from ArcelorMittal affiliates in *** entered the U.S. market during the period of review.[128] Given ArcelorMittal's commercial coordination policy favoring the ***, we find it likely that the large majority of any wire rod imports from ArcelorMittal in the foreseeable future would be from sources proximate to the United States and initiated by ArcelorMittal USA, not initiated by exporting ArcelorMittal entities.

Finally, ArcelorMittal has provided the Commission with an indication of which foreign affiliates in subject countries would consider importing wire rod into the United States should the orders be revoked. ArcelorMittal KR reported ***.[129] This stands in sharp contrast to the responses of ***.[130]

Accordingly, for purposes of our no discernible adverse impact analysis, we find that the volume of any imports of wire rod from Ukrainian producer ArcelorMittal KR is not likely to be above minimal levels in the reasonably foreseeable future.

The only other significant current producer of wire rod in Ukraine, Yenakiieve, has never exported wire rod to the U.S. market.[131] In fact, according to information on the record, Yenakiieve did not ship subject wire rod to the Western Hemisphere during the period of review.[132] Rather, Yenakiieve has shipped a majority of its production of wire rod to ***.[133]

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[125] CR/PR at Table III-9 (showing that well over *** percent of ArcelorMittal's imports during the period were from *** and, to a lesser extent, from ***). ArcelorMittal USA has acknowledged that ***. Gerdau Parties' Posthearing Brief, Exh. 1, at 57.

[126] CR/PR at Table III-9. We observe that ArcelorMittal USA has resumed production in all of its U.S. facilities and in 2013 was the *** largest domestic producer of wire rod at *** short tons.

[127] Imports from ArcelorMittal affiliates in *** reached their highest levels for the period at *** short tons in ***. ***.

[128] CR/PR at TableIII-9; ***.

[129] ***.

[130] ***; ***; ***.

[131] Yenakiieve's Final Comments at 10. Yenakiieve is a member of the Metinvest Group of Ukrainian steel companies, and Yenakiieve is the only Metinvest company that produces subject wire rod. CR at IV-73, PR at IV-44.

[132] Yenakiieve's Posthearing Brief at 3; ***. Yenakiieve reported that it ships wire rod exclusively to its home market and regional export markets, and it did not ***. *Id.*

[133] ***. Yenakiieve has already committed approximately *** of its capacity to home market and European Union purchasers in 2014 and 2015. Yenakiieve's Posthearing Brief at Exh. 1. The record also shows that exports of wire rod from China have not had a material impact on Yenakiieve's shipments to its home market and most important regional markets. There have been no shipments of Chinese wire rod in Ukraine during the period of review, and exports of wire rod from China to the European Union have been almost nonexistent since 2009 due to the European Union's antidumping duty order on wire rod from China. Although imports from China to the Middle East have increased, (Continued…)

Yenakiieve provided credible data indicating that these established home and regional export markets and an established customer base offer more attractive transportation and logistical costs than shipments to the United States.[134]

Yenakiieve's production capacity has remained unchanged since 2011 at *** short tons.[135] Since 2011, Yenakiieve's capacity utilization has been at least *** percent and was *** percent in 2013.[136] Theoretically, even if Yenakiieve were able to operate at 100 percent capacity utilization, its excess capacity of *** short tons equates to only *** percent of apparent U.S. consumption.[137] A representative from Yenakiieve testified that if the order on Ukraine was revoked, at most the company would ship 3,000 to 5,000 tons of wire rod per quarter, or roughly 12,000 to 20,000 tons per year.[138] In 2013, this amount equated to only *** percent of apparent U.S. consumption.[139] Based on the record, we find that even the maximum likely volume of subject imports from Yenakiieve would likely have no discernible adverse impact on the domestic industry within a reasonably foreseeable time if the order is revoked.

Based on the record, including the largest Ukrainian producer's affiliation with the ArcelorMittal group and the other significant Ukrainian producer's limited excess capacity and lack of exports of subject merchandise to the Western Hemisphere during the period of review, we find that subject imports from Ukraine would likely have no discernible adverse impact on the domestic industry if the order was revoked.[140]

(…Continued)
Yenakiieve has been able to retain its market share in the Middle East because China cannot satisfy its customers' demands for shorter lead times. Gerdau Parties' Prehearing Brief at Exh. 4, Tr. at 100 (Rosenthal); Tr. at 199 (Dimitrova).

[134] Yenakiieve's Posthearing Brief at 11-12. Domestic producers argued that U.S. prices were $*** Ukrainian export AUVs in 2013, and therefore the United States represents an attractive market for Ukrainian producers of wire rod. *See, e.g.,* Nucor's Posthearing Brief at 13. Even if we were to assume that Yenakiieve's lack of a history exporting subject wire rod to the United States and its consequent lack of customer relationships and familiarity with Ukrainian product in the United States would not serve as impediments to Ukrainian exports of wire rod to the United States, Yenakiieve provided a declaration documenting its likely costs of shipments to the United States totaling $*** per ton. Yenakiieve's Posthearing Brief at Exh. 3 (Declaration of ***). Although domestic producers dispute these estimates establishing that transportation and logistical costs associated with shipments to the United States would negate any alleged price advantages for Ukrainian exports, we find the declarations and other supporting evidence placed on the record by Yenakiieve to be credible.

[135] ***.

[136] ***.

[137] *** & CR/PR at Table C-1.

[138] Tr. at 192 (Dimitrova).

[139] CR/PR at Table C-1.

[140] We have considered any combined impact of likely volumes from ArcelorMittal KR and Yenakiieve and do not find that they rise to the level of having a likely discernible adverse impact on the domestic industry.

C. Likelihood of a Reasonable Overlap of Competition

The Commission generally has considered four factors intended to provide a framework for determining whether subject imports compete with each other and with the domestic like product.[141] Only a "reasonable overlap" of competition is required.[142] In five-year reviews, the relevant inquiry is whether there likely would be competition even if none currently exists because the subject imports are absent from the U.S. market.[143]

Fungibility. Wire rod sold in the United States is categorized by quality according to end use, with 11 major types of wire rod identified by the Iron and Steel Society.[144] The Commission requested market participants to classify their shipments into seven different categories. Industrial quality wire rod currently accounts for the majority of wire rod consumed in the United States.[145]

In their questionnaire responses, market participants generally reported that wire rod from different sources was interchangeable. A majority of U.S. producers said wire rod from different sources was always interchangeable in every comparison between the domestic like product and subject imports and between subject imports from different sources.[146] A majority of importers reported that wire rod was at least frequently interchangeable in all comparisons between the domestic like product and the subject imports and among subject imports from different sources.[147] A majority of purchasers said that wire rod was at least frequently

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[141] The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are as follows: (1) the degree of fungibility between subject imports from different countries and between subject imports and the domestic like product, including consideration of specific customer requirements and other quality-related questions; (2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product; (3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and (4) whether subject imports are simultaneously present in the market with one another and the domestic like product. *See, e.g., Wieland Werke, AG v. United States*, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

[142] *See Mukand Ltd. v. United States*, 937 F. Supp. 910, 916 (Ct. Int'l Trade 1996); *Wieland Werke,* 718 F. Supp. at 52 ("Completely overlapping markets are not required."); *United States Steel Group v. United States,* 873 F. Supp. 673, 685 (Ct. Int'l Trade 1994), *aff'd*, 96 F.3d 1352 (Fed. Cir. 1996). We note, however, that there have been investigations where the Commission has found an insufficient overlap in competition and has declined to cumulate subject imports. *See, e.g*., *Live Cattle from Canada and Mexico*, Inv. Nos. 701-TA-386 and 731-TA-812-13 (Preliminary), USITC Pub. 3155 at 15 (Feb. 1999), *aff'd sub nom, Ranchers-Cattlemen Action Legal Foundation v. United States*, 74 F. Supp. 2d 1353 (Ct. Int'l Trade 1999); *Static Random Access Memory Semiconductors from the Republic of Korea and Taiwan*, Inv. Nos. 731-TA-761-62 (Final), USITC Pub. 3098 at 13-15 (Apr. 1998).

[143] *See generally*, *Chefline Corp. v. United States*, 219 F. Supp. 2d 1313, 1314 (Ct. Int'l Trade 2002).

[144] CR at I-33, PR at I-26; CR/PR at Table I-10.

[145] CR at I-33, PR at I-26.

[146] CR/PR at Table II-9.

[147] CR/PR at Table II-9.

interchangeable in all but one comparison between the domestic like product and the subject imports.[148] A majority of purchasers stated that wire rod was at least sometimes interchangeable in comparisons between subject imports from different sources.[149]

Purchasers were also asked to compare products from different sources with respect to a number of factors. In comparisons between the domestic like product and imports from the subject countries, the majority of purchasers found the domestic like product to be either superior or comparable.[150] There were limited purchaser comparisons concerning product factors between subject imports from different sources, but purchasers generally considered the products to be comparable in most aspects.[151]

The Commission also sought product mix data from the domestic and subject industries, requesting breakouts of shipments in seven different product categories. The domestic industry shipped products in each of the categories, with the two largest being low and medium-low carbon industrial and standard quality (49.1 percent of 2013 shipments) and high and medium-high carbon industrial and standard quality (27.9 percent of 2013 shipments).[152] For each subject country that reported data, the vast majority of imports or shipments during the period of review were in these two categories.[153]

Geographic Overlap. Five of ten responding U.S. producers and one of four responding importers from Mexico reported selling nationwide.[154] The sole responding importer from Trinidad and Tobago reported that it only sold to U.S. markets *** states.[155] All geographic markets in the contiguous 48 states are served by domestic producers and importers of subject merchandise from Mexico.[156]

Channels of Distribution. The overwhelming majority of domestically produced wire rod is sold directly to end users.[157] All wire rod imported from Trinidad and Tobago during the

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[148] CR/PR at Table II-9. In one exception, two purchasers reported that the domestic like product and subject imports from Moldova were "always" interchangeable and three purchasers reported that they were "sometimes" interchangeable. *Id.*

[149] CR/PR at Table II-9.

[150] CR/PR at Table II-8. Pluralities of majorities of purchasers found that domestic like product was superior to subject imports from Brazil in delivery terms, delivery time, and U.S. transportation costs, superior to subject imports from Indonesia in all factors, superior to subject imports from Mexico in delivery time, superior to subject imports from Moldova in availability, delivery time, extension of credit, and quality exceeds industry standards, and superior to subject imports from Trinidad and Tobago in delivery time, minimum quantity requirements, and technical support/service.

[151] CR/PR at Table II-8

[152] CR/PR at Table III-7.

[153] CR/PR at Tables IV-3, IV-11, IV-15, IV-20, IV-27, and IV-32. For each of these countries, the majority of shipments were in the low carbon industrial category.

[154] CR at II-3, PR at II-2.

[155] CR at II-3, PR at II-2.

[156] CR/PR at Table II-2.

[157] CR/PR at Table II-1.

period of review was also sold directly to end users.[158] Wire rod from Mexico was sold exclusively to end users in 2008 and 2009, was sold mainly to distributors in 2010 and 2011, and was split almost evenly between the two channels in 2012 and 2013.[159]

Simultaneous Presence in Market. There were no U.S. imports of subject wire rod from Brazil, Indonesia, Moldova, or Ukraine during the period of review. According to official import statistics, subject wire rod was imported from Trinidad and Tobago during four months of 2008 and from Mexico during nine months of that year.[160] Subject imports from Mexico entered the U.S. market during at least nine months of every year from 2009 to 2013.[161]

Analysis. Market participants overwhelmingly find wire rod from different sources to be at least sometimes interchangeable. The large majority of shipments of the domestic like product and imports from subject sources are in industrial quality grades. Both these factors support a finding of fungibility.

The domestic like product and subject imports from Mexico were both predominantly sold directly to end users and sold throughout the United States during the period of review. While imports from several of the subject countries were absent from the U.S. market during the bulk of the period of review, this was likely due to the imposition of the orders. We find that upon revocation, subject imports would likely be simultaneously present in the market as they were during the original investigations and the first year of the first reviews and would likely be sold in overlapping channels of distribution and geographic markets.

No party argued that a reasonable overlap of competition is not likely. In view of this and the foregoing considerations, we conclude that there would likely be a reasonable overlap of competition between the domestic like product and subject imports from all five countries, and among imports from the different subject countries, should the orders be revoked.[162]

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[158] CR/PR at Table II-1.

[159] CR/PR at Table II-1.

[160] CR at IV-13, PR at IV-10.

[161] CR at IV-13, PR at IV-10.

[162] Chairman Williamson considered subject imports from all six countries at issue in his analysis of reasonable overlap of competition.

D. Likely Conditions of Competition[163] [164]

We do not find significant differences in likely conditions of competition among subject imports from Brazil, Indonesia, Mexico, Moldova, and Trinidad and Tobago. The record in these reviews continues to indicate a lack of significant distinctions in conditions of competition among these subject countries insofar as they might impact competition in the U.S. market. Each subject country continues to focus primarily on low-carbon and high-carbon industrial grade wire rod.[165] The market penetration of four of the five subject countries increased during the original period of investigation, and the remaining country's market penetration was unchanged.[166] Under the discipline of the orders, imports from each of these subject countries have been considerably below pre-order levels.[167] Moreover, imports from each of the subject countries predominantly undersold the domestic like product in the original investigations and the first reviews, except for subject imports from Mexico, which undersold the domestic like product in 26 of 54 possible comparisons in the first reviews.[168] In these reviews, subject imports from Mexico, the only subject imports for which the Commission received pricing product data, undersold the domestic like product in 30 of 37 instances.[169] Finally, each of the subject industries continued to have significant quantities of unused capacity during portions of the period of review.[170]

We considered Deacero's arguments that the Commission should exercise its discretion not to cumulate subject imports from Mexico, but found them unpersuasive in light of the considerations discussed above. We do not find that Deacero's sales of nonsubject 4.75 mm wire rod differentiate Mexico from the other subject countries. Deacero itself acknowledges that 4.75 mm wire rod is "substitutable" with subject 5.5 mm wire rod, a product that all U.S.

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[163] Chairman Williamson joins the discussion, but also finds no significant differences in likely conditions of competition that would warrant not cumulating Ukraine with the other subject countries. As discussed in his dissenting views, he does not find that ArcelorMittal's corporate policy would prevent substantial imports of steel wire rod from ArcelorMittal KR. Once that issue has been disposed of, Ukraine does not present differences with the other subject countries substantial enough to warrant not exercising his discretion to cumulate all subject countries.

[164] Commissioner Johanson does not join this section. As detailed in his dissenting views, he does not exercise his discretion to cumulate subject imports from Mexico with those of the other five countries, based primarily on his finding that the industry in Mexico is characterized by a unique combination of high capacity utilization and low export orientation, and so are likely to compete in the U.S. market under different conditions of competition.

[165] CR/PR at Tables IV-27, IV-11, IV-15, and IV-20. No producer or exporter of subject merchandise from Moldova participated in these reviews, and information available does not indicate that MSW has changed its focus from this type of wire rod since the first reviews. *First Review Determinations*, USITC Pub. 4014, at 19.

[166] *First Review Determinations*, USITC Pub. 4014, at 19.

[167] CR/PR at Tables I-1 and C-1.

[168] CR at V-18, nn.15 and 16, PR at V-12 - V-13 nn.15 and 16

[169] CR/PR at V-8.

[170] CR/PR at Tables IV-7, IV-12, IV-17, and IV-24; CR at IV-52, PR at IV-34.

producers and other subject producers sell.[171] Also, Deacero's production of 4.75 mm wire rod, which peaked in 2010 at *** short tons and averaged approximately *** short tons during the period of review, represents only a small fraction of the Mexican industry's total production capacity of *** short tons in 2013 and its actual production of subject merchandise of *** short tons in that year.[172] The pricing data also show that Deacero's smaller diameter wire rod undersold the domestic like product in *** instances.[173] Deacero's witnesses testified that it undersold the domestic industry's 5.5 mm wire rod to provide a price incentive on substitutable 4.75 mm wire rod products in order to gain sales and market share in the United States and that it would also ship subject wire rod to the United States if the order was revoked.[174] Moreover, the fact that Deacero shipped nonsubject wire rod to the United States during the period of review does not distinguish it from producers in Brazil who also shipped large volumes of nonsubject wire rod to the United States during this period.[175]

E. Conclusion[176]

We find that the no discernible adverse impact exception to cumulation applies to subject imports from Ukraine and therefore do not cumulate such imports with subject imports from Brazil, Indonesia, Mexico, Moldova, and Trinidad and Tobago.[177] We further find that the no discernible adverse impact exception to cumulation does not apply with respect to subject imports from Brazil, Indonesia, Mexico, Moldova, and Trinidad and Tobago and that there would likely be a reasonable overlap of competition between imports from those countries and the domestic like product as well as among subject imports from each of these countries. We also determine that subject imports from Brazil, Indonesia, Mexico, Moldova, and Trinidad and Tobago would be likely to compete under similar conditions of competition. Accordingly, for the reasons discussed above, we exercise our discretion to cumulate subject imports from Brazil, Indonesia, Mexico, Moldova, and Trinidad and Tobago.

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[171] Tr. at 20 (Campbell).

[172] Deacero's Foreign Producer Questionnaire Response at II-12; CR/PR at Table IV-18.

[173] CR at F-4, PR at F-3.

[174] Tr. at 181-82 (D. Gutierrez, Campbell); Tr. at 210 (Campbell).

[175] CR/PR at Table IV-10. Moreover, we do not find that Mexico's geographic proximity to the United States by itself presents a significant difference in likely conditions of competition.

[176] Chairman Williamson joins the discussion below, except he includes Ukraine as well, and cumulates all six countries.

[177] For the reasons discussed above and in the Separate and Dissenting Views of Commissioner David S. Johanson, Commissioner Johanson exercises his discretion to cumulate subject imports from Brazil, Indonesia, Moldova, Trinidad and Tobago, and Ukraine. He determines that subject imports from Mexico are likely to compete in the U.S. market under different conditions of competition from subject imports of the other five countries, and so does not exercise his discretion to cumulate subject imports from Mexico.

IV. Legal Standards

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."[178] The SAA states that "under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports."[179] Thus, the likelihood standard is prospective in nature.[180] The CIT has found that "likely," as used in the five-year review provisions of the Act, means "probable," and the Commission applies that standard in five-year reviews.[181]

The statute states that "the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time."[182] According to the SAA, a "'reasonably foreseeable time' will vary from case-to-case, but normally will exceed the 'imminent' timeframe applicable in a threat of injury analysis in original investigations."[183]

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[178] 19 U.S.C. § 1675a(a).

[179] SAA at 883-84. The SAA states that "{t}he likelihood of injury standard applies regardless of the nature of the Commission's original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed." *Id*. at 883.

[180] While the SAA states that "a separate determination regarding current material injury is not necessary," it indicates that "the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued {sic} prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked." SAA at 884.

[181] *See NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int'l Trade 2003) ("'likely' means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)"), *aff'd mem.*, 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) ("more likely than not" standard is "consistent with the court's opinion;" "the court has not interpreted 'likely' to imply any particular degree of 'certainty'"); *Indorama Chemicals (Thailand) Ltd. v. United States*, 26 CIT 1059, 1070 (2002) ("standard is based on a likelihood of continuation or recurrence of injury, not a certainty"); *Usinor v. United States*, 26 CIT 767, 794 (2002) ("'likely' is tantamount to 'probable,' not merely 'possible'").

[182] 19 U.S.C. § 1675a(a)(5).

[183] SAA at 887. Among the factors that the Commission should consider in this regard are "the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may

(Continued…)

Although the standard in a five-year review is not the same as the standard applied in an original investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to "consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated."[184] It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the orders are revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).[185] The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination.[186]

In evaluating the likely volume of imports of subject merchandise if the orders under review are revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.[187] In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.[188]

In evaluating the likely price effects of subject imports if the orders under review are revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.[189]

(…Continued)
only manifest themselves in the longer term, such as planned investment and the shifting of production facilities." *Id*.

[184] 19 U.S.C. § 1675a(a)(1).

[185] 19 U.S.C. § 1675a(a)(1). No duty absorption findings have been made for any of the subject countries. CR at I-19 n. 19; PR at I-15 n. 19.

[186] 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

[187] 19 U.S.C. § 1675a(a)(2).

[188] 19 U.S.C. § 1675a(a)(2)(A-D).

[189] *See* 19 U.S.C. § 1675a(a)(3). The SAA states that "{c}onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

In evaluating the likely impact of imports of subject merchandise if the orders under review are revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.[190] All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders under review and whether the industry is vulnerable to material injury upon revocation.[191]

V. Findings from the Original Investigations and Prior Reviews

A. Conditions of Competition

Original Investigations. In the original determinations, the Commission characterized wire rod as an intermediate product used to make a variety of products. It found that there was a continuum of wire rod products.[192] Apparent U.S. consumption of wire rod, measured by quantity, declined from 1999 to 2001. Purchasers asserted that a reason for the decline in demand was increased imports of downstream products incorporating wire rod.[193] At the time of the original determinations, the domestic industry consisted of 12 producers. The producers were dispersed geographically, and most individual producers produced a variety of products. Five domestic producers experienced bankruptcies or partial to full shutdowns of their wire rod operations late in the period of investigation.[194]

The Commission noted that most purchasers reported that subject imports from most sources and the domestic like product were used in the same applications. Purchasers identified quality, price, and availability, in that order, as the most important factors in selecting a supplier.[195] The share of the U.S. market held by nonsubject imports was relatively stable from 1999 to 2001. Wire rod imports from all countries except Canada and Mexico were

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[190] 19 U.S.C. § 1675a(a)(4).

[191] The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission "considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

[192] *Original Determinations*, USITC Pub. 3546 at 23.

[193] *Original Determinations*, USITC Pub. 3546 at 24.

[194] *Original Determinations*, USITC Pub. 3546 at 24.

[195] *Original Determinations*, USITC Pub. 3546 at 25.

subject to a tariff rate quota that the President imposed affective March 1, 2000 as a safeguard measure under section 203(a)(3) of the Trade Act of 1974.[196]

First Reviews. In the first reviews apparent U.S. consumption of wire rod, measured by quantity, was lower at the end of the period than at its inception, but fluctuated on an annual basis.[197] Market participants cited several different reasons for decreases in U.S. demand, including declines in construction activity, a weakened U.S. automotive market, and increases in imports of finished downstream wire products.[198] During that review period, several U.S. firms declared bankruptcy or closed operations, while others reorganized or merged.[199] Several U.S. producers expanded or made improvements to their production operations, and as a result, domestic capacity was greater at the end of the reviews than during the original investigations.[200] Two significant domestic wire rod producers, ArcelorMittal USA and Gerdau Ameristeel, were affiliated with producers of subject merchandise.[201]

The Commission noted that most market participants reported that subject imports from most sources and the domestic like product were highly substitutable, particularly for industrial grades.[202] Low carbon industrial quality wire rod constituted the majority of shipments by the domestic industry and from all subject countries except for Canada.[203] The share of the U.S. market held by nonsubject imports dropped sharply in 2007 due to a change in Chinese export tax policies affecting wire rod.[204] Throughout the period, subject imports supplied smaller quantities of wire rod to the U.S. market than did either the domestic industry or nonsubject sources, and Canada continued to be the largest supplier of subject imports.[205]

B. Volume of Subject Imports

Original Investigations. In the original investigations, the Commission found that cumulated subject import volume and market penetration rose during the period of investigation. The volume of subject imports increased from 2000 to 2001 despite a simultaneous decline in apparent U.S. consumption. The Commission further found that the increase in market share by cumulated subject imports came at the expense of the domestic industry. Accordingly, the Commission found the volume of cumulated subject imports, and the increase in that volume, to be significant both in absolute terms and relative to production and consumption in the United States.[206] With respect to Trinidad and Tobago, the Commission

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[196] *Original Determinations*, USITC Pub. 3546 at 25-26.
[197] *First Review Determinations*, USITC Pub. 4014 at 25.
[198] *Id.*
[199] *Id.* at 26.
[200] *Id.*
[201] *Id.*
[202] *Id.* at 27.
[203] *Id.*
[204] *Id.*
[205] *Id.*
[206] *Original Determinations*, USITC Pub. 3546 at 27-28.

observed that that country was the second or third largest source of subject imports throughout the period of investigation. It indicated that the volume and market penetration of subject imports from Trinidad and Tobago increased during the period of investigation and that these subject imports were concentrated in low carbon industrial quality products, which was a very price sensitive market. The Commission found that, in light of the price-sensitive market, the volume of subject imports from Trinidad and Tobago was significant.[207]

First Reviews. In the first review determinations, the Commission found that the orders had a substantial restraining effect on imports from the subject countries as the quantity of subject imports and their share of apparent U.S. consumption fell sharply after the imposition of the orders.[208] The Commission further found that the industries in the subject countries were substantial and that there was considerable unused capacity.[209] It found that the United States was the world's largest single market for wire rod in 2006, that the cumulated subject countries exported substantial quantities of wire rod during the period of review, and that the United States had been among the highest-priced markets during most of the review period.[210] Accordingly, the Commission determined that producers in the subject countries would be likely to direct substantial quantities of unused and new capacity to the U.S. market if the orders were revoked.[211]

In doing so, the Commission rejected respondents' argument that the United States was an unattractive market because prices were lower than in other markets, finding that significant excess capacity allowed subject producers to supply the U.S. market without diverting exports from any other markets and that no respondent had argued that a subject producer could not profitably sell subject merchandise in the United States upon revocation.[212] The Commission likewise rejected respondents' arguments that Gerdau and ArcelorMittal would not likely increase exports in a manner that would impair the operations of their domestic production affiliates. Specifically, the Commission found that, given that Gerdau did not act as a single entity, the record did not support respondents' assertions that its affiliation with a U.S. producer would materially restrain its exports to the United States. While the Commission found that ArcelorMittal did act as a single entity in the United States, it found that, even assuming that ArcelorMittal's corporate structure would deter it from exporting large quantities of subject merchandise upon revocation, much of the unused and additional capacity in the subject countries was attributable to companies not controlled by ArcelorMittal.[213]

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[207] *Original Determinations*, USITC Pub. 3546 at 36-37.
[208] *First Review Determinations*, USITC Pub. 4014 at 28.
[209] *First Review Determinations*, USITC Pub. 4014 at 29-30.
[210] *First Review Determinations*, USITC Pub. 4014 at 31.
[211] *First Review Determinations*, USITC Pub. 4014 at 30-31.
[212] *First Review Determinations*, USITC Pub. 4014 at 31.
[213] *First Review Determinations*, USITC Pub. 4014 at 31-32.

C. Price Effects

Original Investigations. In the original investigations, the Commission found significant underselling of the domestic like product by cumulated subject imports. Cumulated subject imports undersold the domestic like product in approximately two-thirds of all comparisons, and the Commission highlighted the consistently high underselling margins of subject imports from Brazil, Moldova, and Ukraine. The Commission further concluded that the subject imports suppressed prices to a significant degree, as the domestic industry could not raise prices to cover increased costs.[214] With respect to Trinidad and Tobago, the Commission emphasized the nature of the price competition and found that both the domestic like product and subject imports from Trinidad and Tobago were concentrated in the price-sensitive low carbon industrial quality category.[215] The Commission found significant underselling, with subject imports from Trinidad and Tobago underselling the domestic like product in 70.8 percent of quarterly comparisons. It further found that subject imports from Trinidad and Tobago had significant price-suppressing effects, for reasons paralleling those presented in the cumulated analysis.[216]

First Reviews. In the first review determinations, the Commission found that price played an important role in purchasing decisions and that the industrial grades of wire rod, in which both the domestic like product and cumulated subject imports tended to be concentrated and considered good substitutes, were highly price sensitive.[217] The Commission found that, upon revocation, the quantities of additional cumulated subject imports would likely exceed greatly any amount needed to rectify short supply conditions and, therefore, importers would need to sell on the basis of price. In light of the likely volume of cumulated subject imports and their historic pattern of underselling, the Commission concluded that significant underselling was likely upon revocation. It further found that cumulated subject imports would also likely have significant price-suppressing or -depressing effects. The Commission observed that raw material costs and the ratio of cost of goods sold to net sales increased during the review period and that significant quantities of low-priced subject imports would likely exacerbate the domestic industry's inability to raise prices commensurately with increases in costs. Thus, the Commission concluded that cumulated subject imports were likely to have significant price effects.[218]

D. Impact

Original Investigations. In the original investigations, the Commission found that the domestic industry lost market share as the volume of cumulated subject imports increased.

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[214] *Original Determinations*, USITC Pub. 3546 at 29-30.

[215] *Original Determinations*, USITC Pub. 3546 at 37.

[216] *Original Determinations*, USITC Pub. 3546 at 37-38.

[217] *First Review Determinations*, USITC Pub. 4014 at 33. Price was characterized as a "very important" purchasing factor by 38 out of 41 purchasers. *Id.* at Table II-4.

[218] *First Review Determinations*, USITC Pub. 4014 at 33-34.

Indicators such as production, domestic shipments, and capacity utilization declined from 1999 to 2000 and fell more sharply from 2000 to 2001. The Commission emphasized the domestic industry's increasing operating losses and noted declines in employment-related indicators. The Commission determined that, while other factors contributed to the domestic industry's financial problems, cumulated subject imports played a significant role in the adverse market conditions facing the domestic industry, including the loss of sales and market share to lower-priced subject imports. It consequently concluded that cumulated subject imports had a significant impact on the domestic industry.[219] The discussion regarding the impact of subject imports from Trinidad and Tobago referenced the discussion of cumulated subject imports.[220]

First Reviews. In the first reviews, the Commission found that the domestic industry's capacity had increased irregularly over the period of review, observing that one producer began production operations, another restarted production in a previously closed facility, and two domestic producers anticipated further increasing their capacities in 2008 or 2009.[221] The Commission observed that the domestic industry's production fluctuated within a narrow range during the period of review and that capacity utilization declined because capacity increased more rapidly than production.[222] The domestic industry's U.S. shipments and employment levels fluctuated during the period of review while inventories declined.[223] In contrast to the original investigations, the domestic industry generally operated profitably during the period of review, although operating performance fluctuated considerably on an annual basis.[224] The Commission attributed these improvements to the orders.[225] The Commission found that, if the antidumping and countervailing duty orders were revoked, a significant volume of additional cumulated subject imports would likely enter the U.S. market and undersell the domestic like product, having significant price-suppressing or -depressing effects.[226] The Commission determined that the additional imports would likely be significantly greater than needed to rectify any existing supply shortages in the U.S. market and that, given that demand was at its lowest level of the period of review in 2007 and was reportedly expected to decline further, additional imports would not be absorbed by increasing demand.[227] Accordingly, the Commission concluded that revocation of the antidumping and countervailing duty orders would likely have a significant adverse impact on the domestic industry's output, sales, market share, employment, profits, and return on investment.[228]

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[219] *Original Determinations*, USITC Pub. 3546 at 31-33.

[220] *Original Determinations*, USITC Pub. 3546 at 38.

[221] *First Review Determinations*, USITC Pub. 4014 at 35.

[222] *First Review Determinations*, USITC Pub. 4014 at 35. Capacity utilization was at a period high of 84.6 percent in 2002 and reached a period low of 69.4 percent in 2005 before increasing to 74.9 percent in 2007. *Id.*

[223] *First Review Determinations*, USITC Pub. 4014 at 35.

[224] *First Review Determinations*, USITC Pub. 4014 at 35.

[225] *First Review Determinations*, USITC Pub. 4014 at 36.

[226] *First Review Determinations*, USITC Pub. 4014 at 36.

[227] *First Review Determinations*, USITC Pub. 4014 at 36.

[228] *First Review Determinations*, USITC Pub. 4014 at 36.

VI. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[229] The following conditions of competition inform our determinations.

A. Demand Conditions

Wire rod continues to be used as an intermediate product. Most wire rod is sold, or internally transferred, to wire drawers that produce a wide variety of wire products.[230] Consequently, demand for wire rod depends on demand for these many downstream products.[231] Wire rod is used primarily in the construction, automotive, energy, and agriculture industries.[232]

Apparent U.S. consumption of wire rod fluctuated during the period of review. Apparent U.S. consumption in 2013 was *** percent below the pre-recession levels of 2008.[233] During the general economic recession, apparent U.S. consumption fell from *** short tons in 2008 to *** short tons in 2009, before increasing in 2010 and 2011 to *** short tons and *** short tons, respectively.[234] Apparent U.S. consumption increased to *** short tons in 2012 before declining slightly to 5.30 million short tons in 2013.[235]

The majority of market participants noted the negative effect of the 2009 recession, with some indicating that, despite some recovery, demand, particularly in the construction market, had not returned to the pre-recession levels.[236] A plurality of firms indicated that demand is expected to increase over the next two years, with a majority reporting that they anticipate demand to increase slowly, particularly in the automotive and construction markets.[237] The majority of market participants that responded to the Commission's questionnaires reported that worldwide demand has fluctuated or decreased since 2008 but anticipate that it will increase or remain unchanged in the future.[238] The majority of foreign

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[229] 19 U.S.C. § 1675a(a)(4).

[230] CR/PR at II-1.

[231] CR at II-18 – II-19, PR at II-11. Reported end uses include fasteners, wire garment hangers, wire mesh, nails, concrete reinforcing mesh, baling wire, industrial wire, tire cord/bead, shelving wire, sod staples, suspension springs, and PC strand. *Id.*

[232] CR/PR at II-1.

[233] CR/PR at Table C-1.

[234] CR/PR at Table C-1.

[235] CR/PR at Table C-1.

[236] CR at II-20, PR at II-12.

[237] CR at II-21, PR at II-13.

[238] CR/PR at Tables II-3 and IV-35

producers indicated that demand in their home markets fell during the recession but has generally recovered and is expected to increase.[239]

B. Supply Conditions

Throughout the period of review, the domestic industry was the largest supplier of wire rod to the U.S. market. The domestic industry's share of the U.S. market fluctuated during the period of review, ending the period at its lowest level; it was *** percent in 2008, *** percent in 2009, *** percent in 2010, *** percent in 2011, *** percent in 2012, and 67.9 percent in 2013.[240] There are ten U.S. producers of wire rod, with seven of these firms internally transferring some of their wire rod production for the manufacture of downstream products.[241] The domestic industry's capacity to produce wire rod fell from 2008 to 2010, increased in 2011, and subsequently fell to a level in 2013 that was 8.5 percent lower than what was reported for 2008.[242] Several U.S. producers reported that they are not operating at full capacity due to market conditions and that import competition limits their ability to produce more wire rod.[243]

Nonsubject countries are the next largest suppliers to the U.S. wire rod market after the domestic industry. Their share of apparent U.S. consumption declined from 2008 to 2009 but fluctuated upward from 2009 to 2013, for an overall increase of *** percentage points from 2008 to 2013.[244] The leading nonsubject source of wire rod imports was China, which accounted for 36.4 percent of total imports in 2013; these imports are subject to ongoing antidumping and countervailing duty investigations.[245] Other leading nonsubject sources of wire rod imports include Canada and Japan, which accounted for 28.3 and 15.1 percent, respectively, of total imports in 2013.[246]

Under the discipline of the orders, subject imports were largely absent from the U.S. market during the period of review. There were no reported U.S. imports of subject wire rod

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[239] CR at IV-80, PR at IV-47.

[240] CR/PR at Table C-1.

[241] CR at III-13, PR at III-7.

[242] CR/PR at Table III-4. Nucor opened a new wire rod mill at its Darlington, South Carolina facility in October 2013 and reopened a previously idled facility at Kingman, Arizona. *Id.* ArcelorMittal's Georgetown, South Carolina facility, Evraz Pueblo's Pueblo, Colorado facility, and Keystone's Peoria, Illinois facility underwent production curtailments and resumptions. CR/PR at III-1. Gerdau idled the rolling mill at its Perth Amboy, New Jersey facility in ***, and it remains idled. *Id.* Gerdau also invested in melting and rolling capacity expansions at its Jacksonville, Florida facility during 2008-2010. *Id.*

[243] CR at III-9, PR at III-4.

[244] CR at IV-7, PR at IV-7; CR/PR at Table C-1. Nonsubject imports' share of apparent U.S. consumption was *** percent in 2008, *** percent in 2009, *** percent in 2010, *** percent in 2011, *** percent in 2012, and 31.9 percent in 2013. CR/PR at Table C-1.

[245] CR/PR at Table IV-1; CR at IV-7, PR at IV-5. *See Carbon and Certain Alloy Steel Wire Rod from China*, Inv. Nos. 701-TA-512 and 731-TA-1248 (Preliminary), USITC Publication 4458 (March 2014). The Commission made affirmative preliminary determinations on March 20, 2014. 79 Fed. Reg. 16373 (Mar. 25 2014).

[246] CR/PR at Table IV-2; CR at IV-7, PR at IV-5.

from Brazil, Indonesia, Moldova, and Ukraine, and subject imports from Trinidad and Tobago ceased after 2008.[247] Mexico was the largest supplier of subject imports and the only subject country from which wire rod was imported during each year of the review period.[248] Subject imports' share of the U.S. market fluctuated but remained low throughout the period of review.[249]

C. Substitutability

Wire rod sold in the United States is categorized by quality according to end use, with 11 major types of wire rod identified by the Iron and Steel Society.[250] The Commission requested market participants to classify their shipments into seven different categories. The domestic industry produces wire rod in each of the seven categories. The three largest categories for the domestic industry are low/medium-low carbon industrial/standard quality (accounting for 49.1 percent of U.S. producers' U.S. shipments in 2013) followed by high/medium-high carbon industrial/standard quality (accounting for 27.9 percent of shipments), and cold heading quality ("CHQ") (accounting for *** percent of shipments).[251] Subject imports from Mexico were reported as being only low/medium-low carbon industrial/standard quality (accounting for *** percent of U.S. importers' shipments of subject imports in 2013) and high/medium-high carbon industrial/standard quality (accounting for *** percent of shipments).[252] Nonsubject imports were reported in all seven categories; the three largest categories for nonsubject imports were low/medium-low carbon industrial/standard quality (accounting for 34.2 percent of U.S. importers' shipments of nonsubject imports in 2013), followed by CHQ (accounting for 25.5 percent of shipments) and high/medium-high carbon industrial/standard quality (accounting for 18.8 percent of shipments).[253] Therefore, there is substantial overlap between the categories of wire rod supplied by the domestic industry, subject imports, and nonsubject imports.

Domestically produced wire rod and subject imports of the same type, particularly in the same industrial quality grades, tend to be highly substitutable.[254] For specialty grades, however, not all sources can produce each product, and there may be differences in wire rod with the same specifications that may limit the degree of substitution.[255]

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[247] CR at IV-3, PR at IV-2; CR/PR at Table IV-1.

[248] CR at IV-3 – IV-4, PR at IV-2; CR/PR at Table IV-1.

[249] CR/PR at Table C-1. Subject imports' share of apparent U.S. consumption was *** percent in 2008, *** percent in 2009, *** percent in 2010, *** percent in 2011, *** percent in 2012, and 0.2 percent in 2013. *Id.*

[250] CR at I-33, PR at I-26.

[251] CR/PR at Table III-7.

[252] CR/PR at Table IV-3.

[253] CR/PR at Table IV-3.

[254] CR at II-23, PR at II-14.

[255] CR at II-23 – II-24, PR at II-14 – II-15.

D. Other Conditions

The principal inputs used in the U.S. production of wire rod are steel billets (produced from steel scrap), natural gas, and electricity.[256] The billets sourced from the United States are produced using minimill technology that melts ferrous scrap and other raw materials in an electric arc furnace.[257] The price of steel scrap fluctuated between January 2008 and December 2013, peaking during the last week of July 2008, falling to a period low in the second week of November 2008, increasing irregularly from the end of 2008 through 2010, and then continuing to fluctuate, decreasing slightly from the first week of January 2011 through the last week of December 2013.[258] U.S. natural gas prices peaked in mid-2008 and fell steeply until October 2009 when prices began to rise; prices then decreased irregularly between January 2010 and May 2012 before increasing irregularly through December 2013.[259] Electricity prices fluctuated seasonally but with no significant net changes.[260]

During the period of review, a significant share of domestic production was captively consumed. The domestic industry internally consumed or transferred to related firms more than *** short tons of wire rod in 2013.[261] Internal consumption and transfers to related firms accounted for *** percent of the domestic industry's total shipments in 2008, *** percent in 2009, *** percent in 2010, *** percent in 2011, *** percent in 2012, and *** percent in 2013.[262] The *** of such shipments were transferred to related firms, reportedly at market prices.[263] Commercial (merchant market) shipments accounted for virtually all of the balance of the domestic industry's shipments.[264]

Most U.S. producers and importers set prices on a transaction-by-transaction basis.[265] However, firms also reported using contracts, set price lists, and other methods, including indexing prices to scrap and other raw material costs as well as market conditions.[266]

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[256] CR/PR at V-1.

[257] CR at I-40, PR at I-31.

[258] CR/PR at V-1 and Figure V-1.

[259] CR at V-2 – V-3, PR at V-2; CR/PR at Figure V-2.

[260] CR at V-3, CR/PR at Figure V-2.

[261] Calculated from CR/PR at Table III-11. We observe that, although several firms reported internal transfers, a single firm, ***, accounted for the vast majority of the domestic industry's internal transfers. CR/PR at Table III-13.

[262] CR/PR at Table III-6.

[263] CR/PR at Table III-6; CR at III-13 n.10, PR at III-7 n.10.

[264] CR/PR at Table III-6.

[265] CR at V-5, PR at V-4; CR/PR at Table V-1.

[266] CR at V-5, PR at V-4; CR/PR at Table V-1.

VII. Revocation of the Antidumping and Countervailing Duty Orders on Subject Imports from Brazil, Indonesia, Mexico, Moldova, and Trinidad and Tobago Is Likely to Lead to the Continuation or Recurrence of Material Injury to the Domestic Industry within a Reasonably Foreseeable Time[267] [268]

A. Likely Volume of Subject Imports

As discussed above, under the discipline of the orders, there were very limited volumes of subject imports during the period of review. Cumulated subject imports were *** short tons in 2008, *** short tons in 2009, *** short tons in 2010, *** short tons in 2011, *** short tons in 2012, and 10,333 short tons in 2013.[269] Their share of apparent U.S. consumption was *** percent in 2008, *** percent in 2009, *** percent in 2010, *** percent in 2011, *** percent in 2012, and 0.2 percent in 2013.[270] [271] [272]

Production capacity in the cumulated subject countries is substantial. The reported aggregate capacity of producers in Brazil, Indonesia, Mexico, Moldova, and Trinidad and Tobago

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[267] As discussed earlier and in his dissenting views regarding Ukraine, Chairman Williamson cumulates all subject countries. His analysis for the six cumulated countries does not differ in any material respect from the majority's analysis, which he joins subject to the footnotes below.

[268] As discussed earlier and in his Separate and Dissenting Views regarding Mexico, Commissioner Johanson exercises his discretion to cumulate subject imports from Brazil, Indonesia, Moldova, Trinidad and Tobago, and Ukraine, but does not exercise his discretion to cumulate subject imports from Mexico.

[269] CR/PR at Table IV-1. As discussed above, subject imports from Trinidad and Tobago were present in the U.S. market only in 2008; imports of wire rod from Mexico were the only subject imports present in the U.S. market in each year of the period of review. *Id.*

[270] CR/PR at Table C-1.

[271] Chairman Williamson has cumulated subject imports from all six subject countries. His inclusion of subject imports from Ukraine does not change the data above concerning subject import volumes during the period of review. He joins generally the discussion below, and his addition of Ukraine in his cumulated analysis does not result in any material differences between his analysis and the majority's. However, his additional consideration of Ukraine's capacity (reported at *** short tons in 2013), excess capacity (reported at *** short tons in 2013), and export orientation (*** percent of total shipments were exported in 2013) further supports his ultimate conclusion that cumulated subject import volumes will likely be significant if the orders were revoked. *See* CR/PR at Table IV-29.

[272] Commissioner Johanson has cumulated subject imports from Brazil, Indonesia, Moldova, Trinidad and Tobago, and Ukraine. There were similarly very limited volumes of these cumulated subject imports during the period of review. CR/PR at Table IV-1. He finds that subject imports for the five countries he has cumulated will likely be equally as significant as the countries that the majority has cumulated because the aggregate capacity in 2013 (*** short tons) was even higher, as was the aggregate excess capacity in 2013 (*** short tons).

was *** short tons in 2013.[273] Thus, the total reported capacity of producers in cumulated subject countries exceeds the 5.3 million short tons of apparent U.S. consumption in 2013.[274] There is also considerable unused capacity in the cumulated subject countries. The reported aggregate excess capacity was *** short tons in 2013.[275] Moreover, production capacity is expected to increase in the reasonably foreseeable future.[276]

We find that producers in the subject countries would likely direct significant quantities of wire rod to the U.S. market should the pertinent orders be revoked. Throughout the period of review, the United States continued to be one of the largest markets for wire rod imports.[277] The cumulated subject countries, in the aggregate, exported substantial quantities of wire rod during the period of review.[278] In addition, the record in these reviews indicates that the United States has been among the highest priced markets for wire rod during most of the period of

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[273] CR/PR at Table IV-6. The "reported" capacity data for Moldova are data published by *** because the sole producer of wire rod in Moldova did not respond to the Commission's questionnaire in these reviews. *Id.* at note 1. If we were to rely upon data published by *** and GTIS/GTA for capacity data for the industries in all cumulated subject countries, aggregate capacity would be substantially higher than reported by responding producers in Brazil, Indonesia, Mexico, and Trinidad and Tobago. Published data indicate capacity was *** short tons in 2013. *Id.* "Published" capacity data for Trinidad and Tobago are the data reported by the Trinidadian producer in questionnaire responses because data from industry monitoring sources were not available. *Id.* at note 2.

[274] CR/PR at Table C-1.

[275] CR/PR at Table IV-6. As noted above, the "reported" capacity data for Moldova are data published by ***. *Id.* at note 1. If we were to rely upon data published by *** and GTIS/GTA for capacity and production data for the industries in all cumulated subject countries, aggregate unused capacity would be substantially higher than reported. Published data indicate unused capacity was *** short tons in 2013. *Id.* As noted above, published capacity data for Trinidad and Tobago are the data reported by the Trinidadian producer in questionnaire responses. *Id.* at note 2.

[276] Specifically, according to ***, three new mills are forecast to come online in Brazil during 2014-15, with an estimated combined capacity of approximately *** short tons in 2014 and *** short tons in 2015. CR at IV-18 – IV-19, PR at IV-14. In addition, ***. CR at IV-23 – IV-24, PR at IV-16. Respondent Deacero contends that wire rod capacity in Mexico will decrease as a result of plans to convert capacity in one of its mills from wire rod to special bar quality. Deacero's Posthearing Brief at 7 (citing Tr. at 140 (Gutierrez)), Exhibit 23 & Responses to Commission's Questions at 27 (citing Tr. at 227 (Gutierrez)). Deacero, however, has not asserted that this purported conversion will occur in the near future, but rather, its representative testified that any such conversion would be gradual and done slowly. Tr. at 228 (Gutierrez). Accordingly, we rely upon the capacity data reported by Mexican producers in questionnaire responses. Commissioner Johanson does not join the preceding two sentences.

[277] CR/PR at Table IV-40.

[278] CR/PR at Tables IV-8, IV-10, IV-13, IV-14, IV-17, IV-19, IV-22, IV-24 and IV-26. The data in these tables may include some wire products that are not subject merchandise. CR/PR at Tables IV-10 note, IV-14 note, IV-19 note, IV-22 note and IV-26 note.

review.[279] Moreover, we observe that subject producers continue to demonstrate interest in the U.S. market, as is evidenced by their exports of out-of-scope wire rod products.[280] [281] [282] This

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[279] CR/PR at Figure IV-2 and Table IV-38. Country-specific monthly transaction prices for wire rod indicate that Chinese market prices were consistently below U.S. prices. CR/PR at Table IV-38; CR at IV-91, PR at IV-51. Korean wire rod market prices were generally below U.S. prices, with notable exceptions in 2010, 2012, 2013, and 2014. *Id.* Japanese market prices were generally higher than U.S. market prices in 2009 through the first half of 2012 but consistently lower in 2008 and the latter half of 2012 through the first three months of 2014. *Id.* Similarly, Canadian market prices were generally higher than U.S. prices in 2009 through the first half of 2013 but generally lower in 2008 and the latter half of 2013 through the first three months of 2014. CR/PR at Table IV-38. European market prices were higher than U.S. prices for most of 2008 but then consistently lower than U.S. prices from the latter part of 2008 through the first three months of 2014. CR/PR at Figure IV-2 and Table IV-38. Although we recognize that these data may not be as precise as pricing data based on specific pricing product definitions, CR at IV-84, PR at IV-50, we nonetheless find the data to be demonstrative of the likely attractiveness of the U.S. wire rod market in the reasonably foreseeable future.

[280] In particular, the U.S. market continued to be the largest export market for nonsubject wire rod imports from Brazil during the period of review. CR/PR at Table IV-10. Similarly, subject imports as well as nonsubject wire rod imports from Mexico were present in the U.S. market throughout the period of review, and Deacero itself stated that imports from Mexico maintained a continued "substantial presence" during the review period. CR/PR at Tables IV-17, IV-19, C-1 and Appendix F; Deacero's Posthearing Brief at 5. Accordingly, notwithstanding Deacero's assertion that wire rod prices in third countries are higher than U.S. prices, Deacero's Posthearing Brief at 8-9 and Prehearing Brief at 23-26, we find that the persistent presence of wire rod imports from Mexico during the review period demonstrates that the U.S. market continues to be viewed by Mexican producers as an attractive market. Moreover, as discussed above in section III.D., Deacero acknowledged that the 4.75 mm wire rod that it shipped during the review period is "substitutable" with subject 5.5 mm wire rod, and Deacero undersold domestically produced 5.5 mm wire rod by providing a price incentive on its 4.75 mm wire rod to gain sales and market share in the United States. Tr. at 181-82 (D. Gutierrez, Campbell). Additionally, Deacero indicated that it might also ship subject wire rod to the United States if the order were revoked. Tr. at 210 (Campbell).

[281] Respondents argue that Gerdau and ArcelorMittal are unlikely to increase exports from subject countries in a manner that would impair the operations of their domestic production affiliates. AWPA Prehearing Brief at 8-13. In the first reviews, we found that Gerdau did not act as a single entity, and there is nothing in the record of these second reviews that calls that conclusion into question. Accordingly, there are no material disincentives to Gerdau affiliates to import wire rod to the United States. With respect to ArcelorMittal, the record in these reviews continues to indicate that ArcelorMittal coordinates its global operations. Gerdau Parties' Posthearing Brief, Responses to Commission's Questions at 54-55. However, the record also continues to indicate that substantial portions of the foreign industries are controlled by firms that are not affiliated with ArcelorMittal. As discussed above, ArcelorMittal Brasil was estimated to account for less than *** of Brazilian wire rod production in 2013. CR at IV-17, PR at IV-13. Moreover, as discussed above, the majority of new wire rod capacity that is expected to be added in 2014 and 2015 in Brazil is attributable to firms unrelated to ArcelorMittal. CR at IV-18 – IV-19 and CR at IV-23 – IV-24, PR at IV-14 and IV-16. With respect to the wire rod industry in Mexico, we observe that Deacero was estimated to account for *** percent of (Continued…)

participation in the U.S. market also indicates that the subject producers have ready access to U.S. distribution networks.

Given the cumulated subject producers' excess capacity, likely capacity increases, and overall export orientation, and the size and relative attractiveness of the U.S. market, we conclude cumulated subject import volumes will likely be significant, both in absolute terms and relative to U.S. consumption, upon revocation.[283]

(…Continued)
production in 2013. CR at IV-40, PR at IV-25. Although ArcelorMittal Point Lisas is the sole producer of wire rod in Trinidad and Tobago, the sole producer of wire rod in Moldova is not affiliated with ArcelorMittal. In addition, although the AWPA asserts that the Commission should consider PT Ispat Indo to be affiliated with ArcelorMittal, Gerdau Parties dispute this assertion and challenged it in the first review. Gerdau Parties' Posthearing Brief, Responses to Commission's Questions at 56; *First Review Determinations*, USITC Report, at IV-36 n.19. In any event, we observe that *** estimated PT Ispat Indo to account for only *** percent of total rolling wire rod capacity in Indonesia in 2013. CR at IV-29, PR at IV-20. PT Ispat Indo itself estimated that it accounted for only *** percent of wire rod production in Indonesia in 2013. PT Ispat Indo Foreign Producer Questionnaire Response. Accordingly, the record indicates that substantial portions of the industries in each of the cumulated subject countries other than Trinidad and Tobago are controlled by companies that are not affiliated with ArcelorMittal. Furthermore, we observe that ***. CR at Appendix D-24, PR at Appendix D-3. Thus, to the extent that ArcelorMittal may import to the United States if the orders were revoked, it would likely rely on sources more proximate to the United States, including the subject countries of Mexico and Trinidad and Tobago. This is consistent with ArcelorMittal's pattern during the period of review, including in 2010 when it experienced closure and idling of U.S. production facilities, to ***. CR/PR at Table III-9.

[282] Chairman Williamson and Commissioner Johanson join the prior footnote's discussion only in part. In particular, they join its discussion of Gerdau, and its discussion that substantial portions of several foreign industries are controlled by firms not affiliated with ArcelorMittal. However, as discussed in their dissenting views on Ukraine, they do not join any suggestion that ArcelorMittal's corporate policies would prevent imports into the United States from ArcelorMittal affiliates, and do not join the conclusion that any such imports would be most likely from sources more proximate to the United States.

[283] We have also considered several other statutory factors in our analysis of likely subject import volume. Reported end-of-period inventories of subject merchandise for 2013 maintained in Brazil, Indonesia, Mexico, and Trinidad and Tobago were *** short tons. CR/PR at Tables IV-9, IV-13, IV-17 and IV-24. U.S. inventories of subject merchandise were present in the United States only during 2008 and 2011. CR at IV-11, PR at IV-9. In ***, U.S. importers' inventories of subject imports from Trinidad and Tobago were *** short tons; in ***, U.S. importers' inventories of subject imports from Mexico were *** short tons. CR/PR at Table IV-5.

The record indicates that there are existing or potential barriers to exports of wire rod applicable to wire rod from Indonesia. Specifically, the record indicates that Malaysia imposed an antidumping duty order against imports of wire rod from Indonesia in 2013 and that Australia initiated an investigation into alleged dumping of rod in coils from Indonesia, Taiwan, and Turkey in 2014. CR at IV-15, PR at IV-12. Additionally, Colombia is currently conducting a global safeguard investigation on wire rod, as well as rebar and wire round. *Id.* Chairman Williamson and Commissioner Johanson note that Mexico imposed an antidumping duty order on wire rod imports from Ukraine in 2000.
(Continued…)

B. Likely Price Effects

The record in these reviews indicates that subject imports and domestically produced wire rod of the same type are highly substitutable[284] and that price is a very important factor in purchasing decisions.[285] Moreover, as discussed above, both the domestic like product and subject imports tend to be concentrated in industrial quality grades. Thus, for purchasers of industrial quality grades of wire rod, pricing is particularly important in purchasing decisions.[286] [287]

The Commission collected quarterly pricing data on four wire rod products – two industrial quality products, a mesh quality product, and a product for spring applications.[288] Nine U.S. producers and two importers of wire rod from Mexico provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[289] Pricing data reported by these firms accounted for approximately 31.0 percent of U.S. producers' shipments of wire rod and *** percent of U.S. shipments of subject imports from Mexico during the period of review.[290] The pricing data show that cumulated subject imports undersold the domestic like product in 30 out of 37 instances, with margins of underselling ranging from *** to *** percent.[291]

(…Continued)

Some producers in the cumulated subject countries produce other products in the same facilities where they produce wire rod. Specifically, ArcelorMittal Brasil and all three responding Mexican producers reported producing *** using shared equipment and machinery. CR at IV-22 and IV-44; PR at IV-16 and IV-29; CR/PR at Tables IV-9 and IV-18. ArcelorMittal Point Lisas reported ***. CR at IV-59, PR at IV-38; CR/PR at Table IV-25.

[284] CR at II-23, PR at II-14.

[285] The most often cited top three factors firms consider in their purchasing decisions for wire rod were quality (33 firms), price (30 firms), and availability (16), with 14 firms citing quality as the most important factor and 12 firms citing price as the most important factor. CR at II-25 – II-26, PR at II-16; CR/PR at Table II-5. In addition, 36 responding purchasers rated price as a "very important" purchasing factor. CR at II-27 – II-28, PR at II-17; CR/PR at Table II-6.

[286] Chairman Williamson has cumulated subject imports from all six subject countries. He joins generally the discussion below, and his addition of Ukraine in his cumulated analysis does not result in any material differences between his analysis and the majority's.

[287] Commissioner Johanson has cumulated subject imports from Brazil, Indonesia, Moldova, Trinidad and Tobago, and Ukraine. He observes that there are no pricing data for the period of review concerning the subject imports he has cumulated. He finds that these cumulated subject imports will likely have significant adverse price effects because they undersold the domestic like product in 117 of 146 available quarterly comparisons in the original investigations and in 25 of 31 available quarterly comparisons in the first reviews.

[288] CR at V-8, PR at V-6.

[289] CR at V-8, PR at V-6.

[290] CR at V-8, PR at V-6.

[291] CR at V-18, PR at V-12; CR/PR at Tables V-3 – V-6.

Given the predominant underselling during both this period of review and the first reviews and the significant underselling in the original investigations,[292] as well as our findings that subject imports would likely increase upon revocation, we find that significant underselling would likely recur if the antidumping and countervailing duty orders were revoked. Because of the importance of price in purchasing decisions, this underselling in turn would likely cause the domestic industry to consider either reducing its prices or foregoing price increases to maintain market share, as was the case in the original investigations. We therefore conclude that the likely significant volume of cumulated subject imports of wire rod would likely undersell the domestic like product to a significant degree to gain market share and would also likely have significant price-depressing or -suppressing effects.

C. Likely Impact

Over the period of review, most trade indicators declined as a result of the recession in 2009, subsequently increased through 2011 but then declined in 2012 and 2013. The domestic industry's capacity decreased from 5.55 million short tons in 2008 to 5.30 million short tons in 2009 and 4.97 million short tons in 2010 before increasing to 5.17 million short tons in 2011 and subsequently falling to 5.13 million short tons in 2012 and 5.10 million short tons in 2013.[293] Production quantity similarly decreased from 4.06 million short tons in 2008 to 2.84 million short tons in 2009 before increasing to 3.38 million short tons in 2010 and 5.17 million short tons in 2011 and subsequently decreasing to 5.13 million short tons in 2012 and 5.07 million short tons in 2013.[294] Capacity utilization fluctuated during the review period but declined overall; it was 73.1 percent in 2008, 53.6 percent in 2009, 68.2 percent in 2010, 75.5 percent in 2011, 75.6 percent in 2012, and 72.0 percent in 2013.[295]

The domestic industry's U.S. shipments, both on a total basis and on a commercial (merchant market) basis, showed patterns similar to those for production. Total U.S. shipments were 4.1 million short tons in 2008, 2.83 million short tons in 2009, 3.34 million short tons in 2010, 3.88 million short tons in 2011, 5.13 million short tons in 2012, and 5.07 million short

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[292] Cumulated subject imports from Brazil, Indonesia, Mexico, Moldova, and Trinidad and Tobago undersold the domestic like product in 133 of 170 available comparisons in the original investigations and in 45 out of 79 available comparisons in the first reviews. CR at V-18 nn.15 and 16, PR at V-12 nn.15 and 16. Chairman Williamson and Commissioner Johanson note that subject imports from Ukraine undersold the domestic like product in *** available comparisons in the original investigations and in *** available comparisons in the first review. *Id.*

[293] CR/PR at Tables III-5 and C-1. Gerdau Parties contend that the capacity utilization rate is understated because the figures do not account for all capacity reported by domestic producers in questionnaire responses. Gerdau Parties' Prehearing Brief at 91-92. Specifically, the capacity data do not include any capacity at Gerdau's Perth Amboy, New Jersey facility because that facility has been idled since the second half of 2009. CR at III-8, PR at III-4; CR/PR at Table III-5 note.

[294] CR/PR at Tables III-5 and C-1.

[295] CR/PR at Tables III-5 and C-1.

tons in 2013.[296] Commercial shipments were 2.95 million short tons in 2008, 2.03 million short tons in 2009, 2.41 million short tons in 2010, 2.94 million short tons in 2011, 2.82 million short tons in 2012, and 1.86 million short tons in 2013.[297] Inventories relative to U.S. shipments increased from 5.7 percent in 2008 to 6.8 percent in 2009 before declining to 5.8 percent in 2010 and 4.9 percent in 2011; they subsequently increased to 6.1 percent in 2012 and 7.4 percent in 2013.[298] As discussed above, although the domestic industry accounted for the majority of apparent U.S. consumption, its market share fluctuated and declined from 2008 to 2013, ending the review period at its lowest level.[299]

The number of production and related workers employed by the domestic industry and total hours worked fluctuated but declined overall during the review period.[300] Wages paid and hourly wages also fluctuated during the period of review but were highest in 2012 before declining in 2013.[301] The industry's productivity also fluctuated but was highest in 2011 and 2013.[302]

The financial performance of the domestic industry showed some recovery from the recession but subsequently displayed declines from 2011 to 2013. The domestic industry's total net sales values declined from $3.6 million in 2008 to $1.7 million in 2009 before increasing to $2.3 million in 2010 and $3.1 million in 2011 and then declining to $2.9 million in 2012 and $2.6 million in 2013.[303] The domestic industry's ratio of COGS to net sales increased from 87.9 percent in 2008 to 98.4 percent in 2009, then decreased to 91.6 percent in 2010 and 90.0 percent in 2011 before increasing to 91.7 percent in 2012 and 92.4 percent in 2013.[304] As a result, while the domestic industry recovered somewhat from the recession and was profitable

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[296] CR/PR at Tables III-6 and C-1.

[297] CR/PR at Table III-6. As discussed above, although there was substantial captive consumption during the period of review, the majority of domestic shipments were in the merchant market. The percentage of commercial shipments ranged from 70.8 percent of total U.S. shipments to 75.3 percent on an annual basis during the review period. *Id.*

[298] CR/PR at Tables III-8 and C-1.

[299] CR/PR at Table C-1.

[300] CR/PR at Tables III-10 and C-1. The number of production related workers was 2,339 in 2008, 2,083 in 2009, 2,173 in 2010, 2,239 in 2011, 2,269 in 2012, and 2,192 in 2013. Hours worked were 4.7 million in 2008, 3.8 million in 2009, 4.2 million in 2010, 4.6 million in 2011, 4.6 million in 2012, and 4.3 million in 2013. *Id.*

[301] CR/PR at Tables III-10 and C-1. Unit labor costs also fluctuated from year to year but increased slightly from 2008 to 2013. *Id.*

[302] CR/PR at Tables III-10 and C-1.

[303] CR/PR at Tables III-11 and C-1. The domestic industry's net commercial sales values similarly declined from $2.6 million in 2008 to $1.2 million in 2009, then increased to $1.7 million in 2010 and $2.4 million in 2011 before declining to $2.2 million in 2012 and $1.9 million in 2013. CR/PR at Table III-11.

[304] CR/PR at Tables III-11 and C-1.

in every year except for 2009, its operating income did not return to pre-recession levels.[305] The domestic industry's ratio of operating income to net sales fell from 9.8 percent in 2008 to negative 2.6 percent in 2009, then rose to 4.3 percent in 2010 and 7.2 percent in 2011 before falling to 5.2 percent in 2012 and 4.2 percent in 2013.[306] The industry's capital expenditures decreased from 2008 to 2009 but subsequently increased steadily from 2009 to 2013.[307] Research and development expenses, which were much lower than capital expenditures, fluctuated from year to year and were higher in 2012 and 2013 than in 2008.[308]

Although we acknowledge that most performance indicators declined in 2012 and 2013 after showing some recovery from the recession, we find that the domestic industry is not currently in a vulnerable condition. Nonetheless, as discussed above, should the orders under review be revoked, we have found that the volume of subject imports would likely increase to a significant level.[309] [310] We have further found that this additional volume of subject imports would likely be priced in a manner that would undersell the domestic like product. Consequently, the domestic industry would need to respond either by forgoing sales and ceding market share or by lowering or restraining prices. Under either circumstance, the domestic industry's revenues and financial performance would likely decline, resulting in declines in the domestic industry's production, shipments, market share, and employment. Moreover, as discussed above, although a significant share of U.S. wire rod production is internally transferred, the substantial majority of domestic shipments are in the merchant market. Therefore, we find the existence of captive consumption does not insulate the domestic industry from competition.

We have also considered the role of nonsubject imports in the U.S. market. Nonsubject imports' share of the U.S. wire rod market fluctuated throughout the period of review and increased overall.[311] [312] As discussed above, the leading nonsubject source of wire rod imports was China, and those imports are currently subject to ongoing antidumping and countervailing duty investigations. The continued presence of nonsubject imports in the U.S. market, as was the case in the original investigations and first reviews, would not preclude subject imports

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[305] CR/PR at Tables III-13 and C-1. The domestic industry's operating income was $347.1 million in 2008, negative $42.9 million in 2009, $98.8 million in 2010, $218.0 million in 2011, $148.4 million in 2012, and $107.7 million in 2013. *Id.*

[306] CR/PR at Tables III-13 and C-1.

[307] CR/PR at Tables III-14 and C-1.

[308] CR/PR at Table III-14. Four U.S. producers reported research and development expenses. *Id.*

[309] Chairman Williamson has cumulated subject imports from all six subject countries. He finds the discussion below is equally applicable to the subject imports he has cumulated.

[310] Commissioner Johanson joins the conclusions in this paragraph with respect to the subject imports from Brazil, Indonesia, Moldova, Trinidad and Tobago, and Ukraine that he has cumulated.

[311] CR/PR at Table C-1.

[312] Commissioner Johanson has also considered the subject imports from Mexico that he has not cumulated. As detailed in his Separate and Dissenting Views, he determines that subject imports from Mexico are not likely to lead to a continuation or recurrence of material injury were the order on Mexico to be revoked.

from taking market share from the domestic industry, the largest supplier of wire rod to the U.S. market, or forcing the domestic industry to its lower prices to compete.

Accordingly, in light of the likely significant volumes and likely adverse price effects, we find that revocation of the antidumping and countervailing duty orders would likely have a significant adverse impact on the domestic industry.

VIII. Revocation of the Antidumping Order on Subject Imports from Ukraine Is Not Likely to Lead to the Continuation or Recurrence of Material Injury to the Domestic Industry within a Reasonably Foreseeable Time[313]

A. Likely Subject Import Volume

For purposes of our analysis of likely subject import volume, we incorporate by reference our discussion of subject imports from Ukraine in section III.B. above. In that discussion, we found that it was unlikely that the largest producer of subject wire rod in Ukraine, ArcelorMittal KR, would ship more than minimal volumes of wire rod to the United States due to its affiliation with the ArcelorMittal Group and lack of geographic proximity to the U.S. market. We further found that the only other significant current subject producer in Ukraine, Yenakiieve, had not shipped wire rod to the Western Hemisphere during the period of review and was unlikely to direct more than a modest portion of its limited excess capacity to the United States. Accordingly, we conclude that the likely volume of subject wire rod imports from Ukraine would not be significant, in absolute terms or relative to production or consumption in the United States, within a reasonably foreseeable time in the event of revocation.

B. Likely Price Effects

During the original investigations, subject imports from Ukraine undersold the domestic like product in 21 of 22 quarterly price comparisons, with an average underselling margin of *** percent.[314] In the first reviews, subject imports from Ukraine undersold the domestic like product in all six quarterly price comparisons, with an average margin of underselling of *** percent.[315] There were no price comparisons in the current reviews.

We find that pricing data for Ukraine from the original investigations, and the first year of the first review, are not indicative of likely pricing patterns upon revocation of the order.[316] The composition of the industry in Ukraine has changed dramatically since the original

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[313] Chairman Williamson and Commissioner Johanson do not join this section of the opinion. *See* Separate and Dissenting Views of Chairman Irving A. Williamson and Commission David J. Johanson Regarding Cumulation for Ukraine.

[314] CR at V-18 n.11, PR at V-4 n.11

[315] CR at V-18 n.11, PR at V-4 n.11.

[316] *First Review Determinations*, USITC Report, at Table V-2.

investigation, as the mills that have since become ArcelorMittal KR and Yenakiieve were then under different management.[317] Moreover, as discussed above, due to ArcelorMittal KR's affiliation with the ArcelorMittal Group and Yenakiieve's limited excess capacity and lack of interest or experience in supplying wire rod to markets in the Western Hemisphere, subject imports from Ukraine are not likely to be at significant volumes upon revocation. Consequently, subject producers in Ukraine are not likely to have any incentive to price aggressively to gain U.S. market share. We find that any modest volumes of imports that may be expected to enter the U.S. market from Ukraine upon revocation of the order would be too small to have a material influence on pricing for the entire U.S. market. Given the likely small volume of subject imports from Ukraine in the event of revocation, we find that revocation of the antidumping duty order on subject imports of wire rod from Ukraine would not be likely to lead to significant underselling or significant price depression or suppression within a reasonably foreseeable time.

C. Likely Impact

We incorporate by reference the discussion in section VII.C. above concerning the domestic industry's performance during the period of review, as well as our finding that the domestic industry is not in a vulnerable condition. Given that we find it likely that there would not be a significant volume of subject imports from Ukraine and there would not be likely significant price effects from these imports, we find that revocation of the antidumping and countervailing duty orders on subject imports from Ukraine is not likely to lead to a significant impact on the domestic industry within a reasonably foreseeable time.

Thus, we conclude that revocation of the antidumping duty order on subject imports from Ukraine would not be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

IX. Conclusion

For the foregoing reasons, we determine that revocation of the countervailing duty order on carbon and certain alloy steel wire rod from Brazil and the antidumping duty orders on wire rod from Brazil, Indonesia, Mexico, Moldova, and Trinidad and Tobago, would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[318] We determine that revocation of the antidumping duty order

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[317] CR at IV-65 – IV-66, PR at IV-41 – IV-42; Yenakiieve's Prehearing Brief at 15-16. We observe that this is the first time that the Commission has had a chance to consider fully these changes in the industry in Ukraine as no Ukrainian producer participated in the first reviews through filing briefs or providing testimony at the hearing.

[318] Commissioner Johanson determines that revocation of the countervailing duty order on wire rod wire rod from Brazil and the antidumping duty orders on wire rod from Brazil, Indonesia, Moldova, Trinidad and Tobago, and Ukraine, would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. He determines that (Continued…)

on wire rod from Ukraine would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[319]

(…Continued)
revocation of the antidumping duty order on wire rod from Mexico would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

[319] Chairman Williamson determines that revocation of the countervailing duty order on wire rod wire rod from Brazil and the antidumping duty orders on wire rod from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine, would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

SEPARATE AND DISSENTING VIEWS OF CHAIRMAN IRVING A. WILLIAMSON AND COMMISSIONER DAVID S. JOHANSON REGARDING CUMULATION FOR UKRAINE

Based on the record in these reviews, we do not find that subject imports of steel wire rod from Ukraine would likely have no discernible adverse impact on the domestic industry if the order on such imports were revoked.

In the original investigations, subject imports from Ukraine increased from 193,003 short tons in 1999 to 367,712 short tons in 2000, then declined to 258,526 short tons in 2001, for an overall increase of 33.9 percent from 1999 to 2001. Their share of apparent U.S. consumption was *** percent in 1999, *** percent in 2000, and *** percent in 2001.[1] Subject imports from Ukraine undersold domestic product in 21 of 22 available comparisons.[2] In the first five-year review, with the order in place, subject imports from Ukraine were absent from the U.S. market except in 2002 (11,159 short tons) and 2005 (738 short tons).[3] Subject imports undersold domestic product in all 6 comparisons.[4] There were no subject imports from Ukraine during the current period of review.[5]

Two producers of subject product in Ukraine – ArcelorMittal Kryvyi Rih ("ArcelorMittal KR") and Yenakiieve Iron and Steel Works ("Yenakiieve") – responded to the Commission's foreign producer questionnaire in these reviews. While *** presents data that cover other producers, the two responding producers accounted for *** percent of the total wire rod rolling capacity and *** percent of wire rod production in Ukraine during 2013 as reported by ***.[6] We consider the two responding producers to account for at least the vast majority of the current industry in Ukraine.

The larger of the two responding producers, ArcelorMittal KR, is part of the ArcelorMittal group. Yenakiieve argues that, based on ArcelorMittal's regional supply policy, this producer is unlikely to export meaningful volumes of steel wire rod to the United States. In particular, Yenakiieve argues that ArcelorMittal's corporate policy is to serve local markets with local production, and that decisions concerning imports are ***.[7]

We conclude that ArcelorMittal's corporate policy is not likely to prevent ArcelorMittal KR from exporting substantial volumes of steel wire rod to the United States in the event of revocation. First, the corporate policy clearly permits imports from other ArcelorMittal mills

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[1] *Original Determinations*, USITC Pub. 3546, USITC Report at Table I-1 (reproduced in CR/PR appendix C). Over the three full years of the original period of investigation, the total volume of subject imports from Ukraine were the second highest of the six countries remaining in these reviews, following only subject imports from Trinidad & Tobago. *Id.*

[2] CR at V-18 n.15, PR at V-12 n.15.

[3] *First Review Determinations*, USITC Pub. 4014, USITC Report at Table I-1.

[4] CR at V-18 n.16, PR at V-12 n.16.

[5] CR/PR at Table C-1.

[6] CR at IV-67 n. 51; PR at IV-42 n.51.

[7] *See*, *e.g.*, Yenakiieve's Prehearing Brief at 5-6 and 34.

depending on market opportunities. ArcelorMittal reports that it "employs a commercial coordination policy that ***" and that "***."[8] Indeed, in the first five-year review of these orders, despite similar affiliations, the Commission cumulated all subject countries except Canada, and the decision on Canada was not based on ArcelorMittal affiliations.[9] Second, over the POR, there have indeed been imports of wire rod into the United States from ArcelorMittal companies, including from ***.[10] While ArcelorMittal may have some preference for sourcing U.S. imports from its Western Hemisphere affiliates, we do not find this would prevent imports from other affiliates, such as ArcelorMittal KR, in light of the continuing antidumping duty orders on Mexico and Trinidad and Tobago as well as imports from other affiliates over the period of review. Third, ArcelorMittal KR has *** – in 2013, its capacity utilization rate was *** percent, and its ***.[11] Given this level of ***, and the high fixed cost nature of steel wire rod production,[12] we find that ArcelorMittal would have a strong incentive to produce additional wire rod in Ukraine and export to the United States if the order were revoked. Fourth, ArcelorMIttal USA is a *** producer. In 2013, it accounted for only *** percent of domestic capacity, and only *** percent of domestic production. ArcelorMittal USA itself was a *** importer of steel wire rod over the POR, and these imports *** over the POR.[13] In 2013, its total imports of steel wire rod totaled *** short tons, equivalent to *** percent of its domestic production.[14]

Based on these facts, we find that, upon revocation, it is likely that there would be U.S. imports of steel wire rod from ArcelorMittal KR. The volume of such imports are of course uncertain, but given the *** at ArcelorMittal KR, such import volumes would likely be at least large enough to have a discernible adverse impact on the domestic industry, even without consideration of the other Ukrainian producer, Yenakiieve.

Having rejected the argument related to ArcelorMittal, we consider the Ukrainian industry as a whole. Questionnaire data indicate that the industry has *** and growing excess capacity. Capacity utilization in Ukraine declined steadily from *** percent in 2010 to *** percent in 2011, *** percent in 2012, and *** percent in 2013.[15] Absolute excess capacity has ***, reaching *** tons in 2013; this is equivalent to nearly *** of apparent U.S. consumption in that year.[16] We also note that there is some evidence on the record that additional capacity will come online in 2014 at the Dneprovsky (Dzerzhinsky) Metallurgical Plant.[17]

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[8] CR at III-19, PR at III-10.
[9] *First Review Determinations*, USITC Pub. 4014 at 12-19.
[10] CR/PR at Table I-12.
[11] Foreign Producer Questionnaire Response of ArcelorMittal KR at II-5a.
[12] *See* CR at III-40 n.42, III-42 n.46, and III-43 n.49; PR at III-18 n.42, III-19 n.46, and III-19 n.49.
[13] CR/PR at Table III-9.
[14] CR/PR at Table III-9.
[15] CR/PR at Table IV-29.
[16] CR/PR at Tables IV-29 and C-1.
[17] *See*, *e.g.*, Nucor's Prehearing Brief at 32 and n.177; Gerdau Parties' Posthearing Brief at Ex. 1 p. 2.

The industry in Ukraine is also *** export-oriented. Exports accounted for *** percent of total shipments throughout the POR;[18] the share was *** percent in 2013.[19] We also note that in each year of the POR, Ukraine was the world's third- or fourth-largest exporter of wire rod products; none of the other subject countries were in the top ten.[20] Yenakiieve argues that its exports are concentrated in nearby markets, and that it is not likely to export outside those markets. As discussed above, we are considering the Ukrainian industry as a whole. For that industry, exports have been to many countries, and the industry has demonstrated an ability to quickly shift shipments among export markets.[21] While some of Ukraine's largest export markets are currently in Europe, the Middle East, and western Asia, it also has significant exports to Nigeria and Senegal.[22] There is also some evidence that Ukraine has reduced its exports to Russia.[23] At the Commission's hearing, the witness from Ukraine stated that the current political situation in Ukraine was not affecting exports of steel products from that country's ports.[24] Moreover, while the Ukrainian industry may not be currently exporting steel wire rod to the Western Hemisphere, it has previously done so, as demonstrated by the trade remedy in place in Mexico, which was imposed in 2000 and has been continued.[25]

In sum, we find that, upon revocation, there will likely be substantial imports of steel wire rod from ArcelorMittal KR, notwithstanding ArcelorMittal's corporate policies, and that imports of steel wire rod from Ukraine overall are not likely to have no discernible adverse impact on the domestic industry. We also determine, as discussed in our footnotes to the majority opinion, to exercise our discretion to cumulate Ukraine with the other subject countries we each are cumulating.

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[18] The record from the original investigations and the first review show that the Ukrainian industry was equally export oriented during those earlier periods. *Original Determinations*, USITC Pub. 3546, USITC Report at Table VII-8; *First Review Determinations*, USITC Pub. 4014, USITC Report at Table IV-35.

[19] CR/PR at Table IV-29.

[20] CR/PR at Table IV-41.

[21] CR/PR at Table IV-31.

[22] *Id*.

[23] Nucor Prehearing Brief at Ex. 1 p. 6 and Ex. 18; Yenakiieve Prehearing Brief at Ex. 16.

[24] Tr. at 199 (Dimitrova).

[25] CR at IV-15; PR at IV-12; Gerdau Parties' Prehearing Brief at 75 and Ex. 14.

SEPARATE AND DISSENTING VIEWS OF COMMISSIONER DAVID S. JOHANSON

I. INTRODUCTION

Based on the record in these five-year reviews, I concur with my colleagues in determining that material injury is likely to continue or recur within a reasonably foreseeable time if the countervailing duty order on subject imports of carbon and certain alloy steel wire rod ("wire rod") from Brazil and the antidumping duty orders on subject imports of wire rod from Brazil, Indonesia, Moldova, and Trinidad and Tobago are revoked.[1] I write separately from my colleagues, however, as I find that material injury is not likely to continue or recur within a reasonably foreseeable time if the antidumping duty order on subject imports of wire rod from Mexico is revoked. I join the discussion of the Commission majority regarding background (Section I), domestic like product and domestic industry (Section II), cumulation (only Sections III(A)–(C)), legal standards (Section IV), findings from the original investigations and prior reviews (Section V), conditions of competition in the U.S. market (Section VI), and the finding that revocation of the orders with respect to Brazil, Indonesia, Moldova, and Trinidad and Tobago is likely to lead to a continuation or recurrence of material injury (Section VII), with exceptions as noted. I write separately to discuss my analysis of the statutory factors regarding imports from Mexico.

II. CUMULATION

A. Likelihood of No Discernible Adverse Impact

I concur with my colleagues (Section III(B) of majority views) in not finding that subject imports of wire rod from Brazil, Indonesia, Mexico, Moldova, and Trinidad and Tobago would likely have no discernible adverse impact on the domestic industry if those orders were revoked. However, as detailed in our joint dissenting views, Chairman Williamson and I differ from the majority because we do not find that subject imports from Ukraine would likely have no discernible adverse impact on the domestic industry if that order were revoked.

B. Likelihood of a Reasonable Overlap of Competition

I concur with my colleagues (Section III(C) of majority views) in concluding that there would likely be a reasonable overlap of competition between the domestic like product and subject imports from all six countries.

[1] I also find that material injury is likely to continue or recur within a reasonably foreseeable time if the antidumping duty order on wire rod from Ukraine were revoked. For my views on subject imports from Ukraine, see Separate and Dissenting Views of Chairman Irving A. Williamson and Commissioner David S. Johanson Regarding Cumulation for Ukraine.

C. Likely Conditions of Competition

I write separately because, based on the evidence, I exercise my discretion to cumulate subject imports from five countries—Brazil, Indonesia, Moldova, Trinidad and Tobago, and Ukraine—but I do not exercise my discretion to cumulate subject imports from Mexico.

I base my cumulation decision primarily on my analysis of the likely volume of subject imports that might come from each the six countries in the event of revocation. I find that, of the foreign industries producing wire rod in these six countries, the industry in Mexico is unique in that it alone combines both the highest average capacity utilization and lowest average export orientation over the period of these second reviews. I consider this important as both characteristics make the Mexican industry less likely to export to the U.S. market in the event of revocation.[2]

Over the period of these second reviews, capacity utilization by the Mexican industry was consistently high and ranged from 85.0 percent in 2013 to 98.1 percent in 2011, and averaged 92.0 percent over 2008-2013.[3] Over the period of these reviews, excess capacity in Mexico ranged from 49,752 short tons in 2011 to 412,708 short tons in 2013, and averaged 201,726 short tons.[4] Total exports of wire rod from Mexico, as a share of total shipments, were consistently low and ranged from 9.4 percent in 2009 to 16.6 percent in 2011, and averaged *** percent over 2008-2013.[5] Further, I find that these characteristics of the Mexican industry have been consistent over the periods of the original investigations,[6] the first reviews,[7] and

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[2] As will be detailed in Section III(A) of these Separate and Dissenting Views, the combination of the two characteristics leads me to conclude that a significant increase in subject imports from Mexico is not likely if the antidumping order on Mexico were revoked.

[3] CR/PR at Table IV-17 (average calculated by summing total production and dividing by total capacity over the full six-year period). I choose to use data from Table IV-17 because Commission staff considers data reported by *** and GTA to be "overstated" as it contains non-scope products. CR at IV-40 n.34 and IV-47; PR at IV-26 n.34 and IV-30.

[4] CR/PR at Table IV-17. Since the recession year of 2009, production capacity in Mexico has increased steadily, and while production also increased steadily through 2012, production declined by 8.6 percent in 2013, leading to higher excess capacity. *Id*. As I discuss below in Section III(A), this decline in production was primarily related to temporary political conditions that are expected to resolve themselves this year.

[5] CR/PR at Table IV-17 (average calculated by summing total exports and dividing by total shipments over the full six-year period). Mexico does not appear on the list of the "top 10" exporters of wire rod in the world and total exports reported by Mexico were significantly lower than the volume of exports of the country ranked as the number 10 exporter, Italy. *Compare* CR/PR at Table IV-41 *with* CR/PR at Table IV-17.

[6] Over the period of the original investigations, available questionnaire responses covering an estimated *** percent of Mexican production (and *** percent of exports to the U.S. market) showed the Mexican industry ranging from *** percent capacity utilization in interim 2002 to *** percent in 1999, and averaging *** percent utilization over the period Jan. 1999 to Mar. 2002. Total exports of wire rod from Mexico ranged from *** percent of total shipments in 2000 to *** percent in interim 2002, and averaged *** percent over the period Jan. 1999 to Mar. 2002. 2002 Staff Report at Table VII-5.

these second reviews (suggesting that such characteristics are not simply a manifestation of the presence of these U.S. trade remedies).[8]

Finally, I find that changes in the structure of the Mexican industry producing wire rod since the period of the original investigation have reinforced its tendencies toward high capacity utilization and low export orientation. Deacero, which was not mentioned as a member of the Mexican wire rod industry in the original investigations, became *** producer in the Mexican industry during the period of the first reviews, accounting for *** Mexican production.[9] Deacero's core business is "downstream wire products" (e.g. chain link fence, barbed wire, staples, and nails)[10] and Deacero's primary reason for producing wire rod is for internal consumption, which accounts for "over 70 percent" of its wire rod production.[11] Likewise, at the end of the period of the first review, Sicartsa, the *** exporter to the U.S. market during the period of the original investigations, was acquired by ArcelorMittal and has reduced its presence in the U.S. market to *** of U.S. consumption; [12] ArcelorMittal Las Truchas forecasts that, even in the event of revocation, it would ***.[13]

In contrast, I find that the other five countries involved in these reviews can be characterized has having either low capacity utilization, or—in the case of Moldova, Trinidad and Tobago, and Ukraine—both low capacity utilization and high export orientation. These characteristics make it likely that they would use their excess capacity, in the event of revocation of the orders, to supply the U.S. market with significant volumes of subject imports. Over the period of these reviews, data contained in the Commission's staff report show that capacity utilization for the industries producing wire rod in:

- **Brazil** ranged from *** percent in 2009 to *** percent in 2010, and averaged *** percent over 2009-2013;[14]
- **Indonesia** ranged from *** percent in 2009 to *** percent in 2011, and averaged *** percent over 2009-2013;[15]
- **Moldova** was reportedly *** percent in 2012;[16]

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[7] Over the period of the first reviews, available questionnaire responses covering an estimated *** percent of Mexican production showed the Mexican industry ranging from *** percent capacity utilization in 2006 to *** percent in 2004, and averaging *** percent over 2002-2007. Total exports of wire rod from Mexico ranged from *** percent of total shipments in 2006 to *** percent in 2002, and averaged *** percent over the period 2002-2007. 2008 Staff Report at Table IV-25.

[8] Separate and Dissenting Views of Chairman Daniel R. Pearson, First Reviews, USITC Pub. 4014, at 49-50.

[9] 2008 Staff Report at IV-69. In 2013, Deacero accounted for *** percent of total wire rod production in Mexico. CR at IV-40; PR at IV-25.

[10] Tr. at 141-42 (D. Gutierrez).

[11] Tr. at 140 (S. Gutierrez); Deacero's prehearing brief at 7-8 and 26-27.

[12] Tr. at 152 (Campbell); Deacero's prehearing brief at 5-6; Deacero's posthearing brief at 10. ArcelorMittal Las Truchas argues that its subject imports over this period of review have been only *** ArcelorMittal's U.S. production. Id.

[13] Deacero's prehearing brief at 6; Deacero's posthearing brief at 10.

[14] CR/PR at Table IV-7.

[15] CR/PR at Table IV-12.

- **Trinidad and Tobago** ranged from *** percent in 2009 to *** percent in 2011, and averaged *** percent over 2008-2013;[17]
- **Ukraine** ranged from *** percent in 2009 to *** percent in 2010, and averaged *** percent over 2009-2013.[18]

So while none of the other five countries had an average capacity utilization over the period of these second reviews that exceeded *** percent, Mexico's average capacity utilization over this period was *** percent. In every year of the period of these reviews, Mexico's capacity utilization was the highest of the six countries.

Available data on export orientation are less comparable due to the overinclusiveness of some export data (also, the denominator is "shipments" for Mexico and Trinidad and Tobago, but "production" for the other countries), but the data show that export orientation for the industries producing wire rod in:

- **Brazil** ranged from *** percent in 2013 to *** percent in 2009, and averaged *** percent over 2009-2013;[19]
- **Indonesia** ranged from *** percent in 2013 to *** percent in 2009, and averaged *** percent over 2009-2012;[20]
- **Moldova** was *** percent in 2013;[21]
- **Trinidad and Tobago** ranged from *** percent in 2008 to *** percent in 2011, and averaged *** percent over 2008-2013;[22]
- **Ukraine** ranged from *** percent in 2013 to *** percent in 2012, and averaged *** percent over 2009-2013.[23]

While Mexico may not have had the lowest degree of export orientation among the six subject countries throughout the period of these reviews (as it had in 2009 and 2010), it was always among the lowest three countries (Brazil and Indonesia sometimes having a lower degree of export orientation) and its average over the period of these second reviews was the lowest (at *** percent), again, to the extent that the data are comparable.

I do not place heavy emphasis on Deacero's shipments of out-of-scope 4.75 mm wire rod to the U.S. market and do not view the mere presence of Mexican production of the smaller diameter wire rod as a likely distinguishing condition of competition.[24] The peak year of

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[16] CR/PR at Table IV-21; CR at IV-52; PR at IV-34.

[17] CR/PR at Table IV-24.

[18] CR/PR at Table IV-29.

[19] CR/PR at Table IV-6. Combining production data from Table IV-7 with (over-inclusive) export data from Table IV-10.

[20] CR/PR at Table IV-6. Combining production data from Table IV-12 with (over-inclusive) export data from Table IV-14.

[21] CR/PR at Table IV-6.

[22] CR/PR at Table IV-24.

[23] CR/PR at Table IV-6. Combining production data from Table IV-28 with (over-inclusive) export data from Table IV-31.

[24] Cf. Deacero's prehearing brief at 8-14.

imports of this smaller diameter wire rod was 2010, the last full year prior to the initiation of a circumvention inquiry by Commerce.[25] In 2010, Deacero states that it believed that it was unrestrained by the antidumping order for that product and had not yet learned of the circumvention inquiry.[26] U.S. imports of the small diameter wire rod from Mexico in 2010 were *** short tons,[27] which was *** than subject import volume from Mexico in *** of the period of the original investigations; the peak volume of imports of the smaller diameter wire rod from Mexico in 2010 was also *** than the subject import volumes in each year of the period of the original investigation for three of the other five countries being reviewed here (Moldova, Trinidad and Tobago, and Ukraine).[28] As a rough measure, the volume of non-subject 4.75 mm imports from Mexico would have accounted for *** percent of U.S. consumption in 2010. While the Mexican industry did avail itself of the opportunity to export to the U.S. market outside the discipline of these orders, even in 2010, it did not export a volume of wire rod inconsistent with the limited excess capacity possessed in the Mexican industry (recall from above that Mexican excess capacity averaged just over *** short tons over the period of these reviews); also, even if this quantity of out-of-scope exports had been considered in-scope, it would not have significantly increased the Mexican industry's level of export orientation.[29]

Therefore, I determine that, based on the existence of unique conditions of competition inherent in the Mexican industry, subject imports from Mexico would be likely to compete under different conditions of competition than the subject imports from the other five subject countries. Accordingly, for the reasons discussed above, I do not exercise my discretion to cumulate subject imports from Mexico and I consider them separately from all other subject imports.

III. REVOCATION OF THE ANTIDUMPING DUTY ORDER ON SUBJECT IMPORTS FROM MEXICO IS NOT LIKELY TO LEAD TO A CONTINUATION OR RECURRENCE OF MATERIAL INJURY TO THE DOMESTIC INDUSTRY WITHIN A REASONABLY FORESEEABLE TIME

A. Likely Volume of Subject Imports from Mexico

During the period of the original investigations, the volume of subject imports from Mexico increased by 118.7 percent, increasing steadily from 122,038 short tons in 1999 to 266,925 short tons in 2001. Over the three full years of the period of the original investigations, subject import volume from Mexico increased the fastest of the six countries under review here, but the aggregate volume of subject imports from Mexico during 1999-2001 was the ***

[25] CR/PR at Table F-1; CR at I-23; PR at I-18.

[26] Deacero's prehearing brief at 3 and 22.

[27] CR/PR at Table F-1.

[28] CR/PR at App. C: Reproduction of Table I-1 from First Review. ***. *Id*.

[29] Instead of the ratio of exports to shipments being 12.8 percent, the ratio would have been *** percent. CR/PR at Tables IV-17 and F-4.

largest (behind ***). The U.S. market share held by subject imports from Mexico increased steadily from *** percent in 1999 to *** percent in 2001.[30]

After imposition of the antidumping duty order against Mexico in 2002, subject imports from Mexico fell irregularly to 11,480 short tons in 2005, and have exceeded that level *** since that year (reaching ***). After falling to a U.S. market share of 0.2 percent in 2005, subject imports from Mexico have never exceeded the *** percent level, which they reached in ***.[31]

As discussed above in the section on cumulation, my primary reason for not cumulating subject imports from Mexico is that the Mexican industry producing wire rod is unique in that it had, over the period of these second reviews, both the highest average capacity utilization and the lowest average export orientation. Mexico has both low levels of excess capacity with which to increase production of wire rod, and a low propensity to export its production of this product. Both of these characteristics make it unlikely that there will be significant increases in subject imports from Mexico within the reasonably foreseeable future were the antidumping duty order on Mexico to be revoked.

I also find, as discussed above in the cumulation section, that these characteristics have distinguished the Mexican industry producing wire rod even during the period of the original investigations and the period of the first review. Changes in the structure of the Mexican industry since 2002 have acted to further reinforce the high rate of capacity utilization and low export orientation. First, Deacero, which sees itself as primarily a wire products operation that produces its wire rod primarily for internal consumption, became the dominant Mexican producer of wire rod.[32] Second, the *** exporter of Mexican wire rod during the original investigations was acquired by ArcelorMittal in 2007 and has since exported *** of wire rod to the United States.[33]

As an illustration of how these characteristics affect Mexican exports of wire rod, I note that the growth rate in the Mexican economy slowed from about 4 percent in 2011 and 2012 to 1.1 percent in 2013.[34] This led to declines in Mexican production, internal consumption/transfers, and home market shipments. Yet total exports ***, increasing by ***

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[30] 2002 Staff Report at Table I-1.

[31] CR/PR at App. C: Reproduction of Table I-1 from First Review. Over the period of these reviews, more than *** percent of the in-scope subject imports from Mexico shown in Table IV-17 were sourced from ***. *** foreign producer questionnaire response, at 10.

[32] Deacero "did not supply wire rod to the U.S. before 2008." Tr. at 144 (D. Gutierrez).

[33] Deacero prehearing brief at 5-6; Tr. at 152 (Campbell). I am not arguing that the ArcelorMittal affiliation will, by itself, act to inhibit likely volumes of subject imports from Mexico, but rather that over the six years of this review period, ArcelorMittal Las Truchas' capacity utilization has never been lower than *** percent (in ***) and was higher than *** percent in four of the six years. ArcelorMittal Las Truchas' foreign producer questionnaire response at 10. Such ***, rather than global corporate strategy, motivates my finding that the Mexican industry is not likely to increase exports significantly to the U.S. market in the event of revocation.

[34] Deacero prehearing brief at 24 and Exhibit 14. This slowdown was blamed, to a large extent, on the change in presidential administrations in Mexico, which occurred in July 2013, and the impact this had on government spending. Therefore, this slowdown appears to be a transitory event, with more normal rates of growth returning this year.

short tons (an increase of *** percent).[35] Instead of responding to the domestic slowdown by *** exports to maintain capacity utilization, the Mexican industry decreased production, leading to a decline in capacity utilization.[36]

Although the Mexican wire rod industry is not export oriented, the primary export markets for Mexican wire rod have been primarily to Central and South America.[37] Mexican producers view these exports as commercial commitments that are strengthened by the presence of free trade agreements between Mexico and many of these countries in the Americas;[38] such trade preferences also act to give Mexican exports of wire rod an advantage over of Chinese exports of wire rod to those markets.[39] In the case of the 2013 Colombian safeguard case on wire rod and rebar,[40] Mexican exports of wire rod have been assigned a tariff-rate quota, a privilege that the Chinese were not accorded,[41] and Deacero argues that it will be able to continue shipping "the same quantities as before the safeguard investigation was initiated."[42] The Mexican interested parties argue that this is the case as 80 percent of the tariff rate quota volumes will be assigned to "historical importers."[43]

Hence I conclude that, in the event that the order on subject imports of wire rod from Mexico were revoked, the likely volume of such imports would not be significant.

B. Likely Price Effects of Subject Imports from Mexico

During the period of the original investigations, Mexico does not appear to have been the most likely to undersell among the six countries the Commission is now reviewing. Pricing product data for subject imports from Mexico showed 37 quarters of underselling and 9 quarters of overselling (80.4 percent of comparisons). Of the six countries involved in these second reviews, this was the second lowest percentage of underselling, following only Trinidad

[35] CR/PR at Table IV-17. Mexican production declined by 8.6 percent between 2012 and 2013.

[36] While the likelihood and timing of any capacity decreases by individual Mexican producers were strenuously argued by both parties in these reviews, I note that Deacero argued that "there will be no capacity expansions in Mexico within the reasonably foreseeable future." Deacero's responses to Commissioners' questions at 29.

[37] CR/PR at Tables IV-17 and IV-19; Deacero's prehearing brief at 27.

[38] Mexico has free trade agreements with Central America (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua), Peru, Bolivia, Uruguay, Chile, and Colombia; a framework agreement with Mercosur; and partial preference arrangements with Argentina, Brazil, Paraguay, Panama, and Ecuador. Deacero's posthearing brief at Exhibit 11 (list from the Organization of American States).

[39] Tr. at 143 (D. Gutierrez); 193 (S. Gutierrez); and 195, 197-98 (E. Gutierrez); Deacero's posthearing brief at 9; Deacero's responses to Commissioners' questions at 9-10.

[40] CR at IV-15, PR at IV-12.

[41] Tr. at 197 (E. Gutierrez).

[42] Tr. at 155 (Campbell).

[43] Deacero's prehearing brief at 28-29; Tr. at 143-44 (D. Gutierrez); Deacero's posthearing brief at 9 & Exhibit 12 (showing that the expected Colombian tariff-rate quota exceeds Mexican exports to Colombia in 2011 and 2012, but not 2013).

and Tobago, which had underselling in 69.2 percent of comparisons.[44] Mexico also had the second-lowest average margin of underselling in the original investigations (again, second only to Trinidad and Tobago).[45] Only 4 of 25 lost sales allegations from the original investigations involved subject imports from Mexico; of the two purchasers that responded to these allegations, only one partially agreed with the allegation.[46] No lost revenue allegations involved subject imports from Mexico.[47]

In the first review, there were many fewer comparisons, but Brazil undersold the U.S. product in all 3 of its comparison, Indonesia undersold in all 3 of its comparisons, Moldova undersold in all 5 of its comparisons, and Ukraine undersold in all 6 of its comparisons. Trinidad and Tobago undersold the U.S. product in 8 of 14 quarterly comparisons (57.1 percent of comparisons) and Mexico undersold the U.S. product in 26 of 54 quarterly comparisons (48.1 percent of comparisons).[48] Granted, these pricing comparisons were conducted under the discipline of U.S. trade remedies, but the data show that Mexico, when compared to the other five subject countries, had less adverse results in the pricing product comparisons.[49]

Likewise in these second reviews, there were few pricing comparisons and these comparisons only involved subject imports from Mexico, which undersold the U.S. product in 30 of 37 quarterly comparisons (81.1 percent of comparisons). The average margin of underselling in the 30 comparisons was 9.6 percent and the average margin of overselling in the 7 comparisons was 1.8 percent.[50] In an attempt to explain the continued underselling by subject imports from Mexico, Mexican interested parties argued that several purchasers'

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[44] 2002 Staff Report at Table V-10; CR at V-18 n.15. For pricing product 1, in *** possible quarters of comparison from the original investigations, prices of subject imports from Mexico were higher than any other of the five countries under review in these second reviews. (This product accounted for *** of the 9 instances of Mexican overselling.) 2002 Staff Report at Table V-3. For pricing product 2, in *** possible quarters of comparison, prices of subject imports from Mexico were higher than any other of the five countries under review in these reviews. (This product accounted for *** of the 9 instances of Mexican overselling.) 2002 Staff Report at Table V-4. For pricing product 5, in *** possible quarters of comparison, prices of subject imports from Mexico were higher than any other of the five countries under review in these reviews. (This product accounted for *** of the 9 instances of Mexican overselling.) 2002 Staff Report at Table V-7. This pattern of relative pricing among the six subject countries is bolstered by data on AUVs, which shows that in all three full years of the period of the original investigations, Mexican AUVs were the second highest (following Trinidad and Tobago) and in the interim 2002 period, Mexican AUVs were the highest. CR/PR at App. C: Reproduction of Table I-1 from First Review.

[45] Both using an arithmetic average and a weighted average. 2008 Staff Report at Table V-10.

[46] 2002 Staff Report at Table V-11.

[47] 2002 Staff Report at Table V-12.

[48] 2008 Staff Report at Table V-9; CR at V-18 n.16.

[49] 2008 Staff Report at Table V-9. In four of the six years of the period covered by the first review, Mexico had a weighted average that showed overall overselling. Trinidad and Tobago had one year that showed overall overselling and the weighted averages for the other four countries showed only underselling. *Id*.

[50] CR/PR at Table V-8.

questionnaire responses reflected a preference for domestic product and a stated willingness to pay higher prices for it.[51]

Domestic interested parties point to the pricing of the 4.75 mm out-of-scope product sold by Deacero in 2009-2011 as evidence of Mexican pricing behavior for the in-scope product if the order on Mexico were to be revoked.[52] For me to consider the pricing of this out-of-scope product as relevant to behavior of subject imports post-revocation, I would need to be able to conclude that the small diameter wire rod that would enter the U.S. market will instead enter the U.S. market as subject imports (at least 5.5 mm in diameter) in the reasonably foreseeable future. The statement by Deacero's counsel that allegedly confirms Deacero's intentions is tentatively couched in the form of a double negative: Deacero is "not representing today that they won't ship any 5.5 but the focus is instead going to be 4.75 and we would say all right we heard 4.75 would be most of their imports."[53] I note that there were some exports of 5.5 mm wire rod to the U.S. market by Deacero in 2011-2013,[54] but such imports were only *** percent of the total subject imports from Mexico shown in Table IV-17 of the confidential staff report over the six-year period of these reviews.[55]

Given that a significant volume of subject imports from Mexico is not likely to occur upon revocation and given the mixed record of underselling by subject imports from Mexico (especially when compared with the other five subject countries), I do not find a likelihood of significant adverse price effects from subject imports from Mexico in the event of revocation of the order. I therefore conclude that, if the order on wire rod imports from Mexico were revoked, the volumes of subject imports from Mexico would not be likely to undersell significantly the domestic product or gain market share, nor would such imports be likely to have significant price depressing or suppressing effects.

C. Likely Impact of Subject Imports from Mexico

Because Mexico was cumulated with other subject countries in both the original investigations and the first sunset review, the Commission has not had the occasion to weigh the individual contribution of Mexico to the likelihood of a continuation or recurrence of material injury in the event of revocation of this order.[56] While I do not place heavy emphasis on the imports of 4.75 mm wire rod from Mexico, I would note that it does not appear that,

[51] Deacero responses to Commissioners' questions at Commissioner Question #2 (pages 6-7); Tr. at 224-25 (Campbell).

[52] Gerdau Parties' responses to Commissioners' questions at 13-22.

[53] Tr. at 210 (Campbell).

[54] Deacero prehearing brief at 7 n.18.

[55] ArcelorMittal Las Truchas' foreign producer questionnaire response at 10.

[56] In the first review, Chairman Pearson did decumulate Mexico and found that if the order on subject imports from Mexico were revoked, such imports would not be likely to have a significant adverse impact on the domestic industry. Separate and Dissenting Views of Chairman Daniel R. Pearson, First Reviews, USITC Pub. 4014, at 52.

even in 2010—the peak year of imports of the smaller diameter wire rod—there was any adverse impact on the domestic industry.[57]

In light of my finding that revocation of the antidumping duty order on subject imports from Mexico would not be likely to lead to a significant increase in the volume of subject imports that would undersell the domestic like product and significantly depress or suppress U.S. producers' prices, I find that, if the order on imports from Mexico were revoked, such imports would not be likely to have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry. Accordingly, I conclude that, if the order on imports from Mexico were revoked, subject imports from Mexico would not be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

IV. CONCLUSION

For the foregoing reasons, I determine that revocation of the antidumping duty order on wire rod from Mexico would not be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

[57] Between 2009 and 2010 (the peak year of imports of the small diameter wire rod), the financial indicators of the domestic industry generally improved. Operating income jumped from negative 2.6 percent to 4.3 percent. The COGS-to-net-sales ratio also improved, falling by 6.8 percentage points from 98.4 percent in 2009 to 91.6 percent in 2010.

PART I: INTRODUCTION AND OVERVIEW

BACKGROUND

On June 3, 2013, the U.S. International Trade Commission ("Commission" or "USITC") gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"),[1] that it had instituted reviews to determine whether revocation of the countervailing duty order on carbon and certain alloy steel wire rod ("wire rod") from Brazil and the antidumping duty orders on wire rod from Brazil, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine would likely lead to the continuation or recurrence of material injury to a domestic industry.[2] [3] On September 6, 2013, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act.[4]

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[1] 19 U.S.C. 1675(c).

[2] *Carbon and Certain Alloy Steel Wire Rod from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine: Institution of five-year reviews*, 78 FR 33103, June 3, 2013. All interested parties were requested to respond to this notice by submitting the information requested by the Commission.

[3] In accordance with section 751(c) of the Act, the U.S. Department of Commerce ("Commerce") published a notice of initiation of five-year reviews of the subject antidumping and countervailing duty orders concurrently with the Commission's notice of institution. *Initiation of Five-Year (''Sunset'') Review*, 78 FR 33063, June 3, 2013.

[4] *Carbon and Certain Alloy Steel Wire Rod from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine: Notice of Commission Determination To Conduct Full Five-Year Reviews*, 78 FR 60316, October 1, 2013. The Commission received a joint response to the notice of institution from six U.S. producers of wire rod (ArcelorMittal USA LLC ("ArcelorMittal USA"), Cascade Steel Rolling Mills Inc. ("Cascade"), Evraz Rocky Mountain Steel (currently known as "Evraz Pueblo"), Gerdau Ameristeel US Inc. ("Gerdau"), Keystone Consolidated Industries, Inc. ("Keystone"), and Nucor Corp. ("Nucor")); one U.S. importer of subject merchandise from Mexico (Deacero USA, Inc. ("Deacero USA")); and two producers and exporters of the subject merchandise in Mexico (Deacero S.A. de C.V. ("Deacero") and Ternium Mexico, S.A. de C.V. ("Ternium Mexico")). The Commission found that the domestic interested party group response and the respondent interested party group response with respect to Mexico were adequate and determined to conduct a full review of the order on wire rod from Mexico. The Commission also found that the respondent interested party group response with regard to the reviews concerning subject imports from Brazil, Indonesia, Moldova, Trinidad & Tobago, and Ukraine to be inadequate because it did not receive a response from any respondent interested parties with respect to those orders. Notwithstanding the inadequate respondent interested party group responses, the Commission determined to conduct full reviews of the orders on wire rod from Brazil, Indonesia, Moldova, Trinidad & Tobago, and Ukraine in order to promote administrative efficiency in light of the Commission's determination to conduct a full review of the order on wire rod from Mexico.

The following tabulation presents information relating to the background and schedule of this proceeding:[5]

Effective date	Action
October 22, 2002	Commerce's countervailing duty order on wire rod from Brazil and Canada (67 FR 64871)
October 29, 2002	Commerce's antidumping duty orders on wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine (66 FR 65945)
July 30, 2008	Commerce's first continuation of countervailing duty order on wire rod from Brazil and antidumping duty orders on wire rod from Brazil, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine (73 FR 44218)
June 3, 2013	Commission's institution of five-year reviews (78 FR 33103)
June 3, 2013	Commerce's initiation of five-year reviews (78 FR 33063)
October 1, 2013	Commission's determinations to conduct full five-year reviews (78 FR 60316)
October 2, 2013	Commerce's final results of expedited five-year review of the countervailing duty order on wire rod from Brazil (78 FR 60850)
October 24, 2013	Commerce's final results of expedited five-year reviews of the antidumping duty orders on wire rod from Brazil, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine (78 FR 63450)
December 11, 2013	Commission's scheduling of the reviews (78 FR 76653, December 18, 2013)
April 22, 2014	Commission's hearing
May 30, 2014	Commission's vote
June 16, 2014	Commission's determinations and views

[5] The Commission's notice of institution, notice to conduct full reviews, scheduling notice, and statement on adequacy are referenced in appendix A and may also be found at the Commission's web site (internet address *www.usitc.gov*). Commissioners' votes on whether to conduct expedited or full reviews may also be found at the web site. Witnesses that appeared at the Commission's hearing are presented in Appendix B.

THE ORIGINAL INVESTIGATIONS

The original investigations resulted from petitions filed by counsel on behalf of Co-Steel Raritan, Inc., Perth Amboy, New Jersey; GS Industries, Inc., Charlotte, North Carolina; Keystone Consolidated Industries, Inc., Dallas, Texas; and North Star Steel Texas, Inc., Edina, Minnesota, on August 31, 2001, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized imports of wire rod from Brazil, Canada, Germany, Trinidad & Tobago, and Turkey and less-than-fair-value ("LTFV") imports of wire rod from Brazil, Canada, Egypt, Germany, Indonesia, Mexico, Moldova, South Africa, Trinidad & Tobago, Ukraine, and Venezuela. In October 2002, the Commission determined that a domestic industry was materially injured by reason of subsidized imports of wire rod from Brazil and Canada and by reason of LTFV imports of wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine.[6] The U.S. Department of Commerce published countervailing duty orders on subject imports from Brazil and Canada on October 22, 2002.[7] Commerce published antidumping duty orders on subject imports from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine on October 29, 2002.[8] Effective

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[6] *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Germany, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine, Inv. Nos. 701-TA-417-421, 731-TA-953, 954, 956-959, 961, and 962 (Final)*, USITC Publication 3546, October 2002 ("Original Determination"). Subsequent to Commerce's final negative countervailing duty determinations with respect to Trinidad & Tobago and Turkey, the Commission terminated the countervailing duty investigations concerning those countries. 67 FR 62075, October 3, 2002. The investigations concerning subject imports from Egypt, South Africa, and Venezuela were terminated after the Commission found in its preliminary determination that imports from those three subject countries were negligible. *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Egypt, Germany, Indonesia, Mexico, Moldova, South Africa, Trinidad and Tobago, Turkey, Ukraine, and Venezuela, Inv. Nos. 701-TA-417-421,731-TA-953-963 (Preliminary)*, USITC Publication 3456, October 2001. The antidumping and countervailing duty investigations concerning subject imports from Germany were terminated after the Commission found in its final determination that imports from Germany were negligible. *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Germany, Indonesia, Mexico, Moldova, Trinidad and Tobago, Turkey, and Ukraine, Inv. Nos. 701-TA-417-421 and 731-TA-953, 954, 956-959, 961, and 962 (Final),* USITC Publication 3546, October 2002.

[7] *Notice of Countervailing Duty Orders: Carbon and Certain Alloy Steel Wire Rod from Brazil and Canada*, 67 FR 64871, October 22, 2002.

[8] *Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order: Carbon and Certain Alloy Steel Wire Rod from Canada*, 67 FR 65944, October 29, 2002; *Notice of Antidumping Duty Orders: Carbon and Certain Alloy Steel Wire Rod from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine,* 67 FR 65945, October 29, 2002.

January 23, 2004, Commerce revoked the countervailing duty order on subject imports from Canada.[9]

The only litigation concerning the Commission's determinations on subject imports at issue in these reviews was an appeal of the Commission's affirmative determination on subject imports from Trinidad & Tobago.[10] The Court of International Trade ("CIT") affirmed that determination. However, the Federal Circuit vacated and remanded so that: (1) the Commission could ascertain whether imports from subject countries other than Trinidad & Tobago were an alternative cause of injury to the domestic industry and (2) to conduct the analysis required by the decision in Bratsk Aluminum Smelter v. United States, 444 F.3d 1369 (Fed. Cir. 2006). On first remand, the Commission reached a negative determination applying the replacement/benefit test it perceived was mandated by the Federal Circuit.[11] The CIT affirmed. On appeal, the Federal Circuit again vacated and remanded. On second remand, the Commission reached an affirmative determination.[12] The CIT affirmed. There were no further proceedings.

THE FIRST FIVE-YEAR REVIEWS

The Commission instituted its first five-year reviews of the countervailing duty order on wire rod from Brazil and the antidumping duty orders on wire rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine on September 4, 2007.[13] ln June 2008, the Commission completed its full first five-year reviews of the subject orders and determined that revocation of the countervailing duty order on subject imports from Brazil and antidumping orders on subject imports from Brazil, Indonesia, Mexico, Moldova, Trinidad &

[9] *Carbon and Certain Alloy Steel Wire Rod from Canada: Final Results of Countervailing Duty Changed Circumstances Review and Revocation of Countervailing Duty Order, in Whole*, 69 FR 3330, January 23, 2004.

[10] *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Egypt, Germany, Indonesia, Mexico, Moldova, South Africa, Trinidad and Tobago, Turkey, Ukraine, and Venezuela, Inv. Nos. 701-TA-417-421,731-TA-953-963 (Preliminary)*, USITC Publication 3456 (October 2001), pp. 36-38.

[11] *Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago, lnv. No. 731-TA-961 (Final) (Remand)*, USITC Publication 3903, January 2007.

[12] *Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago, lnv. No. 731-TA-961 (Final) (Second Remand)*, USITC Publication 4170, June 2010. Commissioners Okun, Pearson, and Pinkert dissented.

[13] *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine*, 72 FR 50696, September 4, 2007.

Tobago, and Ukraine would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[14]

Following affirmative determinations in the first five-year reviews by Commerce and the Commission,[15] Commerce issued a continuation of the countervailing duty order on wire rod from Brazil and the antidumping duty orders on wire rod from Brazil, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine, effective July 30, 2008.[16] The Commission's determinations in the first five-year reviews were not appealed.

SUMMARY DATA

Table I-1 presents a summary of data for the final years of the original investigations (2001) and the first five-year reviews (2007), and a summary of data collected in the current full second five-year reviews (2008-13). A summary of data from the original investigations and first-five year reviews is presented separately in appendix C.

[14] *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine, Inv. Nos. 701-TA-417 and 731-TA-953, 954, 957-959, 961, and 962 (Review)*, USITC Publication 4014, June 2008. The Commission determined that subject imports from Canada would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. Commissioner Okun dissented from the determination concerning subject imports from Trinidad & Tobago. Commissioner Pearson dissented from the determinations concerning subject imports from Mexico and Trinidad & Tobago. Commissioners Lane and Pinkert dissented from the determination concerning subject imports from Canada.

[15] *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine*, 73 FR 41116, July 17, 2008; *Carbon and Certain Alloy Steel Wire Rod from Brazil: Final Results of Expedited Five–Year Sunset Review of the Countervailing Duty Order* , 73, FR 1323, January 8, 2008; *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine: Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders*, 73 FR 1321, January 8, 2008.

[16] *Carbon and Certain Alloy Steel Wire Rod from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine: Continuation of Antidumping and Countervailing Duty Orders*, 73 FR 44218, July 30, 2008.

Table I-1
Wire rod: Comparative data from the original investigations, first five-year reviews, and second five-year reviews, 2001, 2007, and 2008-13

(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton)

Item	Original invs.	First reviews	Second reviews					
	2001	2007	2008	2009	2010	2011	2012	2013
Quantity (*short tons*)								
U.S. consumption	***	5,858,981	***	***	***	***	***	5,300,149
Share of quantity (*percent*)								
Share of U.S. consumption:								
U.S. producers' share	***	69.6	***	***	***	***	***	67.9
U.S. importers' share:								
Brazil	***	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Canada	***	***	(1)	(1)	(1)	(1)	(1)	(1)
Indonesia	***	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mexico	***	0.1	***	***	***	***	***	0.2
Moldova	***	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trinidad & Tobago	***	1.6	***	0.0	0.0	0.0	0.0	0.0
Ukraine	***	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal, subject sources	***	***	***	***	***	***	***	0.2
Grade 1080 tire cord/bead from subject sources	(2)	***	***	***	***	***	***	1.8
All other sources[3]	***	***	***	***	***	***	***	30.1
Subtotal, nonsubject	***	***	***	***	***	***	***	31.9
Total imports	***	30.4	***	***	***	***	***	32.1
Value (*1,000 dollars*)								
U.S. consumption	***	3,403,602	***	***	***	***	***	3,756,412
Share of value (*percent*)								
Share of U.S. consumption:								
U.S. producers' share	***	68.8	***	***	***	***	***	67.3
U.S. importers' share:								
Brazil	***	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Canada	***	***	(1)	(1)	(1)	(1)	(1)	(1)
Indonesia	***	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mexico	***	0.1	***	***	***	***	***	0.2
Moldova	***	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trinidad & Tobago	***	1.4	***	0.0	0.0	0.0	0.0	0.0
Ukraine	***	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal, subject Sources	***	***	***	***	***	***	***	0.2
Grade 1080 tire cord/bead from subject sources	(2)	***	***	***	***	***	***	1.7
All other sources[3]	***	***	***	***	***	***	***	30.8
Subtotal, nonsubject	***	***	***	***	***	***	***	32.5
Total imports	***	31.2	***	***	***	***	***	32.7

Continued on the following page.

Table I-1--*Continued*
Wire rod: Comparative data from the original investigations, first five-year reviews, and second five-year reviews, 2001, 2007, and 2008-13

(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton)

Item	Original invs.	First reviews	Second reviews					
	2001	2007	2008	2009	2010	2011	2012	2013
U.S. imports from--								
Brazil								
Quantity	***	0	0	0	0	0	0	0
Value	***	0	0	0	0	0	0	0
Unit value	***	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Canada								
Quantity	***		(1)	(1)	(1)	(1)	(1)	(1)
Value	***		(1)	(1)	(1)	(1)	(1)	(1)
Unit value	***		(1)	(1)	(1)	(1)	(1)	(1)
Indonesia								
Quantity	***	0	0	0	0	0	0	0
Value	***	0	0	0	0	0	0	0
Unit value	***	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mexico								
Quantity	***	8,244	***	***	***	***	***	10,333
Value	***	4,263	***	***	***	***	***	6,128
Unit value	***	$517	***	***	***	***	***	$593
Moldova								
Quantity	***	0	0	0	0	0	0	0
Value	***	0	0	0	0	0	0	0
Unit value	***	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Trinidad & Tobago								
Quantity	***	95,325	21,794	0	0	0	0	0
Value	***	46,228	14,298	0	0	0	0	0
Unit value	***	$485	$656	(4)	(4)	(4)	(4)	(4)
Ukraine								
Quantity	***	0	0	0	0	0	0	0
Value	***	0	0	0	0	0	0	0
Unit value	***	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Subtotal, subject								
Quantity	***	***	***	***	***	***	***	10,333
Value	***	***	***	***	***	***	***	6,128
Unit value	***	***	***	***	***	***	***	$593
1080 tire cord/bead from subject sources:								
Quantity	(2)	***	139,459	71,759	129,184	116,513	102,517	96,639
Value	(2)	***	126,654	50,808	91,621	103,073	84,521	64,506
Unit value	(2)	***	$908	$708	$709	$885	$824	$667
Other nonsubject:[3]								
Quantity	***	***	1,536,768	777,083	1,284,771	1,059,512	1,391,895	1,593,718
Value	***	***	1,360,431	550,614	988,457	992,791	1,159,903	1,156,290
Unit value	***	***	$885	$709	$769	$937	$833	$726
Subtotal, nonsubject								
Quantity	***	***	1,676,227	848,842	1,413,955	1,176,024	1,494,413	1,690,357
Value	***	***	1,487,085	601,423	1,080,078	1,095,863	1,244,424	1,220,797
Unit value	***	***	$887	$709	$764	$932	$833	$722
All countries:								
Quantity	***	1,782,699	***	***	***	***	***	1,700,690
Value	***	1,063,201	***	***	***	***	***	1,226,925
Unit value	***	$596	***	***	***	***	***	$721

Continued on the following page.

Table I-1--*Continued*
Wire rod: Comparative data from the original investigations, first five-year reviews, and second five-year reviews, 2001, 2007, and 2008-13

(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton)

Item	Original invs.	First reviews	Second reviews					
	2001	2007	2008	2009	2010	2011	2012	2013
U.S. industry:								
Capacity (*quantity*)	***	5,429,678	5,546,751	5,295,752	4,965,095	5,173,168	5,131,954	5,073,815
Production (*quantity*)	***	4,067,549	4,055,641	2,837,165	3,384,322	3,907,416	3,879,060	3,655,088
Capacity utilization (*percent*)	***	74.9	73.1	53.6	68.2	75.5	75.6	72.0
U.S. shipments:								
Quantity	***	4,076,282	4,050,961	2,833,426	3,340,954	3,876,145	3,809,728	3,599,459
Value	***	2,340,401	3,485,005	1,651,451	2,246,759	3,012,054	2,826,974	2,529,487
Unit value	***	$574	$860	$583	$672	$777	$742	$703
Export shipments:								
Quantity	***	***	39,707	39,301	42,049	34,687	26,748	24,319
Value	***	***	31,925	22,886	26,912	28,888	31,597	22,566
Unit value	***	***	$804	$582	$640	$833	$1,181	$928
Ending inventory	***	152,512	231,279	195,717	196,677	193,261	235,848	266,868
Inventories/total shipments	***	***	5.7	6.8	5.8	4.9	6.1	7.4
Production workers	***	2,397	2,339	2,083	2,173	2,239	2,269	2,192
Hours worked (*1,000*)	***	5,174	4,741	3,825	4,220	4,552	4,587	4,258
Wages paid (*$1,000*)	***	161,821	170,467	128,170	145,939	166,385	174,648	156,838
Hourly wages	***	$31.28	$35.96	$33.51	$34.58	$36.55	$38.07	$36.83
Productivity (*short tons per 1,000 hours*)	***	786.0	855.4	741.7	802.0	858.4	845.7	858.4
Unit labor costs	***	$39.78	$42.03	$45.18	$43.12	$42.58	$45.02	$42.91
Financial data:								
Net sales:								
Quantity	***	4,087,541	4,126,388	2,881,432	3,384,018	3,920,918	3,836,475	3,623,777
Value	***	2,347,208	3,547,031	1,679,395	2,274,325	3,048,561	2,858,572	2,552,054
Unit value	***	$574	$860	$583	$672	$778	$745	$704
Cost of goods sold	***	2,219,518	3,116,677	1,652,958	2,083,987	2,743,826	2,622,588	2,358,335
Gross profit (loss)	***	127,690	430,354	26,437	190,338	304,735	235,984	193,719
Operating income (loss)	***	74,869	347,095	(42,915)	98,754	218,013	148,351	107,694
Unit COGS	***	$543	$755	$574	$616	$700	$684	$651
Unit operating income	***	$18	$84	$(15)	$29	$56	$39	$30
COGS/sales (*percent*)	***	94.6	87.9	98.4	91.6	90.0	91.7	92.4
Operating income (loss)/sales (*percent*)	***	3.2	9.8	(2.6)	4.3	7.2	5.2	4.2

[1] As Canada is no longer subject to an antidumping duty order, data for Canada are not presented separately from the "all other sources" line for the 2008-13 annual periods.
[2] Data on 1080 tire cord/tire bead wire rod were not reported separately in the original investigations.
[3] Data on U.S. imports from the Canadian exporter Stelco, which had in previous proceedings been reported separately from the "all other sources" line have been combined into the "all other sources" line. The data presented are overstated by imports of wire rod of less than 5mm in diameter imported from Canada. ***.
[4] Undefined.

Source: Compiled from official Commerce statistics and data submitted in response to Commission questionnaires; Investigation Nos. 701-TA-417 and 731-TA-953, 954, 957-959, 961, and 962 (Review): *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine--Staff Report, INV-FF-058*, May 15, 2008, table I-1.

As the data presented in table I-1 show, apparent U.S. consumption of wire rod totaled approximately 5.3 million short tons ($3.8 billion) in 2013. U.S. producers' U.S. shipments of wire rod totaled 3.6 million short tons ($2.5 billion) in 2013, and accounted for 67.9 percent of the quantity of apparent U.S. consumption. There were no reported U.S. imports from five of the six countries subject to these reviews during 2013. U.S. imports from Mexico (i.e., the only subject country reporting subject imports during 2013) totaled 10,333 short tons ($6.1 million) in 2013 and accounted for 0.2 percent of the quantity of apparent U.S. consumption, whereas total nonsubject U.S. imports (primarily wire rod from China, Canada, and Japan) totaled 1.7 million short tons ($1.2 billion) in 2013 and accounted for 31.9 percent of the quantity of apparent U.S. consumption. The quantity of apparent U.S. consumption has decreased irregularly since 2001, while U. S. producers' share of consumption has fluctuated upward, reaching its highest levels in 2009 and 2011 before falling to 67.9 percent in 2013. Since the original investigations and the first five-year reviews, the share of subject imports declined overall, while the share of nonsubject imports generally increased, led by increases in imports from China in recent years.

The three leading sources of subject imports in 2001 and 2007 were, in descending order of magnitude, Canada (no longer subject), Trinidad & Tobago, and Mexico. As previously indicated, the only source of subject imports in 2013 was Mexico. U.S. imports of wire rod from Brazil, Moldova, and Ukraine largely ceased following the imposition of duties in 2002, while U.S. imports of wire rod from Indonesia, the smallest supplier during the original investigations, ceased after 2005. The U.S. imports of wire rod from Trinidad & Tobago ceased after 2008.

The U.S. producers' reported capacity was lower in 2007 than reported in 2001, while production and capacity utilization fluctuated to a level in 2007 that was higher than reported in 2001. U.S. producers' reported capacity increased from 2007 to 2008 but generally fell threafter, whereas production and capacity utilization fluctuated from 2007 to 2012 with the lowest levels reported during 2009-10. The quantity of U.S. producers' U.S. shipments fluctuated upward from the original investigations (2001) to the first reviews (2007), but fluctuated downward thereafter. The level of employment remained relatively flat from the end of the original investigations through 2007, but declined overall from 2007 to 2013.

RELATED INVESTIGATIONS

Title VII investigations

The Commission has conducted a number of previous import relief investigations on wire rod products or similar merchandise. Table 1-2 presents data on previous and related title VII investigations.

Table I-2
Wire rod: Previous and related title VII investigations

Original investigation				First review		Second review		
Date[1]	Number	Country	Outcome	Date[1]	Outcome	Date[1]	Outcome	Current status
1982	731-TA-88	Venezuela	Negative	-	-	-	-	-
1982	731-TA-113	Brazil	Affirmative	-	-	-	-	ITA revoked 9/20/85
1982	731-TA-114	Trinidad & Tobago	Affirmative	-	-	-	-	ITA revoked 12/14/87
1982	701-TA-148	Brazil	Affirmative[2]	-	-	-	-	Investigation terminated 8/21/85
1982	701-TA-149	Belgium	Affirmative[2]	-	-	-	-	Petition withdrawn11/9/82
1982	701-TA-150	France	Affirmative[2]	-	-	-	-	Petition withdrawn 11/9/82
1983	701-TA-209	Spain	Affirmative	-	-	-	-	ITA revoked 9/11/85
1983	731-TA-157	Argentina	Affirmative	1998	Negative	-	-	-
1983	731-TA-158	Mexico	Negative[2]	-	-	-	-	-
1983	731-TA-159	Poland	Negative	-	-	-	-	-
1983	731-TA-160	Spain	Affirmative	-	-	-	-	ITA revoked 9/16/85
1984	731-TA-205	E. Germany	Affirmative[2]	-	-	-	-	Petition withdrawn 8/1/85
1985	701-TA-243	Portugal	Negative[2]	-	-	-	-	-
1985	701-TA-244	Venezuela	Affirmative[2]	-	-	-	-	Petition withdrawn 7/24/85
1985	731-TA-256	Poland	Affirmative[2]	-	-	-	-	Petition withdrawn 9/10/85
1985	731-TA-257	Portugal	Affirmative[2]	-	-	-	-	Petition withdrawn 11/20/85
1985	731-TA-258	Venezuela	Affirmative[2]	-	-	-	-	Petition withdrawn 8/30/85
1992	701-TA-314	Brazil	Affirmative	1999	-	-	-	ITA revoked 11/15/99
1992	701-TA-315	France	Affirmative	1999	-	-	-	ITA revoked 11/15/99
1992	701-TA-316	Germany	Affirmative	1999	-	-	-	ITA revoked 11/15/99
1992	701-TA-317	United Kingdom	Affirmative	1999	-	-	-	ITA revoked 11/15/99
1992	731-TA-552	Brazil	Affirmative	1999	-	-	-	ITA revoked 11/15/99
1992	731-TA-553	France	Affirmative	1999	-	-	-	ITA revoked 11/15/99
1992	731-TA-554	Germany	Affirmative	1999	-	-	-	ITA revoked 11/15/99
1992	731-TA-555	United Kingdom	Affirmative	1999	-	-	-	ITA revoked 11/15/99
1992	731-TA-572	Brazil	Negative	-	-	-	-	-
1993	731-TA-646	Brazil	Negative	-	-	-	-	-

Table continued on next page.

Table I-2--*Continued*
Wire rod: Previous and related title VII investigations

Original investigation				First review		Second review		
Date[1]	Number	Country	Outcome	Date[1]	Outcome	Date[1]	Outcome	Current status
1993	731-TA-647	Canada	Affirmative[2]	-	-	-	-	Petition withdrawn 4/18/94
1993	731-TA-648	Japan	Negative	-	-	-	-	-
1993	731-TA-649	Trinidad & Tobago	Negative[2]	-	-	-	-	-
1994	701-TA-359	Germany	Negative[2]	-	-	-	-	-
1994	731-TA-686	Belgium	Affirmative[2]	-	-	-	-	Petition withdrawn 7/7/94
1994	731-TA-687	Germany	Negative[2]	-	-	-	-	-
1997	701-TA-368	Canada	Negative	-	-	-	-	-
1997	701-TA-369	Germany	Negligible[3]	-	-	-	-	-
1997	701-TA-370	Trinidad & Tobago	Negative	-	-	-	-	-
1997	701-TA-371	Venezuela	Negative	-	-	-	-	-
1997	731-TA-763	Canada	Negative	-	-	-	-	-
1997	731-TA-764	Germany	Negative	-	-	-	-	-
1997	731-TA-765	Trinidad & Tobago	Negative	-	-	-	-	-
1997	731-TA-766	Venezuela	Negative	-	-	-	-	-
2001	701-TA-417	Brazil	Affirmative	2007	Affirmative	2013	-	Current review
2001	701-TA-418	Canada	Affirmative	-	-	-	-	ITA revoked 1/23/04
2001	701-TA-419	Germany	Negative	-	-	-	-	-
2001	701-TA-420	Trinidad & Tobago	Negative[4]	-	-	-	-	-
2001	701-TA-421	Turkey	Negative[4]	-	-	-	-	-
2001	731-TA-953	Brazil	Affirmative	2007	Affirmative	2013	-	Current review
2001	731-TA-954	Canada	Affirmative	2007	Negative	-	-	-
2001	731-TA-955	Egypt	Negligible[3]	-	-	-	-	-
2001	731-TA-956	Germany	Negligible[3]	-	-	-	-	-
2001	731-TA-957	Indonesia	Affirmative	2007	Affirmative	2013	-	Current review
2001	731-TA-958	Mexico	Affirmative	2007	Affirmative	2013	-	Current review
2001	731-TA-959	Moldova	Affirmative	2007	Affirmative	2013	-	Current review
2001	731-TA-960	South Africa	Negligible[3]	-	-	-	-	-
2001	731-TA-961	Trinidad & Tobago	Affirmative	2007	Affirmative	2013	-	Current review
2001	731-TA-962	Ukraine	Affirmative	2007	Affirmative	2013	-	Current review
2001	731-TA-963	Venezuela	Negligible[3]	-	-	-	-	-
2005	731-TA-1099	China	Negative[2]	-	-	-	-	-
2005	731-TA-1100	Germany	Negative[2]	-	-	-	-	-
2005	731-TA-1101	Turkey	Negative[2]	-	-	-	-	-
2014	701-TA-512	China	Affirmative[2]	-	-	-	-	Final determination pending
2014	731-TA-1248	China	Affirmative[2]	-	-	-	-	Final determination pending

[1] "Date" refers to the year in which the investigation or review was instituted by the Commission.
[2] Preliminary determination.
[3] The Commission found subject imports to be negligible, and its investigation was thereby terminated.
[4] The Department of Commerce made a negative determination.

Source: Various Commission publications.

Safeguard investigation

In 1999, the Commission conducted a safeguard investigation under section 202 of the Trade Act of 1974 to determine whether steel wire rod was being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article. The Commission was equally divided in its injury determination.[17] The President considered the determination of the Commissioners voting in the affirmative and issued Proclamation 7273 imposing relief in the form of a Tariff Rate Quota ("TRQ") on imports of steel wire rod for a period of three years and one day, effective March 1, 2000.

Imports of subject products in excess of the quarterly or the annual quota amounts were 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 (in-quota quantity of 1,580,000 short tons); 7.5 percent ad valorem in the second year of relief (in-quota quantity of 1,611,600 short tons); and 5 percent ad valorem in the third year of relief (in-quota quantity of 1,643,832 short tons). The President subsequently issued Proclamation 7505 effective November 24, 2001, modifying the TRQ, by providing that the in-quota quantity of the TRQ be allocated among these four supplier country groupings: European Community; Commonwealth of Independent States; Trinidad and Tobago; and all other countries.[18]

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

Section 751(c) of the Act requires Commerce and the Commission to conduct a review no later than five years after the issuance of an antidumping or countervailing duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation "would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury."

Section 752(a) of the Act provides that in making its determination of likelihood of continuation or recurrence of material injury--

> *(1) IN GENERAL.-- . . . the Commission shall determine whether revocation of an order, or termination of a suspended investigation, would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.*

---

[17] Pursuant to section 311(a) of the North American Free Trade Agreement ("NAFTA") Implementation Act, the Commission made negative findings with respect to imports of wire rod from Canada and Mexico.

[18] *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine, Investigation Nos. 701-TA-417 and 731-TA-953, 954, 957-959, 961, and 962 (Review)*, USITC Publication 4014, June 2008, pp. I-11-I-12.

The Commission shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account--

> *(A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,*
>
> *(B) whether any improvement in the state of the industry is related to the order or the suspension agreement,*
>
> *(C) whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and*
>
> *(D) in an antidumping proceeding . . ., (Commerce's findings) regarding duty absorption . . ..*

(2) VOLUME.--In evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including--

> *(A) any likely increase in production capacity or existing unused production capacity in the exporting country,*
>
> *(B) existing inventories of the subject merchandise, or likely increases in inventories,*
>
> *(C) the existence of barriers to the importation of such merchandise into countries other than the United States, and*
>
> *(D) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.*

(3) PRICE.--In evaluating the likely price effects of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether--

> *(A) there is likely to be significant price underselling by imports of the subject merchandise as compared to domestic like products, and*

(B) imports of the subject merchandise are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.

(4) IMPACT ON THE INDUSTRY.--In evaluating the likely impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated, the Commission shall consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to–

(A) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,
(B) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and

(C) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.

The Commission shall evaluate all such relevant economic factors . . . within the context of the business cycle and the conditions of competition that are distinctive to the affected industry.

Section 752(a)(6) of the Act states further that in making its determination, "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy. If a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement."

Organization of report

Information obtained during the course of the reviews that relates to the statutory criteria is presented throughout this report. A summary of trade and financial data for wire rod as collected in the reviews is presented in appendix C. U.S. industry data are based on the questionnaire responses of ten U.S. producers of wire rod that are believed to have accounted for all domestic production of wire rod in 2013. U.S. import data and related information are based on Commerce's official import statistics and the questionnaire responses of 37 U.S. importers of wire rod. The U.S. producers and importers and their shares of U.S. production and U.S. imports, respectively, are presented later in *Part I* of this report (*see* "U.S. Market Participants"). Foreign industry data and related information are based on the questionnaire responses of one producer in Brazil, one producer in Indonesia, three producers in Mexico, one producer in Trinidad & Tobago, and two producers in Ukraine. Coverage information on the eight responding producers in the subject countries are presented in country-specific sections in *Part IV* of this report. The producer of wire rod in Moldova did not provide a response to the Commission's questionnaire. Therefore, the foreign industry data and related information for

the wire rod industry in Moldova are based on publicly available industry information and ***. Responses by U.S. producers, importers, purchasers, and foreign producers of wire rod to a series of questions concerning the significance of the existing antidumping and countervailing duty orders and the likely effects of revocation of such orders are presented in appendix D. Appendix E presents financial data for 2011-13, excluding internal consumption and transfers to related parties. Appendix F presents data and other information with respect to wire rod in diameters less than 5.0 mm.

COMMERCE'S REVIEWS

Administrative reviews[19]

Commerce has completed one or more administrative reviews of the outstanding antidumping duty orders on wire rod from Brazil, Canada, Indonesia, Mexico, and Trinidad & Tobago. Commerce has completed no administrative reviews of the outstanding antidumping duty orders on wire rod from Moldova and Ukraine, nor of the countervailing duty order on wire rod from Brazil.[20]

Brazil

Commerce completed one antidumping duty administrative review with regard to the antidumping duty order on imports of wire rod from Brazil prior to the first five-year review. The results of the administrative review are shown in table I-3. Commerce has not conducted any administrative reviews since it issued its final results of the first expedited five-year review.

Table I-3
Wire rod: Administrative review of the antidumping duty order for Brazil

Date results published	Period of review	Producer or exporter	Margin (*percent*)
May 17, 2005 (70 FR 28271)	4/10/2002 - 9/30/2003	Belgo Mineira[1]	98.69
		All others	74.35

[1] ArcelorMittal Brasil is the successor to Belgo Mineira.

Source: Cited *Federal Register* notice.

[19] No duty absorption findings have been made for any of the subject countries. *Issues and Decision Memorandum for the Final Results of Expedited Second Sunset Reviews of the Antidumping Duty Orders on Carbon and Certain Alloy Steel Wire Rod from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine*, October 17, 2013, p. 5.

[20] For previously reviewed or investigated companies not included in an administrative review, the cash deposit rate continues to be the company-specific rate published for the most recent period.

Indonesia

Commerce completed one antidumping duty administrative review with regard to subject imports of wire rod from Indonesia prior to the first five-year review. The results of the administrative review are shown in table I-4. Commerce has not conducted any administrative reviews since it issued its final results of the first expedited five-year review.

Table I-4
Wire rod: Administrative review of the antidumping duty order for Indonesia

Date results published	Period of review	Producer or exporter	Margin (*percent*)
October 19, 2005 (70 FR 60787)	10/1/2003 - 9/30/2004	P.T. Ispat Indo	0.38[1]
		All others	4.06

[1] *De minimis* margin (i.e., margin is less than 0.5 percent), therefore no cash deposit was required to be paid to Customs.

Source: Cited *Federal Register* notice.

Mexico

Commerce completed five antidumping duty administrative reviews with regard to subject imports of wire rod from Mexico. The results of the administrative reviews are shown in table I-5.

Table I-5
Wire rod: Administrative reviews of the antidumping duty order for Mexico

Date results published	Period of review	Producer or exporter	Margin (*percent*)
May 16, 2005 (70 FR 25809)	4/10/2002 - 9/30/2003	Hylsa	5.45
		Sicartsa	1.06
		All others	20.11
May 15, 2006 (71 FR 27989)	10/1/2003 - 9/30/2004	Hylsa	1.81
		Sicartsa	1.26
		All others	20.11
March 13, 2008 (73 FR 13532)	10/1/2005 - 9/30/2006	Hylsa	17.94
March 7, 2012 (77 FR 13545)	10/01/2009 - 9/30/2010	Arcelor Mittal Las Truchas[1]	5.59
May 14, 2013 (78 FR 28190)	10/01/2010 - 9/30/2011	Deacero	12.08

[1] Arcelor Mittal Las Truchas is the successor-in-interest to Sicartsa (76 FR 45509, July 29, 2011).

Source: Cited *Federal Register* notices.

Trinidad & Tobago

Commerce completed six antidumping duty administrative reviews with regard to subject imports of wire rod from Trinidad & Tobago. The results of the administrative reviews are shown in table I-6.

Table I-6
Wire rod: Administrative reviews of the antidumping duty order for Trinidad & Tobago

Date results published	Period of review	Producer or exporter	Margin (*percent*)
March 15, 2005 (70 FR 12648)	4/10/2002 - 9/30/2003	CIL	3.61
		All others	11.40
November 16, 2005 (70 FR 69512)	10/1/2003 - 9/30/2004	CIL	4.13
		All others	11.40
March 6, 2007 (72 FR 9922)	10/1/2004 - 9/30/2005	Mittal Steel Point Lisas	0.06[1]
		All others	11.40
November 7, 2007 (72 FR 62824)	1011/2005 - 9/30/2006	Mittal Steel Point Lisas	0.40[1]
		All others	11.40
March 12, 2009 (74 FR 10722)	10/01/2006 - 9/30/2007	Arcelor Mittal Point Lisas[2]	1.56
February 25, 2010 (75 FR 8650)	10/01/2007 - 9/30/2008	Arcelor Mittal Point Lisas[2]	23.95

[1] *De minimis* margin (i.e., margin is less than 0.5 percent), therefore no cash deposit was required to be paid to Customs.
[2] ArcelorMittal Point Lisas Limited is the successor–in–interest to Mittal Steel Point Lisas (73 FR 30052, May 23, 2008).

Source: Cited *Federal Register* notices.

Changed circumstances reviews

Commerce completed four changed circumstances reviews with regard to imports of wire rod subject to these second five-year reviews. The results of the changed circumstances reviews are shown in table I-7.

Table I-7
Wire rod: Changed circumstances reviews

Publication date (FR cite)	Requestor	Final result
November 12, 2003 (68 FR 64079)	Petitioners	Commerce initiated a changed circumstances review to clarify the technical descriptions of certain grade 1080 tire cord/bead quality wire rod that were originally excluded from the scope of the countervailing duty order. In its final results, Commerce amended the technical description so that certain grade 1080 tire cord/bead quality steel wire rod "having no non-deformable inclusions greater than 20 microns and no deformable inclusions greater than 35 microns" rather than just those "having no inclusions greater than 20 microns" were revoked from the countervailing duty order, effective July 24, 2003.
May 23, 2008 (73 FR 30052)	ArcelorMittal Point Lisas	Commerce determined that ArcelorMittal Point Lisas is the successor-in-interest to Mittal Steel Point Lisas Ltd.
May 13, 2009 (74 FR 22514)	Ternium Mexico	Commerce determined that Ternium Mexico is the successor-in-interest to Hylsa.
July 29, 2011 (76 FR 45509)	ArcelorMittal Las Truchas	Commerce determined that ArcelorMittal Las Truchas is the successor-in-interest to Sicartsa.

Source: Cited *Federal Register* notices.

Scope inquiry reviews

On May 11, 2004, Commerce initiated a scope inquiry to clarify the exclusion for grade 1080 tire cord quality wire rod and tire bead quality wire rod from the antidumping and countervailing duty orders on wire rod from Brazil. On May 9, 2005, Commerce issued a final scope ruling and determined that for grade 1080 tire cord quality wire rod and tire bead quality wire rod, the phrase, "having no inclusions greater than 20 microns" means no inclusions greater than 20 microns in any direction.[21]

Anti-circumvention inquiry

On June 8, 2011, at the request of the domestic industry, Commerce initiated a circumvention inquiry into whether Mexican wire rod producers Deacero and Ternium Mexico shipped wire rod with an actual diameter measuring 4.75 mm to 5.00 mm in a manner that

[21] *Notice of Scope Rulings*, 70 FR 55110 (September 20, 2005).

constituted merchandise altered in form or appearance in such minor respects that it should be included within the scope.[22] On October 1, 2012, Commerce published its final determination of circumvention, finding that (1) Ternium was not covered by the affirmative anti-circumvention inquiry because it had not shipped wire rod with diameters of 4.75 to 5.0 mm to the United States; and (2) shipments of wire rod with an actual diameter of 4.75 mm to 5.00 mm by Deacero constituted merchandise altered in form or appearance in such minor respects that it should be included within the scope of the order on wire rod from Mexico.[23] Deacero appealed Commerce's final circumvention finding to the CIT and a remand order was issued on September 30, 2013.[24] Pursuant to the direction from the CIT, Commerce reversed its final determination "under respectful protest" and found on final remand that wire rod with an actual diameter of 4.75 mm to 5.00 mm shipped to the United States by Deacero is outside the scope of the order and, thus, such shipments do not constitute a circumventing minor alteration.[25] The CIT ruling on Commerce's final remand determination is pending.

Certain data and other information concerning the Mexican production, U.S. imports, and U.S. purchases of the imported smaller diameter wire rod (4.75 mm to 5.0 mm) produced by Deacero in Mexico were requested in these reviews. As noted above, such information provided in response to questionnaires transmitted to U.S. importers, purchasers, and foreign producer Deacero is presented separately in appendix F.

Five-year reviews

Countervailing duty order concerning Brazil

Commerce has issued the final results of its expedited second five-year review of the countervailing duty order concerning Brazil.[26] Table I-8 presents information with respect to the countervailable subsidies found by Commerce in the original investigation and subsequent five-year reviews.

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[22] *Carbon and Certain Alloy Steel Wire Rod from Mexico: Initiation of Anti-Circumvention Inquiry of Antidumping Duty Order*, 76 FR 33218, June 8, 2011.

[23] *Carbon and Certain Alloy Steel Wire Rod from Mexico: Affirmative Final Determination of Circumvention of the Antidumping Order*, 77 FR 59892, October 1, 2012.

[24] *Deacero S.A. de C.V. and Deacero USA Inc. v. United States and Arcelormittal USA LLC, Gerdau Ameristeel U.S. Inc., Evraz Rocky Mountain Steel, and Nucor Corporation*, Court No. 12-00345; Slip Op. 13-126 (CIT 2013) ("*Deacero Remand*").

[25] *Final Results of Redetermination Pursuant to Court Remand* (*Deacero Remand*), Office of Enforcement & Compliance, International Trade Administration, January 28, 2014.

[26] *Carbon and Certain Alloy Steel Wire Rod from Brazil: Final Results of the Expedited Second Sunset Review of the Countervailing Duty Order*, 78 FR 60850, October 2, 2013; and *Issues and Decision Memorandum for the Final Results of the Expedited Sunset Review of the Countervailing Duty Order on Carbon and Certain Alloy Steel Wire Rod from Brazil*, September 25, 2013.

Table I-8
Wire rod: Commerce's original and first and second five-year countervailable subsidy margins for producers/exporters in Brazil

Producer/exporter	Original margin (*percent*)	First five-year review margin (*percent*)	Second five-year review margin (*percent*)
Belgo Mineira[1]	6.74	6.74	6.74
Gerdau SA	2.76	2.76	2.31
All others	5.64	5.64	4.53

[1] ArcelorMittal Brasil is the successor to Belgo Mineira.

Source: Countervailing duty order, 67 FR 64871, October 22, 2002; final results of first expedited sunset review, 73 FR 1323, January 8, 2008; final results of second expedited sunset review, 78 FR 60850, October 2, 2013.

The following seven programs were found by Commerce to confer countervailable subsidies in the original investigation:

1. Financing for the Acquisition or Lease of Machinery and Equipment through the Special Agency for Industrial Financing;
2. Programa de Financiamento as Exportações;
3. Tax Incentives Provided by the Amazon Region Development Authority ("SUDAM") and the Northeast Region Development Authority ("SUDENE");
4. Debt Forgiveness/Equity Infusions Provided to Usina Siderurgica da Bahia S.A. (previously 1988 Equity Infusions/Debt Forgiveness Provided to Usina Siderurgica da Bahia S.A.) (specific to Gerdau S.A. (Gerdau));
5. National Bank for Economic and Social Development Financing for the Acquisition of Dedini Siderurgica de Piracicaba (specific to Companhia Siderugica Belgo-Mineira (Belgo Mineira));
6. National Bank for Economic and Social Development Financing for the Acquisition of Mendes Junior Siderurgica S.A. (specific to Belgo Mineira); and
7. "Presumed" Tax Credit for the Program of Social Integration and the Social Contributions of Billings on Inputs Used in Exports.

In the second five-year review of the countervailing duty order concerning Brazil, Commerce found that these countervailable programs continue to exist and be used by Brazilian producers and exporters of wire rod and that a countervailable subsidy is likely to continue or recur if the order is revoked. Although it did not remove the "Debt Forgiveness/Equity Infusions Provided to Usina Siderurgica da Bahia S.A." program, Commerce recalculated the rate for Gerdau and "All others" to remove the ad valorem subsidy rate of 0.45 percent attributed to Gerdau under this program because the benefits received by Gerdau in

1986, 1987, and 1989 were fully allocated over the average useful life of the subject merchandise (i.e., 15 years).[27]

Commerce also found that three of the seven programs fall under Article 3.1 of the SCM Agreement,[28] which states that the following subsidies shall be prohibited: (a) subsidies contingent, in law or in fact, whether solely or as one of several other conditions, upon export performance; and (b) subsidies contingent, whether solely or as one of several other conditions, upon the use of domestic over imported goods.

1. Programa de Financiamento as Exportações
2. "Presumed" Tax Credit for the Program of Social Integration and the Social Contributions of Billings on Inputs Used in Exports
3. Financing for the Acquisition or Lease of Machinery and Equipment through the Special Agency for Industrial Financing

Commerce found that the remaining four programs do not fall within the meaning of Article 3.1 of the SCM Agreement, but could be subsidies described in Article 6.1 of the SCM Agreement if the amount of the subsidy exceeds five percent, as measured in accordance with Annex IV of the SCM Agreement. They also could fall within the meaning of Article 6.1 if they constitute debt forgiveness, grants to cover debt repayment, or are subsidies to cover operating losses sustained by an industry or enterprise. However, Commerce found that there was insufficient information on the record of the second five-year review in order to make such a determination.

[27] Commerce noted that although the benefits Gerdau received under "Debt Forgiveness/Equity Infusions Provided to Usina Siderurgica da Bahia S.A." were non-recurring in nature and were fully allocated over the average useful life of the subject merchandise, the non-recurring subsidy program was not removed because there is no information on the record that it was terminated. *Issues and Decision Memorandum for the Final Results of the Expedited Sunset Review of the Countervailing Duty Order on Carbon and Certain Alloy Steel Wire Rod from Brazil*, September 25, 2013.

[28] Consistent with section 752(a)(6) of the Act, Commerce provided information concerning the nature of the subsidy and whether it is a subsidy described in Article 3 or Article 6.1 of the 1994 World Trade Organization Agreement on Subsidies and Countervailing Measures ("SCM Agreement"). It noted, however, that Article 6.1 of the SCM Agreement expired effective January 1, 2000. *Issues and Decision Memorandum for the Final Results of the Expedited Sunset Review of the Countervailing Duty Order on Carbon and Certain Alloy Steel Wire Rod from Brazil*, September 25, 2013.

Antidumping duty orders

Commerce has issued the final results of its expedited second five-year reviews of the antidumping duty orders concerning Brazil, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine.[29] Table I-9 presents information with respect to the dumping margins.

Table I-9
Wire rod: Commerce's original and first and second five-year dumping margins for producers/exporters, by subject country

Producer/exporter	Original margin (*percent*)	First five-year review margin (*percent*)	Second five-year review margin (*percent*)
Brazil			
Belgo Mineira/Arcelor Mittal Brasil	94.73	94.73	94.73
All others	74.35	74.45	74.45
Indonesia			
PT Ispat Indo	4.06	4.06	4.05
All others	4.06	4.06	4.05
Mexico			
Sicartsa/ArcelorMittal Las Truchas	20.11	20.11	20.11
All others	20.11	20.11	20.11
Moldova			
Moldova-wide rate	369.10	369.10	369.10
Trinidad & Tobago			
Caribbean Ispat/ArcelorMittal Point Lisas	11.40	11.40	11.40
All others	11.40	11.40	11.40
Ukraine			
Krivorozhstal	116.37	116.37	116.37
All others	116.37	116.37	116.37

Source: Antidumping duty order, 67 FR 34899, May 16, 2002; final results of expedited sunset review, 73 FR 1321, January 8, 2008; final results of second expedited sunset review, 78 FR 63450, October 24, 2013.

[29] *Carbon and Certain Alloy Steel Wire Rod from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine: Final Results of the Expedited Second Sunset Reviews of the Antidumping Duty Orders*, 78 FR 63450, October 24, 2013.

THE SUBJECT MERCHANDISE

Commerce's scope

The scope of these reviews as defined by Commerce in its expedited second five-year review determinations is as follows:

> The merchandise subject to these orders is certain hot-rolled products of carbon steel and alloy steel, in coils, of approximately round cross section, 5.00 mm or more, but less than 19.00 mm, in solid cross-sectional diameter.
>
> Specifically excluded are steel products possessing the above-noted physical characteristics and meeting the Harmonized Tariff Schedule of the United States ("HTSUS") definitions for (a) stainless steel; (b) tool steel; c) high nickel steel; (d) ball bearing steel; and (e) concrete reinforcing bars and rods.
>
> Also excluded are (f) free machining steel products (i.e., products that contain by weight one or more of the following elements: 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, or more than 0.01 percent of tellurium). Also excluded from the scope are 1080 grade tire cord quality wire rod and 1080 grade tire bead quality wire rod. This grade 1080 tire cord quality rod is defined as: (i) grade 1080 tire cord quality wire rod measuring 5.0 mm or more but not more than 6.0 mm in cross-sectional diameter; (ii) with an average partial decarburization of no more than 70 microns in depth (maximum individual 200 microns); (iii) having no non-deformable inclusions greater than 20 microns and no deformable inclusions greater than 35 microns; (iv) having a carbon segregation per heat average of 3.0 or better using European Method NFA 04-114; (v) having a surface quality with no surface defects of a length greater than 0.15 mm; (vi) capable of being drawn to a diameter of 0.30 mm or less with 3 or fewer breaks per ton, and (vii) containing by weight the following elements in the proportions shown: (1) 0.78 percent or more of carbon, (2) less than 0.01 percent of aluminum, (3) 0.040 percent or less, in the aggregate, of phosphorus and sulfur, (4) 0.006 percent or less of nitrogen, and (5) not more than 0.15 percent, in the aggregate, of copper, nickel and chromium.
>
> This grade 1080 tire bead quality rod is defined as: (i) grade 1080 tire bead quality wire rod measuring 5.5 mm or more but not more than 7.0 mm in cross-sectional diameter; (ii) with an average partial decarburization of no more than 70 microns in depth (maximum individual 200 microns); (iii) having no non-deformable inclusions greater

than 20 microns and no deformable inclusions greater than 35 microns; (iv) having a carbon segregation per heat average of 3.0 or better using European Method NFA 04-114; (v) having a surface quality with no surface defects of a length greater than 0.2 mm; (vi) capable of being drawn to a diameter of 0.78 mm or larger with 0.5 or fewer breaks per ton; and (vii) containing by weight the following elements in the proportions shown: (1) 0.78 percent or more of carbon, (2) less than 0.01 percent of soluble aluminum, (3) 0.040 percent or less, in the aggregate, of phosphorus and sulfur, (4) 0.008 percent or less of nitrogen, and (5) either not more than 0.15 percent, in the aggregate, of copper, nickel and chromium (if chromium is not specified), or not more than 0.10 percent in the aggregate of copper and nickel and a chromium content of 0.24 to 0.30 percent (if chromium is specified).

For purposes of the grade 1080 tire cord quality wire rod and the grade 1080 tire bead quality wire rod, an inclusion will be considered to be deformable if its ratio of length (measured along the axis - that is, the direction of rolling - of the rod) over thickness (measured on the same inclusion in a direction perpendicular to the axis of the rod) is equal to or greater than three. The size of an inclusion for purposes of the 20 microns and 35 microns limitations is the measurement of the largest dimension observed on a longitudinal section measured in a direction perpendicular to the axis of the rod. This measurement methodology applies only to inclusions on certain grade 1080 tire cord quality wire rod and certain grade 1080 tire bead quality wire rod that are entered, or withdrawn from warehouse, for consumption on or after July 24, 2003.

The designation of the products as "tire cord quality" or "tire bead quality" indicates the acceptability of the product for use in the production of tire cord, tire bead, or wire for use in other rubber reinforcement applications such as hose wire. These quality designations are presumed to indicate that these products are being used in tire cord, tire bead, and other rubber reinforcement applications, and such merchandise intended for the tire cord, tire bead, or other rubber reinforcement applications is not included in the scope. However, should the petitioners or other interested parties provide a reasonable basis to believe or suspect that there exists a pattern of importation of such products for other than those applications, end-use certification for all products meeting the physical description of subject merchandise that are not specifically excluded are included in this scope.[30]

[30] For additional information regarding Deacero's exports of wire rod, see the "Anti-circumvention inquiry" section of this chapter.

Tariff treatment

Wire rod is imported under the following statistical reporting numbers of the Harmonized Tariff Schedule of the United States ("HTSUS" or "HTS"): 7213.91.3011, 7213.91.3015, 7213.91.3020 (added on July 1, 2008), 7213.91.3092 (discontinued on July 1, 2008), 7213.91.3093 (added on July 1, 2008),[31] 7213.91.4500, 7213.91.6000, 7213.99.0030, 7213.99.0090, 7227.20.0000 (discontinued on July 1, 2008), 7227.20.0030 (added on July 1, 2008), 7227.20.0080 (added on July 1, 2008),[32] 7227.90.6010, 7227.90.6020 (added on July 1, 2008), 7227.90.6030 (added on January 1, 2014), 7227.90.6035 (added on January 1, 2014), 7227.90.6080 (discontinued on July 1, 2008),[33] and 7227.90.6085 (added on July 1, 2008, and discontinued on January 1, 2014).[34] At the time of the original investigations general U.S. tariffs on wire rod, applicable to U.S. imports that are products of the subject countries and reported under these provisions, ranged from 0.8 to 0.9 percent ad valorem for nonalloy steel and were 1.8 percent ad valorem for alloy steel. By January 1, 2004, these tariffs had been eliminated, resulting in a general duty rate of "Free."

[31] HTS 7213.91.3092 was replaced with two new breakouts, specifically 7213.91.3020 (covering welding-quality, nonalloy wire rod, with a circular diameter of less than 14 mm, not tempered, not treated and not partly manufactured) and 7213.91.3093 (covering other than of welding quality, nonalloy wire rod with a circular diameter of less than 14 mm, not tempered, not treated and not partly manufactured). *HTSUS 2008 - Supplement 1*, "Change Record," July 1, 2008, p. 11; *HTSUS 2008 - Supplement 1*, "Chapter 72 Iron and Steel," July 1, 2008, p. XV 72-18; and *HTSUS 2008 – Revision 2*, "Chapter 72 Iron and Steel," April 16, 2008, p. XV 72-18.

[32] HTS 7227.20.0000 was replaced with two new breakouts, specifically 7227.20.0030 (covering welding-quality, silico-manganese alloy wire rod) and 7227.20.0080 (covering other than of welding quality, silico-manganese alloy wire rod). *HTSUS 2008 - Supplement 1*, "Change Record," July 1, 2008, p. 11; *HTSUS 2008 - Supplement 1*, "Chapter 72 Iron and Steel," July 1, 2008, p. XV 72-36; and *HTSUS 2008 – Revision 2*, "Chapter 72 Iron and Steel," April 16, 2008, p. XV 72-36.

[33] HTS 7227.90.6080 was replaced with two new breakouts, specifically 7227.90.6020 (covering welding-quality, other alloy wire rod) and 7227.90.6085 (covering other than of welding quality, other alloy wire rod). *HTSUS 2008 - Supplement 1*, "Change Record," July 1, 2008, p. 11; *HTSUS 2008 - Supplement 1*, "Chapter 72 Iron and Steel," July 1, 2008, p. XV 72-36; and *HTSUS 2008 – Revision 2*, "Chapter 72 Iron and Steel," April 16, 2008, p. XV 72-36.

[34] HTS 7227.90.6085 was replaced with four new breakouts, including 7227.90.6030 (covering other alloy wire rod with a circular diameter of less than 14 mm) and 7227.90.6035 (covering other alloy wire rod with a circular diameter of 14 mm or more but less than 19 mm). The other two new breakouts, 7227.90.6040 (other alloy bars and rods with a circular diameter of 19 mm or more) and 7227.90.6090 (cross-section shapes other than circular), are considered bar and rod products outside the scope of these investigations. *HTSUS 2014 - Basic*, "Change Record," January 1, 2014, pp. 6-7; and *HTSUS 2014 - Basic*, "Iron and Steel," January 1, 2014, p. XV 72-36.

THE PRODUCT

Description and applications[35]

Wire rod is a hot-rolled intermediate steel product of circular or approximately circular cross section that typically is produced in nominal fractional diameters up to 47/64 inch (18.7 mm) and sold in irregularly wound coils, primarily for subsequent drawing and finishing by wire drawers.[36] Wire rod is essentially used only to manufacture wire, which is either fabricated into downstream wire products or incorporated into finished products.[37] Wire rod sold in the United States is categorized by "quality" according to end use. End-use categories are broad descriptions with overlapping metallurgical qualities, chemistries,[38] and physical characteristics.[39]

Table I-10 presents quality and commodity descriptions for 11 major types of wire rod, as indicated by the Iron and Steel Society. Industrial quality wire rod currently 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 to manufacture such products as nails, reinforcing wire mesh and chain link fence. Most of the industrial quality wire rod is produced and sold in the smallest cross-sectional diameter that is hot rolled in substantial commercial quantities (7/32 inch or 5.5 mm). Industrial quality wire rod generally is manufactured from low- or medium-low-carbon steel.[40] Other relatively large-volume qualities of wire rod consumed in the United States include high- and medium-high carbon and cold-heading quality.

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[35] *Carbon and Certain Alloy Steel Wire Rod from China, Inv. Nos. 701-TA-512 and 731-TA-1248 (Preliminary)*, USITC Publication 4458, March 2014, pp. I-10 – I-12; *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine, Inv. Nos. 701-TA-417 and 731-TA-953, 954, 957-959, 961, and 962 (Review)*, USITC Publication 4014, June 2008, pp. I-22 – I-24; and *Carbon and Certain Alloy Steel Wire Rod from China, Germany, and Turkey, Inv. Nos. 731-TA-1099-1101 (Preliminary)*, USITC Publication 3832, January 2006, pp. I-6 – I-7.

[36] Wire drawers (also referred to as redrawers) manufacture wire and wire products and may be either independent or afflilated with wire rod producers.

[37] *Carbon and Certain Alloy Steel Wire Rod from China, Inv. Nos. 701-TA-512 and 731-TA-1248 (Preliminary)*, USITC Publication 4458, March 2014, p. I-11.

[38] Steel chemistries are designated as "grades" of standardized composition ranges for carbon, nonferrous metals, and nonmetallic elements. See e.g., table 2-1, Standard Steels for Wire Rods and Wire Nonresulfurized Carbon Steels, Manganese Maximum Not Exceeding 1.00 Percent. Iron and Steel Society, *Steel Products Manual: Carbon Steel Wire and Rods*, August 1993, p. 6.

Wire rod of AISI/SAE grade 1080 steel contains 0.75-0.88 percent carbon, 0.60-0.90 manganese, a maximum of 0.040 percent phosphorous, and 0.050 percent sulfur. Ibid.

[39] Steel ductility, hardness, and tensile strength are positively correlated with carbon content. Alloying elements can be added at the steel melting stage of the manufacturing process to impart various characteristics to the wire rod.

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

High- and medium-high carbon wire rod are intended for drawing into wire for such products as strand, upholstery spring, mechanical spring, rope, screens, and pre-stressed concrete wire.[41]

Table I-10
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 small 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, aluminum conductors steel reinforced core, pre-stressed 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, surface imperfections
Scrapless nut	Fasteners produced by cold heading, cold expanding, cold punching, thread tapping	Internal soundness, good surface quality
Tire cord	Tread reinforcement in pneumatic tires	Restrictive requirements for cleanliness, segregation, decarburization, chemistry, surface imperfections
Welding quality	Wire for gas welding, electric arc welding, submerged arc welding, 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.

[41] The end uses of very high quality wire rod are those where manufacturing process involve large amounts of cold deformation of the steel such as in recessed quality cold heading; those that are safety critical, such as automotive wheel bolts and tire reinforcing wire; those that have very demanding consistency requirements or unusual steel chemistry requirements, such as certain welding grades; and other applications that put unusual and demanding requirements on the steel.

According to witnesses for domestic producers, there are no specific types of wire rod within the scope of these investigations that the domestic industry cannot supply.[42] Moreover, a witness further testified that the domestic industry supplies the full range of wire rods purchased in the U.S. market.[43] Counsel for domestic producers testified that wire rod below 5.5 mm in diameter was not commercially available at the time of the original investigations (August 31, 2001), as no firm in the United States, Mexico, or any other subject country produced and sold such smaller diameter wire rod in the U.S. market.[44] Witnesses for Evraz Pueblo, Gerdau, and Nucor testified that their firms do not produce smaller diameter (4.75 mm) wire rod in the United States.[45] Counsel for Deacero observed that Charter Steel produced wire rod of diameters as small as 4.0 mm, prior to the issuance of antidumping orders.[46] However, Charter Steel no longer produces this product,[47] having ***.[48] According to domestic-industry witnesses, customers did not request 4.75 mm diameter wire rod,[49] as smaller diameter wire rod was not necessary to manufacture their downstream products.[50] Moreover, Evraz Pueblo, Gerdau, and Nucor declined to pursue production of smaller diameter wire rod, concluding that the product price required to justify the capital investment and production costs was too high for the anticipated market conditions.[51]

Mexican producer Deacero described its U.S. shipments as predominantly of smaller diameter, 4.75 mm wire rod.[52] According to Deacero witnesses, the firm did not supply wire rod to the U.S. market prior to 2008, when U.S. customers inquired about 4.75 mm wire rod,[53] a size not otherwise available from domestic producers during the period of review.[54] Previously,

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[42] Hearing transcript, pp. 118 (Goettl), 118 (Strinaman), and 119 (Ashby).

[43] Hearing transcript, p. 46 (Ashby).

[44] Hearing transcript, p. 71 (Luberda).

[45] Hearing transcript, pp. 74 (Ashby), 74 (Kerkvliet), and 89 (Nystrom).

[46] Deacero's prehearing brief, p. 10; and exhibit 5, *Certain Steel Wire Rod from Brazil and Japan, Inv. Nos. 701-TA-646 and 648 (Final)*, USITC Publication 2761, March 1994, p. II-22; and Charter Steel, "History."

[47] Charter Steel currently produces wire rod in diameters ranging from 5.5 mm to 40 mm. Charter Steel, "Products & Capabilities, Bar & Rod Rolling," http://www.chartersteel.com/products/rolling.php.

[48] The representative of Charter Steel ***, e-mail correspondence with Commission staff, May 1, 2, and 6, 2014.

[49] Hearing transcript, pp. 74 (Ashby), 74 (Kerkvliet), and 75 and 89 (Nystrom).

[50] Hearing transcript, p. 89 (Goettl).

[51] Hearing transcript, pp. 74 (Ashby), 74 (Kerkvliet) and 89 (Goettl), and 75 (Nystrom).

[52] During the review period, nearly *** percent of U.S. wire-rod imports from Mexico were of 4.75 mm diameter wire rod. Deacero's prehearing brief, p. 8.

[53] Hearing transcript, pp. 144 (D. Gutierrez) and 179 (S. Gutierrez).

[54] Deacero's prehearing brief, pp. 8-9; and hearing transcript, p. 20 (Campbell).

the smallest diameter wire rod produced by Deacero was 5.5 mm in diameter.[55] Considering the potential demand as justification for the investment, after more than a year in development, Deacero began production of 4.75 mm wire rod at its Celaya mill.[56] Deacero began selling its 4.75 mm diameter wire rod into the U.S. market beginning in October 2008.[57]

A witness for G3 Steel Group LLC ("G3 Steel"), a U.S. distributor that began selling Deacero's 4.75 mm wire rod in 2009 and continued to do so until 2012, testified that some customers requested this smaller diameter wire rod because they previously purchased it from Ivaco of Canada.[58] Ivaco Rolling Mills (Ivaco) produces wire rod at its rolling mill in L'Orignal, Ontario, with annual wire rod production capacity of 850,000 tons. Ivaco currently hot-rolls wire rods in diameters ranging from 4.75 mm to 25.5 mm,[59] of various carbon and alloy steel grades, with more than 80 pecent of its output being produced for high-carbon, cold-heading, and welding quality applications.[60] In contrast, Deacero reportedly produces predominantly low to medium-low carbon industrial-quality wire rod.[61]

Deacero attributed continued growth in its sales of 4.75 mm diameter wire rod in the U.S. market to advantages identified by its customers for using 4.75 mm over 5.5 mm wire rod (the most common diameter sold in the United States).[62] Deacero and its customers highlighted cost savings[63] as well as the ability to manufacture new[64] and improved wire products.[65]

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[55] Hearing transcript, p. 144 (D. Gutierrez).

[56] Hearing transcript, pp. 144 (D. Gutierrez) and 184 (E. Gutierrez). Celaya is located in the southeastern portion of the north-central Mexican state of Guanajuato.

[57] Deacero's prehearing brief, p. 9.

[58] Hearing transcript, pp. 145-146 (Heileg).

[59] Ivaco requires a minimum order size of 750 metric tons (827 short tons) for its 4.75 mm wire rod, but only 600 metric tons (661 short tons) for ordering all other diameters. Ivaco, "Rolling Schedule, May 1, 2014," http://www.ivacorm.com/RollingSchedule.

[60] See: Ivaco, "Products," http://www.ivacorm.com/Products.

[61] Deacero's posthearing brief, "Responses to Commissioner questions," p. 5.

[62] Hearing transcript, pp. 144-145 (D. Gutierrez); Deacero's prehearing brief, pp. 10-12; and exhibit 7, "Purchaser declarations." For further details, see also, Deacero's posthearing brief, exhibit 5, "Purchaser statements regarding 4.75 mm wire rod and summary sheet."

[63] A witness for Cavert Wire Co. (Cavert) claimed that drawing 4.75 mm wire rod required only three dies as opposed to the four dies required for drawing 5.5 mm wire rod to produce steel wire; using one less die reduced its production costs by 25 percent (i.e., for electricity, cooling lubricants, and replacement dies), and speeded-up production and increased productivity. Further, 5.5 mm wire rod was previously reduced in the first draft (draw) down to a diameter of about 0.187 inch (4.75 mm), so starting with 4.75 mm wire rod already achieves the initial 0.187-inch diameter even before beginning the drawing process. Hearing transcript, pp. 149-150 (Spittler); Deacero's prehearing brief, pp. 10-11; and Deacero's posthearing brief, pp. 13-14.

Further, a witness for G3 Steel testified that wire drawers can draw-down 4.75 mm wire rod directly to finer diameter wire without having to anneal (heat treat) the wire to restore ductility by relieving accumulated work hardening and brittleness, as less drawing is required. In contrast, 5.5 mm

(*continued*...)

Domestic producers[66] and respondent Deacero[67] generally agree that 4.75 mm wire rod is a substitute for 5.5 mm wire rod, the most common diameter sold in the United States. However, witnesses for domestic producers testified there are no downstream applications that require use of 4.75 mm wire rod.[68] Witnesses and counsel for domestic producers describe cost savings as "minimal" from drawing smaller diameter 4.75 mm wire rod,[69] and one witnesses characterized the users of this lower diameter wire rod as benefitting much more from lower rod prices than lower costs of wire production.[70]

Manufacturing processes[71]

The manufacturing process for wire rod consists of several stages: (1) melting and refining to set the steel's chemical and metallurgical properties; (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 passes along a Stelmor deck, a

(…*continued*)
wire rod requires annealing to achieve some finer diameter wires, which raises production costs through longer production times and additional natural-gas consumption. Wire annealing also requires wire drawers to either operate and maintain their own annealing equipment or outsource the annealing process to other firms. Hearing transcript, pp. 146-174 (Heileg); Deacero's prehearing brief, p. 11; and Deacero's posthearing brief, pp. 14-15.

Finally, according to the witness, a G3 Steel customer mentioned experiencing fewer wire breaks, better tool life, and improved production "uptime" (i.e., less production downtime) with 4.75 mm wire rod, as opposed to using larger diameter wire rod. Hearing transcript, p. 147 (Heileg).

[64] Starting with 4.75 mm wire rod also expands Cavert's capabilities to produce smaller diameter wire, down to 16-gauge (0.062-inch diameter) wire as opposed to 14-gauge (0.08-inch diameter) wire with 5.5 millimeter wire rod. Hearing transcript, pp. 149-150 (Spittler); Deacero's prehearing brief, pp. 10-11; and Deacero's posthearing brief, p. 15.

[65] Another advantage of using smaller diameter (4.75 mm) wire rod is enhanced product quality as fewer draws reduce the likelihood of imparting drawing defects and work hardening and brittleness in the wire. Deacero's prehearing brief, p. 11; and Deacero's posthearing brief, pp. 15-16.

[66] Domestic producers' prehearing brief, p. 27.

[67] Deacero's prehearing brief, p. 3; hearing transcript pp. 217-218 (Campbell); and Deacero's posthearing brief, pp. 1, 10, 13, and 16.

[68] Hearing transcript, p. 70 (Kerkvliet and Nystrom).

[69] Hearing transcript, pp. 70 (Price), 72 (Goettl), and 73-74 (Kerkvliet).

[70] Hearing transcript, p. 72 (Goettl).

[71] *Carbon and Certain Alloy Steel Wire Rod from China, Inv. Nos. 701-TA-512 and 731-TA-1248 (Preliminary)*, USITC Publication 4458, March 2014, pp. I-13 – I-18; *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine, Inv. Nos. 701-TA-417 and 731-TA-953, 954, 957-959, 961, and 962 (Review)*, USITC Publication 4014, June 2008, pp. I-22 – I-24; and *Carbon and Certain Alloy Steel Wire Rod from China, Germany, and Turkey, Inv. Nos. 731-TA-1099-1101 (Preliminary)*, USITC Publication 3832, January 2006, pp. I-6 – I-7.

specialized conveyor unique to the wire rod industry. The equipment used to produce wire rod is much the same throughout the world and without significant differences in production technology.[72]

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.[73]

Melting stage

There are two primary process routes by which steel for rod is made in the United States and in foreign countries: the integrated process, which employs blast furnaces and basic oxygen furnaces ("BOFs"), and the nonintegrated (or "minimill") production process, which utilizes an electric arc furnace ("EAF") to produce raw steel. In both processes, pig iron, ferrous scrap, and/or direct reduced iron ("DRI")[74] are charged into BOFs or EAFs. In the United States, steel for rod production is melted from ferrous scrap in an EAF, along with other raw materials that may also be added as part of the EAF charge.[75] Alloy agents are added to the liquid steel to impart specific properties to finished steel products. The molten steel is poured or tapped from the furnace to a ladle, which is an open topped, refractory lined vessel that has an off-center opening in its bottom and is equipped with a nozzle. Meanwhile, the primary steelmaking vessel (either EAF or BOF) may be charged with new materials to begin another refining cycle.

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[72] *Carbon and Certain Alloy Steel Wire Rod from China, Inv. Nos. 701-TA-512 and 731-TA-1248 (Preliminary)*, USITC Publication 4458, March 2014, p. I-13.

[73] *Carbon and Certain Alloy Steel Wire Rod from China, Germany, and Turkey, Invs. Nos. 731-TA-1099-1101 (Preliminary)*, USITC Publication 3832, January 2006, p. I-8.

[74] The advantage of using DRI or pig iron (BOF steel) is the low levels of residual elements (e.g., copper, chromium, nickel, molybdenum, and tin) and reduced gaseous content (particularly nitrogen) that they impart to the steel. Compared to BOF steel, EAF scrap-based steel contains higher levels of certain residuals, which adversely affect yields and drawing efficiencies, and limit such scrap-based steel use in certain critical applications.

[75] Minimills use ferrous scrap as their primary raw material but may add 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 high carbon, cold heading quality, tire cord quality, and/or other special quality wire rod may use less ferrous scrap and more DRI than other steelmakers, however the production process in general does not change.

Both steelmaking processes are increasingly overlapped in terms of chemistries (and are not considered material differences), with increasing blast furnace use of scrap and EAF use of DRI and pig iron. *Carbon and Certain Alloy Steel Wire Rod from China, Inv. Nos. 701-TA-512 and 731-TA-1248 (Preliminary)*, USITC Publication 4458, March 2014, p. I-14.

Molten steel typically is treated in a ladle metallurgy station, where its chemistry is refined to give the steel those properties required for specific applications. At the ladle metallurgy, or secondary steel making, station the chemical content (particularly that of carbon and sulfur) is adjusted, and alloying agents may be added.[76] The steel may be degassed (eliminating oxygen and hydrogen) at low pressures.[77] Ladle metallurgy stations are equipped with electric arc power to adjust the temperature of the molten steel for optimum casting and to allow it to serve as a holding reservoir for the casting stage.

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[76] Boron can be added as ferroboron to molten steel (in concentrations of 0.0015–0.0030 percent or 15–30 parts per million (ppm)) to increase the hardenability of the steel. However, because of boron's high reactivity with any dissolved oxygen and nitrogen in the molten steel, ferroboron is the last addition at the ladle metallurgy station, under controlled conditions, and only after the molten steel is "killed" (deoxidized or degassed). Shieldalloy Metallurgical Corp., "Boron," *Ferroalloys & Alloying Additives Online Handbook*, November 23, 2000.

Boron enhances the ductility (drawability) of low carbon steels, hardness of cold heading grade steels, and heat treatability and tensile strength of higher carbon steels. *Carbon and Certain Alloy Steel Wire Rod from China, Inv. Nos. 701-TA-512 and 731-TA-1248 (Preliminary)*, USITC Publication 4458, March 2014, p. I-14.

Chinese wire rod often contains trace additions of boron (exceeding 0.0008 percent or 8 ppm) for it to be classified as alloy steel rather than carbon steel. In July 2010, the Chinese government removed a VAT rebate for carbon steel exports but continued offering the rebate for alloy steel exports. Subsequently, Chinese producers reportedly added boron to claim the rebate for their alloy steel exports, rather than for metallurgical purposes. *HTSUS* (2014), "Chapter 72 Iron and Steel, Note 1(f) Other Alloy Steel," January 1, 2014, p. XV 72-2; and *Carbon and Certain Alloy Steel Wire Rod from China, Inv. Nos. 701-TA-512 and 731-TA-1248 (Preliminary)*, USITC Publication 4458, March 2014, p. I-14.

Articles appearing in the industry and trade press mention boron additions to wire rod as a means of both avoiding Chinese export taxes and of gaining tax rebates. See, e.g., Frizell, Samuel, "Chinese Wire Rod Imports Spike," *American Metal Market*, August 19, 2013; Nagi, Catherine, "Chinese Rod Hits Shores But Avoids Import Data," *American Metal Market*, January 11, 2013; and Cowden, Michael, "Chinese Wire Rod Imports Rising: Trader," *American Metal Market*, May 22, 2012.

[77] Liquid steel absorbs gasses from the atmosphere and from the materials used in the steelmaking process. These gasses, chiefly oxygen and hydrogen, cause embrittlement, voids, and nonmetallic inclusions. Low pressures, such as in a vacuum, aid the release of oxygen in gas form without the need for additions of deoxidizers such as silicon, aluminum, or titanium, which form nonmetallic inclusions. Additionally, carbon content may be reduced more easily at low pressure (because it combines with oxygen to form carbon monoxide and is released in gas form), resulting in a more ductile steel. Moreover, hydrogen gas causes embrittlement, low ductility, and blow holes in steel; vacuum treatment more easily removes hydrogen from the steel. Hence the use of deoxidizing processes results in more efficient process and cleaner steel.

Casting stage

Once molten steel with the requisite properties has been produced, it is cast into a form that can enter the rolling process. Continuous (strand) casting is the method primarily used in the United States. In strand casting, the ladle containing molten steel is transferred from the ladle metallurgy station to the caster and the molten steel is poured at a controlled rate into a tundish (reservoir dam), which in turn controls the rate of flow of the molten steel in to the molds at the top of the caster. The tundish may have a special design or employ electromagnetic stirring to ensure homogeneity of the steel. The strand caster is designed to produce billets in the desired cross sectional dimensions, based on the dimensions of the rod and the design of the rolling mill. Billets may be sent directly ("hot charged") into the rolling mill or, depending upon the rolling mill's schedule, sent to a storage yard. While in storage, they may be inspected and subjected to one or more conditioning operations (e.g., grinding or turning) to prepare them for hot rolling. This preparation is more common with cold heading quality rods intended to be made into fasteners.[78]

Rolling stage

The wire rod rolling process determines the rod's size (diameter) and dimensional precision, depth of decarburization, surface defects and seams, amount of mill scale, structural grain size, and within limits set by the chemistry, 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.[79] A larger billet will produce a heavier coil. Also, usable coil size may be limited by the capabilities of the wire drawer's equipment and machinery.

Modern rod rolling mills consist of five parts: a roughing mill, an intermediate mill, a pre finishing mill, a no twist finishing mill, and a coiler combined with a conveyor cooling bed along which the coiled rod travels prior to being collected, tied, compacted, and readied for shipment. Wire rod mills typically consist of 22 to 29 rolling stands and the specialized Stelmor conveyor deck;[80] the need for uniform metallurgical properties requires close temperature control accomplished by accelerating or retarding the rod's cooling as it is rolled and conveyed

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[78] The purpose of these surface treatments is to make the steel billet softer and more ductile (annealing); in the case of surface grinding, seam and folds are removed.

[79] The rolling process, however, can be optimized for various quality levels. The rolling process for higher quality steel, such as for cold heading quality and other surface sensitive products, must be designed to maximize surface integrity. This is managed by the number of rolling stands used to get to a specific end diameter, the design of the reductions taken at each step, and the design of the guiding equipment used to keep the steel moving on the proper path through the mill.

[80] The Stelmor conveyor deck allows for controlled cooling of the wire rod. The cooling speed imparts certain physical characteristics, thereby enabling producers to produce a wider range of wire rod qualities. Likewise, the Stelmor deck may be optimized for specific end products. For example, ***. Most, if not all, U.S. wire rod producers have installed controlled cooling capacities.

along the Stelmor deck. This is accomplished by water quench, forced air drafts, or by lowering removable hoods overtop the deck. Metallurgical quality, temperature, and dimensional tolerance usually are inspected in-line.

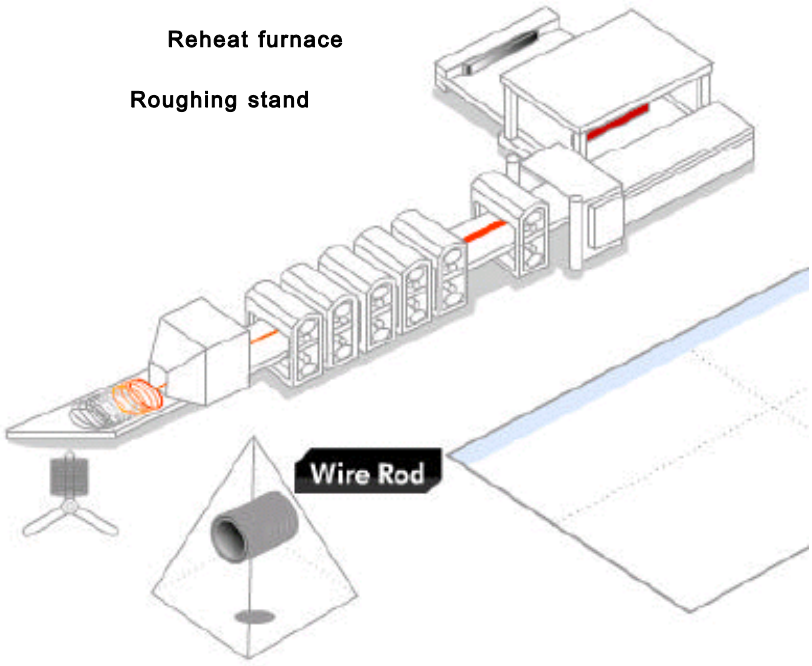
Exiting the reheat furnace, the billet is initially reduced on the roughing mill (which usually consists of approximately five stands). It then is passed through and successively reduced in size on several more stands, termed intermediate rolling. After the last intermediate rolling stand, the rolling mill usually splits into dual lines and the product is passed along to a pre finishing mill which reduces it further in diameter. Rod mills often employ a "twist" mill for primary and intermediate rolling, but the final rolling is nearly always on a no twist Morgan vee mill (the rolls in each of approximately five stands are set at 90-degree angles to allow the rod to be rolled without twisting). This produces a nearly uniform non-oriented grain structure in the steel.

Cooling stage

After exiting the last finishing stand, the rod is coiled into concentric loops and placed on a conveyor which moves the hot wire rod along while it cools. During rolling, the rod is water cooled as it travels along the Stelmor deck; cooling practices are varied depending on the designated end use of the rod and the customer's preferences. The speed at which the rod is cooled affects the consistency and formation of its metallurgical structure (grain structure and physical properties such as tensile strength). It also affects scale buildup, which determines yield losses at the wire drawer. The cooling rate may be varied through the use of removable covers (insulating hoods which may be independently raised or lowered) over the deck or blown air cooling, or a combination of the two, or through varying the speed of the roller table. The end user often specifies the cooling practice of the rod purchased.

At the end of the cooling deck, workers crop the ends of each rod to remove the part of the rod which may be of lower quality due to uneven temperature control; the cropped ends are also used for testing and inspection. The rod is then collected onto a carrier, transferred to a "c" hook, compacted, tied, and readied for shipment, or for further finishing or in-house fabrication. Figure I-1 illustrates the reheat through cooling stages of the wire rod production process.

Figure I-1
Wire rod: Reheat and rolling process



Source: POSCO Web site, http://www.steel-n.com/esales/general/us/catalog/wire_rod/, accessed March 10, 2008.

Domestic producers manufacture various types of wire rod on essentially the same equipment, in the same facilities, and with the same production personnel. While changes to production processes are limited, changes in chemical composition, alloying elements and other raw materials, stand fittings, and cooling speed determine the quality of the wire rod produced. The basic equipment, machinery, facilities, and production personnel, however, remain, the same for the production of industrial quality, tire cord quality, welding quality, and cold heading quality wire rod.

DOMESTIC LIKE PRODUCT ISSUES

In its original determinations and full first five-year reviews, the Commission defined the domestic like product as all wire rod products, which included grade 1080 tire cord and tire bead quality wire rod excluded from Commerce's scope, and it defined the domestic industry as all domestic producers of wire rod.[81] In its notice of institution in these current second five-year reviews, the Commission solicited comments from interested parties regarding the appropriate domestic like product and domestic industry.[82] The domestic producers indicated in their responses to the Commission's notice of institution in these current reviews that they agree with the Commission's definitions of domestic like product and domestic industry. Respondent Deacero indicated in its response that it "does not object" to the Commission's definitions of the domestic like product and domestic industry and respondent Ternium did not comment on the definitions in its response.[83]

In their prehearing brief, domestic producers ArcelorMittal USA, Gerdau, Evraz, and Keystone again noted that they agree with the Commission's domestic like product definition in the original investigations and first five-year reviews and added that no respondent has challenged that definition.[84] Yenakiieve also indicated in its prehearing brief that it does not disagree with the Commission's definition of the domestic like product.[85]

No party requested that the Commission collect data concerning other possible domestic like products in their comments on the Commission's draft questionnaires. No other interested party provided further comment on the domestic like product.

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[81] *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Germany, Indonesia, Mexico, Moldova, Trinidad and Tobago, Turkey, and Ukraine: Investigations Nos. 701-TA-417-421 (Final) and Investigations Nos. 731-TA-953, 954, 956-959, 961, and 905 (Final)*, USITC Publication 3546, October 2002, p. 7; and *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine, Investigation Nos. 701-TA-417 and 731-TA-953, 954, 957-959, 961, and 962 (Review)*, USITC Publication 4014, June 2008, pp. 8-10.

[82] *Carbon and Certain Alloy Steel Wire Rod from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine: Institution of five-year reviews*, 78 FR 33103, June 3, 2013.

[83] *Response of ArcelorMittal USA LLC, Cascade Steel Rolling Mills Inc., Evraz Rocky Mountain Steel, Gerdau Ameristeel US Inc., Keystone Consolidated Industries, Inc., and Nucor Corp.*, July 2, 2013, p. 31; and *Response of Deacero S.A. de C.V. and Deacero USA, Inc., July 3, 2013, p. 15.*

[84] *Prehearing brief of domestic producers ArcelorMittal USA, Gerdau, Evraz, and Keystone (hereinafter referred to as "Domestic producers' prehearing brief")*, p. 5.

[85] *Yenakiieve's prehearing brief*, p. 5.

U.S. MARKET PARTICIPANTS

U.S. producers

During the original investigations, 12 firms supplied the Commission with complete information on their U.S. operations with respect to wire rod. These 12 firms accounted for more than *** percent of U.S. production of wire rod products during 2001.[86] During the full first five-year reviews, 10 firms supplied the Commission with information on their U.S. operations. These 10 firms accounted for all known production of wire rod in the United States during 2007.[87]

In these current second five-year reviews, the Commission issued U.S. producers' questionnaires to 10 firms, all of which provided the Commission with information on their wire rod operations. These 10 firms are believed to account for all known U.S. production of wire rod in 2013.[88] Presented in table I-11 is a list of current domestic producers of wire rod and each company's position on the continuation of the orders, production locations(s), related and/or affiliated firms, and share of reported production of wire rod in 2008-13.

[86] The 12 U.S. producers that supplied the Commission with complete questionnaire information during the original investigations are: ***.

[87] The 10 U.S. producers that supplied the Commission with usable questionnaire information during the first five-year reviews are: ArcelorMittal USA; Cascade; Charter Steel, Division of Charter Manufacturing ("Charter"); Gerdau Ameristeel; Keystone; Nucor; Oklahoma Steel and Wire, which is the wire products related firm of Mid American Steel and Wire Co. ("Mid American"); Republic Engineered Products ("Republic"); Rocky Mountain Steel Mills ("Rocky Mountain"); and Sterling Steel Co., LLC ("Sterling").

[88] The 10 U.S. producers that supplied the Commission with usable questionnaire information during the second five-year reviews are: ArcelorMittal USA, Cascade, Charter, Evraz Pueblo (formerly known as Rocky Mountain), Gerdau, Keystone, Mid American, Nucor, Republic, and Sterling.

Table I-11
Wire rod: U.S. producers, positions on orders, U.S. production locations, related and/or affiliated firms, and shares of 2008-13 reported U.S. production

Firm	Position on orders	U.S. production locations	Parent firm	Share of 2008-13 U.S. production
ArcelorMittal USA	mixed[1]	Georgetown, SC East Chicago, IN	ArcelorMittal SA (Luxembourg)[2]	***
Cascade	***	McMinnville, OR	Schnitzer Steel Industries, Inc. (Portland, OR)	***
Charter	***	Cuyahoga Heights, OH Fostoria, OH Saukville, WI	Charter Manufacturing (Mequon, WI)	***
Evraz Pueblo	support	Pueblo, CO	Evraz North America (Chicago, IL)[3]	***
Gerdau	support	Beaumont, TX Jacksonville, FL Perth Amboy, NJ (idled)	Gerdau SA (Brazil)[4]	***
Keystone	support	Peoria, IL	Contran Corp. (Dallas, TX)	***
Mid American	***	Madill, OK	-	***
Nucor	support	Wallingford, CT Norfolk, NE Kingman, AZ Darlington, SC	-	***
Republic	***[5]	Lorain, OH	Industrias ICH (Mexico) (***) Grupo Simec (Mexico) (***) Pacific Steel (Mexico) (***)	***
Sterling	***	Sterling, IL	Leggett & Platt, Inc. (Carthage, MO)	***
				100.0

[1] ArcelorMittal USA takes no position on the continuation of the order concerning Trinidad & Tobago. ArcelorMittal USA supports the continuation of all other orders.
[2] ArcelorMittal SA has subsidiary wire rod producers in Algeria, Argentina, Bosnia and Herzegovina, Brazil, Canada, Costa Rica, Czech Republic, France, Germany, Mexico, Morocco, Poland, Spain, Trinidad & Tobago, and Ukraine.
[3] ***.
[4] ***.
[5] ***.
[6] ***.

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

No domestic producer reported production of wire rod in a foreign trade zone. Five domestic producers (***) reported that since January 1, 2008, they have been involved in toll agreements regarding the production of wire rod.[89]

Although no U.S. producers reported the direct imports of subject merchandise in these second five-year reviews and no U.S. producers reported domestic purchases of the subject merchandise from U.S. importers, three U.S. producers reported that they are related to foreign producers of the subject merchandise. Gerdau reported that it is a wholly-owned subsidiary of wire rod producer Gerdau SA of Brazil. ArcelorMittal USA reported that it is a wholly-owned subsidiary of ArcelorMittal SA (Luxembourg), which has subsidiary wire rod producers in numerous countries, including subject countries Brazil, Mexico, Trinidad & Tobago, and Ukraine. Republic reported that its parent company, Grupo Simec, owns Grupo San Luis, a wire rod producer in Mexico.[90]

The domestic producers argue that no U.S. producer should be excluded from the domestic industry as a related party. They note that U.S. producers Gerdau and ArcelorMittal USA are primarily interested in U.S. production, did not benefit from affiliations with the subject producers or importers of wire rod, did not import subject merchandise during 2008-13, and do not support revocation of any of the orders.[91] Ukrainian respondent Yenakiieve also indicated that it does not see a basis on which to exclude ArcelorMittal or Gerdau from the domestic industry.[92]

U.S. importers

In the original investigations, 27 U.S. importing firms supplied the Commission with usable information on their operations involving the importation of wire rod, accounting for *** percent of U.S. imports of wire rod during 2001. Of the responding U.S. importers, one was also a domestic producer: Charter ***. In the Commission's full first five-year reviews, 26 firms supplied usable import data, accounting for approximately 73 percent of total U.S. imports of wire rod in 2007, and 90 percent of subject imports in that year. Reporting U.S. importers of wire rod at that time imported primarily from the subject countries of Brazil, Canada (no longer subject), Mexico, Trinidad & Tobago, and nonsubject Germany. No domestic producer reported direct imports during the Commission's first five-year review.

In these current second five-year reviews, the Commission issued U.S. importers' questionnaires to approximately 125 firms believed to be importers of wire rod, as well as to all

[89] ***.

[90] ***.

[91] The domestic producers also noted that domestic producer Republic Steel also appears to be focused on U.S. production and not benefiting from the affiliation, and does not support revocation of any orders. *Domestic producers' prehearing brief*, pp. 5-6.

[92] *Yenakiieve's prehearing brief*, p. 5.

U.S. producers of wire rod.[93] Usable questionnaire responses were received from 37 importing firms, representing virtually all U.S. imports of wire rod from Mexico in 2013, and 84.8 percent of U.S. imports of wire rod from nonsubject countries in that year, primarily from China, Canada, and Japan.[94] There were no reported U.S. imports from Brazil, Indonesia, Moldova, Trinidad & Tobago, or Ukraine during 2013. U.S. imports of wire rod from Brazil, Moldova, and Ukraine largely ceased following the imposition of duties in 2002 and the U.S. imports of wire rod from Indonesia and Trinidad & Tobago ceased after 2005 and 2008, respectively.

Table I-12 lists all responding U.S. importers of wire rod from subject and nonsubject sources, their locations, and their shares of U.S. imports during 2008-13. Reported subject imports were concentrated in a few firms. Five importers reported importing subject wire rod from Mexico during 2008-13, with *** alone accounting for *** percent of total reported imports from Mexico during 2013. Thirty-five importers reported U.S. imports of nonsubject wire rod during 2008-13, with the largest three nonsubject importers (***) accounting for slightly more than one half of reported imports from nonsubject sources during 2008-13.

Table I-12
Wire rod: Reporting U.S. importers, parent companies, sources of imports, locations, and shares of reported imports, 2008-13

* * * * * * *

U.S. purchasers

The Commission received 36 usable questionnaire responses from firms that bought wire rod during 2008-13. The majority of purchasers (33 of 36) reported that they were end users of wire rod, two reported that they were distributors, and one reported that it was an independent wire producer and seller. All 36 purchasers reported their firms' total purchases (by quantity) of wire rod by country in 2013. Approximately 69.0 percent of total reported purchases of wire rod was U.S.-produced wire rod, 2.9 percent was from Brazil (all nonsubject products including tire bead and tire cord), 0.2 percent was from Mexico, and the remaining 27.9 percent was wire rod from nonsubject countries (primarily Canada and China, but also included Germany, the Netherlands, Korea, UAE, Japan, the United Kingdom, Turkey, Spain, and South Africa). In general, responding U.S. purchasers were located in the Midwest and the Southeast. The largest purchasers of wire rod in 2013 were ***.

[93] None of the U.S. producers reported direct imports of wire rod.

[94] The questionnaire import coverage calculation for nonsubject countries is based on the share of reported U.S. imports from nonsubject sources relative to such data as reported by official Commerce import statistics. The questionnaire import coverage calculation for Mexico is based on an examination of importing firms as reported in proprietary Customs documents.

APPARENT U.S. CONSUMPTION AND U.S. MARKET SHARES

Data concerning apparent U.S. consumption of wire rod during 2008-13 are shown in table I-13. U.S. market share data are presented in table I-14.

The quantity of apparent U.S. consumption fell from a six-year high of *** short tons during 2008 to a six-year low of *** short tons in 2009. Apparent U.S. consumption generally increased thereafter to 5.3 million short tons in 2013. The U.S. producers' share of apparent U.S. consumption, which fluctuated between *** and *** percent during 2008-13, was at a six-year low during 2013. The share of U.S. consumption held by subject imports from Mexico fluctuated during 2008-13, but remained below *** percent in all annual periods. There were no reported U.S. imports from Brazil, Indonesia, Moldova, or Ukraine during 2008-13. There were U.S. imports of wire rod from Trinidad & Tobago only during 2008. These imports accounted for *** percent of apparent U.S. consumption in that year.

MERCHANT MARKET APPARENT U.S. CONSUMPTION AND U.S. MARKET SHARES

Data concerning merchant market apparent U.S. consumption of wire rod during 2008-13 are shown in table I-15. U.S. merchant market share data are presented in table I-16.[95]

The quantity of merchant market apparent U.S. consumption fell from a six-year high of *** short tons during 2008 to a six-year low of *** short tons in 2009. Merchant market apparent U.S. consumption generally increased thereafter to *** short tons in 2013. The U.S. producers' share of merchant market apparent U.S. consumption, which fluctuated between *** and *** percent during 2008-13, was at a six-year low during 2013. The share of merchant market U.S. consumption held by subject imports from Mexico fluctuated during 2008-13, but remained at or below *** percent in all annual periods. Imports from Trinidad & Tobago during 2008 accounted for *** percent of merchant market apparent U.S. consumption in that year.

[95] Merchant market apparent consumption does not include internal consumption and transfers to related firms by U.S. producers.

Table I-13
Wire rod: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2008-13

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
	Quantity (*short tons*)					
U.S. producers' U.S. shipments	4,050,961	2,833,426	3,340,954	3,876,145	3,809,728	3,599,459
Imports from--						
Brazil	0	0	0	0	0	0
Indonesia	0	0	0	0	0	0
Mexico	***	***	***	***	***	10,333
Moldova	0	0	0	0	0	0
Trinidad & Tobago	21,794	0	0	0	0	0
Ukraine	0	0	0	0	0	0
Subtotal, subject	***	***	***	***	***	10,333
1080 tire cord/tire bead from subject sources	139,459	71,759	129,184	116,513	102,517	96,639
All other sources[1]	1,536,768	777,083	1,284,771	1,059,512	1,391,895	1,593,718
Subtotal, nonsubject	1,676,227	848,842	1,413,955	1,176,024	1,494,413	1,690,357
Total U.S. imports	***	***	***	***	***	1,700,690
Apparent U.S. consumption	***	***	***	***	***	5,300,149
	Value (*1,000 dollars*)					
U.S. producers' U.S. shipments	3,485,005	1,651,451	2,246,759	3,012,054	2,826,974	2,529,487
Imports from--						
Brazil	0	0	0	0	0	0
Indonesia	0	0	0	0	0	0
Mexico	***	***	***	***	***	6,128
Moldova	0	0	0	0	0	0
Trinidad & Tobago	14,298	0	0	0	0	0
Ukraine	0	0	0	0	0	0
Subtotal, subject	***	***	***	***	***	6,128
1080 tire cord/tire bead from subject sources	126,654	50,808	91,621	103,073	84,521	64,506
All other sources[1]	1,360,431	550,614	988,457	992,791	1,159,903	1,156,290
Subtotal, nonsubject	1,487,085	601,423	1,080,078	1,095,863	1,244,424	1,220,797
Total U.S. imports	***	***	***	***	***	1,226,925
Apparent U.S. consumption	***	***	***	***	***	3,756,412

[1] The data presented are overstated by imports of wire rod of less than 5mm in diameter imported from Canada. ***.

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

Table I-14
Wire rod: U.S. consumption and market shares, 2008-13

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
Quantity (*short tons*)						
Apparent U.S. consumption	***	***	***	***	***	5,300,149
Share of quantity (*percent*)						
U.S. producers' U.S. shipments	***	***	***	***	***	67.9
Imports from--						
Brazil	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	0.0	0.0	0.0	0.0	0.0	0.0
Mexico	***	***	***	***	***	0.2
Moldova	0.0	0.0	0.0	0.0	0.0	0.0
Trinidad & Tobago	***	0.0	0.0	0.0	0.0	0.0
Ukraine	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal, subject	***	***	***	***	***	0.2
1080 tire cord/tire bead from subject sources	***	***	***	***	***	1.8
All other sources	***	***	***	***	***	30.1
Subtotal, nonsubject	***	***	***	***	***	31.9
Total U.S. imports	***	***	***	***	***	32.1
Value (*1,000 dollars*)						
Apparent U.S. consumption	***	***	***	***	***	3,756,412
Share of value (*percent*)						
U.S. producers' U.S. shipments	***	***	***	***	***	67.3
Imports from--						
Brazil	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	0.0	0.0	0.0	0.0	0.0	0.0
Mexico	***	***	***	***	***	0.2
Moldova	0.0	0.0	0.0	0.0	0.0	0.0
Trinidad & Tobago	***	0.0	0.0	0.0	0.0	0.0
Ukraine	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal, subject	***	***	***	***	***	0.2
1080 tire cord/tire bead from subject sources	***	***	***	***	***	1.7
All other sources	***	***	***	***	***	30.8
Subtotal, nonsubject	***	***	***	***	***	32.5
Total U.S. imports	***	***	***	***	***	32.7

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

Table I-15
Wire rod: U.S. merchant market shipments of domestic product, U.S. imports, and merchant market apparent U.S. consumption, 2008-13

* * * * * * *

Table I-16
Wire rod: Merchant market U.S. consumption and market shares, 2008-13

* * * * * * *

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

U.S. MARKET CHARACTERISTICS

U.S. producers and importers typically sell wire rod directly to wire drawing firms and/or produce and sell wire or wire products. Internal consumption and transfers to related firms accounted for more than one-quarter of U.S. producers' U.S. shipments of domestically produced wire rod in 2013. U.S. shipments of domestically produced wire rod, in turn, accounted for 67.9 percent of apparent U.S. consumption in 2013. Imports from the subject countries were limited and accounted for 0.2 percent of the total U.S. market in 2013; and imports from nonsubject countries (as well as grade 1080 tire bead and tire cord wire rod from subject countries) accounted for 31.9 percent.[1]

Wire rod is used primarily in construction, automotive, energy, and agriculture industries as a variety of downstream products. In the U.S. market, carbon quality wire rod is most commonly consumed. As shown in figure II-1, high and medium-high carbon industrial and standard quality wire rod and low and medium-low carbon industrial and standard quality wire rod accounted for more than three-fourths U.S. producers' U.S. shipments of wire rod during 2013.[2] Similarly, the majority of purchasers reported buying low and medium-low carbon industrial and standard quality rods.

Figure II-1
Wire rod: U.S. producers' U.S. shipments, by type, 2013

* * * * * * *

CHANNELS OF DISTRIBUTION

The majority of wire rod sold in the United States is shipped to end users. U.S. producers and importers of product from Trinidad & Tobago and nonsubject countries sold mainly to end users while importers of wire rod from Mexico sold to end users in 2008-09, to distributors in 2010-11 and then split between both channels in 2012-13 as shown in table II-1.

[1] U.S. shipments of wire rod imported from Mexico were sold in small quantities during each year between 2008 and 2013; U.S. shipments of wire rod imported from Trinidad & Tobago were sold in 2008. There were no imports from Brazil, Indonesia, Moldova, and Ukraine during 2008-13.

[2] Ten U.S. producers and two importers of subject product from Mexico reported their U.S. shipments by type of wire rod in 2013.

Table II-1
Wire rod: U.S. producers' and importers' share of reported U.S. shipments, by sources and channels of distribution, 2008-2013[1]

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
	Share of quantity (percent)					
U.S. producers' U.S. shipments to:						
Distributors	12.3	7.3	4.4	12.0	13.3	13.1
End users	87.7	92.7	95.6	88.0	86.7	86.9
U.S. importers' U.S. shipments of imports from Mexico to:						
Distributors	***	***	***	***	***	***
End users	***	***	***	***	***	***
U.S. importers' U.S. shipments of imports from Trinidad & Tobago to:						
Distributors	***	***	***	***	***	***
End users	***	***	***	***	***	***
U.S. importers' U.S. shipments of imports from all other sources to:						
Distributors	***	***	***	***	***	***
End users	***	***	***	***	***	***

[1] There were no subject imports from Brazil, Indonesia, Moldova, and Ukraine between 2008 and 2013.

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

GEOGRAPHIC DISTRIBUTION

U.S. producers and importers from Mexico reported selling wire rod to all regions in the contiguous United States (table II-2). Five of the 10 responding producers and one of four responding importers from Mexico reported selling nationwide. The sole responding importer of wire rod from Trinidad & Tobago reported that it only sold to markets ***. The majority of U.S. producers' sales (79.2 percent) were shipped between 101 and 1,000 miles, 13.7 percent was shipped within 100 miles of their production facility, and 7.2 percent was shipped over 1,000 miles. Importers of wire rod from Mexico shipped the majority of their product (*** percent) over 1,000 miles and the remaining *** percent was shipped between 101 and 1,000 miles. The importer of wire rod from Trinidad & Tobago reported that *** percent of its sales were shipped *** from its firm's U.S. point of shipment.

Table II-2
Wire rod: Geographic market areas in the United States served by U.S. producers and importers, by number of responding firms

Region	U.S. producers	Importers of product from Mexico	Importers of product from Trinidad & Tobago
Northeast	9	1	***
Midwest	10	1	***
Southeast	9	2	***
Central Southwest	8	2	***
Mountain	7	1	***
Pacific Coast	7	3	***
Other[1]	1	0	***

[1] All other U.S. markets, including AK, HI, PR, and VI, among others.

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

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Domestic production

Based on available information, U.S. producers of wire rod have the ability to respond to changes in demand with moderate changes in the quantity of shipments of U.S.-produced wire rod to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity and the ability to produce alternative products; however, other factors such as insufficient export markets and low levels of inventories tend to moderate this degree of responsiveness.

Industry capacity

Domestic capacity utilization decreased irregularly from 73.1 percent in 2008 to 72.0 percent in 2013. Domestic capacity decreased by 8.5 percent and U.S. production fell by 9.9 percent from 2008 to 2013. This relatively moderate level of capacity utilization suggests that U.S. producers may have moderate excess capacity to increase production of product in response to an increase in prices.

Alternative markets

U.S. producers' exports, as a share of total shipments, did not exceed 1.4 percent between 2008 and 2013. U.S. producers' export shipments declined from 1.0 percent in 2008 to 0.7 percent in 2013 indicating that U.S. producers may have limited ability to shift shipments between the U.S. market and other markets in response to price changes. Three U.S. producers stated that it would be difficult to shift their shipments to other markets. U.S. producers reported tariff barriers to trade in other markets, specifically in Argentina, Brazil, and Honduras.

Internal consumption and transfers to related firms

U.S. producers' internal consumption increased from *** percent of total shipments in 2008 to *** percent in 2013. Their transfers to related firms increased from *** percent of total shipments in 2008 to *** percent in 2013.

Inventory levels

U.S. producers' inventories increased from 5.7 percent of total shipments in 2008 to 7.4 percent in 2013. These inventory levels suggest that U.S. producers may have some ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

Nine of ten responding U.S. producers stated that they could switch production from wire rod to other products. Other products that producers reportedly produce on the same equipment as wire rod are concrete reinforcing bar (rebar) and other nonsubject bar and rod products. The relatively large volume of these other products produced on shared equipment increases domestic producers' ability to switch production to wire rod.

Changes in supply

Six of 10 U.S. producers, 9 of 20 importers, and 17 of 32 responding purchasers reported changes that affected U.S. supply since 2008. The majority of firms noted the fluctuating U.S. capacity due to plant closures in 2009 (Gerdau's mill in Perth Amboy, New Jersey and ArcelorMittal's plant in Georgetown, South Carolina), the re-opening of mills in 2011 (ArcelorMittal's plant in Georgetown, South Carolina), and the added capacity of Nucor's plant in Darlington, South Carolina in 2013.[3] Other changes include: increased cost for raw material inputs and energy, increased transportation costs and delivery times, and increased imports of Chinese product.

Supply constraints

The majority of purchasers reported that they experienced no supply constraints. However, 10 of 35 of responding purchasers reported issues with supply from about one-half of U.S. producers, particularly during 2011. Several purchasers reported that there was a lack of domestic capacity that resulted in delays in delivery times during 2011.[4] Thee purchasers, ***, ***, and ***, reported sporadic allocation issues with several U.S. producers including: ArcelorMittal USA, Charter, Evraz, Georgetown, Gerdau, Keystone, Nucor, and Sterling Steel. Additionally, *** reported that several mills (Charter, Evraz, Georgetown, Gerdau, Keystone,

[3] According to Gerdau, the Perth Amboy facility could be brought back on line if demand warranted. Hearing transcript, p. 78 (Kerkvliet); Domestic producers' posthearing brief, p. 2.

[4] For example, ***. ***. ***.

and Nucor) were unable to produce the grade and quality it required. *** reported that Gerdau was unable to supply normal quantities of wire rod during the first half of 2013 due to "major software implementation."[5]

However, according to U.S. producers, the delays in shipments occurred due to limited regional availability of the product which entails longer domestic shipping times into a specific local region. However, U.S. producers stated that the domestic industry, as a whole, has sufficient capacity to supply U.S. demand.[6] According to Nucor, "Any reported supply constraints reflect isolated incidents at individual mills, rather than the domestic industry's ability to supply the U.S. market as a whole."[7]

Supply of subject imports

The sensitivity of supply of wire rod imports from Brazil, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine to changes in price in the U.S. market depends upon such factors as the existence of excess capacity, the levels of inventories, and the existence of export markets. The Commission received no questionnaire responses from Moldovan suppliers in these reviews. Relevant information for Brazil, Indonesia, Mexico, Trinidad & Tobago, and Ukraine follows.

[5] According to Gerdau, ***. Domestic producers' posthearing brief, exhibit 1, p. 38.

[6] Hearing transcript, pp. 86-87 (Nystrom and Ashby).

[7] Nucor stated that it has always been able to fulfill its customers' demands. Nucor's posthearing brief, exhibit 1, p. 4-5.

Subject imports from Brazil

The Commission received one questionnaire response from Brazilian producer of wire rod, ArcelorMittal Brasil.[8] Based on available information, ArcelorMittal Brasil has the ability to respond to changes in demand with small-to-moderate changes in the quantity of shipments of wire rod to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the ability to produce alternative products and the existence of alternate markets; however, other factors such as the levels of unutilized capacity and inventories tend to moderate this degree of responsiveness.

Industry capacity

Reported capacity remained constant at *** short tons during 2008-13. ArcelorMittal Brasil's reported capacity utilization decreased from *** percent in 2008 to *** percent in 2013.

Alternative markets

ArcelorMittal Brasil reported that *** of its shipments were either shipped to its home market or were consumed internally (figure II-2). Its total exports, as a share of total shipments, declined from *** percent in 2008 to *** percent in 2013. ArcelorMittal Brasil exported primarily to countries ***; there were no reported exports to the United States during 2008-13. It reported that ***. The main reasons included: ***.

Figure II-2
Wire rod: Shares of total shipments of wire rod by Brazilian producer, by destination, 2008-13

* * * * * * *

Inventory levels

ArcelorMittal Brasil's inventories, relative to total shipments, increased from *** percent in 2008 to *** percent in 2013.

Production alternatives

ArcelorMittal Brasil reported that it produces *** on the same equipment and machinery used to produce wire rod. It reported that its production ***.

[8] According to ***, ArcelorMittal Brasil accounted for *** percent of total wire rod rolling capacity in Brazil during 2013.

Subject imports from Indonesia

The Commission received one questionnaire response from Indonesian producer of wire rod, Ispat Indo.[9] Based on available information, Ispat Indo has the ability to respond to changes in demand with moderate changes in the quantity of shipments of wire rod to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity and the existence of alternate markets; however, other factors such as low levels of inventories and the inability to produce alternate products tend to moderate this degree of responsiveness.

Industry capacity

Reported capacity remained constant at *** short tons during 2008-13. Ispat Indo's reported capacity utilization decreased from *** percent in 2008 to *** percent in 2013.

Alternative markets

Ispat Indo reported that *** of its shipments were shipped to its home market (figure II-3). Its total exports, as a share of total shipments, declined from *** percent in 2008 to *** percent in 2013. Ispat Indo exported *** to Asia; there were no reported exports to the United States during 2008-13. It reported that ***. It reported that ***.

Figure II-3
Wire rod: Shares of total shipments of wire rod by Indonesian producer, by destination, 2008-13

* * * * * * *

Inventory levels

Ispat Indo's inventories, as a share of total shipments, decreased from *** percent in 2008 to *** percent in 2013.

Production alternatives

Ispat Indo reported that it does not produce other products on the same equipment and machinery used to produce wire rod.

[9] According to ***, Ispat Indo accounted for *** percent of total wire rod rolling capacity in Indonesia during 2013.

Subject imports from Mexico

The Commission received three questionnaire responses from Mexican producers of wire rod.[10] Based on available information, producers of wire rod from Mexico have the ability to respond to changes in demand with moderate-to large changes in the quantity of shipments of wire rod to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the existence of alternate markets; the ability to produce alternate products, and some unused capacity; and however, low levels of inventories tend to moderate this degree of responsiveness.

Industry capacity

Mexican producers' capacity utilization fluctuated during 2008-13, increasing from 88.5 percent in 2008 to 98.1 percent in 2011 before falling to 85.0 percent in 2013. Reported capacity increased from 2.4 million short tons in 2008 to 2.8 million short tons in 2013.

Alternative markets

Mexican producers reported that *** of their shipments was either shipped to its home market or was consumed internally (figure II-4). Their total exports, as a share of total shipments, increased from *** percent in 2008 to 16.0 percent in 2013. Mexican producers exported primarily to ***. Mexican producers Deacero and Ternium both reported that ***. Deacero also stated that ***. ArcelorMittal Las Truchas reported that ***.

Figure II-4
Wire rod: Shares of total shipments of wire rod by Mexican producers, by destination, 2008-13

* * * * * * *

Inventory levels

Mexican producers' inventories, as a share of total shipments, fluctuated during 2008-13, increasing from 5.5 percent in 2008 to 7.6 percent in 2012 before falling to 6.7 percent in 2013.

Production alternatives

All three Mexican producers reported that they produce other products on the same equipment and machinery used to produce wire rod. Mexican producer Ternium reported ***.

[10] According to hearing testimony, these three producers are the principal wire rod producers in Mexico. Hearing transcript, p. 153 (Campbell). See *Part IV* for more information.

Subject imports from Trinidad & Tobago

The Commission received one questionnaire response from Trinidad & Tobago producer, ArcelorMittal Point Lisas.[11] Based on available information, this producer of wire rod from Trinidad & Tobago has the ability to respond to changes in demand with large changes in the quantity of shipments of wire rod to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the levels of unutilized capacity and inventories, existence of alternate markets, and the ability to produce alternate products.

Industry capacity

ArcelorMittal Point Lisas' capacity remained constant at *** short tons during 2008-13. Its capacity utilization fluctuated during 2008-13, increasing from *** percent in 2008 to *** percent in 2011 before falling to *** percent in 2013.

Alternative markets

ArcelorMittal Point Lisas reported that *** of its shipments were exported, with *** percent of its shipments wire rod sold in its home market (figure II-5). Its total exports, as a share of total shipments, increased from *** percent in 2008 to *** percent in 2011 before falling to *** percent in 2013. ArcelorMittal Point Lisas exported primarily to ***. It reported that ***.

Figure II-5
Wire rod: Shares of total shipments of wire rod by Trinidad & Tobago producer, by destination, 2008-13

* * * * * * *

Inventory levels

ArcelorMittal Point Lisas' inventories, as a share of total shipments, increased from *** percent in 2008 to *** percent in 2011 before falling to *** percent in 2013.

Production alternatives

ArcelorMittal Point Lisas reported that it produces *** using the same machinery and equipment it uses to produce wire rod. It reported that ***.

[11] ArcelorMittal Point Lisas accounted for all known production of wire rod in Trinidad & Tobago during 2008-13.

Subject imports from Ukraine

The Commission received two questionnaire responses from Ukrainian producers of wire rod.[12] Based on available information, producers of wire rod from Ukraine have the ability to respond to changes in demand with large changes in the quantity of shipments of wire rod to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity, the existence of alternate markets, and the ability to produce alternate products; however, low levels of inventories tend to moderate this degree of responsiveness.

Industry capacity

Ukrainian producers' capacity utilization fluctuated during 2008-13, increasing from *** percent in 2008 to *** percent in 2010 before falling to *** percent in 2013. Reported capacity increased from *** short tons in 2008 to *** short tons in 2013.

Alternative markets

Ukrainian producers reported that *** of their shipments were exported (figure II-6). Their total exports, as a share of total shipments, increased from *** percent in 2008 to *** percent in 2010 before falling to *** percent in 2013. Ukrainian producers did not export to the United States during 2008-13. ArcelorMittal Kryvyi Rih reported that ***. Ukrainian producer Yenakiieve Steel reported that ***. It also noted that ***.

Figure II-6
Wire rod: Shares of total shipments of wire rod by Ukrainian producers, by destination, 2008-13

* * * * * * *

Inventory levels

Ukrainian producers' inventories, as a share of total shipments, increased *** from *** percent in 2008 to *** percent in 2013.

Production alternatives

Both Ukrainian producers reported that ***. ArcelorMittal Kryvyi Rih reported that ***. Yenakiieve Steel reported that ***.

[12] According to ***, the two Ukrainian producers (ArcelorMittal Kryvyi Rih and Yenakiieve Iron and Steel Works) accounted for *** in Ukraine in 2013.

Nonsubject imports

The largest sources of nonsubject imports during 2008-13 were China, Canada, and Japan. Combined, these countries accounted for 80.3 percent of nonsubject imports in 2013.

New suppliers

Seventeen of 36 purchasers reported new suppliers including, Nucor Steel's new mill in Darlington, South Carolina and Kingman, Arizona; Beitai Steel (China); Duferco (nonsubject importer); Samsung Steel; Metal One; and Tangshan (China). Eighteen of 34 purchasers anticipate new suppliers to enter into the market, with several of the purchasers noting an increase of suppliers from China.

U.S. demand

Based on available information, the overall demand for wire rod is likely to experience moderate changes in response to changes in price. The main contributing factors are the lack of substitute products, which reduces responsiveness, and the large cost share of wire rod in most of its end-use products which increases the potential to import downstream products, thus increasing demands' responsiveness to price changes.

End uses

U.S. demand for wire rod depends on the demand for a variety of U.S.-produced downstream products. Reported end uses include fasteners, wire garment hangers, wire mesh, nails, concrete reinforcing mesh, baling wire, industrial wire, tire cord/bead, shelving wire, sod staples, suspension springs, and PC strand. All ten responding U.S. producers, 20 of 21 responding importers, 29 of 36 purchasers, and all 8 responding foreign producers reported no changes in end uses. A few firms noted an increase in wire rod consumption in certain applications, particularly the automotive sector.

Business cycles

Short-term demand for wire rod tends to be cyclical and follow trends in the construction industry. Five of ten U.S. producers, 6 of 23 importers, and 17 of 32 purchasers indicated that the market was subject to business cycles. Several firms noted that demand for wire rod is driven by downstream products used in the automotive and construction industry which is seasonal. Several firms noted that demand tends to fall in the winter when construction slows down.

The majority of firms (5 of 6 producers, 17 of 20 importers, and 15 of 27 purchasers) reported that wire rod is not subject to distinct conditions of competition. However, several firms noted that they must compete with foreign producers of finished wire products. Other firms noted the volume of U.S. imports of wire rod, particularly the increasing imports of wire rod from China.

Five of 8 producers, 2 of 10 importers, and 14 of 19 purchasers reported that there have been changes to business cycles and/or conditions of competition since 2008. Three producers and 5 purchasers stated that the market has not recovered from the economic recession and the recovery of the construction industry has been slow. Two producers and one purchaser reported that conditions of competition have changed due to the growing imports of wire rod from China. One purchaser noted the consolidation of mills, as well as the new production or expansion of existing production capacity has changed the condition of competition since 2008. One producer (***) reported that there are now shorter lead times for customers to place orders, averaging 30-33 day rolling schedule.

Apparent U.S. consumption

Apparent U.S. consumption of wire rod fluctuated during 2008-13, falling in 2009 during the general economic recession and then slowly beginning to recover during 2010-13. Overall, apparent U.S. consumption in 2013 was *** percent lower than in 2008.

Demand trends

Table II-3 presents firm responses regarding U.S. demand for wire rod since 2008. While firm responses in table II-3 are varied, the majority of firms described similar trends and factors in their narrative responses. The majority of producers and importers noted the financial recession and its negative effect on demand for wire rod, particularly in the construction industry. Four producers and five importers reported that while demand has improved since the recession, demand has not returned to pre-recession levels. Several importers reported an improved and increased demand for wire rod in residential and commercial construction, and the automotive market. The majority of purchasers attributed an increased or fluctuated demand to the financial recession and a slowly recovering market. Several purchasers noted that demand in the construction market has recovered slightly but has still not reached 2008 levels. Three purchasers reported that demand for wire rod has decreased in the United States because firms have moved to importing finished products versus producing the finished good that uses wire rod domestically. A plurality of firms expect demand to increase over the next two years. In their narrative responses, the majority of firms reported that they anticipate demand for wire rod to continue to slowly increase, particularly in automotive markets and construction.

Table II-3

Wire rod: Firms' responses regarding U.S. demand, by number of responding firms

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
Demand inside the United States since 2008: U.S. producers	0	2	8	0
Importers	7	5	6	5
Purchasers	9	1	13	11
Foreign producers	0	2	3	1
Anticipated demand inside the United States: U.S. producers	4	2	1	3
Importers	7	8	2	7
Purchasers	13	2	5	13
Foreign producers	5	1	0	1
Demand for purchasers' final products since 2008: Purchasers	11	1	8	15

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

Substitute products

Substitutes for wire rod are very limited. All U.S. producers, the majority of importers (21 of 23) and purchasers (31 of 35), and all foreign producers (8) reported that there were no substitutes and did not anticipate any future changes in substitutes.[13] Two importers and four purchasers identified substitutes for wire rod.[14] *** reported that rebar can be substituted for wire rod in concrete reinforcement. *** reported that aluminum and welding can be used in place of wire rod for fastening components. *** reported that plastic and glass can be substituted for wire rod in refrigerator shelves and stamped steel can be substituted in HVAC screens. *** reported that plastic strapping and twine can be used in place of wire rod for tying up bales of materials to be recycled as well as tying up finished goods for shipping. *** reported that synthetics can be substituted for wire rod for static load suspenders. All three

[13] Purchasers were asked if smaller diameter wire rod (4.75 mm) was interchangeable with wire rod with a diameter of 5.00 mm or greater. Twenty-one of 35 responding purchasers reported that smaller diameter wire rod was interchangeable with wire rod. Purchasers reported that they use smaller wire rod in the following applications: nails, bailing wire, multiple fencing applications, and wire mesh products. One purchaser, ***, reported that using the smaller diameter wire rod has reduced its production costs because the 4.75 mm rod takes less draft (or die) to reduce the same wire gauge as when using 5.550 mm wire rod thereby increasing the speed of production; it reported that using less dies results in decreased electricity as well as lubricant.

[14] While not a direct substitute, *** reported that imported finished products was a substitute for wire rod used in manufacturing domestically produced products. It reported that the price of imported finished products (fasteners) has an effect on its wire rod purchasing decisions. It stated that is has to purchase at a highly competitive price in order to stay competitive, as a manufacturer, with fasteners coming in from China.

purchasers reported that changes in price of these substitutes do not affect the price for wire rod.

The majority of firms (all 10 producers, 25 of 26 importers, 30 of 33 purchasers, and all 8 foreign producers) reported that there have not been changes in substitutes since 2008. Additionally, the majority of U.S. producers (all 10), importers (24 of 26), purchasers (28 of 31), and foreign producers (all 8) reported that they do not anticipate new substitutes in the near future. However, one importer and three purchasers reported that there have been changes in substitutes since 2008 and that they anticipate new substitutes. *** reported that due to weight restrictions based on improved vehicle efficiencies, customers are looking to reduce the weight of parts while maintaining strength, therefore, suggesting that new substitutes will be created to replace wire rod. *** reported that there has been advancement in the use of carbon fiber, rubber belting, and synthetics as substitutes for wire rod and *** identified plastics for bail ties.

Cost share

Wire rod accounts for a large share of the cost of the end-use products in which it is used, although cost shares vary widely due to the wide range of products that use wire rod. Eight producers, six importers and 35 purchasers reported the cost share of wire rod in final products which ranged from 29 percent to 100 percent. Wire rod accounted for 60 percent or greater of the total cost in 83 of the 104 final products reported by firms. Cost share information for products most commonly reported by firms include:

- 40 to 90 percent of the cost of various types of wire
- 60 to 90 percent of the cost of various meshes
- 45 to 85 percent of the cost of nails, staples, and fasteners
- 60 to 80 percent of the cost of chain link and barbed wire for fencing
- 33 to 60 percent of the cost of tire cord/tire bead

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported wire rod depends upon such factors as relative prices, quality (*e.g.*, grade standards, reliability of supply, defect rates, etc.), and conditions of sale (*e.g.*, price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Based on available information, staff believes that where there are identical forms of wire rod, there is usually a high degree of substitutability between domestically produced wire rod and wire rod imported from subject sources. For common types of wire rod (such as industrial or standard quality), product typically will be highly substitutable with other product of the same specification even when the products are not identical, although there may be a need for retooling of the process to adjust to small differences. For specialty grades, however, not all sources can produce each product,

and even differences between wire rod with the same specifications from different sources may limit the degree of substitution.[15]

Lead times

Wire rod is primarily produced-to-order. U.S. producers reported that 97.0 percent of their commercial shipments were produced-to-order, with lead times averaging 20-45 days. The remaining 3.0 percent of domestic producers' commercial shipments came from inventories, with lead times averaging 3-7 days. Mexican importer *** reported that *** of its commercial shipments were produced-to-order, with lead times averaging *** days. Mexican importer *** reported that *** percent of its commercial shipments were produced-to-order, with lead times averaging *** days; the remaining *** percent of its commercial shipments came from inventories, with lead times averaging *** days.

Knowledge of country sources

Thirty-five purchasers indicated they had marketing/pricing knowledge of domestic product, 15 of Mexican product, 5 of Brazilian product, 1 of Indonesian product, and 24 of nonsubject countries. No purchasers reported marketing/pricing knowledge of product from Moldova, Trinidad & Tobago, and Ukraine.

As shown in table II-4, most purchasers and their customers never make purchasing decisions based on the country of origin. Many purchasers reported that they always or usually make purchasing decisions based on the producer; however, the majority of purchasers reported that their customers do not make purchasing decisions based on the producer. Of the 17 purchasers that reported that they always or usually make decisions based the manufacturer, 11 firms cited quality; other reasons cited include availability, price, supplier reliability, and transportation costs.

[15] *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Germany, Indonesia, Mexico, Moldova, Trinidad and Tobago, Turkey, and Ukraine*: Investigation Nos. 701-TA-417 and 731-TA-953, 954, 957-959, 961, and 962 (Review), USITC Publication 4014, June 2008, p. II-11.

Table II-4

Wire rod: Purchasing decisions based on producer and country of origin, by number of reporting firms

Purchaser/customer decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	8	9	12	8
Purchaser's customers make decision based on producer	1	1	15	17
Purchaser makes decision based on country	3	4	16	12
Purchaser's customers make decision based on country	0	2	16	16

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

Factors affecting purchasing decisions

The most often cited top three factors firms consider in their purchasing decisions for wire rod were quality (33 firms), price (30 firms), and availability (16 firms) as shown in table II-5. Quality was the most frequently cited first most important factor (cited by 14 firms), followed by price (12 firms); quality was the most frequently reported second most important factor (16 firms); and price and availability were the most frequently reported third most important factor (10 firms).

Table II-5

Wire rod: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by number of reporting firms

Factor	First	Second	Third	Total
Quality	14	16	3	33
Price	12	8	10	30
Availability	1	5	10	16
Other[1]	9	7	13	29

[1] Other factors delivery, payment terms, extension of credit, supplier-customer relationship, total cost, traditional supplier for the first factor; supplier reliability, delivery time, product range and product specifications for the second factor; and delivery time, supplier relationship, payment terms, product range, reliability of supplier, and traditional supplier for the third factor.

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

Purchasers were asked to identify the factors that determine the quality of wire rod. Purchasers reported several specific factors including: grade; meeting specifications; uniformity; chemical properties; tensile strength; surface quality and condition; formability; drawability; workability; diameter tolerance; steel purity; packaging; and factors related to the shape, consistent dimensions, size tolerance, and roundness. More generally, purchasers sought minimal problems when manufacturing which included minimal breakage and welds as expected. According to purchaser ***, "Carbon and alloy steel wire rod is not a homogenous product. The end uses of wire rod vary greatly. The technical requirements for the different

types of wire rod vary greatly. This variation in technical and quality requirements is most significant in the specialty value added products such as welding quality wire rod."[16]

The majority of purchasers (24 of 36) reported that they "usually" purchase the lowest-priced product for their purchases, 12 reported "sometimes", 1 reported "always" and 1 reported "never". When asked if they purchased wire rod from one source although a comparable product was available at a lower price from another source, 23 purchasers reported reasons including quality and consistency of product, payment terms, shorter lead times, delivery reliability, product availability, low minimum order requirements, technical service, product specifications, use of long-term contracts, supplier loyalty, and length of time to fill order. Fourteen of 34 responding purchasers reported that certain types of product were only available from a single source.[17] One purchaser (***) reported that 50 percent of its proprietary specifications are currently not produced in the United States. One purchaser (***) stated that the C1090 5.5 mm wire rod is only available from Japanese and German producers.

Importance of specified purchase factors

Purchasers were asked to rate the importance of 15 factors in their purchasing decisions (table II-6). The factors rates as "very important" by more than half of responding purchasers were price (36), availability (34), product consistency (33), delivery time (30), reliability of supply (30), quality meets industry standards (29), U.S. transportation costs (25), and delivery terms (20).

Table II-6
Wire rod: Importance of purchase factors, as reported by U.S. purchasers, by number of responding firms

Factor	Very important	Somewhat important	Not important
Availability	34	2	0
Delivery terms	20	14	2
Delivery time	30	5	1
Discounts offered	7	24	5
Extension of credit	13	17	6
Minimum quantity requirements	6	17	13
Packaging	15	18	4
Price	36	1	0
Product consistency	33	4	0
Product range	7	25	5
Quality exceeds industry standards	10	18	8
Quality meets industry standards	29	6	1
Reliability of supply	30	6	0
Technical support/service	14	19	4
U.S. transportation costs	25	10	2

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

[16] Purchaser questionnaire response, section III-15.

[17] Eight of these 14 purchasers noted that the 4.75 mm wire rod is not produced in the United States and is only available from Canadian and Mexican producers.

Supplier certification

Twenty-nine of 34 responding purchasers require that all of the wire rod they purchase be certified. Purchasers reported that the time to qualify a new supplier ranged from 30 to 365 days. Twelve of 35 responding purchasers reported that domestic or foreign supplier has failed in its attempt to qualify product, or had lost its approved status since 2008. Four purchasers identified domestic suppliers with product quality issues including: Nucor Steel, ArcelorMittal (U.S.-based), CMC, Evraz, Gerdau, Keystone, Charter Steel, and Georgetown. Three purchasers reported that Chinese suppliers have failed to qualify product due to quality issues. According to ***, it is very difficult for mills to produce wire rod that consistently meets welding quality standards. It reported that it has tested many suppliers since 2008, of which many have either never been approved or lost their approved supplier status because of poor performance and lack of supply. *** stated that approximately 60 percent of the suppliers qualify and 40 percent do not receive an approved supplier status.

Changes in purchasing patterns

Purchasers were asked about changes in their purchasing patterns from different sources since 2008 (table II-7); reasons reported for changes in sourcing included price, availability, and product range. Twenty of 34 responding purchasers reported that they had changed suppliers since 2008. Most purchasers noted the large number of wire rod suppliers and stated that they change suppliers most often because of price and availability.

Table II-7
Wire rod: Changes in purchase patterns from U.S., subject, and nonsubject countries

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	1	9	11	5	10
Brazil	30	0	2	0	2
Indonesia	33	0	0	0	0
Mexico	16	10	4	0	5
Moldova	33	0	0	0	0
Trinidad & Tobago	31	1	0	0	2
Ukraine	33	0	0	0	0
All other sources	7	5	10	7	5

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

Importance of purchasing domestic product

Purchasing U.S.-produced product was not an important factor in purchasers' decisions. In aggregate, the 34 responding purchasers reported that approximately 80.6 percent of their total purchases of wire rod in 2013 did not require domestic product. Twenty of 35 responding purchasers reported that they were required to purchase some domestic product by law or regulation (e.g., "Buy American" provisions) which accounted for 14.6 percent of total purchases in 2013; ten purchasers reported that approximately 3.7 percent of total purchases

had domestic requirements by customers; and four purchasers reported that approximately 1.2 percent of total purchases in 2013 were required domestic product for other reasons including specific product requirements or application end-use.

Comparisons of domestic products, subject imports, and nonsubject imports

Purchasers were asked a number of questions comparing wire rod produced in the United States, subject countries, and nonsubject countries. First, purchasers were asked for a country-by-country comparison on the same 15 factors (table II-8) for which they were asked to rate the importance. [18]

Purchaser responses were sparse except for comparisons between U.S.-Mexico, U.S.-Brazil, and U.S.-nonsubject countries. In general, purchasers indicated that U.S. product was superior in terms of delivery times and technical support in most country comparisons. When comparing products from the United States and Brazil, most purchasers reported that U.S. product was superior to Brazilian product in terms of delivery time and U.S. transportation costs, and a plurality ranked U.S. superior in availability, delivery terms, technical support/service. Most U.S. purchasers reported that U.S. product was comparable to product from Brazil for all other characteristics.

When comparing products from the United States and Mexico, most purchasers reported that the products were comparable in the majority of factors. The exceptions to these were delivery time, wherein a plurality of purchasers reported that the U.S. product was superior, as well as product range and technical support/service wherein a plurality reported the products were comparable.

When comparing domestic product with product imported from nonsubject countries, most purchasers reported that the products were comparable in most factors. The exceptions were availability, delivery terms, and technical support, wherein a plurality of purchasers reported that domestic product was superior. The majority of purchasers reported that domestic product was superior in terms of delivery times. Additionally, purchasers were split on price, wherein 12 purchasers reported that the products were comparable in price and 12 purchasers reported that nonsubject prices were lower.

[18] Purchasers did not provide country comparisons for the following country pairs: Brazil vs. Moldova; Brazil vs. Ukraine; Indonesia vs. Mexico; Indonesia vs. Moldova; Indonesia vs. Trinidad & Tobago; Indonesia vs. Ukraine; Mexico vs. Ukraine; Moldova vs. Ukraine; Trinidad vs. Ukraine; and Ukraine vs. nonsubject countries.

Table II-8

Wire rod: Purchasers' comparisons between U.S.-produced and imported product

Factor	U.S. vs. Brazil			U.S. vs. Indonesia			U.S. vs. Mexico			U.S. vs. Moldova		
	S	C	S	S	C	I	S	C	I	S	C	I
Availability	3	3	1	3	0	0	8	11	2	1	0	1
Delivery terms	3	2	2	3	0	0	7	12	2	1	1	0
Delivery time	4	1	2	3	0	0	10	9	2	1	0	1
Discounts offered	2	5	0	2	1	0	5	12	4	0	2	0
Extension of credit	1	4	2	2	0	1	1	16	3	0	1	1
Minimum quantity requirements	3	4	0	3	0	0	3	16	1	1	0	1
Packaging	1	5	1	2	1	0	4	16	1	0	2	0
Price[1]	0	5	1	2	1	0	4	12	5	0	2	0
Product consistency	2	4	1	3	0	0	5	16	0	1	1	0
Product range	2	3	2	2	1	0	6	10	5	0	1	1
Quality exceeds industry standards	2	3	2	3	0	0	6	14	0	1	0	1
Quality meets industry standards	2	4	1	3	0	0	3	17	0	1	1	0
Reliability of supply	2	4	1	2	1	0	7	13	1	0	1	1
Technical support/service	3	3	1	3	0	0	9	10	2	1	1	0
U.S. transportation costs[1]	4	3	0	3	0	0	6	12	3	1	1	0

Factor	U.S. vs. Trinidad & Tobago			U.S. vs. Ukraine			U.S. vs. nonsubject countries			Brazil vs. Indonesia		
	S	C	I	S	C	I	S	C	I	S	C	I
Availability	2	2	0	1	0	0	12	10	4	1	0	0
Delivery terms	2	2	0	1	0	0	13	10	3	1	0	0
Delivery time	2	1	1	1	0	0	19	4	3	1	0	0
Discounts offered	0	3	0	0	1	0	3	17	4	0	1	0
Extension of credit	0	3	1	0	0	1	3	19	3	0	1	0
Minimum quantity requirements	2	1	1	1	0	0	8	14	3	0	1	0
Packaging	0	4	0	0	1	0	4	20	1	0	1	0
Price[1]	0	4	0	0	1	0	1	12	12	0	1	0
Product consistency	1	3	0	1	0	0	3	17	5	1	0	0
Product range	0	4	0	0	1	0	2	20	3	1	0	0
Quality exceeds industry standards	1	2	1	1	0	0	3	17	6	1	0	0
Quality meets industry standards	1	2	0	1	0	0	2	20	2	0	1	0
Reliability of supply	1	2	1	0	1	0	6	15	4	0	1	0
Technical support/service	2	1	1	1	0	0	13	10	2	0	1	0
U.S. transportation costs[1]	2	2	0	1	0	0	8	14	3	0	1	0

Table continued on following page.

Table II-8--*Continued*

Wire rod: Purchasers' comparisons between U.S.-produced and imported product

Factor	Brazil vs. Mexico			Brazil vs. Trinidad & Tobago			Brazil vs. nonsubject countries			Indonesia vs. nonsubject countries		
	S	C	I	S	C	I	S	C	I	S	C	I
Availability	1	3	1	0	1	0	0	4	0	0	0	1
Delivery terms	1	4	0	0	1	0	0	4	0	0	0	1
Delivery time	1	3	1	0	1	0	1	3	0	0	0	1
Discounts offered	1	4	0	0	1	0	1	3	0	0	0	1
Extension of credit	0	5	0	0	1	0	0	4	0	0	0	1
Minimum quantity requirements	0	4	1	0	1	0	0	4	0	0	0	1
Packaging	2	3	0	0	1	0	1	3	0	0	0	1
Price[1]	0	4	1	0	1	0	0	4	0	0	0	1
Product consistency	3	3	0	0	1	0	0	4	0	0	0	1
Product range	2	3	0	0	1	0	0	4	0	0	0	1
Quality exceeds industry standards	3	2	0	0	1	0	0	4	0	0	0	1
Quality meets industry standards	1	4	0	0	1	0	0	4	0	0	0	1
Reliability of supply	1	4	0	0	1	0	0	4	0	0	0	1
Technical support/service	2	3	0	0	1	0	0	4	0	0	0	1
U.S. transportation costs[1]	0	4	1	0	1	0	0	5	0	0	1	0
Factor	**Mexico vs. Moldova**			**Mexico vs. Trinidad & Tobago**			**Mexico vs. nonsubject countries**			**Moldova vs. Trinidad & Tobago**		
	S	**C**	**I**	**S**	**C**	**I**	**S**	**C**	**I**	**S**	**C**	**I**
Availability	0	1	0	1	1	0	2	7	3	0	0	1
Delivery terms	0	0	1	1	1	0	2	7	3	0	1	0
Delivery time	1	0	0	1	1	0	4	5	3	0	0	1
Discounts offered	0	0	1	0	2	0	2	9	1	0	1	0
Extension of credit	0	1	0	0	2	0	1	10	1	0	1	0
Minimum quantity requirements	0	1	0	1	1	0	1	10	1	0	0	1
Packaging	0	0	1	0	2	0	2	9	1	0	1	0
Price[1]	0	1	0	0	2	0	0	7	5	0	1	0
Product consistency	0	0	1	0	2	0	1	10	1	0	1	0
Product range	0	0	1	0	1	0	2	6	3	0	0	1
Quality exceeds industry standards	0	0	1	0	2	0	1	8	3	0	0	1
Quality meets industry standards	0	1	0	0	1	0	1	8	2	0	1	0
Reliability of supply	0	1	0	1	1	0	2	8	2	0	0	1
Technical support/service	0	0	1	1	1	0	2	9	1	0	1	0
U.S. transportation costs[1]	0	2	0	1	1	0	3	9	0	0	1	0

Table continued on following page.

Table II-8--*Continued*

Wire rod: Purchasers' comparisons between U.S.-produced and imported product

Factor	Moldova vs. nonsubject countries			Trinidad & Tobago vs. nonsubject countries		
	S	C	I	S	C	I
Availability	0	0	1	0	2	1
Delivery terms	0	1	0	0	3	0
Delivery time	0	0	1	0	3	0
Discounts offered	0	1	0	0	2	0
Extension of credit	0	1	0	0	3	0
Minimum quantity requirements	0	0	1	0	2	0
Packaging	0	1	0	0	3	0
Price[1]	0	1	0	0	2	1
Product consistency	0	1	0	0	2	0
Product range	0	0	1	0	2	0
Quality exceeds industry standards	0	0	1	0	2	1
Quality meets industry standards	0	1	0	0	2	0
Reliability of supply	0	1	1	0	1	2
Technical support/service	0	1	0	0	3	0
U.S. transportation costs[1]	0	1	0	0	3	0

[1] A rating of superior means that price/U.S. transportation costs is generally lower. For example, if a firm reported "U.S. superior," it meant that the U.S. product was generally priced lower than the imported product.

Note.--S=first listed country's product is superior; C=both countries' products are comparable; I=first list country's product is inferior.

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

In order to determine whether U.S.-produced wire rod can generally be used in the same applications as imports from subject countries, U.S. producers, importers, and purchasers were asked whether the products can "always," "frequently," "sometimes," or "never" be used interchangeably. As shown in table II-9, most U.S. producers reported that wire rod from all country pairs was "always" interchangeable and a majority of importers reported that wire rod from all country pairs was "always" or "frequently" interchangeable. Purchasers were more divided in their responses. Several firms noted that product interchangeability depends on the mill, not the country in which the wire rod is produced. The majority of firms reported that the interchangeability depends on the end application and the quality of wire rod required; low quality wire rod used in IQ or mesh will tend to be more interchangeable, however, wire rod used to make cold heading fasteners or tie cord will be more difficult to interchange. Importer *** noted that for the non-standard grades of alloy welding rods, there are no U.S mills that produce the very tight chemistry ranges required, and therefore it sources from the Netherlands. One purchaser reported that wire rod from Mexico or China often has poor surface quality with rust. *** reported that wire rod from Moldova and Ukraine is lower in quality and therefore, low carbon wire rod used for mesh making is the only type that is interchangeable. *** stated that "Wire rod produced in Mexico can be interchangeable; however, some grades are not regularly produced in the U.S. and therefore, availability is limited. Wire rod imported from the other countries that are used to make automotive parts

are tested extensively and approved by the automaker for specific parts and performance; therefore, it has limit interchangeability."[19]

Table II-9

Wire rod: Interchangeability between wire rod produced in the United States and in other countries, by country pairs

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries:												
U.S. vs. Brazil	8	1	0	0	2	5	0	0	5	1	3	1
U.S. vs. Indonesia	8	1	0	0	1	5	1	0	2	1	2	0
U.S. vs. Mexico	8	1	1	0	1	10	2	0	8	7	7	0
U.S. vs. Moldova	8	1	0	0	1	3	2	0	2	0	3	0
U.S. vs. Trinidad & Tobago	8	1	0	0	1	7	1	0	4	2	3	0
U.S. vs. Ukraine	8	1	0	0	1	4	1	0	2	0	1	0
Subject countries comparisons:												
Brazil vs. Indonesia	7	1	0	0	1	4	2	0	2	0	3	1
Brazil vs. Mexico	7	1	0	0	1	5	2	0	2	3	4	1
Brazil vs. Moldova	7	1	0	0	1	4	1	0	1	0	2	0
Brazil vs. Trinidad & Tobago	7	1	0	0	1	4	1	0	2	1	2	1
Brazil vs. Ukraine	7	1	0	0	1	4	1	0	1	0	1	0
Indonesia vs. Mexico	7	1	0	0	1	5	2	0	3	1	3	0
Indonesia vs. Moldova	7	1	0	0	1	4	1	0	1	0	2	0
Indonesia vs. Trinidad & Tobago	7	1	0	0	1	4	1	0	2	1	2	0
Indonesia vs. Ukraine	7	1	0	0	1	4	1	0	1	0	1	0
Mexico vs. Moldova	7	1	0	0	1	5	1	0	1	0	2	0
Mexico vs. Trinidad & Tobago	7	1	0	0	1	5	2	0	3	0	4	0
Mexico vs. Ukraine	7	1	0	0	1	5	1	0	1	0	2	0
Moldova vs. Trinidad & Tobago	7	1	0	0	1	4	1	0	2	0	2	0
Moldova vs. Ukraine	7	1	0	0	1	4	1	0	1	0	1	0
Trinidad & Tobago vs. Ukraine	7	1	0	0	1	4	1	0	1	0	1	0
Nonsubject countries comparisons:												
U.S. vs. nonsubject	9	1	0	0	2	9	5	2	8	15	6	1
Brazil vs. nonsubject	7	1	0	0	2	4	1	1	2	3	3	0
Indonesia vs. nonsubject	7	1	0	0	2	4	1	1	2	1	2	0
Mexico vs. nonsubject	7	1	0	0	2	5	2	1	3	7	4	0
Moldova vs. nonsubject	7	1	0	0	2	3	2	1	2	1	2	0
Trinidad & Tobago vs. nonsubject	7	1	0	0	3	4	2	1	2	1	3	0
Ukraine vs. nonsubject	7	1	0	0	2	3	2	1	2	1	1	0

Note.—A=Always, F=Frequently, S=Sometimes, N=Never.

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

[19] Importer questionnaire response, section III-30.

As can be seen from table II-10, 17 responding purchasers reported that domestically-produced product "always" met minimum quality specifications.[20] The majority of purchasers reported that they did not have any knowledge of the quality specifications of wire rod from most subject countries. However, seven of seventeen responding purchasers reported that the Mexican product "always" met minimum quality specifications.

Table II-10

Wire rod: Ability to meet minimum quality specifications, by source and number of reporting firms[1]

Source	Always	Usually	Sometimes	Rarely or never	Don't know
United States	17	16	0	1	0
Brazil	2	2	1	0	26
Indonesia	0	0	1	0	28
Mexico	7	9	1	0	16
Moldova	0	1	0	0	28
Trinidad & Tobago	1	2	0	0	26
Ukraine	0	0	0	0	29
Other: Canada	3	3	0	0	0
Other: China	8	12	1	0	0
Other: Turkey	3	7	0	0	0

[1] Purchasers were asked how often domestically produced or imported wire rod meets minimum quality specifications for their own or their customers' uses.

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

In addition, producers, importers, and purchasers were asked to assess how often differences other than price were significant in sales of wire rod from the United States, subject, or nonsubject countries. As seen in table II-11, most producers reported that there were "never" differences other than price and most importers reported that there were "sometimes" or "never" differences other than price. Purchaser responses were more divided. The most common difference reported by firms was shorter delivery and lead times. Other differences included: grade ranges, purity levels, steel quality, technical support, availability of ultra-high carbon for certain end-use applications, and availability of smaller diameter wire rod.

[20] ***. Purchaser questionnaire response, section III-13.

Table II-11

Wire rod: Significance of differences other than price between wire rod produced in the United States and in other countries, by country pairs

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries:												
U.S. vs. Brazil	0	0	3	6	1	0	2	2	3	2	2	4
U.S. vs. Indonesia	0	0	3	6	1	0	2	2	3	0	0	3
U.S. vs. Mexico	0	0	3	6	3	2	3	2	4	4	7	7
U.S. vs. Moldova	0	0	3	6	1	0	2	1	4	0	0	2
U.S. vs. Trinidad & Tobago	0	0	3	6	1	1	3	1	3	2	1	3
U.S. vs. Ukraine	0	0	3	6	1	0	2	1	2	0	0	2
Subject countries comparisons:												
Brazil vs. Indonesia	0	0	2	6	1	0	2	2	2	0	0	2
Brazil vs. Mexico	0	0	2	6	2	0	2	2	2	2	3	2
Brazil vs. Moldova	0	0	2	6	1	0	2	1	2	0	0	1
Brazil vs. Trinidad & Tobago	0	0	2	6	1	0	2	1	2	1	1	1
Brazil vs. Ukraine	0	0	2	6	1	0	2	1	2	0	0	1
Indonesia vs. Mexico	0	0	2	6	2	0	2	2	2	0	1	2
Indonesia vs. Moldova	0	0	2	6	1	0	2	1	2	0	0	1
Indonesia vs. Trinidad & Tobago	0	0	2	6	1	0	2	1	2	0	1	1
Indonesia vs. Ukraine	0	0	2	6	1	0	2	1	2	0	0	1
Mexico vs. Moldova	0	0	2	6	2	0	2	1	2	0	0	1
Mexico vs. Trinidad & Tobago	0	0	2	6	2	0	2	1	2	1	1	2
Mexico vs. Ukraine	0	0	2	6	2	0	2	1	2	0	0	1
Moldova vs. Trinidad & Tobago	0	0	2	6	1	0	2	1	2	0	1	1
Moldova vs. Ukraine	0	0	2	6	1	0	2	1	2	0	0	1
Trinidad & Tobago vs. Ukraine	0	0	2	6	1	0	2	1	2	0	0	1
Nonsubject countries comparisons:												
U.S. vs. nonsubject	0	0	2	8	5	4	4	3	6	7	9	8
Brazil vs. nonsubject	0	0	1	7	3	1	2	2	2	2	2	2
Indonesia vs. nonsubject	0	0	1	7	3	1	2	2	2	1	1	2
Mexico vs. nonsubject	0	0	1	7	4	1	2	1	2	3	6	2
Moldova vs. nonsubject	0	0	1	7	3	1	2	1	2	1	1	1
Trinidad & Tobago vs. nonsubject	0	0	1	7	3	1	2	2	2	1	1	2
Ukraine vs. nonsubject	0	0	1	7	3	1	2	1	2	1	1	2

Note.--A = Always, F = Frequently, S = Sometimes, N = Never.

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

ELASTICITY ESTIMATES

This section discusses elasticity estimates. Although parties were encouraged to comment on these estimates in their prehearing or posthearing briefs, none commented.

U.S. supply elasticity

The domestic supply elasticity[21] for wire rod measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of wire rod. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced wire rod. Analysis of these factors earlier indicates that the U.S. industry is likely to be able to slightly increase or decrease shipments to the U.S. market; an estimate in the range of 1 to 3 is suggested.

U.S. demand elasticity

The U.S. demand elasticity for wire rod measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of wire rod. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of the wire rod in the production of any downstream products. Based on the available information, the aggregate demand for wire rod is likely to be moderately elastic; a range of -0.5 to -0.75 is suggested.

Substitution elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.[22] Product differentiation, in turn, depends upon such factors as quality (*e.g.*, chemistry, appearance, etc.) and conditions of sale (*e.g.*, availability, sales terms/ discounts/ promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced wire rod and imported wire rod is likely to be in the range of 3 to 5.

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[21] A supply function is not defined in the case of a non-competitive market.

[22] The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.

PART III: CONDITION OF THE U.S. INDUSTRY

OVERVIEW

From 2008 to 2013, the domestic wire rod industry experienced production curtailments and resumptions, capacity expansions, facilities openings or re-openings, and facilities shutdowns.[1] Nucor opened a new wire rod mill at its Darlington, South Carolina, facility in October 2013, and reopened a previously idled facility at Kingman, Arizona, in November 2010. ArcelorMittal's Georgetown, South Carolina facility, Evraz Pueblo's Pueblo, Colorado facility, and Keystone's Peoria, Illinois facility underwent production curtailments and resumptions during 2008-12. Gerdau idled the rolling mill at its facility in Perth Amboy, New Jersey, in August 2009, after having closed the melt shop at this facility in February 2007.[2] The rolling mill remains idled at this time and would require ***.[3] Gerdau also invested in melting and rolling capacity expansions at its Jacksonville, Florida, facility during 2008-10. Table III-1 summarizes important events that have occurred in the U.S. industry since January 2008.

BACKGROUND

Information in this section is based on the questionnaire responses of 10 producers that are believed to have accounted for all known U.S. production during 2013.

CHANGES IN EXISTING OPERATIONS

Domestic producers were asked to indicate whether their firm had experienced any plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns because of strikes or equipment failure; curtailment of production because of shortages of materials or other reasons, including revision of labor agreements; or any other change in the character of their operations or organization relating to the production of wire rod since 2008. Eight domestic producers indicated that they had experienced such changes; their responses are presented in table III-2.

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[1] Previously, during 2002-06, the industry underwent extensive restructuring through bankruptcies, corporate consolidations, facilities acquisitions, and new entrants. See *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine*, Inv. Nos. 701-TA-417 and 731-TA-953, 954, 957-959, 961, and 962 (Review), USITC Publication 4014, June 2008, pp. III-1 to III-2 and table III-1.

[2] *American Metal Market*, "Melt Shop Closure Saves Money for Ameristeel," February 8, 2007.

[3] ***. Domestic producers' posthearing brief, exhibit 1, "Responses to Commissioner questions, Gerdau's Perth Amboy facility," pp. 58-60. For further information, see exhibit 24, "***."

Table III-1
Wire rod: Survey of industry events, 2008-13

Period	Company	Description of event (curtailment, expansion, opening, reopening, resumption, shutdown)
January 2008	Keystone	**Curtailment and resumption:** Resumption of operations after a late-December outage was hindered by various difficulties at the Peoria, IL, facility, which reportedly resulted in an estimated 6,000-7,000 tons of lost production.
January 2008	Gerdau	**Expansion:** Investment plans were announced for boosting the annual rolling capacity by 400,000 at the Jacksonville, FL, facility, with completion anticipated by 2010. Rolling capacity expansion would enable Gerdau to match the recently expanded melting capacity at this facility which currently exceeds 1 million tons.
October-November 2008	Keystone	**Curtailment and resumption:** The Peoria, IL, facility was reopened after a temporary shutdown for furnace maintenance, but management placed a majority of employees on a week-to-week layoff schedule, due to reportedly "generally slow" business conditions.
October 2008-January 2009	ArcelorMittal	**Curtailment and resumption:** The Georgetown, SC, facility, was temporarily idled in October-November 2008 and again in December 2008- January 2009, as part of parent company ArcelorMittal SA's plans to cutback fourth-quarter 2008 output of all steel mill products by 30 percent worldwide and by 35 percent in the United States, which resulted in the temporary lay-offs of some 300 employees. Although the facility reopened in January 2009, 51 employees were permanently laid-off.
November-December 2008	Evraz Pueblo	**Curtailment and resumption:** The bar and rod mill at the Pueblo, CO, facility was temporarily idled due to lack of customer orders.
June 2009	Gerdau	**Shutdown:** Halting of production announced at the Perth Amboy, NJ, rolling mill, followed by addition of another shift at the Beaumont, TX, facility to meet customer orders and to stock the warehouse.
July 2009	ArcelorMittal	**Shutdown:** Georgetown, SC, facility closed down, after labor negotiations failed to reach agreement for keeping the facility open. Halting in late June of the melt shop (with 1 million tons of annual capacity) and in early July of the rolling-mill operations (with 750,000 tons of annual capacity) affected some 265 hourly employees and 53 salaried employees.
November 2010	Nucor	**Reopening:** Restarted operations at Kingman, AZ, facility, previously acquired in 2003 from the former North Star Steel Co., to produce both wire rods and concrete reinforcing bars. This rolling mill has an anticipated output capacity rating of 500,000 tons annually, but the July 2009 air-quality permit limited production to 350,000 tons annually. Other Nucor bar mills with excess melting capacity supply billets to the Kingman rolling mill.
January 2011	ArcelorMittal	**Reopening:** Georgetown, SC, facility resumed production. This facility, being capable of melting 1 million short tons of crude steel and rolling 750,000 tons of wire rod annually, actually rolled about 380,000 tons annually between 2006 and 2008. With plans to continue the previous practice of rolling to order, rather than also for building-up warehouse inventory, initial production was estimated to reach about 264,000 tons of wire rods annually. Reopening of this facility was anticipated to bring back 185 union employees, under a new labor agreement that was ratified back in June 2010, and 44 managers.
Fourth-quarter 2012	ArcelorMittal	**Curtailment:** Operations at the Georgetown, SC, facility were cutback from three to two shifts, along with laying-off of 30 employees.
October 2013	Nucor	**Opening:** Shipments commenced from the newly constructed wire-rod mill at the Darlington, SC facility. This new wire-rod mill has an annual output capacity rating of 300,000 tons and is capable of producing wire rods with diameters down to 5.5 mm and coiled bars up to 2 inches in diameter, in a full range of low-, medium-, and high-carbon contents.

Source: *American Metal Market*, *Metal Bulletin*, and individual company Internet web sites.

Table III-2
Wire rod: Changes in the character of U.S. operations since January 1, 2008

* * * * * * *

ANTICIPATED CHANGES IN EXISTING OPERATIONS

The Commission asked domestic producers to report anticipated changes in the character of their operations relating to the production of wire rod. Four domestic producers (***) indicated that they do not anticipate any changes in the character of their operations. The responses of the remaining six domestic producers appear in table III-3.

Table III-3
Wire rod: Anticipated changes in the character of U.S. operations

* * * * * * *

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-4 presents U.S. producers' production, capacity, and capacity utilization. U.S. capacity for wire rod fell from 2008 to 2010, increased in 2011, and fell thereafter to a level that was 8.5 percent lower than reported for 2008. Domestic production fluctuated during the six-year period to a level in 2013 that is 9.9 percent lower than that reported in 2008. Capacity utilization also fluctuated during 2008-13 ranging from a high of 75.6 percent (2012) to a low of 53.6 percent (2009).

Table III-4
Wire rod: U.S. producers' production, capacity, and capacity utilization, 2008-13

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
	Quantity (short tons)					
Capacity	5,546,751	5,295,752	4,965,095	5,173,168	5,131,954	5,073,815
Production	4,055,641	2,837,165	3,384,322	3,907,416	3,879,060	3,655,088
	Ratio (percent)					
Capacity utilization	73.1	53.6	68.2	75.5	75.6	72.0

Note.— ***.

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

While aggregate production quantity declined overall from 2008 to 2013 with most firms reporting decreases in production over the period, three firms (***) reported overall increases in production, ranging between *** and *** percent from 2008 to 2013.

Although six U.S. producers reported no changes in the capacity to produce wire rod, one firm (***) reported overall declines in capacity and three firms (***) reported overall increases in capacity. ***.

Gerdau reported *** the closure of its Perth Amboy, New Jersey rolling mill in August 2009. The Gerdau facility, which is dedicated to wire rod production and has an annual capacity of 750,000 short tons, remains idled at this time and would require six months to one year to

resume wire rod production.[4] Staff adjusted the capacity data presented in this report to exclude Gerdau's idled 750,000 annual short ton capacity at its Perth Amboy, New Jersey facility during the last half of 2009 and during 2010-13. This is consistent with the manner in which the Commission defines capacity,[5] as well as with the manner in which domestic capacity data are treated by independent market research.[6] The annual wire rod capacity reported by *** for Gerdau's Perth Amboy facility ***.[7]

Although ArcelorMittal reported ***.[8] James Sanderson, President of the Steelworkers Local 7898 that represents steelworkers at the ArcelorMittal plant in Georgetown, South Carolina, testified at the Commission's hearing that "In 2008, we basically were in operation and we went down in 2009 and we stayed down until the later part of 2011 and actually started production in 2012."[9] However, because production did resume, and, consistent with the manner in which the firm's capacity data are treated in independent market research, staff did not adjust the reported data.

CONSTRAINTS ON CAPACITY

All U.S. producers, ***, reported constraints in the manufacturing process. Reported constraints in the manufacturing process for the U.S. producers include melting capacity, which is constrained by environmental air permits; steel availability; speed of equipment, rolling capacity, employee resources, market conditions, and import competition. Three U.S. producers (***) that collectively accounted for *** of domestic production in 2013 specifically noted that they are not operating at full capacity due to the market conditions and that weakened demand due to import competition limits their ability to produce more wire rod.

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[4] *Carbon and Certain Alloy Steel Wire Rod from China, Inv. Nos. 701-TA-512 and 731-TA-1248 (Preliminary)*, USITC Publication 4458 (March 2014), p. III-3; and *Domestic producers' prehearing brief*, p. 56.

[5] In its instructions that accompanied the questionnaires issued in these reviews, the Commission defined capacity as follows: The level of production that your establishment(s) could reasonably have expected to attain during the specified periods. Assume normal operating conditions (i.e., using equipment and machinery in place and ready to operate; normal operating levels (hours per week/weeks per year) and time for downtime, maintenance, repair, and cleanup; and a typical or representative product mix).

[6] ***.

[7] Ibid.

[8] The overall annual plant capacity reported by ArcelorMittal USA for Georgetown is *** short tons, *** short tons of which are allocated for wire rod. The overall annual plant capacity for Indiana Harbor is *** short tons, *** short tons of which are allocated for wire rod.

[9] Hearing transcript, p. 77 (Sanderson).

ALTERNATIVE PRODUCTS

All producers *** reported production or anticipating production of other products, including rebar, on the same equipment and machinery used to produce wire rod. Table III-5 presents the U.S. wire rod producers' overall capacity and production of wire rod and other products produced on the same production equipment used to produce wire rod. U.S. producers were asked to describe the constraints that set the limits on their firm's ability to shift production capacity between products. *** stated that they can readily shift between coiled reinforcing bar and coiled carbon wire rod and *** indicated that it has some ability to shift between wire rod and rebar. However, *** stated that it cannot easily shift production between wire rod and rebar. *** reported that their ability to switch production is dependent on customer demand for those products. Charter stated ***. Republic ***.

Table III-5
Wire rod: U.S. producers' overall capacity, production, and capacity utilization, 2008-13

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
	Quantity (short tons)					
Overall capacity	8,164,642	7,959,617	7,740,303	7,918,772	8,010,018	8,918,066
Production:						
Subject merchandise	4,055,641	2,837,164	3,384,322	3,907,416	3,879,060	3,655,088
Rebar	1,099,208	758,281	790,189	808,532	879,761	1,070,115
Other bar/rod products	1,155,617	631,750	977,433	1,123,174	1,122,994	1,488,908
Subtotal, nonsubject production	2,254,825	1,390,031	1,767,622	1,931,706	2,002,755	2,559,023
Total production	6,310,466	4,227,195	5,151,944	5,839,122	5,881,815	6,214,111
	Ratio (percent)					
Overall capacity utilization	77.3	53.1	66.6	73.7	73.4	69.7
	Share of quantity (percent)					
Share of production:						
Subject merchandise	64.3	67.1	65.7	66.9	66.0	58.8
Rebar	17.4	17.9	15.3	13.8	15.0	17.2
Other bar/rod products	18.3	14.9	19.0	19.2	19.1	24.0
Subtotal, nonsubject production	35.7	32.9	34.3	33.1	34.0	41.2
Total production	100.0	100.0	100.0	100.0	100.0	100.0

Note.— ***.

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

U.S. PRODUCERS' U.S. SHIPMENTS AND EXPORTS

Table III-6 presents U.S. producers' U.S. shipments, export shipments, and total shipments.

Table III-6
Wire rod: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2008-13[1]

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
Quantity (short tons)						
Commercial U.S. shipments	2,954,594	2,032,965	2,414,644	2,944,416	2,815,567	2,595,200
Internal consumption	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***
Subtotal, U.S. shipments	4,050,961	2,833,426	3,340,954	3,876,145	3,809,728	3,599,459
Export shipments	39,707	39,301	42,049	34,687	26,748	24,319
Total shipments	4,090,668	2,872,727	3,383,003	3,910,832	3,836,476	3,623,778
Value (1,000 dollars)						
Commercial U.S. shipments	2,590,276	1,194,142	1,668,054	2,340,739	2,143,895	1,875,625
Internal consumption	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***
Subtotal, U.S. shipments	3,485,005	1,651,451	2,246,759	3,012,054	2,826,974	2,529,487
Export shipments	31,925	22,886	26,912	28,888	31,597	22,566
Total shipments	3,516,930	1,674,337	2,273,671	3,040,942	2,858,571	2,552,053
Unit value (dollars per short ton)						
Commercial U.S. shipments	877	587	691	795	761	723
Internal consumption	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***
Subtotal, U.S. shipments	860	583	672	777	742	703
Export shipments	804	582	640	833	1,181	928
Total shipments	860	583	672	778	745	704
Share of quantity (percent)						
Commercial U.S. shipments	72.2	70.8	71.4	75.3	73.4	71.6
Internal consumption	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***
Subtotal, U.S. shipments	99.0	98.6	98.8	99.1	99.3	99.3
Export shipments	1.0	1.4	1.2	0.9	0.7	0.7
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0
Share of value (percent)						
Commercial U.S. shipments	73.7	71.3	73.4	77.0	75.0	73.5
Internal consumption	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***
Subtotal, U.S. shipments	99.1	98.6	98.8	99.1	98.9	99.1
Export shipments	0.9	1.4	1.2	0.9	1.1	0.9
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0

[1] Several U.S. producers included tolling activity in their shipment data. Further information concerning the tolling activity reported by U.S. producers is included in the section of Part I entitled "U.S. Producers."
***.

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

The quantity of U.S. producers' U.S. shipments declined steeply from 2008 to 2009, increased from 2009 to 2011, and fell to a level in 2013 that was 11.1 percent lower than the level reported in 2008. The value and unit value of U.S. producers' U.S. shipments followed a similar trend, declining overall by 27.3 percent and 18.3 percent, respectively.

Commercial U.S. shipments accounted for between 70.8 and 75.3 percent of U.S. producers' total shipments of wire rod during 2008-13, whereas internal consumption accounted for between *** and *** percent of U.S. producers' total shipments of wire rod and transfers to related firms accounted for between *** and *** percent.[10] Seven firms, ***, reported internally consuming or transferring wire rod to a related firm to produce a downstream product. U.S. producers reported internal consumption and company transfers of wire rod for the production of nails, garment hangers, wire shelving, prestressed concrete strand, oil tempered and other high carbon wire, drawn wire (including tire bead, high carbon and fine wire quality), cold finished bars, cold headed parts, mesh, agricultural fencing, armoring wire, galvanized wire, concrete reinforcing mesh, and bed spring components.

U.S. producers' total exports of wire rod accounted for between 0.7 to 1.4 percent of their total shipments during 2008-13. Five out of ten producers reported exports of wire rod, predominately to Canada and Mexico, as well as to ***. U.S. producers contend that it is hard to compete in export markets due to the lower priced product there, particularly from the Chinese producers. Evraz does export some high end value products to Mexico.[11]

[10] Aggregate domestic producers' internal consumption fell from *** short tons in 2008 to *** short tons in 2009, before generally increasing to *** short tons in 2013. Aggregate domestic producers' company transfers fell from *** short tons in 2008 to *** short tons in 2009, before generally increasing to *** short tons in 2013. Domestic company representatives present at the Commission's hearing testified that such transfers are made at market prices. *Hearing transcript*, pp. 83-84 (Stirnaman (Keystone), Nystron (Nucor), and Kerkvliet (Gerdau)).

[11] *Carbon and Certain Alloy Steel Wire Rod from China, Inv. Nos. 701-TA-512 and 731-TA-1248 (Preliminary)*, USITC Publication 4458, March 2014, p. III-6.

U.S. PRODUCERS' U.S. SHIPMENTS, BY APPLICATION

Table III-7 presents U.S. producers' U.S. shipments by type in 2013. All U.S. producers reported U.S. shipments of high/medium-high carbon industrial/standard quality wire rod and all *** reported U.S. shipments of low/medium-low carbon industrial/standard quality wire rod. These two types of wire rod together accounted for more than three-fourths of all types of U.S. producers' U.S. shipments during 2013.

Table III-7
Wire rod: U.S. producers' U.S. shipments, by type, 2013

Item	Quantity (*short tons*)	Share (*percent*)	Number of reporting firms
Low/medium-low carbon industrial/standard quality	1,768,913	49.1	9
High/medium-high carbon industrial/standard quality	1,002,954	27.9	10
Tire cord or tire bead quality	***	***	***
Welding quality	***	***	***
Cold heading quality ("CHQ")	***	***	***
Other specialty carbon and alloy quality	***	***	***
All other wire rod	***	***	***
Total, U.S. shipments	3,599,459	100.0	10

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

Cold heading quality ("CHQ") wire rod, which accounted for *** percent of all types of U.S. producers' U.S. shipments in 2013, is produced by *** domestic producers and welding quality wire rod, which accounted for *** percent of all types of U.S. producers' U.S. shipments in 2013, is produced by *** domestic producers. *** is the largest domestic producer of these types of wire rod. *** together accounted for almost all domestic production of tire cord or tire bead quality wire rod, which accounted for *** percent of all types of U.S. producers' U.S. shipments in 2013.[12] Other specialty carbon and alloy quality wire rod is produced by five

[12] ArcelorMittal makes a wide variety of wire rod grades at its facilities, including low, medium, high carbon, tire cord, tire bead, and welding wire rod. Evraz produces low carbon mesh and industrial grade wire rod, however its product mix is weighted heavily toward high and medium carbon steels. Evraz also produces medium carbon grades of wire rod for the furniture and bedding spring rod business, as well as high carbon rod for the making of PC strand, rubber reenforcement and wire row. In addition, Evraz produces welding quality wire rod. *Carbon and Certain Alloy Steel Wire Rod from China, Inv. Nos. 701-TA-512 and 731-TA-1248 (Preliminary)*, USITC Publication 4458 (March 2014), p. III-8.

producers (the largest of which is ***) and all other wire rod is produced by three producers (the largest of which is ***).[13]

U.S. producers were asked to describe the qualitative differences among the different types of wire rod. Three firms (***) said there were no or little differences. Other firms stated that wire rod is on a continuum of grades, qualities, chemistry variances, and end uses and that the qualitative differences between each relate to charge design and scrap cost to create a higher carbon product. One firm stated that some overlap occurs especially if higher quality materials are used in a lower quality application. For example, CHQ could be used in some industrial quality applications or welding wire could be used in industrial quality applications. One firm stated that CHQ, other special carbon and alloy, and tire cord are the highest quality.

U.S. PRODUCERS' INVENTORIES

Table III-8 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments during 2008-13. U.S. producers' inventories of wire rod fell sharply from 2008 to 2009, remained relatively stable through 2011, before increasing to a six-year high in 2013. Overall, inventories were 15.4 percent higher in 2013 than in 2008, with *** accounting for the largest share of the increase. Inventories relative to total shipments fluctuated during 2008-13, ranging from a low of 4.9 percent in 2011 to a high of 7.4 percent in 2013.

Table III-8
Wire rod: U.S. producers' inventories, 2008-13

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
	Quantity (*short tons*)					
U.S. producers' end-of-period inventories	231,279	195,717	196,677	193,261	235,848	266,868
	Ratio (*percent*)					
Ratio of inventories to--						
U.S. production	5.7	6.9	5.8	4.9	6.1	7.3
U.S. shipments	5.7	6.9	5.9	5.0	6.2	7.4
Total shipments	5.7	6.8	5.8	4.9	6.1	7.4

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

[13] Gerdau produces a wide variety of wire rod types ranging from low to high carbon rod, welding rod, cold-heading quality rod and many other special types of rod as well. *Carbon and Certain Alloy Steel Wire Rod from China, Inv. Nos. 701-TA-512 and 731-TA-1248 (Preliminary)*, USITC Publication 4458 (March 2014), p. III-8.

U.S. PRODUCERS' IMPORTS AND PURCHASES

U.S. producers reported no direct imports or domestic purchases of domestically produced or imported wire rod from the subject countries during 2008-13. *** U.S. producer (***) reported the domestic purchase of *** wire rod *** during ***. *** explained that this domestic purchase of wire rod produced by *** was for resale purposes.

Republic, as well as two other U.S. producers (Gerdau and ArcelorMittal USA), reported that they are related to foreign producers of the subject merchandise. Republic reported that its parent company, Grupo Simec, owns Grupo San Luis, a wire rod producer in Mexico. ***. Gerdau reported that it is a wholly-owned subsidiary of wire rod producer Gerdau SA of Brazil. Gerdau SA did not provide a response to the Commission's foreign producer questionnaire in these reviews. ArcelorMittal USA reported that it is a wholly-owned subsidiary of ArcelorMittal SA (Luxembourg), which has subsidiary wire rod producers in numerous countries, including subject countries Brazil, Mexico, Trinidad & Tobago, and Ukraine. There were no reported imports of subject merchandise from Brazil or Ukraine during 2008-13 and there were no reported imports of subject merchandise from Trinidad & Tobago by ArcelorMittal firms during 2008-13.

Table III-9 presents data on ArcelorMittal USA's U.S. production and U.S. imports of wire rod from Mexico during 2008-13 as reported by the following ArcelorMittal related firms: ***. These data show that the ratio of ArcelorMittal's U.S. imports from *** to its U.S. production remained below *** percent during every annual period 2008-13, except for 2010 at which point the ratio ***, as ArcelorMittal experienced the closure of its Georgetown facility and the idling of its Indiana Harbor facility. The ratio of ArcelorMittal's U.S. imports from *** to its U.S. production increased from *** percent in 2008 to *** percent in 2010 and ranged between *** percent and *** percent during 2011-13. The vast majority (i.e., ***) of ArcelorMittal's U.S. imports from "all other sources" are from ***.

Table III-9
Wire rod: ArcelorMittal's U.S. production, imports, and import ratios to U.S. production, 2008-13

* * * * * * *

In response to an argument concerning its regional supply policy, ArcelorMittal reported that it "employs a commercial coordination policy that ***." It added that "***." In response to a Commission question concerning whether or not it considers the United States to be part of an integrated North American steel market, ArcelorMittal noted that "***."[14]

[14] *Domestic producers' posthearing brief*, exh. 1, pp. 56-57.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-10 shows U.S. producers' employment-related data during 2008-13. Several employment-related indicators fell steeply from 2008 to 2009 and recovered somewhat thereafter to levels below those reported in 2008. The level of production-related workers (PRWs), total hours worked, and total wages paid fell overall by 6.3, 10.2, and 8.0 percent, respectively, from 2008 to 2013. Although seven domestic producers reported overall declines in the number of PRWs, the largest declines in the reported data were primarily attributed to the employment indicators reported by ***. The President of the Steelworkers Local 7898, representing steelworkers at the ArcelorMittal Georgetown facility, testified at the hearing that the closure of ArcelorMittal's Georgetown mill from July 2009 until January 2011 "put 307 steelworkers out of work for an extended period of time and put a strain on the community…"[15] Reported industry aggregate hourly wages, unit labor costs, and productivity fluctuated during 2008-13, but were slightly higher in 2013 than in 2008.

Table III-10
Wire rod: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2008-13

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
Production related workers (PRWs) (*number*)	2,339	2,083	2,173	2,239	2,269	2,192
Total hours worked (*1,000 hours*)	4,741	3,825	4,220	4,552	4,587	4,258
Hours worked per PRW (*hours*)	2,027	1,836	1,942	2,033	2,022	1,943
Wages paid (*$1,000*)	170,467	128,170	145,939	166,385	174,648	156,838
Hourly wages (*dollars per hour*)	$35.96	$33.51	$34.58	$36.55	$38.07	$36.83
Productivity (*short tons per 1,000 hours*)	855.4	741.7	802.0	858.4	845.7	858.4
Unit labor costs (*dollars per short ton*)	$42.03	$45.18	$43.12	$42.58	$45.02	$42.91

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

[15] *Hearing transcript*, pp. 48-49 (Sanderson).

FINANCIAL EXPERIENCE OF U.S. PRODUCERS

Background

This section of the report presents the wire rod financial results of ten U.S. producers. Wire rod financial results were reported primarily on the basis of U.S. generally accepted accounting principles (GAAP) and for calendar-year periods.[16] While no single U.S. producer accounts for the majority of overall wire rod sales volume, the three largest volume producers accounted for *** percent of total sales volume during 2008-13: ***. The remaining producers ranged from *** percent of total sales volume (***) to *** percent of total sales volume (***).

The majority of the industry's wire rod revenue reflects commercial sales (73.3 percent of total sales), followed by transfers (*** percent of total sales) and a relatively small amount classified as internal consumption (*** percent of total sales). While most U.S. producers also reported transfers, only *** reported that transfers are the majority of their wire rod revenue.[17] Internal consumption was only reported by ***.[18] Several U.S. producers also included tolling activity in their trade information and financial results. Revenue and other financial elements specific to wire rod tolling operations are not presented separately in the relevant tables below.[19]

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[16] The exceptions were Gerdau, reporting its financial results on the basis of International Financial Reporting Standards (IFRS) and Charter, reporting its financial results for fiscal-year periods ending August 31.

[17] ***. March 6, 2014 e-mail with attachments (incl. revised table II-6) from *** to USITC auditor. March 5, 2014 e-mail with attachments (incl. revised table II-6) from *** to USITC auditor. March 4, 2014 e-mail with attachment from *** to USITC auditor. March 5, 2014 e-mail with attachment from *** to USITC auditor. March 28, 2014 e-mail with attachment from *** to USITC auditor. March 7, 2014 e-mail with attachment from counsel on behalf of *** to USITC auditor. February 28, 2014 e-mail with attachment from *** to USITC auditor.

[18] ***. March 5, 2014 e-mail with attachment from *** to USITC auditor. ***. March 7, 2014 e-mail with attachment from counsel on behalf of *** to USITC auditor.

[19] Tolling activity introduces a limited degree of potential double counting with respect to wire rod sales volume. Given the eliminating effect of toll-processing fees that are included in revenue and in cost of goods sold, tolling activity in general does not appear to distort or otherwise undermine the validity of the industry's consolidated financial results.

Four producers, ***, reported that they purchase primary raw materials from related parties: ***.[20] [21]

With respect to inputs other than raw material which are purchased from a related company, ***.[22] [23]

Operations on wire rod

Table III-11 presents income-and-loss data for the U.S. industry's wire rod operations. Table III-12 presents a variance analysis of these financial results.[24] Table III-13 presents selected company-specific financial information.

[20] *** U.S. producer questionnaires, response to question III-7. ***. March 18, 2014 e-mail with attachment from *** to USITC auditor.

[21] ***. March 28, 2014 e-mail with attachment from *** to USITC auditor.

[22] *** U.S. producer questionnaire, response to question III-7.

[23] With regard to input purchases from related companies, the Commission's standard practice requires the elimination of the related company's profit or loss from the relevant COGS reported in the financial section of the U.S. producer questionnaire. The intent of this adjustment is for the related company's actual cost to be recognized in determining the financial results reported to the Commission. The U.S. producers referenced above generally indicated that they complied with the Commission's requested input valuation. ***. *** U.S. producer questionnaire, response to question III-7.

[24] The Commission's variance analysis is calculated in three parts: sales variance, COGS variance, and sales, general and administrative (SG&A) expenses variance. Each part consists of a price variance (in the case of the sales variance) or a cost variance (in the case of the COGS and SG&A expenses variances) and a volume (quantity) variance. The sales or cost variance is calculated as the change in unit price/cost times the new volume, while the volume variance is calculated as the change in volume times the old unit price/cost. Summarized at the bottom of table III-12, the price variance is from sales, the cost/expense variance is the sum of those items from COGS and SG&A, respectively, and the net volume variance is the sum of the price, COGS, and SG&A volume variances.

Most U.S. producers indicated that product mix did not change substantially during 2008-13 which generally enhances the utility of the Commission's variance analysis. USITC auditor prehearing notes. ***. March 4, 2014 e-mail with attachment from *** to USITC auditor.

Table III-11
Wire rod: Results of operations of U.S. producers, 2008-13

Item	Fiscal year					
	2008	2009	2010	2011	2012	2013
	Quantity (*short tons*)					
Commercial sales	2,993,932	2,072,311	2,456,711	2,979,103	2,842,314	2,619,518
Internal consumption	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***
Total net sales quantity	4,126,388	2,881,432	3,384,018	3,920,918	3,836,475	3,623,777
	Value (*$1,000*)					
Commercial sales	2,621,392	1,217,068	1,694,976	2,369,626	2,175,493	1,898,192
Internal consumption	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***
Total net sales value	3,547,031	1,679,395	2,274,325	3,048,561	2,858,572	2,552,054
Cost of goods sold:						
Raw materials	2,146,334	991,037	1,395,604	1,975,923	1,801,045	1,579,821
Direct labor	184,687	109,149	132,708	156,676	152,847	139,485
Other factory costs	785,656	552,772	555,675	611,227	668,696	639,029
Total cost of goods sold	3,116,677	1,652,958	2,083,987	2,743,826	2,622,588	2,358,335
Gross profit	430,354	26,437	190,338	304,735	235,984	193,719
SG&A expenses	83,259	69,352	91,584	86,722	87,633	86,025
Operating income or (loss)	347,095	(42,915)	98,754	218,013	148,351	107,694
Interest expense	21,662	16,828	10,972	8,532	1,552	3,424
Other expenses	11,226	12,672	11,590	10,953	9,984	8,452
Other income items	848	845	1,075	856	406	612
Net income or (loss)	315,055	(71,570)	77,267	199,384	137,221	96,430
Depreciation/amortization	53,415	52,222	46,948	46,192	47,134	48,420
Estimated cash flow from operations	368,470	(19,348)	124,215	245,576	184,355	144,850
	Ratio to net sales (*percent*)					
Raw materials	60.5	59.0	61.4	64.8	63.0	61.9
Direct labor	5.2	6.5	5.8	5.1	5.3	5.5
Other factory costs	22.1	32.9	24.4	20.0	23.4	25.0
Cost of goods sold	87.9	98.4	91.6	90.0	91.7	92.4
Gross profit[1]	12.1	1.6	8.4	10.0	8.3	7.6
SG&A expenses	2.3	4.1	4.0	2.8	3.1	3.4
Operating income or (loss)	9.8	(2.6)	4.3	7.2	5.2	4.2
Net income or (loss)	8.9	(4.3)	3.4	6.5	4.8	3.8

Table continued on next page.

Table III-11-- *Continued*
Wire rod: Results of operations of U.S. producers, 2008-13

Item	Fiscal year					
	2008	2009	2010	2011	2012	2013
	Ratio to cost of goods sold (*percent*)					
Raw materials	68.9	60.0	67.0	72.0	68.7	67.0
Direct labor	5.9	6.6	6.4	5.7	5.8	5.9
Other factory costs	25.2	33.4	26.7	22.3	25.5	27.1
	Unit values (*dollars per short ton*)					
Commercial sales	876	587	690	795	765	725
Internal consumption	***	***	***	***	***	***
Transfers	***	***	***	***	***	***
Total net sales	860	583	672	778	745	704
Cost of goods sold:						
Raw materials	520	344	412	504	469	436
Direct labor	45	38	39	40	40	38
Other factory costs	190	192	164	156	174	176
Total cost of goods sold	755	574	616	700	684	651
Gross profit	104	9	56	78	62	53
SG&A expenses	20	24	27	22	23	24
Operating income or (loss)	84	(15)	29	56	39	30
	Number of firms reporting					
Operating losses	1	5	2	1	2	3
Data	10	10	10	10	10	10

[1] The following reconciles period-to-period changes in the components of the COGS-to-sales ratio to corresponding changes in gross profit ratio. A period-to-period change that increases the COGS-to-sales ratio yields a corresponding decline in gross profit ratio, while a period-to-period change that decreases the COGS-to-sales ratio yields a corresponding increase in gross profit ratio.

Item	Fiscal year				
	2008-09	2009-10	2010-11	2011-12	2012-13
	Ratio to net sales (*percent*)				
Raw materials	(1.5)	2.4	3.5	(1.8)	(1.1)
Direct labor	1.3	(0.7)	(0.7)	0.2	0.1
Other factory costs	10.8	(8.5)	(4.4)	3.3	1.6
Cost of goods sold	10.6	(6.8)	(1.6)	1.7	0.7
Gross profit	(10.6)	6.8	1.6	(1.7)	(0.7)

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

Table III-12
Wire rod: Variance analysis on the operations of U.S. producers, 2008-13

Item	Fiscal year				
	2008-09	2009-10	2010-11	2011-12	2012-13
Total net revenue:	Value (*$1,000*)				
Price variance	(797,475)	302,006	413,397	(124,334)	(148,036)
Volume variance	(1,070,161)	292,924	360,839	(65,655)	(158,482)
Total net sales variance	(1,867,636)	594,930	774,236	(189,989)	(306,518)
Cost of sales:					
Raw materials:					
Cost variance	507,735	(231,708)	(358,896)	132,323	121,372
Volume variance	647,562	(172,859)	(221,423)	42,555	99,852
Net raw material variance	1,155,297	(404,567)	(580,319)	174,878	221,224
Direct labor:					
Cost variance	19,817	(4,521)	(2,913)	455	4,888
Volume variance	55,721	(19,038)	(21,055)	3,374	8,474
Net direct labor variance	75,538	(23,559)	(23,968)	3,829	13,362
Other factory costs:					
Cost variance	(4,153)	93,513	32,610	(70,633)	(7,406)
Volume variance	237,037	(96,416)	(88,162)	13,164	37,073
Net other factory cost	232,884	(2,903)	(55,552)	(57,469)	29,667
Net cost of sales:					
Cost variance	523,399	(142,716)	(329,199)	62,145	118,854
Volume variance	940,320	(288,313)	(330,640)	59,093	145,399
Total net cost of sales	1,463,719	(431,029)	(659,839)	121,238	264,253
Gross profit variance	(403,917)	163,901	114,397	(68,751)	(42,265)
SG&A expenses:					
Expense variance	(11,213)	(10,135)	19,392	(2,779)	(3,250)
Volume variance	25,120	(12,097)	(14,530)	1,868	4,858
Total SG&A variance	13,907	(22,232)	4,862	(911)	1,608
Operating income variance	(390,010)	141,669	119,259	(69,662)	(40,657)
Summarized as:					
Price variance	(797,475)	302,006	413,397	(124,334)	(148,036)
Net cost/expense variance	512,186	(152,852)	(309,806)	59,367	115,604
Net volume variance	(104,721)	(7,485)	15,668	(4,695)	(8,225)

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

Table III-13
Wire rod: Results of operations of U.S. producers, by firm, 2008-13

* * * * * * *

Sales volume

Table III-13 shows that all U.S. producers reported lower sales volume between 2008 and 2009. In general, U.S. producers attributed this pattern to the impact of the recession on wire rod demand.[25] *** reported lower sales volume between 2008 and 2009 (*** percent and *** percent, respectively), their volume declines on a percentage basis were *** compared to the other U.S. producers. ***.[26] ***.[27]

*** reported the *** company-specific percentage decline in sales volume between 2008 and 2009 (***). ***.[28] ***.[29]

Sales value

In addition to the underlying base price, wire rod revenue includes surcharges related to primary inputs, as well as fuel costs associated with freight. In general, however, application of surcharges is not uniform among the U.S. producers. With regard to companies indicating that their revenue includes surcharges, ***.[30] ***.[31] ***.[32]

Other companies, primarily referencing raw material inputs, generally indicated that they do not use surcharges. ***.[33] ***.[34] ***.[35] ***.[36] ***.[37] ***.[38]

As shown in table III-13, the period-to-period directional trend of company-specific average sales values was the same for all U.S. producers. Directionally, the trend of average sales value and

[25] USITC auditor notes (prehearing). ***. March 5, 2014 e-mail with attachment from *** to USITC auditor.
[26] March 4, 2014 e-mail with attachment from *** to USITC auditor.
[27] ***. February 28, 2014 e-mail with attachment from *** to USITC auditor.
[28] March 6, 2014 e-mail with attachments (incl. revised table II-6) from *** to USITC auditor.
[29] ***. March 4, 2014 e-mail with attachment from *** to USITC auditor.
[30] March 5, 2014 e-mail with attachments (incl. revised table II-6) from *** to USITC auditor.
[31] March 5, 2014 e-mail with attachment from *** to USITC auditor.
[32] March 4, 2014 e-mail with attachment from *** to USITC auditor.
[33] March 6, 2014 e-mail with attachments (incl. revised table II-6) from *** to USITC auditor.
[34] March 4, 2014 e-mail with attachment from *** to USITC auditor.
[35] March 4, 2014 e-mail with attachment from *** to USITC auditor.
[36] March 28, 2014 e-mail with attachment from *** to USITC auditor. ***. Ibid.
[37] March 7, 2014 e-mail with attachment from counsel on behalf of *** to USITC auditor.
[38] February 28, 2014 e-mail with attachment from *** to USITC auditor.

average raw material cost was also the same.[39] While company-specific average sales values were generally in a similar range, *** average sales values compared to the other U.S. producers.[40]

Cost of goods sold and gross profit

On an overall basis, the total cost of raw materials in table III-11 reflects a composite of inputs which includes various grades of ferrous scrap, DRI, alloys, and steel billets.[41] As a share of wire rod COGS, raw material costs ranged from a low of 60.0 percent in 2009 to a high of 72.0 percent in 2011.

Other factory costs, the second largest component of total wire rod COGS, was at its highest level as a share of total COGS in 2009, at 33.4 percent, and at its lowest level in 2011, at 22.3 percent.[42] Notwithstanding the importance of fixed and semi-fixed manufacturing costs (see

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[39] Notwithstanding the fact that average sales value and average raw material costs reflect the same directional trend, the corresponding magnitude of company-specific changes in average sales value and average raw material costs were not necessarily the same. ***. March 4, 2014 e-mail with attachment from *** to USITC auditor.

[40] ***. March 5, 2014 e-mail with attachments (incl. revised table II-6) from *** to USITC auditor. ***. Ibid.

***. March 4, 2014 e-mail with attachment from *** to USITC auditor.

[41] While the directional trend of company-specific average raw material costs was almost uniformly the same (see table III-13), the relatively wide range of company-specific average raw material costs appears to reflect differences such as company-specific product mix, as well as variations in underlying raw material.

With regard to its primary raw materials, *** referenced scrap and indicated that it accounts for *** percent of COGS. February 28, 2014 e-mail with attachment from *** to USITC auditor. *** reported that scrap and alloys represent their primary raw material inputs. ***. March 5, 2014 e-mail with attachments (incl. revised table II-6) from *** to USITC auditor. March 4, 2014 e-mail with attachment from *** to USITC auditor. March 5, 2014 e-mail with attachment from *** to USITC auditor. *** reported that its primary raw material inputs are scrap, pig iron, and alloys. March 4, 2014 e-mail with attachment from *** to USITC auditor. *** listed scrap, DRI, additives, and fluxes as the primary raw material inputs. March 6, 2014 e-mail with attachments (incl. revised table II-6) from *** to USITC auditor. ***. March 28, 2014 e-mail with attachment from *** to USITC auditor. ***. March 7, 2014 e-mail with attachment from counsel on behalf of *** to USITC auditor.

[42] This pattern, in general, is consistent with changes in underlying wire rod production and sales volumes. Other factory costs represent a combination of fixed, variable, and mixed (semi-fixed/semi-variable) costs which differ by company based on factors such as manufacturing operations, product mix, and company-specific accounting choices regarding cost assignment. All things being equal, the directional trend of other factory costs (on an average basis and as a share of total COGS), would tend to be the opposite of the directional trend of corresponding production and sales volume due to the presence of fixed manufacturing costs and changes in fixed cost absorption. ***. March 5, 2014 e-mail with attachment from *** to USITC auditor.

In addition to fixed cost absorption, changes in the relative and absolute levels of other factory costs also reflect additional company-specific factors; e.g., in 2008 and 2009, ***. March 18, 2014 e-mail with attachment from *** to USITC auditor. ***. March 7, 2014 e-mail with attachment from counsel on behalf of *** to USITC auditor. ***.

footnote 42), other factory costs also include energy costs (e.g., electricity and natural gas) which, to a large extent, are variable in terms of cost behavior.[43] As described by *** and similar to the pattern reported by other U.S. producers, ***.[44]

Table III-11 shows that direct labor, the smallest component of COGS, ranged from a low of 5.7 percent of total COGS in 2011 to a high of 6.6 percent in 2009. Notwithstanding the more variable nature of direct labor, the higher share of direct labor in 2009 is generally consistent with lower production and sales volumes in that year.

As shown in table III-11, overall sales volume declined substantially between 2008 and 2009, recovered somewhat between 2009 and 2011, and then declined between 2011 and 2013. While metal margin (the difference between average sales value and average raw material cost) as a ratio to sales was lower in the second half of the period, the ratio increased between 2011 and 2013 (see table III-13).[45] In general and given the pattern of metal margin, the industry's declining gross profitability between 2011 and 2013 appears to be more related to factors such as the direct and indirect impact of reduced sales volume and increasing levels of other factory costs (on a relative basis) (see note 1 to table III-11).[46]

*** reported the *** company-specific gross profit ratios and were *** companies to report operating losses throughout most of the period (see table III-13). As described by ***.[47] ***.[48]

***, which generated the *** company-specific gross profit ratios for most of the period, confirmed that this pattern primarily reflects the ***.[49] ***.[50]

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[43] March 6, 2014 e-mail with attachments (incl. revised table II-6) from *** to USITC auditor. March 5, 2014 e-mail with attachments (incl. revised table II-6) from *** to USITC auditor. March 4, 2014 e-mail with attachment from *** to USITC auditor. March 5, 2014 e-mail with attachment from *** to USITC auditor. March 7, 2014 e-mail with attachment from counsel on behalf of *** to USITC auditor. February 28, 2014 e-mail with attachment from *** to USITC auditor.

[44] March 4, 2014 e-mail with attachment from *** to USITC auditor.

[45] As a general term (i.e., not specific to wire rod in particular), "metal margin" usually refers to the difference between current sales value and the corresponding relevant market price for the primary metal input, in this case ferrous scrap. For purposes of this report, "metal margin" refers to the difference between average sales value and average raw material costs, as recognized for financial reporting purposes. As shown in Table III-13, company-specific metal margins were not uniform. In addition to variations in underlying cost classification, direct comparability of metal margin is, in all likelihood, also limited by company-specific differences such as the timing of raw material purchases and corresponding inventory turnover (raw material, work in process, and finished goods).

[46] For example and as shown in table III-13, ***. March 4, 2014 e-mail with attachment from *** to USITC auditor.

[47] March 6, 2014 e-mail with attachments (incl. revised table II-6) from *** to USITC auditor. ***.

[48] March 4, 2014 e-mail with attachment from *** to USITC auditor.

[49] ***. February 28, 2014 e-mail with attachment from *** to USITC auditor.

[50] March 28, 2014 e-mail with attachment from *** to USITC auditor

SG&A expenses and operating income or (loss)

Table III-13 shows that larger-volume wire rod producers reported SG&A expense ratios (SG&A expenses divided by total revenue) which were generally in a similar range. While company-specific variations in the level of SG&A expenses generally appear to be consistent with changes in corresponding sales volume,[51] several of the large-volume producers (***) reported patterns of SG&A expenses which appear somewhat unusual. In response to questions regarding the pattern of their SG&A expenses, the following explanations were provided: ***;[52] ***;[53] ***.[54]

As shown in table III-11, the industry's SG&A expense ratio peaked in 2009 (4.1 percent) and then fluctuated somewhat lower but remained above the lowest level reported (2.3 percent in 2008). The absence of substantial changes in the industry's SG&A expense ratio indicates that SG&A expenses were generally a secondary factor in terms of explaining wire rod operating results; i.e., revenue and cost factors impacting financial results at the gross level appear to be more important.

Capital expenditures and research and development expenses

Table III-14 presents capital expenditures and research and development (R&D) expenses by firm.

Table III-14
Wire rod: Capital expenditures and research and development expenses of U.S. producers, 2008-13

* * * * * * *

***.[55] ***.[56] The following company-specific capital expenditures were also noteworthy: ***;[57] and ***.[58]

As shown in table III-14, R&D expenses were reported by less than half the U.S. producers and were ***.[59] ***.[60] ***.[61]

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[51] ***. March 6, 2014 e-mail with attachments (incl. revised table II-6) from *** to USITC auditor. March 7, 2014 e-mail from *** to USITC auditor.

[52] March 4, 2014 e-mail with attachment from *** to USITC auditor.

[53] March 18, 2014 e-mail with attachment from *** to USITC auditor.

[54] March 12, 2014 e-mail with attachment from counsel on behalf of *** to USITC auditor. ***. March 18, 2014 e-mail with attachment from counsel on behalf of *** to USITC auditor.

[55] March 7, 2014 e-mail with attachment from counsel on behalf of *** to USITC auditor.

[56] March 5, 2014 e-mail with attachments (incl. revised table II-6) from *** to USITC auditor.

[57] ***. February 28, 2014 e-mail with attachment from *** to USITC auditor.

[58] March 4, 2014 e-mail with attachment from *** to USITC auditor

[59] March 4, 2014 e-mail with attachment from *** to USITC auditor.

[60] March 6, 2014 e-mail with attachments (incl. revised table II-6) from *** to USITC auditor.

[61] March 7, 2014 e-mail with attachment from counsel on behalf of *** to USITC auditor.

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRIES

U.S. IMPORTS

Overview

In these second five-year reviews, the Commission issued U.S. importers' questionnaires to approximately 125 firms believed to be importers of wire rod,[1] as well as to all U.S. producers of wire rod.[2] Usable questionnaire responses were received from 37 firms: 5 firms representing almost all U.S. imports of wire rod from Mexico in 2013 (based on proprietary Customs information and questionnaire responses)[3] and 35 firms representing 95.0 percent of U.S. imports of wire rod from nonsubject countries (based on official U.S. import statistics for nonsubject countries) during 2008-13. There were no reported U.S. imports from Brazil,[4] Indonesia, Moldova, Trinidad & Tobago, or Ukraine during 2013.[5] U.S. imports of wire rod from Brazil, Moldova, and Ukraine largely ceased following the imposition of duties in 2002 and the U.S. imports of wire rod from Indonesia and Trinidad & Tobago ceased after 2005 and 2008, respectively.

In light of the data coverage by the Commission's questionnaires, import data in this report are based on official Commerce statistics for wire rod imported from Trinidad & Tobago and nonsubject sources and on questionnaire responses for wire rod imported from Mexico. All imports of wire rod from Brazil reported in official statistics are believed to be grade 1080 tire

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[1] The Commission issued questionnaires to those firms identified in the responses to the Commission's notice of institution, along with firms that, based on a review of data provided by U.S. Customs and Border Protection ("Customs"), may have accounted for more than one percent of total imports during 2008-13 under the following HTS subheadings: 7213.91.3011, 7213.91.3015, 7213.91.3020, 7213.91.3092 (deleted on July 1, 2008), 7213.91.3093 (added on July 1, 2008), 7213.91.4500, 7213.91.6000, 7213.99.0030, 7213.99.0090, 7227.20.0000, 7227.20.0030, 7227.20.0080, 7227.90.6010, 7227.90.6020, 7227.90.6080 (deleted on July 1, 2008), and 7227.90.6085 (added on July 1, 2008).

[2] None of the U.S. producers reported direct imports of wire rod.

[3] Proprietary Customs information indicates that the only other sizeable importer of merchandise from Mexico under the applicable HTS numbers for wire rod was ***. However, in response to the Commission's importer questionnaire, *** reported that it has not imported wire rod into the United States from any country since January 1, 2008.

[4] Import data reported for Brazil in official statistics have been reclassified in this report as nonsubject 1080 tire cord and tire bead.

[5] One U.S. importer of wire rod from Trinidad & Tobago provided a response to the Commission's questionnaire. (***) reported U.S. imports of *** short tons ($***) of wire rod from Trinidad & Tobago during 2008, accounting for *** percent of total U.S. imports of wire rod from Trinidad & Tobago in 2008 based on Census data. *** is believed to have accounted for virtually all U.S. imports of wire rod from Trinidad & Tobago during 2008. *** did not provide a response to the Commission's importer questionnaire.

cord and tire bead wire rod and have therefore been classified as nonsubject imports in this report. No other subject country reported U.S. imports of the excluded grade 1080 tire cord or tire bead based on questionnaire data. Also, U.S. imports of wire rod with a diameter of 4.75 mm to 5.00 mm shipped to the United States by Deacero in Mexico have been found by Commerce on remand to be outside the scope of the order and have been removed from official U.S. imports from Mexico (as well as the calculation of apparent consumption) presented in this report.[6] Certain data and other information concerning Deacero's production and U.S. imports and U.S. purchases of Deacero's smaller diameter wire rod are presented separately in appendix F.

One importer (***) reported entering or withdrawing wire rod from a foreign trade zone. The firm, which accounted for *** percent of responding U.S. importers' U.S. imports from nonsubject sources during 2008-13, provided data concerning its nonsubject U.S. imports of wire rod from ***. Another importer (***) reported entering or withdrawing wire rod from a bonded warehouse. The importer, which accounted for *** percent of responding U.S. importers' U.S. imports from nonsubject sources during 2008-13, provided data concerning its nonsubject U.S. imports of wire rod from ***. *** reported imports of wire rod under the temporary importation under bond ("TIB") program. ***.

Imports from subject and nonsubject countries

Table IV-1 presents information on subject U.S. imports of wire rod from Brazil, Indonesia, Mexico, Moldova, Trinidad & Tobago, Ukraine, and imports from all other sources during 2008-13. There were no reported U.S. imports of subject wire rod from Brazil, Indonesia, Moldova, and Ukraine during 2008-13 and U.S. imports of wire rod Trinidad & Tobago ceased after 2008. During 2008, U.S. imports of wire rod from Trinidad & Tobago amounted to 21,794 short tons ($14.3 million) and accounted for *** percent of total U.S. imports of wire rod. The quantity of imports of wire rod from Mexico, which accounted for *** percent of total U.S. imports of wire rod in 2008, fluctuated during 2008-13 but was higher in 2013 than in 2008. During 2013, U.S. imports of subject wire rod from Mexico amounted to 10,333 short tons ($6.1 million) and accounted for 0.6 percent of total wire rod imports. Imports of wire rod from nonsubject sources decreased by 49.4 percent from 2008 to 2009 but fluctuated thereafter, reaching a level in 2013 that was 0.8 percent higher than that reported in 2008.

Table IV-1 also presents data on the ratio of U.S. imports to U.S. production. Imports of wire rod from subject sources were less than *** percent of U.S. production during 2008-13, while imports of wire rod from nonsubject sources ranged from 29.9 to 46.2 percent of U.S. production. Total imports of wire rod were equivalent to 46.5 percent of U.S. production in 2013, or *** percentage points higher than reported in 2008.

[6] The data presented for U.S. imports from nonsubject sources, however, are overstated by imports of wire rod of less than 5mm in diameter imported from Canada. ***.

Table IV-1
Wire rod: U.S. imports, by source, 2008-13

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
	Quantity (*short tons*)					
U.S. imports from--						
Brazil[1]	0	0	0	0	0	0
Indonesia	0	0	0	0	0	0
Mexico[2]	***	***	***	***	***	10,333
Moldova	0	0	0	0	0	0
Trinidad & Tobago	21,794	0	0	0	0	0
Ukraine	0	0	0	0	0	0
Subtotal, subject	***	***	***	***	***	10,333
1080 tire cord/bead from subject sources[1]	139,459	71,759	129,184	116,513	102,517	96,639
All other sources[3]	1,536,768	777,083	1,284,771	1,059,512	1,391,895	1,593,718
Subtotal, nonsubject	1,676,227	848,842	1,413,955	1,176,024	1,494,413	1,690,357
Total U.S. imports	***	***	***	***	***	1,700,690
	Value (*$1,000*)					
U.S. imports from--						
Brazil[1]	0	0	0	0	0	0
Indonesia	0	0	0	0	0	0
Mexico[2]	***	***	***	***	***	6,128
Moldova	0	0	0	0	0	0
Trinidad & Tobago	14,298	0	0	0	0	0
Ukraine	0	0	0	0	0	0
Subtotal, subject	***	***	***	***	***	6,128
1080 tire cord/bead from subject sources[1]	126,654	50,808	91,621	103,073	84,521	64,506
All other sources[3]	1,360,431	550,614	988,457	992,791	1,159,903	1,156,290
Subtotal, nonsubject	1,487,085	601,423	1,080,078	1,095,863	1,244,424	1,220,797
Total U.S. imports	***	***	***	***	***	1,226,925
	Unit value (*dollars per short ton*)					
U.S. imports from--						
Brazil[1]	([4])	([4])	([4])	([4])	([4])	([4])
Indonesia	([4])	([4])	([4])	([4])	([4])	([4])
Mexico[2]	***	***	***	***	***	593
Moldova	([4])	([4])	([4])	([4])	([4])	([4])
Trinidad & Tobago	656	([4])	([4])	([4])	([4])	([4])
Ukraine	([4])	([4])	([4])	([4])	([4])	([4])
Subtotal, subject	***	***	***	***	***	593
1080 tire cord/bead from subject sources[1]	908	708	709	885	824	667
All other sources[3]	885	709	769	937	833	726
Subtotal, nonsubject	887	709	764	932	833	722
Total U.S. imports	***	***	***	***	***	721

Table continued on following page.

Table IV-1--*Continued*
Wire rod: U.S. imports, by source, 2008-13

Item	2008	2009	2010	2011	2012	2013
Share of quantity (*percent*)						
U.S. imports from--						
Brazil[1]	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	0.0	0.0	0.0	0.0	0.0	0.0
Mexico[2]	***	***	***	***	***	0.6
Moldova	0.0	0.0	0.0	0.0	0.0	0.0
Trinidad & Tobago	***	***	***	***	***	0.0
Ukraine	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal, subject	***	***	***	***	***	0.6
1080 tire cord/bead from subject sources[1]	***	***	***	***	***	5.7
All other sources[3]	***	***	***	***	***	93.7
Subtotal, nonsubject	***	***	***	***	***	99.4
Total U.S. imports	100.0	100.0	100.0	100.0	100.0	100.0
Share of value (*percent*)						
U.S. imports from--						
Brazil[1]	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	0.0	0.0	0.0	0.0	0.0	0.0
Mexico[2]	***	***	***	***	***	0.5
Moldova	0.0	0.0	0.0	0.0	0.0	0.0
Trinidad & Tobago	***	0.0	0.0	0.0	0.0	0.0
Ukraine	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal, subject	***	***	***	***	***	0.5
1080 tire cord/bead from subject sources[1]	***	***	***	***	***	5.3
All other sources[3]	***	***	***	***	***	94.2
Subtotal, nonsubject	***	***	***	***	***	99.5
Total U.S. imports	100.0	100.0	100.0	100.0	100.0	100.0
Ratio to U.S. production (*percent*)						
U.S. imports from--						
Brazil[1]	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	0.0	0.0	0.0	0.0	0.0	0.0
Mexico[2]	***	***	***	***	***	0.3
Moldova	0.0	0.0	0.0	0.0	0.0	0.0
Trinidad & Tobago	0.5	0.0	0.0	0.0	0.0	0.0
Ukraine	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal, subject	***	***	***	***	***	0.3
1080 tire cord/bead from subject sources[1]	3.4	2.5	3.8	3.0	2.6	2.6
All other sources[3]	37.9	27.4	38.0	27.1	35.9	43.6
Subtotal, nonsubject	41.3	29.9	41.8	30.1	38.5	46.2
Total U.S. imports	***	***	***	***	***	46.5

[1] Official import statistics for Brazil have been reclassified as 1080 tire cord/tire bead imports from subject sources. The 1080 tire cord/bead imports are excluded from the scope, but remain as part of the domestic like product.
[2] U.S. imports from Mexico rely on questionnaire data so as to exclude U.S. imports of smaller diameter wire rod produced by Mexican producer Deacero. Data presented do not include imports ***.
[3] U.S. imports from nonsubject sources are overstated by imports of wire rod of less than 5mm in diameter imported from Canada. ***.
[4] Undefined.

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

Table IV-2 presents data for U.S. imports of wire rod from the top ten nonsubject sources. Imports of wire rod from all nonsubject sources combined fell from 2008 to 2009 but fluctuated upward from 2009 to 2013. The leading nonsubject source of wire rod imports during 2013 was China; such imports currently are subject to ongoing antidumping and countervailing duty investigations.[7] U.S. imports from China, which accounted for 36.4 percent of total imports in 2013, fluctuated during 2008-13. U.S. imports from China were 49.1 percent higher in 2013 than in 2008. Other leading sources of wire rod imports from nonsubject countries include Canada and Japan, which accounted for 28.3 and 15.1 percent of total imports in 2013, respectively.

[7] *Carbon and Certain Alloy Steel Wire Rod from China, Inv. Nos. 701-TA-512 and 731-TA-1248 (Preliminary)*, USITC Publication 4458 (March 2014). The Commission made affirmative preliminary determinations on March 20, 2014 (79 FR 16373, March 25, 2014).

Table IV-2
Wire rod: Imports from nonsubject countries and nonsubject wire rod, by source, 2008-13

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
	Quantity (*short tons*)					
U.S. imports from--						
China	415,125	8,416	16,931	357	242,047	618,818
Canada[1]	535,752	342,094	542,513	501,045	491,132	480,813
Japan	232,038	125,007	216,463	236,084	262,275	257,503
Brazil[2]	139,459	71,759	129,184	116,513	102,517	96,639
Germany	124,567	44,529	60,308	91,892	72,565	73,016
United Kingdom	13,314	26,960	56,422	46,323	70,107	56,395
Korea	18,020	13,461	16,687	9,868	25,575	37,567
Turkey	148,332	97,057	189,372	109,574	165,819	33,182
Spain	6,129	18,594	36,623	19,574	28,743	32,725
South Africa	0	0	28,188	11,454	11,316	1,629
All other sources	43,491	100,965	121,263	33,342	22,316	2,070
Nonsubject imports	1,676,227	848,842	1,413,955	1,176,024	1,494,413	1,690,357
	Share of total imports (*percent*)[3]					
U.S. imports from--						
China	***	***	***	([4])	***	36.4
Canada	***	***	***	***	***	28.3
Japan	***	***	***	***	***	15.1
Brazil[2]	***	***	***	***	***	5.7
Germany	***	***	***	***	***	4.3
United Kingdom	***	***	***	***	***	3.3
Korea	***	***	***	***	***	2.2
Turkey	***	***	***	***	***	2.0
Spain	***	***	***	***	***	1.9
South Africa	***	***	***	***	***	0.1
All other sources	***	***	***	***	***	0.1
Nonsubject imports	***	***	***	***	***	99.4

[1] U.S. imports from nonsubject sources are overstated by imports of wire rod of less than 5mm in diameter imported from Canada. ***.
[2] Consistent with the treatment in table IV-1, all U.S. imports from Brazil have been classified as nonsubject 1080 tire cord/tire bead quality merchandise.
[3] Total U.S. imports are presented in table IV-1.
[4] ***.

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

U.S. SHIPMENTS OF IMPORTS, BY APPLICATION

Table IV-3 presents responding U.S. importers' U.S. shipments of imports, by type and source, in 2013. *** firms reported subject U.S. imports of wire rod from Mexico during 2013, *** of which were high/medium-high or low/medium-low carbon industrial/standard quality wire rod. Thirty-one U.S. importers of wire rod from nonsubject sources reported data concerning their U.S. shipments, by type, during 2013. Slightly more than one-half of these U.S. shipments were high/medium-high or low/medium-low carbon industrial/standard quality wire rod and about one-quarter were CHQ wire rod. U.S. importers also reported smaller amounts of welding, tire cord/tire bead, and other specialty carbon and alloy quality wire rod from nonsubject sources during 2013.

Table IV-3
Wire rod: U.S. importers' U.S. shipments, by type, 2013

Item	Quantity (*short tons*)	Share (*percent*)	Number of reporting firms
Mexico			
Low/medium-low carbon industrial/standard quality	***	***	***
High/medium-high carbon industrial/standard quality	***	***	***
Tire cord or tire bead quality	***	***	***
Welding quality	***	***	***
Cold heading quality ("CHQ")	***	***	***
Other specialty carbon and alloy quality	***	***	***
All other wire rod	***	***	***
Total, U.S. shipments	***	***	***
Nonsubject			
Low/medium-low carbon industrial/standard quality	457,004	34.2	15
High/medium-high carbon industrial/standard quality	250,825	18.8	11
Tire cord or tire bead quality	69,811	5.2	8
Welding quality	***	***	***
Cold heading quality ("CHQ")	340,682	25.5	8
Other specialty carbon and alloy quality	***	***	***
All other wire rod	***	***	***
Total, U.S. shipments	1,334,336	100.0	31

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

U.S. IMPORTERS' IMPORTS SUBSEQUENT TO DECEMBER 31, 2013

The Commission requested importers to indicate whether they had imported or arranged for the importation of wire rod for delivery after December 31, 2013. Twenty-six importers reported that they imported or arranged for imports of wire rod in 2014 and eight indicated they had no such arrangements. Table IV-4 presents data reported by U.S. importers concerning their arranged imports of wire rod.

Table IV-4
Wire rod: U.S. importers' arranged imports, 2014

Item	2014			
	Jan-Mar	Apr-June	July-Sept	Oct-Dec
	Quantity (*short tons*)			
U.S. importers' imports arranged from--				
Brazil	0	0	0	0
Indonesia	0	0	0	0
Mexico	***	***	0	0
Moldova	0	0	0	0
Trinidad & Tobago	0	0	0	0
Ukraine	0	0	0	0
All other sources[1]	278,358	238,743	25,307	25,376
Total, all sources	***	***	25,307	25,376

[1] Other sources reported are: ***.

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

U.S. IMPORTERS' INVENTORIES

Table IV-5 presents data for inventories of U.S. imports of wire rod in the United States. As the data illustrate, inventories of subject imports were present in the United States in minor quantities only during 2008 and 2011. *** accounted for all of the inventories of subject imports from Trinidad & Tobago held in the United States during *** and *** accounted for all of the inventories of subject imports from Mexico held in the United States during ***. These inventories accounted for less than *** percent of U.S. shipments of such imports during 2008-13 as reported by responding U.S. importers. The inventory levels of nonsubject imports were higher than subject imports, and were equivalent to between 4.6 and 8.8 percent of U.S. shipments of such imports during 2008-13. Nineteen importers of wire rod from nonsubject sources reported holding inventories. During 2013, the leading nonsubject importers holding inventories of wire rod in the United States were ***.

Table IV-5
Wire rod: U.S. importers' end-of-period inventories of imports, by source, 2008-13

Item	Calendar year					
	2008	2009	2010	2011	2012	2013
Imports from Mexico:						
Inventories (*short tons*)	***	***	***	***	***	***
Ratio to U.S. imports (*percent*)	***	***	***	***	***	***
Ratio to U.S. shipments of imports (*percent*)	***	***	***	***	***	***
Imports from Trinidad & Tobago:						
Inventories (*short tons*)	***	***	***	***	***	***
Ratio to U.S. imports (*percent*)	***	***	***	***	***	***
Ratio to U.S. shipments of imports (*percent*)	***	***	***	***	***	***
Imports from nonsubject sources:						
Inventories (*short tons*)	106,455	61,033	72,308	61,769	90,584	105,991
Ratio to U.S. imports (*percent*)	8.3	9.4	6.7	6.9	4.5	7.8
Ratio to U.S. shipments of imports (*percent*)	8.5	8.8	6.8	6.8	4.6	7.9

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

CUMULATION CONSIDERATIONS

In assessing whether imports should be cumulated, the Commission determines whether U.S. imports from the subject countries compete with each other and with the domestic like product and has generally considered four factors: (1) fungibility, (2) presence of sales or offers to sell in the same geographical markets, (3) common or similar channels of distribution, and (4) simultaneous presence in the market. Additional information concerning fungibility, geographical markets, and simultaneous presence in the market is presented below.

Fungibility

Different countries sell different ranges of wire rod grades in the United States. U.S. producers' and U.S. importers' U.S. shipments, by type, for 2013 were presented earlier in this

report at tables III-7 and IV-3. The first two categories, low and medium-low carbon industrial and standard quality wire rod, and high and medium-high carbon industrial and standard quality wire rod (other than tire cord and tire bead) are typically classified as "standard," "commodity," or "industrial" grades. The next four categories, tire cord and tire bead wire rod, welding quality wire rod, CHQ wire rod, and other specialty carbon and alloy quality wire rod, are considered "specialty quality" or "specialty" grades. The remaining "all other" category includes any other types of wire rod.

During 2013, 77.0 percent of U.S. producers' total U.S. shipments were of the standard grades. The remaining 23.0 percent of total U.S. shipments were comprised of specialty grades, which were dominated by CHQ wire rod, with lesser amounts of tire cord/tire bead, welding, and other specialty carbon and alloy quality wire rod. *** firms reported subject U.S. imports of wire rod from Mexico during 2013, *** of which were high/medium-high or low/medium-low carbon industrial/standard quality wire rod.

Presence in the market

As previously indicated, there were no U.S. imports of subject wire rod from Brazil, Indonesia, Moldova, or Ukraine during 2008-13. According to official import statistics for calendar year 2008, subject wire rod was imported into the United States from Trinidad & Tobago during four months of the year and subject wire rod was imported into the United States from Mexico during nine months of that year. Subject U.S. imports from Mexico entered the U.S. market during at least nine months during 2009-13 (i.e., nine months of 2009, eleven months of 2010, ten months of 2011, and 12 months of 2012 and 2013).[8]

Geographical markets[9]

As noted previously, wire rod produced in the United States is shipped nationwide. During 2008, imports from Trinidad & Tobago entered the United States through New Orleans, Louisiana; Philadelphia, Pennsylvania; and San Juan, Puerto Rico. During 2008-13, imports from Mexico entered the United States through Laredo and El Paso, Texas; Los Angeles, California; Nogales, Arizona; Seattle, Washington; New Orleans, Louisiana; and Mobile, Alabama. The vast majority of imports from Mexico entered through Laredo, Texas.

[8] The analysis of the monthly presence of Mexican wire rod in the U.S. market excludes *** nonsubject smaller diameter wire rod. ***.

[9] Additional information on geographic markets may be found in Part II of this report.

SUBJECT COUNTRY PRODUCERS

Table IV-6 presents 2013 capacity, production, and export data, for the subject countries, based on data from questionnaires, GTIS/GTA export data, and ***.

Table IV-6
Wire rod: Comparison of capacity, production, net capacity changes, exports, and net exports, in subject countries, 2013

Item	Capacity		Production		Net capacity change (2008-13)	
	Published	Reported	Published	Reported	Published	Reported
	Quantity (*1,000 short tons*)					
Brazil	***	***	***	***	***	***
Indonesia	***	***	***	***	***	***
Mexico	***	2,758	***	2,345	***	341
Moldova	***	***[1]	***[1]	***[1]	***	***[1]
Trinidad & Tobago	***	***	***[2]	***	***	***
Ukraine	***	***	***	***	***	***
Total	***	***	***	***	***	***

Item	Exports		Net exports
	Published	Reported	Published
	Quantity (*1,000 short tons*)		
Brazil	293	***	(56)
Indonesia	56[3]	***	(456)[3]
Mexico	361	380	319
Moldova	102[4]	([1])	90[4]
Trinidad & Tobago	121[4]	***	119[4]
Ukraine	1,454	***	1,420

[1] The "reported" capacity data presented for Moldova in this table are data published by *** because Moldova Steel Works, the sole producer of wire rod in Moldova, did not provide a response to the Commission's questionnaire in these reviews. The "published" and "reported" production data presented are an estimate provided by the domestic interested parties in their response to the notice of institution. Global Trade Information Systems Inc., *Global Trade Atlas* (GTIS/GTA), does not publish external trade data for Moldova.
[2] The "published" production data presented for Trinidad & Tobago are those reported by the Trinidadian producer in response to the Commission's questionnaire because country-specific production data for Trinidad & Tobago are not prepared and published by ***. GTIS/GTA does not publish external trade data for Trinidad & Tobago.
[3] Export and net export data presented for Indonesia (published) are for 2012, the most recent available year.
[4] Data for Moldova's and Trinidad & Tobago's imports and exports were constructed from the reported exports and imports, respectively, of their trading partners whose data were reported to GTIS/GTA.

Note.—GTIS/GTA export and net export data presented may include grade 1080 tire cord and tire bead wire rod.

Note.—The data presented above are compiled from common sources to maintain data consistency. However, these data do not include capacity estimates for the operations of Master Steel of Indonesia or for Simec and Talleres y Aceros of Mexico. Moreover, published data do include capacity for certain operations for which the production of wire rod is uncertain or disputed (see below).

Source: "Published" data from *** and GTIS/GTA (HS 7213.91 (Bars And Rods, Hot-Rolled, In Irregularly Wound Coils, Of Iron Or Nonalloy Steel, Of Circular Cross-Section Measuring Less Than 14 Mm In Diameter), 7213.99 (721399, Bars And Rods, Hot-Rolled, In Irregularly Wound Coils, Of Iron Or Nonalloy Steel, nesoi), 7227.20 (Bars And Rods Of Silico-Manganese Steel, Hot-Rolled, In Irregularly Wound Coils), and 7227.90 (Bars And Rods Of Alloy Steel (Other Than Stainless), Hot-Rolled, In Irregularly Wound Coils); "Reported" data from Commission questionnaire responses.

The Commission asked U.S. importers and producers of wire rod in the subject countries to identify tariff or nontariff barriers to trade (for example, antidumping or countervailing duty findings or remedies, tariffs, quotas, or regulatory barriers) concerning their exports of wire rod to countries other than the United States. The Commission also asked the subject foreign producers to identify ongoing investigations in countries other than the United States that could result in tariff or non-tariff barriers to trade for their exports of wire rod. Responding firms provided the following information concerning barriers to trade:

- Colombia is currently conducting a global safeguard investigation on wire rod, as well as rebar and wire round. Although a final determination has not been issued, Colombia imposed a provisional safeguard tariff of 21.29 percent on imports of wire rod in 2013.
- Malaysia imposed an antidumping duty order against imports of wire rod from Indonesia in 2013. According to Malaysia's Ministry of International Trade and Industry, the antidumping duty rates were nil for P.T. Ispat Indo and 25.20 percent for all other producers and exporters.
- Mexico imposed an antidumping duty order against wire rod imports from Ukraine.
- There are ongoing antidumping investigations in Russia, Belarus, and Kazakhstan concerning wire rod produced in Ukraine.
- Australia initiated an investigation into alleged dumping of rod in coils from Indonesia, Taiwan, and Turkey, according to anti-dumping notice 2014/27, published on April 10, 2014.

THE INDUSTRY IN BRAZIL

Overview

During the original investigations, the Commission identified five producers of wire rod in Brazil. Three firms, accounting for *** percent of Brazilian production of wire rod, provided data in response to the Commission's questionnaire in the original investigations: Barra Mansa, Belgo-Mineira ("Belgo"), and Gerdau. Barra Mansa estimated that it accounted for *** percent of Brazilian production in 2001, Belgo estimated that it accounted for *** percent, and Gerdau estimated that it accounted for *** percent. The three responding Brazilian firms collectively accounted for all exports of the subject merchandise from Brazil to the United States.[10]

Responses to the Commission's foreign producer questionnaire in the Commission's first five-year reviews were received from ArcelorMittal Brasil (successor to Belgo) and Gerdau (Açominas and Aços Longos), while Barra Mansa, part of Votorantim Metais' Steel Business Unit, did not respond. ArcelorMittal Brasil estimated that it accounted for *** percent of Brazilian production in 2007, and Gerdau estimated that it accounted for *** percent of production of wire rod in Brazil during that year, totaling *** percent coverage of the wire rod industry in Brazil.[11]

The following five firms were identified by parties as currently operating producers of wire rod in Brazil in these current second five-year reviews: ArcelorMittal Brasil, Votorantim Metals/Barra Mansa, Companhia Siderúrgica Nacional ("CSN"), Gerdau Aços Brasil, and Villares Metals.[12] Gerdau Aços Brasil and ArcelorMittal Brasil together are estimated to account for *** percent of total wire rod capacity in Brazil. Gerdau Aços Brasil is believed to be the largest wire rod producer in Brasil, accounting for *** percent of total wire rod rolling capacity during 2013 according to data published by ***. ArcelorMittal Brasil, the second largest wire rod producer in Brazil, was the only wire rod producer in Brazil that responded to the Commission's foreign

[10] The following 2001 data were provided by the three responding Brazilian firms in the original investigations: capacity (*** short tons); production (*** short tons); capacity utilization (*** percent); exports/shipments (*** percent); and inventories/shipments (*** percent). *Staff Report*, May 15, 2008 (INV-FF-058), table IV-14.

[11] The following 2007 data were provided by the two responding Brazilian firms in the first five-year reviews: capacity (*** short tons); production (*** short tons); capacity utilization (*** percent); exports/shipments (*** percent); and inventories/shipments (*** percent). *Staff Report*, May 15, 2008 (INV-FF-058), table IV-14.

[12] *** reports that CSN does not currently have the capacity to produce wire rod in Brazil but is expected to have *** short tons of capacity in 2014. The following additional firm in Brazil was identified by *** as having wire rod rolling capacity during 2013: *** (approximately *** short tons of capacity). *** estimated that this firm accounted for approximately *** percent of total wire rod rolling capacity in Brazil during 2013.

producer questionnaire in these second five-year reviews.[13] There were no reported exports of the subject merchandise to the United States during 2008-13.[14] According to ***, production in Brazil during 2013 was *** short tons. Reported production by ArcelorMittal Brasil was *** short tons, yielding a theoretical coverage of *** percent of Brazilian production during 2013 by the responding firm. *** firm-by-firm capacity data indicate that ArcelorMittal Brasil accounted for *** percent of total wire rod rolling capacity in Brazil during 2013. Total wire rod rolling capacity and production data reported by *** include grade 1080 tire cord and tire bead wire rod, which are believed to have accounted for all exports of wire rod to the United States during 2008-13.[15]

Table IV-7 presents data published by *** on overall Brazilian capacity, production, and consumption of wire rod. Also presented in the tabulation are calculated net exports/imports (i.e., production minus consumption).[16]

Table IV-7
Wire rod: Overall Brazilian capacity, production, consumption, and calculated net exports/imports

* * * * * * *

The *** data show that although capacity increased from 2008 to 2009, it remained constant thereafter. According to ***, there was an increase in the wire rod rolling capacity in Brazil in the amount of *** short tons during 2008-13 and projections indicate that the capacity to produce wire rod in Brazil are expected to climb in 2014 and 2015. Three new mills were forecasted to come online in Brazil during 2014-15. The three mills are GV do Brasil in Pindamonhangaba (2014), CSN in Volta Redonda (2014), and Siderurgica Latino-Americana S/A (Silat) in Caucaia (2015), with an estimated combined capacity of approximately *** short tons in 2014 and *** short tons in 2015. In addition, the Brazilian group Vetorial is the corporate entity to which the Paraguayan government reportedly plans to lease the Aceros del Paraguay

[13] Numerous attempts were made by Commission staff to contact Gerdau Aços Brasil directly and through its U.S. affiliate, domestic producer Gerdau Ameristeel, in order to secure a questionnaire response. However, the firm did not provide a response to the Commission's foreign producer questionnaire.

[14] As previously noted in this report, U.S. imports of subject wire rod from Brazil largely ceased following the imposition of duties in 2002. Table IV-1 indicates that there are believed to have been no U.S. imports of subject wire rod during 2008-13.

[15] According to Customs data, more than *** percent of imports reported from Brazil was imported from ***. No antidumping duties were levied against those entries and ***. Therefore, official import statistics are believed to be 1080 tire cord/bead or other nonsubject wire rod and have been reclassified as such for purposes of this report.

[16] This calculation may differ from GTA data on exports and imports, primarily due to rounding.

(Acepar) S.A. mill,[17] with production of wire rod and concrete reinforcing bar intended for both the Brazilian and Paraguayan markets.[18]

According to ***, production and consumption of wire rod in Brazil fluctuated upward from 2009 to 2013 and are expected to increase further in 2014 and 2015. Capacity reported by *** for 2013 for all Brazilian producers was *** short tons, and production was *** short tons, or *** percent of published capacity. Brazilian production of wire rod exceeded consumption in 2009-11, while consumption exceeded production in 2012-13. *** projections for production and consumption in Brazil indicate that it will once again become a net exporter of wire rod during 2014-15.

Operations on wire rod

Data provided by ArcelorMittal Brasil concerning its wire rod operations in Brazil during calendar years 2008-13 are presented in table IV-8.

Table IV-8
Wire rod: Brazilian producer ArcelorMittal Brasil's capacity, production, shipments, and inventories, 2008-13

* * * * * * *

ArcelorMittal Brasil's capacity and production

As previously noted, *** data indicate that ArcelorMittal Brasil accounted for *** percent of total wire rod rolling capacity in Brazil during 2013. ArcelorMittal Brasil's capacity to produce wire rod in Brazil, which was based on operating *** hours per week and *** weeks per year, remained constant at *** short tons during 2008-13. The firm's production fluctuated during 2008-13, but was *** percent lower at *** short tons in 2013 than reported in 2008. Capacity utilization was *** percent during 2013 and ranged between *** and *** percent during 2008-13.

[17] Acepar's integrated mill, located in Villa Hayes, Paraguay, produces wire rod with diameters ranging from 5.5 mm to 12.0 mm. See: "Acepar, "Productos, Alambrones para trefileria" ("Products, Wire rods for wire drawing"), *http://www.acepar.com.py/productos.html* (in Spanish).

[18] The Paraguayan government took over the Acepar mill, which was previously privatized in 1997, as the operators were unable to meet the privatization obligations to increase output of wire rod and concrete reinforcing bar. Acepar's capacity utilization rate declined in each successive year since 2006, to only *** percent of its *** metric tons (*** short tons) of annual production capacity by 2013. ***.

In addition to the production of wire rod, ArcelorMittal Brasil reported the production of *** using shared equipment and machinery in its facilities in Brazil. Table IV-9 presents ArcelorMittal Brasil's overall capacity and production of wire rod and other products produced on the same production equipment used to produce wire rod.

Table IV-9
Wire rod: Brazilian producer ArcelorMittal Brasil's overall capacity, production, and capacity utilization, 2008-13

* * * * * * *

ArcelorMittal Brasil estimated that wire rod accounted for *** percent of its 2013 total sales. The overall production data presented indicate that wire rod accounted for between *** and *** percent of the firm's overall production on the same machinery and equipment as wire rod during 2008-13. *** was reported by the firm to be the constraint that set the limit on its production capacity and *** was the constraint that set the limit on its ability to shift production capacity between products. ArcelorMittal Brasil reported ***. It explained ***. It estimated ***. The Brazilian producer reported that ***.

Shipments of wire rod produced in Brazil

ArcelorMittal Brasil's total shipments of wire rod fell overall by *** percent from 2008 to 2013. The firm's internal consumption and home market together accounted for the majority of the firm's total shipments of wire rod, and an increasing share during 2008-13. During 2013, internal consumption and home market shipments accounted for *** percent of the firm's total shipments of wire rod.

ArcelorMittal Brasil's export shipments of wire rod decreased absolutely overall from *** short tons in 2008 to *** short tons in 2013. The firm reported that there were no exports of subject wire rod to the United States during 2008-13. ArcelorMittal Brasil reported that its principal *** markets include ***, its principal *** markets include ***, and that its *** export markets include ***.

Detailed information on the export destinations for Brazilian wire rod as published by the Global Trade Information Systems Inc., *Global Trade Atlas* (GTIS/GTA), is presented in table IV-10. These data include grade 1080 tire cord and tire bead, which is not subject to these reviews, and are therefore overstated.

Table IV-10
Wire rod: Brazil's exports, by destination, 2008-13

Destination	Calendar year					
	2008	2009	2010	2011	2012	2013
	Quantity (*short tons*)					
United States	144,438	79,433	125,993	114,440	102,006	105,979
Argentina	19,978	29,766	25,225	23,505	10,865	24,729
Korea	28,703	8,756	35,700	45,308	18,345	22,421
Chile	20,890	12,510	17,809	2,603	3,831	20,835
Malaysia	-	2,163	13,098	9,793	13,265	14,247
Canada	18,755	12,426	18,346	34,278	28,372	12,732
Colombia	83,618	75,003	50,125	45,989	29,350	10,542
Peru	70,159	56,841	26,666	14,017	6,087	9,845
Portugal	10,623	15,344	8,009	4,453	2,348	8,975
Nigeria	-	36,596	-	440	5,510	7,647
All other	253,626	375,587	185,398	186,218	53,480	54,554
World	650,790	704,426	506,372	481,044	273,459	292,505
	Value (*$1,000*)					
United States	120,679	48,512	82,639	94,688	76,714	65,759
Argentina	14,871	13,082	14,771	15,392	7,456	15,389
Korea	19,286	4,038	25,250	40,144	14,880	15,017
Chile	13,774	5,157	9,991	1,642	2,259	11,338
Malaysia	-	1,127	7,800	7,989	10,797	10,586
Canada	12,653	6,421	9,575	23,678	20,422	8,059
Colombia	60,343	32,783	27,232	27,578	17,522	5,769
Peru	53,147	25,049	14,363	9,130	3,695	5,446
Portugal	8,553	7,415	4,993	3,107	1,470	4,055
Nigeria	-	14,781	-	236	2,949	4,057
All other	198,767	163,159	107,180	124,643	35,730	33,078
World	502,073	321,524	303,792	348,227	193,894	178,553

Table continued on the following page.

Table IV-10--*Continued*
Wire rod: Brazil's exports, by destination, 2008-13

Destination	Calendar year					
	2008	2009	2010	2011	2012	2013
Unit value (*per short ton*)						
United States	836	611	656	827	752	620
Argentina	744	439	586	655	686	622
Korea	672	461	707	886	811	670
Chile	659	412	561	631	590	544
Malaysia	-	521	595	816	814	743
Canada	675	517	522	691	720	633
Colombia	722	437	543	600	597	547
Peru	758	441	539	651	607	553
Portugal	805	483	623	698	626	452
Nigeria	-	404	-	535	535	531
All other	784	434	578	669	668	606
World	771	456	600	724	709	610
Share of quantity (percent)						
United States	22.2	11.3	24.9	23.8	37.3	36.2
Argentina	3.1	4.2	5.0	4.9	4.0	8.5
Korea	4.4	1.2	7.1	9.4	6.7	7.7
Chile	3.2	1.8	3.5	0.5	1.4	7.1
Malaysia	-	0.3	2.6	2.0	4.9	4.9
Canada	2.9	1.8	3.6	7.1	10.4	4.4
Colombia	12.8	10.6	9.9	9.6	10.7	3.6
Peru	10.8	8.1	5.3	2.9	2.2	3.4
Portugal	1.6	2.2	1.6	0.9	0.9	3.1
Nigeria	-	5.2	-	0.1	2.0	2.6
All other	39.0	53.3	36.6	38.7	19.6	18.7
World	100.0	100.0	100.0	100.0	100.0	100.0

Note.-Data include grade 1080 tire cord and tire bead.

Source: Compiled from GTIS/GTA, as reported by the Foreign Trade Secretariate SECEX in Brazil to GTIS (HS codes 7213.91, 7213.99, 7227.20, and 7227.90).

ArcelorMittal Brasil's shipments, by type

Table IV-11 presents data on ArcelorMittal Brasil's total shipments, by type, during 2013. As the data indicate, high/medium-high carbon industrial/standard quality wire rod and low/medium-low carbon industrial/standard quality wire rod together accounted for approximately *** of ArcelorMittal Brasil's total shipments during 2013.

Table IV-11
Wire rod: ArcelorMittal Brasil's total shipments, by type, 2013

* * * * * * *

THE INDUSTRY IN INDONESIA

Overview

Seven producers of wire rod in Indonesia were identified in the Commission's original investigations. Data presented in the Commission's final report were obtained from one producer, PT Ispat Indo, which reported that it accounted for *** percent of Indonesian wire rod production and *** percent of exports to the United States in 2001.[19] In the first five-year reviews, the Commission received no questionnaire responses from Indonesian producers.[20]

According to ***, there are six firms in Indonesia that maintain wire rod rolling capacity: Gunung Garuda in Bekasi (estimated *** short tons of capacity), PT Ispat Indo in Surubaya (estimated *** short tons of capacity),[21] PT Krakatau Steel in Cilegon and Growth Sumatra in Medan (each estimated at *** short tons of capacity), Hanil Jaya Metalworks in Surabaya (estimated *** short tons of capacity), and Budidharma Jakarta in Jakarta (estimated *** short tons of capacity).[22] A second published source, SBB's *The World Steel Capacity Book 2010*, identified PT Ispat Indo, Krakatau, and a producer not identified by ***, Master Steel – as

[19] The following 2001 data were provided by PT Ispat Indo in the original investigations: capacity (*** short tons); production (*** short tons); capacity utilization (*** percent); exports/shipments (*** percent); and inventories/shipments (*** percent). *Staff Report*, May 15, 2008 (INV-FF-058), table IV-22.

[20] The following published *** 2007 data for Indonesia were presented in the Commission's first five-year review staff report, as no questionnaire responses were provided by Indonesian producers: capacity (*** short tons); production (*** short tons); capacity utilization (*** percent); and exports/shipments (*** percent). *Staff Report*, May 15, 2008 (INV-FF-058), table IV-14.

[21] PT Ispat Indo's reported capacity of *** short tons is larger than reported by ***.

[22] According to company websites for Growth Sumatra and Hanil Jaya, these firms may produce bar rather than wire rod. *Growth Steel company website*, http://gs.growthsteelgroup.com/fm_encrypt.php, accessed on May 3, 2014; *Hanil Jaya company website*, http://www.haniljayasteel.com/main/page4.html , accessed on May 3, 2014. No company website was found for Budidharma Jakarta.

producers in Indonesia with annual capacities of approximately *** tons, plus a smaller fourth producer, Gunung Steel.[23]

PT Ispat lndo, which was identified by domestic interested parties to be the largest wire rod producer in Indonesia today,[24] responded to the Commission's foreign producer questionnaire in these second five-year reviews. There were no reported exports of the subject merchandise to the United States during 2008-13.[25] According to ***, production in Indonesia during 2013 was *** short tons. Reported production by PT Ispat Indo was *** short tons, yielding a theoretical coverage of *** percent of Indonesian production during 2013 by the responding firm. *** firm-by-firm capacity data indicate that PT Ispat Indo accounted for *** percent of total wire rod rolling capacity in Indonesia during 2013, although this figure is based on capacity calculated for the six firms identified earlier, and does not include Master Steel.

Table IV-12 presents data published by *** on Indonesian capacity, production, and consumption of wire rod. Also presented in the tabulation are calculated net exports/imports (i.e., production minus consumption).[26]

Table IV-12
Wire rod: Overall Indonesian capacity, production, consumption, and calculated net exports/imports

* * * * * * *

These data indicate that capacity in Indonesia has remained unchanged at *** short tons since at least 2008 and projections indicate no changes in capacity during 2014 and 2015. Production of wire rod in Indonesia increased from 2009 to 2011 but was lower in 2013. Projections indicate that production of wire rod is expected to once again increase during 2014

[23] Krakatua Steel's wire rod mill began operating in 1979 with a production capacity of 200,000 (metric) tons per year. Following modifications and expansions during 1992-99, the mill is capable of producing 450,000 (metric) tons of wire rod per year. According to its 2013 annual report, the company produced 220,269 (metric) tons of wire rod in 2013 and sold 223,899 (metric) tons domestically, with no export sales. The company accounts for an estimated 22 percent of the Indonesian wire rod market. Krakatau Steel, "About Us / Production Facilities," found at http://www.krakatausteel.com; Krakatau Steel, "Challenges for Stronger Growth," 2013 annual report, pp. 50, 52, and 66. Master Steel (PT The Master Steel Mfc) was established in 1972 and sells "high quality wire rod in different sizes, grades and standards" that are "produced to international specifications." Master Steel, "Products / Wire," found at http://www.themastersteel.com. The company is believed by one published source to have 500,000 metric tons of wire rod capacity at its Jakarta facility, with an unconfirmed additional wire rod mill in Gresik, East Java. The company reports an on-going modernization and expansion project including a 500,000 (metric) ton wire-rod and bar combi-mill, expected to increase capacity in 2014. Master Steel, "Brief Profile" found at http://www.themastersteel.com; SBB, The World Steel Capacity Book 2012, p. 2; and "Indonesia's Master Steel adding new long plants," Steel Business Briefing, 21 September 2007.

[24] *Response of the Domestic Interested Parties*, July 2, 2013, p. 21.

[25] As previously noted in this report, U.S. imports of wire rod from Indonesia ceased after 2005.

[26] This calculation may differ from GTA data on exports and imports, primarily due to rounding.

and 2015. Capacity reported by *** for 2013 for all Indonesian producers was *** short tons, and production was *** short tons, yielding a capacity utilization of *** percent. Since 2010, Indonesia consumed more wire rod than it produced and projections indicate that Indonesia will remain a net importer of wire rod during 2014-15.

Operations on wire rod

Data provided by PT Ispat Indo concerning its wire rod operations in Indonesia during calendar years 2008-13 are presented in table IV-13.

Table IV-13
Wire rod: Indonesian producer PT Ispat Indo's capacity, production, shipments, and inventories, 2008-13

* * * * * * *

PT Ispat Indo's capacity and production in Indonesia

As previously noted, *** data indicate that PT Ispat Indo accounted for *** percent of total wire rod rolling capacity in Indonesia during 2013. According to ***, there has been no change in the wire rod rolling capacity in Indonesia during 2008-13. In fact, PT Ispat Indo's capacity to produce wire rod in Indonesia, which was based on operating *** hours per week and *** weeks per year, remained constant at *** short tons during 2008-13. The firm's production fluctuated during 2008-13, but was *** percent lower at *** short tons in 2013 than reported in 2008. Capacity utilization was *** percent during 2013 and ranged between *** and *** percent during 2008-13.

PT Ispat Indo reported the production of no other products in addition to wire rod using shared equipment and machinery in its facilities in Indonesia. PT Ispat Indo estimated that wire rod accounted for *** percent of its 2013 total sales. The firm reported *** set the limit on its production capacity and that since it produces no other products it does not shift production capacity between products. It added *** limit the availability to shift such production. PT Ispat Indo reported ***. The firm further reported ***. The Indonesia producer reported that ***. The firm explained ***.

Shipments of wire rod produced in Indonesia

PT Ispat Indo's total shipments of wire rod fell from 2008 to 2010, increased in 2011, and fell thereafter. The firm's total shipments fell overall by *** percent from 2008 to 2013. The firm's home market shipments accounted for the majority of the firm's total shipments of wire rod and an increasing share during 2008-13. During 2013, internal consumption and home market shipments accounted for *** percent of the firm's total shipments of wire rod.

PT Ispat Indo's export shipments of wire rod have fallen absolutely and as a share of total shipments overall from *** percent in 2008 to *** percent in 2013. The firm reported that there were no exports of subject wire rod to the United States or the European Union during

2008-13. Principal *** markets for PT Ispat Indo's wire rod include *** and *** export markets include ***.

Detailed information on the export destinations for Indonesian wire rod as published by the GTIS/GTA for 2008-12 is presented in table IV- 14.[27] These data include grade 1080 tire cord and tire bead, which is not subject to these reviews, and may therefore be overstated.

Table IV-14
Wire rod: Indonesia's exports, by destination, 2008-12

Destination	Calendar year				
	2008	2009	2010	2011	2012
			Quantity (*short tons*)		
Australia	26,590	20,423	7,343	33,308	31,832
Bangladesh	5,464	7,726	7,509	12,911	11,498
Pakistan	4,944	11,208	14,166	12,062	2,402
New Zealand	3,337	2,112	3,751	2,907	1,751
United Arab Emirates	6,212	-	-	-	1,720
Philippines	9,177	5,843	5,010	10,364	1,580
Malaysia	2,310	-	56	16,445	1,239
Sri Lanka	5,022	4,073	1,540	4,308	1,293
India	34,505	16,967	9,204	2,186	1,048
Brunei Darussalam	-	-	-	1,578	794
All other[1]	109,971	126,652	97,878	85,303	802
World	207,533	195,002	146,457	181,372	55,960
			Value (*$1,000*)		
Australia	20,450	10,017	4,129	22,326	19,956
Bangladesh	4,540	3,646	4,858	9,012	8,344
Pakistan	3,458	5,620	8,285	8,522	1,700
New Zealand	2,258	1,079	2,145	1,976	1,153
United Arab Emirates	4,930	-	-	-	1,201
Philippines	6,739	3,127	3,145	7,302	1,109
Sri Lanka	1,548	-	31	11,054	789
Malaysia	3,461	2,397	1,194	3,129	1,107
India	21,985	8,219	5,261	1,575	714
Brunei Darussalam	-	-	-	1,053	526
All other[1]	73,076	61,773	58,202	59,542	639
World	142,446	95,880	87,250	125,490	37,238

Table continued on the following page.

[27] GTIS/GTA data for Indonesia are not yet available for calendar year 2013.

Table IV-14--*Continued*
Wire rod: Indonesia's exports, by destination, 2008-12

Destination	Calendar year				
	2008	2009	2010	2011	2012
Unit value (*per short ton*)					
Australia	769	491	562	670	627
Bangladesh	831	472	647	698	726
Pakistan	700	501	585	707	708
New Zealand	677	511	572	680	658
United Arab Emirates	794	-	-	-	698
Philippines	734	535	628	705	702
Malaysia	670	-	554	672	637
Sri Lanka	689	589	775	726	856
India	637	484	572	720	681
Brunei Darussalam	-	-	-	667	662
All other[1]	664	488	595	698	797
World	686	492	596	692	665
Share of quantity (percent)					
Australia	12.8	10.5	5.0	18.4	56.9
Bangladesh	2.6	4.0	5.1	7.1	20.5
Pakistan	2.4	5.7	9.7	6.7	4.3
New Zealand	1.6	1.1	2.6	1.6	3.1
United Arab Emirates	3.0	-	-	-	3.1
Philippines	4.4	3.0	3.4	5.7	2.8
Sri Lanka	1.1	-	0.0	9.1	2.2
Malaysia	2.4	2.1	1.1	2.4	2.3
India	16.6	8.7	6.3	1.2	1.9
Brunei Darussalam	-	-	-	0.9	1.4
All other[1]	53.0	64.9	66.8	47.0	1.4
World	100.0	100.0	100.0	100.0	100.0

[1] Prior to 2012, Iran was the single largest destination for Indonesian exports of wire rod. Exports to Iran dropped to zero in 2012.

Note.--Data for Indonesia are not yet available for calendar year 2013. Data include grade 1080 tire cord and tire bead.

Source: Compiled from *GTIS/GTA*, as reported by "Statistics Indonesia" to GTIS (HS codes 7213.91, 7213.99, 7227.20, and 7227.90).

PT Ispat Indo's shipments, by type

Table IV-15 presents data on PT Ispat Indos's total shipments, by type, during 2013. As the data indicate, high/medium-high carbon industrial/standard quality wire rod and low/medium-low carbon industrial/standard quality wire rod together accounted for *** percent of PT Ispat Indo's total shipments during 2013.

Table IV-15
Wire rod: PT Ispat Indo's total shipments, by type, 2013

* * * * * * *

THE INDUSTRY IN MEXICO

Overview

At the time of the original investigations, six Mexican firms were believed to have produced wire rod. Two firms, accounting for *** percent of Mexican production of wire rod, provided data in response to the Commission's questionnaire in the original investigations: Hylsa and Siderurgica Lazaro Cardenas Las Truchas ("Sicartsa"). These two firms reported that they collectively accounted for *** percent of exports to the United States during 2001. According to official Commerce statistics, exports by these firms to the United States in 2001 accounted for *** percent of U.S. imports of subject wire rod from Mexico in 2001.[28]

The following seven firms were identified as producers of wire rod in Mexico in the Commission's first five-year reviews: Aceros Nacionales, Aceros San Luis, AHMSA-Altos Hornos de Mexico, Atlax, Deacero, Sicartsa, and Hylsa. Responses to the Commission's questionnaire were received from producers Deacero, Hylsa, and Sicartsa. By their estimation, these three producers accounted for *** percent of production in Mexico during 2007 (***).[29]

In their responses to the Commission's notice of institution in these current second five-year reviews, the interested parties identified the following five producers of wire rod in Mexico: ArcelorMittal LasTruchas (successor to Sicartsa), Aceros San Luis, Altos Hornos de Mexico ("AHMSA"), Ternium México SA de CV ("Ternium") (successor to Hylsa), and Talleres y Aceros. *** identified the following additional firms in Mexico as having wire rod rolling capacity during 2013: Aceros Nacionales SA de CV; Camesa; Deacero; and Siderurgica Tultitlan

[28] The following 2001 data were provided by the two responding Mexican firms in the original investigations: capacity (*** short tons); production (*** short tons); capacity utilization (*** percent); exports/shipments (*** percent); and inventories/shipments (*** percent). *Staff Report*, May 15, 2008 (INV-FF-058), table IV-24.

[29] The following 2007 data were provided by the three responding Mexican firms in the first five-year reviews: capacity (*** short tons); production (*** short tons); capacity utilization (*** percent); exports/shipments (*** percent); and inventories/shipments (*** percent). *Staff Report*, May 15, 2008 (INV-FF-058), table IV-24.

("Sidertul"). Hearing testimony suggested that Aceros Nationales, Sidertul, and Camesa do not produce wire rod in Mexico. [30] Aceros Camesa, AHMSA, and Sidertul provided questionnaire responses in these second five-year reviews indicating that they are not wire rod producers.

Deacero, Ternium, and ArcelorMittal las Truchas provided responses to the Commission's foreign producer questionnaire in these second five-year reviews. Hearing testimony indicates that these three companies are the principal producers of wire rod in Mexico,[31] although Talleres y Aceros and Simec also are believed to produce wire rod. [32] [33]

Mexican wire rod producer Deacero is the largest manufacturer of wire rod in Mexico, accounting for *** percent of total wire rod production in Mexico during 2013. According to ***, production in Mexico during 2013 was *** short tons. Aggregate reported production by the three responding wire rod producers in Mexico was 2.345 million short tons, yielding a theoretical coverage of *** percent of Mexican production during 2013 by the responding firms. *** firm-by-firm capacity data indicate that the three responding Mexican producers accounted for *** wire rod rolling capacity in Mexico during 2013, other than that attributed to AHMSA, Aceros Nationales, Siderurgica Tultitlan, and Camesa.

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[30] Mexican wire rod producer Deacero testified at the Commission's hearing that it had acquired Aceros Nationales in 1999 and the production facilities were shut down and the assets sold outside Mexico. Deacero also testified that Sidertul is a producer of rebar in Mexico that was acquired by Gerdau in 2007 and Camesa is a producer of wire and wire rope in Mexico. *Hearing transcript*, p. 153 (Campbell).

[31] *Hearing transcript*, p. 153 (Campbell).

[32] Talleres y Aceros (sometimes identified as TYASA) is located in Orizaba, Veracruz, and produces a variety of long products, including wire rod and products produced from wire rod. Talleres y Aceros, "Talleres y Aceros, fabricante de productos TA," found at talleresyaceros.com.mx. TYASA reported that it maintained annual wire rod capacity of *** tons during 2008-13. TYASA stated that it is focused on *** sales, exporting only to ***, and that it produced *** tons of wire rod in 2013. Letter from *** to Mary Messer, May 16, 2014.

[33] Grupo Simec, known for commercial purposes as Simec, is a diversified manufacturer, processor and distributor of SBQ steel and structural steel products with production and commercial operations in the United States, Mexico and Canada. On May 30, 2008, Simec acquired all the capital stock of Aceros DM, and certain affiliated companies ("Grupo San"), with corrugated rebar and other long product operations in San Luis Potosí, Mexico. Simec operates five minimills in Mexico, with a wire rod rolling mill in its Aceros DM / San Luis Potosí location. Simec sold 21,400 tons of wire rod in 2012, 100 percent of which was sold within Mexico. Simec's Aceros DM / San Luis Potosí location, with installed capacity of 400,000 tons, produced 388,047 tons of finished product in 2012, distributed as follow (in percent): rebar (78), light structurals (5), wire rod (5), electro-welded wire mesh (5), and electro-welded wire mesh panel (7). See generally Grupo Simec, Form 20-F, Annual Report Pursuant To Section 13 or 15(D) Of The Securities Exchange Act Of 1934 for the fiscal year ended December 31, 2012.

Table IV-16 presents data published by *** on overall Mexican capacity, production, and consumption of wire rod. Also presented in the tabulation are calculated net exports/imports (i.e., production minus consumption).[34]

Table IV-16
Wire rod: Overall Mexican capacity, production, consumption, and calculated net exports/imports

* * * * * * *

The *** data show that capacity to produce wire rod in Mexico remained constant at *** short tons during 2008-13 and projections indicate that there is no change in capacity expected in 2014 and 2015. According to ***, production of wire rod in Mexico increased from 2009 to 2011 but fell thereafter. Production is expected to increase during 2014 and 2015. Capacity reported by *** for 2013 for all Mexican producers was *** short tons, and production was *** short tons, yielding a capacity utilization of *** percent for the Mexican wire rod industry. Mexican production of wire rod exceeded consumption during 2008-13 and *** projections for production and consumption in Mexico indicate that it will continue to be a net exporter of wire rod during 2014-15.

[34] The net export/import calculation may differ from GTA data on exports and imports, primarily due to rounding. Also, note that the data reported by *** for Mexico are overstated, as they include not only the data for firms believed to have not been producers of wire rod, but also include the data for grade 1080 tire cord and tire bead wire rod and smaller diameter wire rod produced by Deacero that have been excluded by the Department of Commerce from the scope of the orders.

Operations on wire rod

Aggregate data provided by ArcelorMittal Las Truchas, Deacero, and Ternium concerning their wire rod operations in Mexico during calendar years 2008-13 are presented in table IV-17.

Table IV-17
Wire rod: Mexican producers ArcelorMittal Las Truchas, Deacero, and Ternium's capacity, production, shipments, and inventories, 2008-13

Item	Actual experience					
	Calendar year					
	2008	2009	2010	2011	2012	2013
	Quantity (*short tons*)					
Capacity	2,417,205	2,304,946	2,482,603	2,606,163	2,625,106	2,757,570
Production	2,139,484	2,096,645	2,279,689	2,556,411	2,566,149	2,344,862
End-of-period inventories	119,699	156,624	159,165	192,768	194,722	159,917
Shipments:						
Internal consumption/ Transfers	***	***	***	***	***	***
Home market shipments	***	***	***	***	***	***
Export shipments to:						
United States	***	***	***	***	***	***
European Union	***	***	***	***	***	***
Asia	***	***	***	***	***	***
All other markets	***	***	***	***	***	***
Total exports	***	193,724	290,724	419,479	379,513	379,963
Total shipments	2,185,456	2,063,393	2,279,900	2,525,125	2,558,539	2,378,082
	Ratios and shares (*percent*)					
Capacity utilization	88.5	91.0	91.8	98.1	97.8	85.0
Inventories/production	5.6	7.5	7.0	7.5	7.6	6.8
Inventories/total shipments	5.5	7.6	7.0	7.6	7.6	6.7
Share of total shipments:						
Internal consumption/ Transfers	***	***	***	***	***	***
Home market shipments	***	***	***	***	***	***
Export shipments to:						
United States	***	***	***	***	***	***
European Union	***	***	***	***	***	***
Asia	***	***	***	***	***	***
All other markets	***	***	***	***	***	***
Total exports	***	9.4	12.8	16.6	14.8	16.0
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0

Continued on the following page.

Table IV-17--*Continued*
Wire rod: Mexican producers ArcelorMittal Las Truchas, Deacero, and Ternium's capacity, production, shipments, and inventories, 2008-13

Item	Actual experience					
	Calendar year					
	2008	2009	2010	2011	2012	2013
	Value (*1,000 dollars*)					
Shipments:						
Home market shipments	***	***	***	***	***	***
Export shipments to:						
United States	***	***	***	***	***	***
European Union	***	***	***	***	***	***
Asia	***	***	***	***	***	***
All other markets	***	***	***	***	***	***
Total exports	***	***	***	***	***	***
Total shipments[1]	905,006	509,493	710,507	986,036	965,352	833,112
	Unit value (*dollars per short ton*)					
Shipments:						
Home market shipments	***	***	***	***	***	***
Export shipments to:						
United States	***	***	***	***	***	***
European Union	***	***	***	***	***	***
Asia	***	***	***	***	***	***
All other markets	***	***	***	***	***	***
Total exports	***	***	***	***	***	***
Total shipments[1]	810	486	545	689	653	583

[1] Excludes internal consumption for which value data were not gathered.

Note.—Principal *** markets include ***. Principal ** markets include ***. *** export markets include ***.

Source: Compiled from data submitted by ArcelorMittal Las Truchas, Deacero (adjusted to remove nonsubject smaller diameter wire rod), and Ternium in response to the Commission's foreign producer questionnaire.

Capacity and production in Mexico

The reported capacity to produce wire rod in Mexico by the three responding producers, which was based on operating *** hours per week and *** weeks per year, fluctuated upward by 14.1 percent from 2.4 million short tons in 2008 to 2.8 million short tons in 2013. The firms' aggregate production increased irregularly during 2008-12, but fell in 2013. Aggregate reported production was 9.6 percent higher at 2.3 million short tons in 2013 than reported in 2008. Capacity utilization was 85.0 percent during 2013, the lowest reported for any year during 2008-13.

In addition to the production of wire rod, all three responding Mexican producers reported the production of *** using shared equipment and machinery in their wire rod facilities in Mexico. Deacero subsequently clarified its response to the Commission's questionnaire by stating that it "can only produce wire rod, which is coiled, on certain rebar mills that can produce coiled rebar."[35] Table IV-18 presents the reported aggregate overall capacity and production of wire rod and other products produced on the same production equipment used to produce wire rod in Mexico.

Table IV-18
Wire rod: Mexican producers ArcelorMittal Las Truchas, Deacero, and Ternium's overall capacity, production, and capacity utilization, 2008-13

* * * * * * *

ArcelorMittal Las Truchas, Deacero, and Ternium estimated that wire rod accounted for ***, ***, and *** percent of their 2013 total sales, respectively. The overall production data presented indicate that subject wire rod accounted for between *** and *** percent of the firms' aggregate overall production on the same machinery and equipment as wire rod during 2008-13. The capacity to produce wire rod is affected by ***. *** were reported by the firms to be the primary constraints that set the limit on their production capacity. Several factors that constrain the firms' ability to shift production capacity between product lines were reported: ***.

ArcelorMittal Las Truchas and Ternium reported that they experienced ***. Deacero reported ***.[36] All three responding Mexican producers reported that ***.

[35] *Deacero's prehearing brief*, p. 29

[36] The domestic interested parties noted in their response to the Commission's notice of institution in these reviews that Deacero completed the construction of a new wire rod mini-mill in Saltillo, Mexico in 2011, with annual rolling capacity of 800,000 to 1 million tons per year. They also noted that Deacero ***. *Response* of Domestic Industry, July 2, 2013, p. 23. Deacero indicated that these claims are inaccurate with respect to wire rod. *Deacero's prehearing brief*, pp. 23-24.

Shipments of wire rod produced in Mexico

The three responding producers' total shipments of wire rod fluctuated during 2008-13, but were 8.8 percent higher in 2013 than reported in 2008. The firms' internal consumption and home market together accounted for the majority of the firms' total shipments of wire rod, but they accounted for an overall declining share of total shipments during most of the years 2008-13. During 2013, internal consumption and home market shipments together accounted for *** percent of the firms' total shipments of wire rod.

The three responding producers' export shipments of wire rod decreased in the aggregate from 2008 to 2009, and increased until 2011 before declining again in 2013. Total exports were *** percent higher in 2013 than reported in 2008. Aggregate exports of subject wire rod to the United States increased from 2008 to 2010, but fluctuated thereafter to a level in 2013 that was *** percent higher than that reported in 2008. The Mexican producers reported that their principal *** markets include ***, its principal *** markets include ***, and *** export markets include ***.

Detailed information on the export destinations for Mexican wire rod as published by the GTIS/GTA is presented in table IV-19. These data include grade 1080 tire cord and tire bead, which is not subject to these reviews, and are therefore overstated. In addition, smaller diameter wire rod produced by Deacero (diameter of 4.75 mm to 5.0 mm) is also believed to be included in the data reported by the GTIS/GTA.

Table IV-19
Wire rod: Mexico's exports, by destination, 2008-13

Destination	Calendar year					
	2008	2009	2010	2011	2012	2013
			Quantity (*short tons*)			
Colombia	25,688	41,192	53,327	94,777	92,319	192,108
Canada	36,063	7,784	38,791	68,806	77,973	42,446
Ecuador	15,941	15,873	18,051	48,192	34,869	22,868
United States	11,885	28,432	694,233	91,504	36,560	21,251
Guatemala	40,992	46,157	32,123	46,355	30,043	19,005
Argentina	-	-	-	-	-	15,103
Dominican Republic	8,541	4,254	39	-	-	12,153
El Salvador	16,660	23,834	23,723	18,270	26,895	9,609
Peru	11,855	21,621	22,585	45,959	36,219	7,537
Chile	-	5,549	10,832	-	5,056	5,029
All other	84,038	31,461	22,159	69,574	23,896	13,789
World	251,663	226,156	915,863	483,437	363,831	360,899
			Value (*$1,000 dollars*)			
Colombia	20,606	16,234	28,859	63,164	57,574	113,192
Canada	30,447	4,716	21,495	45,611	45,524	23,940
Ecuador	15,841	6,012	10,975	32,518	22,445	15,147
United States	12,365	15,950	80,068	55,818	23,958	12,468
Guatemala	26,751	20,526	18,263	30,664	19,437	11,399
Argentina	-	-	-	-	-	9,221
Dominican Republic	8,809	1,779	21	-	-	8,183
El Salvador	12,857	10,487	11,188	11,950	17,839	5,936
Peru	13,034	10,545	13,453	33,236	24,186	4,640
Chile	-	3,071	7,102	-	3,409	3,103
All other	64,151	12,863	11,632	45,677	15,484	9,316
World	204,861	102,182	203,055	318,637	229,855	216,544

Table continued on the following page.

Table IV-19--*Continued*
Wire rod: Mexico's exports, by destination, 2008-13

Destination	Calendar year					
	2008	2009	2010	2011	2012	2013
Unit value (*per short ton*)						
Colombia	802	394	541	666	624	589
Canada	844	606	554	663	584	564
Ecuador	994	379	608	675	644	662
United States	1,040	561	115	610	655	587
Guatemala	653	445	569	661	647	600
Argentina	-	-	-	-	-	611
Dominican Republic	1,031	418	538	-	-	673
El Salvador	772	440	472	654	663	618
Peru	1,099	488	596	723	668	616
Chile	-	553	656	-	674	617
All other	763	409	525	657	648	676
World	814	452	222	659	632	600
Share of quantity (percent)						
Colombia	10.2	18.2	5.8	19.6	25.4	53.2
Canada	14.3	3.4	4.2	14.2	21.4	11.8
Ecuador	6.3	7.0	2.0	10.0	9.6	6.3
United States	4.7	12.6	75.8	18.9	10.0	5.9
Guatemala	16.3	20.4	3.5	9.6	8.3	5.3
Argentina	-	-	-	-	-	4.2
Dominican Republic	3.4	1.9	0.0	-	-	3.4
El Salvador	6.6	10.5	2.6	3.8	7.4	2.7
Peru	4.7	9.6	2.5	9.5	10.0	2.1
Chile	-	2.5	1.2	-	1.4	1.4
All other	33.4	13.9	2.4	14.4	6.6	3.8
World	100.0	100.0	100.0	100.0	100.0	100.0

Note.-Data include grade 1080 tire cord and tire bead wire rod and smaller diameter wire rod produced by Deacero, which are not merchandise subject to the order concerning Mexico.

Source: Compiled from GTIS/GTA, as reported to GTIS by the Instituto Nacional de Estadistica y Geografia (INEGI) (HS codes 7213.91, 7213.99, 7227.20, and 7227.90).

Shipments, by type

Table IV-20 presents data on the three responding producers' total shipments, by type, during 2013. As the data indicate, high/medium-high carbon industrial/standard quality wire rod and low/medium-low carbon industrial/standard quality wire rod together accounted for *** percent of the Mexican producers' total shipments during 2013.

Table IV-20
Wire rod: Total shipments of wire rod produced in Mexico, by type, 2013

* * * * * * *

THE INDUSTRY IN MOLDOVA

Overview

The only firm believed to be producing wire rod in Moldova, Moldova Steel Works, provided data in response to the Commission's questionnaire in the original investigations.[37] Moldova Steel Works also provided data in the first five-year reviews.[38] The structure of the wire rod industry in Moldova has changed little since the imposition of the original order, with Moldova Steel Works accounting for all known production in Moldova.[39] However, the firm did not submit a response to the Commission's foreign producer questionnaire in these second five-year reviews.

Table IV-21 presents data published by *** on overall Moldovan capacity. The *** data show that capacity remained unchanged from 2008 to 2013. Projections for 2014 and 2015 indicate no change in the capacity to produce wire rod in Moldova is expected. Production and consumption data for Moldova are not published by ***.

[37] The following 2001 data were provided by Moldova Steel Works in the original investigations: capacity (*** short tons); production (*** short tons); capacity utilization (*** percent); exports/shipments (*** percent); and inventories/shipments (*** percent). *Staff Report*, May 15, 2008 (INV-FF-058), table IV-28.

[38] The following 2007 data were provided by Moldova Steel Works in the first five-year reviews: capacity (*** short tons); production (*** short tons); capacity utilization (*** percent); exports/shipments (*** percent); and inventories/shipments (*** percent). *Staff Report*, May 15, 2008 (INV-FF-058), table IV-28.

[39] The domestic interested parties reported that, since the last sunset review, the ownership of Moldova Steel Works has changed. It stated that the Moldovan producer is currently managed by Metallinvest Holding, Russia's largest iron ore miner. This company is not affiliated with Ukrainian producer Yenakiieve's parent company, MetInvest. *Response* of Domestic Industry, July 2, 2013, pp. 25-26; and Hearing transcript, pp. 200-201 (Lewis).

Table IV-21
Wire rod: Overall Moldovan capacity, production, consumption, and calculated net exports/imports

* * * * * * *

Operations on wire rod

Moldova Steel Works reportedly produces low-carbon and high-carbon wire rod, as well as welding quality and CHQ wire rod in Moldova.[40] Time series data reported by *** indicate that the capacity to produce wire rod in Moldova has remained unchanged at *** short tons during 2008-13. Other sources estimate the Moldovan plant's overall capacity to produce rolled products at *** short tons.[41] In addition, the domestic interested parties estimated Moldova Steel Works' production of wire rod in 2012 at 174,809 short tons and its 2012 capacity utilization for rolled products at approximately about 37 percent.[42] The domestic interested parties also reported that, although Moldova Steel Works essentially ceased exports of wire rod to the United States following the imposition of the antidumping duty order, the producer remains ***.[43]

Detailed information on the export destinations for Moldovan wire rod as published by GTIS/GTA is presented in table IV-22.

[40] *Response* of Domestic Industry, July 2, 2013, p. 25.
[41] ***, as cited in *Response* of Domestic Industry, July 2, 2013, p. 26.
[42] *Response* of Domestic Industry, July 2, 2013, p. 26.
[43] ***, as cited in *Response* of Domestic Industry, July 2, 2013, p. 26.

Table IV-22
Wire rod: Exports from Moldova, 2008-13

Reporting destination	Calendar year					
	2008	2009	2010	2011	2012	2013
	Quantity (short tons)					
Romania	99,901	28,948	8,338	35,412	93,979	59,854
Poland	101,312	30,633	25,354	15,025	14,707	34,158
Ukraine	10,882	2,256	5,721	35,084	23,147	5,678
Slovakia	26,199	5,434	3,799	125	368	737
Russia	62,259	35,902	26,860	9,877	2,287	611
Georgia	0	0	0	0	0	405
Czech Republic	1,919	0	588	0	0	140
Azerbaijan	0	0	136	274	1,226	138
Brazil	12,381	29,233	75,620	540	9,296	0
Canada	0	0	5,523	0	0	0
All other countries	62,945	21,552	10,468	3,062	625	0
Total reporting countries	377,798	153,960	162,405	99,399	145,635	101,721
	Value (1,000)					
Romania	87,863	13,254	4,368	22,882	51,814	31,821
Poland	77,580	12,747	14,221	10,585	9,535	19,499
Ukraine	10,507	1,145	3,225	25,589	16,621	3,969
Slovakia	23,511	2,475	2,143	88	204	419
Russia	49,811	16,781	15,106	6,888	1,526	373
Georgia	0	0	0	0	0	242
Czech Republic	1,491	0	346	0	0	83
Azerbaijan	0	0	95	211	836	94
Brazil	9,434	15,340	38,847	356	5,733	0
Canada	0	0	3,169	0	0	0
All other countries	50,028	11,587	5,817	2,796	428	0
Total reporting countries	310,225	73,329	87,336	69,395	86,696	56,499

Table continued on next page.

Table IV-22--*Continued*
Wire rod: Exports from Moldova, 2008-13

Reporting destination	Calendar year					
	2008	2009	2010	2011	2012	2013
	Unit value (dollars per short ton)					
Romania	879	458	524	646	551	532
Poland	766	416	561	705	648	571
Ukraine	966	507	564	729	718	699
Slovakia	897	455	564	707	554	568
Russia	800	467	562	697	667	610
Georgia	0	0	0	0	0	599
Czech Republic	777	0	589	0	0	593
Azerbaijan	0	0	698	768	682	679
Brazil	762	525	514	659	617	0
Canada	0	0	574	0	0	0
All other countries	795	538	556	913	684	0
Total reporting countries	821	476	538	698	595	555
	Share of quantity (percent)					
Romania	26.4	18.8	5.1	35.6	64.5	58.8
Poland	26.8	19.9	15.6	15.1	10.1	33.6
Ukraine	2.9	1.5	3.5	35.3	15.9	5.6
Slovakia	6.9	3.5	2.3	0.1	0.3	0.7
Russia	16.5	23.3	16.5	9.9	1.6	0.6
Georgia	0.0	0.0	0.0	0.0	0.0	0.4
Czech Republic	0.5	0.0	0.4	0.0	0.0	0.1
Azerbaijan	0.0	0.0	0.1	0.3	0.8	0.1
Brazil	3.3	19.0	46.6	0.5	6.4	0.0
Canada	0.0	0.0	3.4	0.0	0.0	0.0
All other countries	16.7	14.0	6.4	3.1	0.4	0.0
Total reporting countries	100.0	100.0	100.0	100.0	100.0	100.0

Note.--Data may include 1080 tire cord and tire bead.

Source: Compiled from GTIS/GTA based on partner country imports from Moldova using HS codes: 7213.91, 7313.99, 7227.20, and 7227.90. Accessed on March 29, 2014, and not all reporting countries had provided 2013 data as of the date compiled.

THE INDUSTRY IN TRINIDAD & TOBAGO

Overview

One firm, accounting for all Trinidadian production of wire rod, provided data in response to the Commission's questionnaire in the original investigations: Caribbean Ispat.[44] The successor firm to Carribean Ispat, ArcelorMittal Point Lisas, responded to the Commission's questionnaire in the first sunset reviews.[45] The structure of the wire rod industry in Trinidad & Tobago has changed little since the final investigations and the first five-year reviews, with one producer accounting for all production in the country. ArcelorMittal Point Lisas, which accounted for all known production of wire rod in Trinidad & Tobago, provided a response to the Commission's questionnaire in these current second five-year reviews.

Table IV-23 presents data published by *** on overall Trinidadian capacity. The ***data show that capacity remained unchanged from 2008 to 2013. Projections for 2014 and 2015 indicate no change in the capacity to produce wire rod in Trinidad & Tobago is expected. Production and consumption data are not published by ***.

Table IV-23
Wire rod: Overall Trinidadian capacity, production, consumption, and calculated net exports/imports

* * * * * * *

Operations on wire rod

Data provided by ArcelorMittal Point Lisas concerning its wire rod operations in Trinidad & Tobago during calendar years 2008-13 are presented in table IV-24.

Table IV-24
Wire rod: Trinidadian producer ArcelorMittal Point Lisas' capacity, production, shipments, and inventories, 2008-13

* * * * * * *

[44] The following 2001 data were provided by Caribbean Ispat in the original investigations: capacity (*** short tons); production (*** short tons); capacity utilization (*** percent); exports/shipments (*** percent); and inventories/shipments (*** percent). *Staff Report*, May 15, 2008 (INV-FF-058), table IV-31.

[45] The following 2007 data were provided by the ArcelorMittal Point Lisas in the first five-year reviews: capacity (*** short tons); production (*** short tons); capacity utilization (*** percent); exports/shipments (*** percent); and inventories/shipments (*** percent). *Staff Report*, May 15, 2008 (INV-FF-058), table IV-14.

Capacity and production in Trinidad & Tobago

ArcelorMittal Point Lisas' capacity to produce wire rod in Trinidad & Tobago, which was based on operating *** hours per week and *** weeks per year, remained constant at *** short tons during 2008-13. The firm's production fluctuated during 2008-13, but was *** percent higher at *** short tons in 2013 than reported in 2008. Capacity utilization was *** percent during 2013 and ranged between *** and *** percent during 2008-13.

In addition to the production of wire rod, ArcelorMittal Point Lisas reported ***. Table IV-25 presents ArcelorMittal Point Lisas' overall production and capacity ***.

Table IV-25
Wire rod: Trinidadian producer ArcelorMittal Point Lisas' overall capacity, production, and capacity utilization, 2008-13

* * * * * * *

ArcelorMittal Point Lisas estimated that wire rod accounted for *** percent of its 2013 total sales. The overall production data presented indicate that wire rod accounted for between *** and *** percent of the firm's overall production during 2008-13. In response to a request for information pertaining to the constraints that set the limits on production capacity, ArcelorMittal Point Lisas indicated that "***." The firm added that "***." Concerning the firm's ability to shift production capacity between wire rod and rebar in coil, ArcelorMittal Point Lisas noted "***." In response to a request for information concerning changes experienced in the character of operations, ArcelorMittal Point Lisas reported the following:

- ***.
- ***.

The Trinidadian producer reported ***.

Shipments of wire rod produced in Trinidad & Tobago

ArcelorMittal Point Lisas' total shipments of wire rod fluctuated upward, reaching *** during 2011 before declining in 2012 and 2013. The firm's total shipments were *** percent higher in 2013 than in 2008. The firm reported *** internal consumption of wire rod during 2008-13 and home market shipments accounted for *** generally declining share of total shipments (i.e., ranging from *** percent of total shipments of wire rod during 2008-13).

ArcelorMittal Point Lisas' export shipments of wire rod, which accounted for *** of the firm's total wire rod shipments during 2008-13, generally increased from 2008 to 2011, but fell thereafter to a level in 2013 that was *** percent higher than reported in 2008. ArcelorMittal Point Lisas reported that its principal *** market is *** and that *** export markets include ***. The firm noted that, since 2008, it has increased its exports to ***. The firm reported that there were no exports of subject wire rod to the United States during 2009-13. Detailed information on the export destinations for Trinidadian wire rod as published by GTIS/GTA is presented in table IV-26.

Table IV-26
Wire rod: Exports from Trinidad & Tobago, 2008-13

Destination	Calendar year					
	2008	2009	2010	2011	2012	2013
			Quantity (short tons)			
El Salvador	17,181	0	9,833	23,817	16,955	21,790
Nicaragua	9,309	1,238	10,189	16,391	14,907	19,370
France	30,600	15,900	24,363	15,364	15,538	18,515
Guatemala	7,783	0	6,796	9,323	9,056	16,009
Peru	0	0	20,470	42,789	32,790	11,595
Ecuador	8,889	8,967	28,898	42,871	37,371	10,487
Brazil	45,037	0	39,435	85,345	15,351	4,865
Chile	0	0	0	0	0	3,142
Honduras	7,859	0	8,734	4,940	264	2,008
Colombia	0	0	14,432	11,363	45,533	1,829
All other countries	72,129	66,990	248,334	14,793	38,748	410
Total reporting countries	198,787	93,095	411,484	266,996	226,513	110,020
			Value (1,000)			
El Salvador	13,669	0	6,379	19,230	12,985	14,973
Nicaragua	6,434	1,222	6,427	11,799	11,122	12,716
France	27,969	8,670	15,277	11,218	11,380	12,455
Guatemala	6,275	0	5,973	7,916	6,679	10,744
Peru	0	0	13,691	32,256	24,504	8,082
Ecuador	5,966	5,129	17,751	31,473	27,546	7,078
Brazil	44,088	0	25,516	61,896	11,310	3,091
Chile	0	0	0	0	0	2,259
Honduras	7,573	0	5,849	6,207	5,668	3,357
Colombia	0	0	9,086	8,766	33,003	1,282
All other countries	49,816	36,117	25,531	11,295	27,943	232
Total reporting countries	161,789	51,138	131,480	202,057	172,138	76,270

Table continued on next page.

Table IV-26--*Continued*
Wire rod: Exports from Trinidad & Tobago, 2008-13

Destination	Calendar year					
	2008	2009	2010	2011	2012	2013
	Unit value (dollars per short ton)					
El Salvador	796	0	649	807	766	687
Nicaragua	691	987	631	720	746	656
France	914	545	627	730	732	673
Guatemala	806	0	879	849	738	671
Peru	0	0	669	754	747	697
Ecuador	671	572	614	734	737	675
Brazil	979	0	647	725	737	635
Chile	0	0	0	0	0	719
Honduras	964	0	670	1,257	21,468	1,672
Colombia	0	0	630	771	725	701
All other countries	691	539	103	764	721	566
Total reporting countries	814	549	320	757	760	693
	Share of quantity (percent)					
El Salvador	8.6	0.0	2.4	8.9	7.5	19.8
Nicaragua	4.7	1.3	2.5	6.1	6.6	17.6
France	15.4	17.1	5.9	5.8	6.9	16.8
Guatemala	3.9	0.0	1.7	3.5	4.0	14.6
Peru	0.0	0.0	5.0	16.0	14.5	10.5
Ecuador	4.5	9.6	7.0	16.1	16.5	9.5
Brazil	22.7	0.0	9.6	32.0	6.8	4.4
Chile	0.0	0.0	0.0	0.0	0.0	2.9
Honduras	4.0	0.0	2.1	1.9	0.1	1.8
Colombia	0.0	0.0	3.5	4.3	20.1	1.7
All other countries	36.3	72.0	60.4	5.5	17.1	0.4
Total reporting countries	100.0	100.0	100.0	100.0	100.0	100.0

Note.--Data may include 1080 tire cord and tire bead.

Source: Compiled from GTIS/GTA based on partner country imports from Trinidad & Tobago using HS codes 7213.91, 7313.99, 7227.20, and 7227.90. Accessed on March 29, 2014 and not all reporting countries had provided 2013 data as of the date compiled.

Shipments, by type

Table IV-27 presents data on ArcelorMittal Point Lisas' total shipments, by type, during 2013. High/medium-high carbon industrial/standard quality wire rod and low/medium-low carbon industrial/standard quality wire rod together accounted for *** percent of ArcelorMittal Point Lisas' total shipments during 2013. *** of the firm's wire rod shipments during 2013 was accounted for by ***.

Table IV-27
Wire rod: Trinidadian producer ArcelorMittal Point Lisas' total shipments, by type, 2013

* * * * * * *

THE INDUSTRY IN UKRAINE

Overview

The Commission identified three producers of wire rod in Ukraine during the time of the original investigations. The data presented in the Commission's final report during those original investigations were submitted by Krivorozhstal, which reported that in 2001 it accounted for *** percent of Ukrainian production of subject wire rod and *** percent of subject exports to the United States. Exports by this firm accounted for *** percent of U.S. imports of subject wire rod from Ukraine in 2001, according to official Commerce statistics.[46]

Six firms were identified as wire rod producers in Ukraine during the first five-year reviews: ArcelorMittal Kryvyi Rih (successor firm to Krivorozhstal), Makeevka Metallurgical Integrated Plant (or Makiyivka Metallurgical Plant), Yenakiievskyi Metalurhiynyi Zavod VAT (or Yenakievo Metallurgical Plant), PJSC Donetskiy Steel Mill, PJSC Enakiivskiy Steel Mill, and PJSC Dniprovskiy Steel Mill. ln the first five-year reviews, the Commission received a questionnaire response from the largest producer in Ukraine, ArcelorMittal Kryvyi Rih, accounting for an estimated *** percent of 2007 wire rod production in Ukraine. According to ***, there was no listed capacity for wire rod for any producer in Ukraine other than ArcelorMittal Kryvyi Rih at the time of the first five-year reviews. Accordingly, the data presented on Ukrainian production of wire rod for the first five-year reviews were believed to represent at least the majority of (if not all) production of wire rod in Ukraine.[47]

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[46] The following 2001 data were provided by Krivorozhstal in the original investigations: capacity (*** short tons); production (*** short tons); capacity utilization (*** percent); exports/shipments (*** percent); and inventories/shipments (*** percent). *Staff Report*, May 15, 2008 (INV-FF-058), table IV-34.

[47] The following 2007 data were provided by ArcelorMittal Kryvyi Rih in the first five-year reviews: capacity (*** short tons); production (*** short tons); capacity utilization (*** percent); exports/shipments (*** percent); and inventories/shipments (*** percent). *Staff Report*, May 15, 2008 (INV-FF-058), table IV-34.

The domestic interested parties indicated in their response to the Commission's notice of institution in these current second five-year reviews that there are three main producers of wire rod in Ukraine today (Makiyivka Metallurgical Plant ("Makiyivka"), ArcelorMittal Kryvyi Rih, and the Yenakievo Steel Group (formerly Yenakievo Metallurgical Plant). *** identifies four facilities with wire rod rolling capacity in Ukraine during 2013: ArcelorMittal Kryvyi Rih, Makeevsky Iron and Steel ("Makeevsky"), Donetsk Electrometallurgical Mill ("Donetsk"), and Euro Finance.[48] Hearing testimony by Ukrainian respondent, however, indicates that only Yenakiieve Iron and Steel Works ("Yenakiieve") and ArcelorMittal Kryvyi Rih currently produce wire rod in Ukraine.[49]

Both ArcelorMittal Kryvyi Rih and Yenakiieve responded to the Commission's foreign producer questionnaire in these second five-year reviews. There were no reported exports of the subject merchandise to the United States by either firm during 2008-13. According to ***, wire rod production in Ukraine during 2013 was *** short tons. Reported production by ArcelorMittal Kryvyi Rih and Yenakiieve combined was *** short tons, theoretically yielding full coverage of Ukrainian production during 2013 by the responding firms.

Table IV-28 presents data published by *** on overall Ukrainian capacity, production, and consumption of wire rod. Also presented in the tabulation are calculated net exports/imports (i.e., production minus consumption).[50] As previously indicated, the *** data are for four Ukrainian firms (ArcelorMittal Kryvyi Rih, Donetsk, Euro Finance, and Makeevsky).[51]

Table IV-28

Wire rod: Overall Ukrainian capacity, production, consumption, and calculated net exports/imports

* * * * * * *

Although the *** data show that capacity increased by *** short tons from 2010 to 2013 and projections indicate that the capacity to produce wire rod in Ukraine is expected to climb by *** in 2014, the additional capacity reported by *** is for firms that are not believed to be producers of wire rod in Ukraine (***). According to ***, there was an increase in the wire rod rolling capacity in Ukraine in the amount of ***

---

[48] According to the company website for Donetsk, this firm appears to produce bar but not wire rod. *Donetsk company website*, http://www.mechel.com/sector/steel/demz/production/, accessed on May 5, 2014. No company websites were found for Makiyivka , Makeevsky, or Euro Finance.

[49] The company representative for Yenakiieve explained that, in October 2010, Yenakiieve obtained a controlling interest in Makiyivka. Yenakiieve permanently decommissioned its own wire production facilities resulting in the permanent elimination of that production capacity and it resumed production of wire rod solely at facilities leased from Makiyivka in 2011. *Hearing transcript*, p. 160 (Dimitrova).

[50] This calculation may differ from GTA data on exports and imports, primarily due to rounding.

[51] The two responding producers in Ukraine (ArcelorMittal Kryvyi Rih and Yenakiieve) accounted for *** percent of total wire rod rolling capacity and *** percent of wire rod production in Ukraine during 2013 as reported by the ***.

short tons during 2011-12 ***. Another increase in the aggregate wire rod rolling capacity in the amount of *** short tons was reported for 2013 by ***.

According to ***, production of wire rod in Ukraine increased from 2009 to 2010 but fell thereafter. Consumption fluctuated during 2008-13 within a range of *** short tons. Production and consumption are expected to increase in 2014 and 2015. Capacity reported by *** for 2013 was *** short tons, and production was *** short tons, or *** percent of published capacity. Ukrainian production of wire rod exceeded consumption during 2008-13. *** projections for production and consumption in Ukraine indicate that it will continue to be a net exporter of wire rod during 2014-15.

Operations on wire rod

Data provided by ArcelorMittal Kryvyi Rih and Yenakiieve concerning their wire rod operations in Ukraine during calendar years 2008-13 are presented in table IV-29. According to reported data, ArcelorMittal Kryvyi Rih was the larger of the two producers, accounting for *** percent of reported wire rod production in Ukraine in 2013, whereas Yenakiieve was the smaller of the two responding producers, accounting for *** percent of reported 2013 wire rod production in Ukraine.

Table IV-29
Wire rod: Ukrainian producers ArcelorMittal Kryvyi Rih and Yenakiieve's capacity, production, shipments, and inventories, 2008-13

* * * * * * *

Capacity and production in Ukraine

ArcelorMittal Kryvyi Rih's and Yenakiieve's capacity to produce wire rod in Ukraine was based on operating *** hours per week and *** weeks per year. ArcelorMittal Kryvyi Rih's wire rod capacity ***. Yenakiieve's wire rod capacity ***. The firm reported no data for 2010, as its mill underwent "decommissioning" during 2010. Aggregate reported capacity for wire rod in Ukraine fell from 2008 to 2010, increased in 2011, and fell thereafter to a level that was *** percent higher than the level reported in 2008. Aggregate reported production fluctuated during 2008-13, but was *** percent higher at *** short tons in 2013 than reported in 2008. Capacity utilization was *** percent during 2013 and ranged between *** and *** percent during 2008-13.

In addition to the production of wire rod, ArcelorMittal Kryvyi Rih and Yenakiieve reported *** using shared equipment and machinery in its wire rod facilities in Ukraine. Table IV-30 presents aggregate reported overall capacity and production of wire rod and other products produced on the same production equipment used to produce wire rod in Ukraine.

Table IV-30
Wire rod: Ukrainian producers ArcelorMittal Kryvyi Rih and Yenakiieve's overall capacity, production, and capacity utilization, 2008-13

* * * * * * *

ArcelorMittal Kryvyi Rih and Yenakiieve estimated that wire rod accounted for *** and *** percent of their 2013 total sales, respectively. The overall production data presented indicate that wire rod accounted for *** percent of the firms' overall production on the same equipment as wire rod during 2008-13. *** were reported by the firms to be constraints that set the limits on their production capacities. *** were the constraints that set the limit on Yenakiieve Steel's ability to shift production capacity between products. ArcelorMittal Kryvyi Rih reported that it has ***.

In response to a request for information concerning any changes in the character of its operations, ArcelorMittal Kryvyi Rih indicated ***. Yenakiieve reported ***.

Yenakiieve supplemented its response with the following narrative: ***.

Both responding Ukrainian producers indicated ***. The Ukrainian producers also reported that they ***.

Shipments of wire rod produced in Ukraine

Aggregate total shipments of wire rod produced in Ukraine fluctuated during 2008-13, but were *** percent higher in 2013 than reported in 2008. Exports accounted for the majority of the firms' aggregate total shipments of wire rod, accounting for *** to *** percent of total shipments during 2008-13. During 2013, internal consumption and home market shipments combined accounted for *** percent of total shipments of wire rod.

Aggregate export shipments of wire rod fluctuated during 2008-13, but were higher in 2013 than in 2008. The firms reported that there were no exports of subject wire rod to the United States during 2008-13. Principal *** markets for wire rod produced in Ukraine include ***. Principal *** markets include ***. *** export markets include ***. Detailed information on the export destinations for wire rod produced in Ukraine as published by GTIS/GTA is presented in table IV-31.

Shipments, by type

Table IV-32 presents aggregate data on total wire rod shipments reported by ArcelorMittal Kryvyi Rih and Yenakiieve, by type, during 2013. As the data indicate, high/medium-high carbon industrial/standard quality wire rod and low/medium-low carbon industrial/standard quality wire rod together accounted for *** percent of wire rod shipped by the Ukrainian producers during 2013.

Table IV-31
Wire rod: Ukraine's exports, by destination, 2008-13

Destination	Calendar year					
	2008	2009	2010	2011	2012	2013
			Quantity (*short tons*)			
Israel	36,721	40,664	84,494	93,128	133,190	212,862
Nigeria	65,961	72,008	110,488	107,093	121,857	128,201
Turkey	70,179	49,146	80,274	77,241	76,714	122,009
Jordan	275,748	268,923	271,225	282,043	266,120	114,915
Senegal	29,347	82,969	85,662	68,867	96,413	77,702
Bulgaria	90,987	45,865	46,404	56,748	51,419	70,785
Romania	139,808	157,787	201,511	147,538	71,248	61,606
Iran	46,409	4,000	165,346	51,726	52,253	53,704
Iraq	-	1,315	-	343	12,901	43,410
Italy	8,669	22,243	70,560	68,504	19,836	43,176
All other	867,671	902,631	869,184	946,668	786,715	525,795
World	1,631,498	1,647,552	1,985,147	1,899,899	1,688,665	1,454,167
			Value (*$1,000 dollars*)			
Israel	20,312	13,113	37,637	56,611	74,022	106,827
Nigeria	49,771	26,857	54,194	66,734	71,288	67,178
Turkey	48,569	16,860	35,594	47,379	43,153	62,230
Jordan	178,677	98,716	128,125	173,600	150,013	59,639
Senegal	23,296	31,942	40,587	43,343	56,771	41,178
Bulgaria	68,819	17,721	20,874	34,398	28,197	35,857
Romania	105,682	56,710	97,443	91,061	41,001	32,818
Iran	30,651	1,388	69,076	30,800	27,393	25,456
Iraq	-	447	-	210	6,878	21,602
Italy	5,218	8,215	30,945	39,832	10,808	22,507
All other	571,806	328,489	405,748	584,869	454,141	277,297
World	1,102,802	600,458	920,223	1,168,837	963,666	752,589

Table continued on the following page.

Table IV-31--*Continued*
Wire rod: Ukraine's exports, by destination, 2008-13

Destination	Calendar year					
	2008	2009	2010	2011	2012	2013
Unit value (*per short ton*)						
Israel	553	322	445	608	556	502
Nigeria	755	373	490	623	585	524
Turkey	692	343	443	613	563	510
Jordan	648	367	472	616	564	519
Senegal	794	385	474	629	589	530
Bulgaria	756	386	450	606	548	507
Romania	756	359	484	617	575	533
Iran	660	347	418	595	524	474
Iraq	-	340	-	612	533	498
Italy	602	369	439	581	545	521
All other	659	364	467	618	577	527
World	676	364	464	615	571	518
Share of quantity (percent)						
Israel	2.3	2.5	4.3	4.9	7.9	14.6
Nigeria	4.0	4.4	5.6	5.6	7.2	8.8
Turkey	4.3	3.0	4.0	4.1	4.5	8.4
Jordan	16.9	16.3	13.7	14.8	15.8	7.9
Senegal	1.8	5.0	4.3	3.6	5.7	5.3
Bulgaria	5.6	2.8	2.3	3.0	3.0	4.9
Romania	8.6	9.6	10.2	7.8	4.2	4.2
Iran	2.8	0.2	8.3	2.7	3.1	3.7
Iraq	-	0.1	-	0.0	0.8	3.0
Italy	0.5	1.4	3.6	3.6	1.2	3.0
All other	53.2	54.8	43.8	49.8	46.6	36.2
World	100.0	100.0	100.0	100.0	100.0	100.0

Note.-Data include grade 1080 tire cord and tire bead.

Source: Compiled from GTIS/GTA reported to GTIS by the State Customs Committee of Ukraine (HS codes 7213.91, 7213.99, 7227.20, and 7227.90).

Table IV-32
Wire rod: Total shipments reported by Ukrainian producers ArcelorMittal Kryvyi Rih and Yenakiieve, by type, 2013

* * * * * * *

GLOBAL MARKET

Production

Global production of wire rod has grown considerably in recent years. According to one published source,[52] global production increased by *** percent between 2009 and 2013 (table IV-33). In terms of sheer volume, China, the world's largest producer, accounted for the greatest production increase over this period, and it is forecasted to lead global production in the coming years as well. China accounted for *** percent of worldwide production in 2013. Production in China grew between 2009 and 2013 period from *** short tons to ***short tons, an increase of *** percent. Production growth in China is forecasted to *** thereafter from *** short tons in 2014 to *** short tons in 2018, an increase of *** percent. Data compiled by *** on historical, current, and projected global production of wire rod are presented in tables IV-33 and IV-34.[53]

Table IV-33
Wire rod: Global and regional production of wire rod, 2009-13

* * * * * * *

Table IV-34
Wire rod: Forecasts of global and regional production of wire rod, 2014-18

* * * * * * *

Consumption

U.S. producers indicated that demand for wire rod outside the United States has fluctuated or decreased since 2008, and anticipate these trends to continue (table IV-35). Other market participants were more divided in their views. The majority of foreign producers noted that demand for wire rod in their home markets fell during the worldwide financial recession of 2008-09 but has generally recovered and the majority of the foreign producers anticipate that demand will increase in their home markets.

[52] ***.

[53] Published sources of data for wire rod are believed to consist of carbon and alloy (other than stainless) steel wire rods including grade 1080 tire cord and tire bead wire rod. Data may also include tool steel, high nickel steel, ball bearing steel, and free machining steel products.

Table IV-35
Wire rod: Firms' responses regarding demand outside the United States, by number of responding firms

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
Demand outside the United States since 2008:				
U.S. producers	0	1	3	4
Importers	6	5	1	7
Purchasers	9	1	7	1
Foreign producers	1	1	3	3
Demand in home market since 2008:				
Foreign producers	3	2	1	2
Anticipated demand outside the United States:				
U.S. producers	0	0	2	7
Importers	6	7	0	4
Purchasers	9	3	2	6
Foreign producers	5	2	0	1
Anticipated demand in home market:				
Foreign producers	7	1	0	0

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

Data compiled by *** on historical, current, and forecast global consumption of wire rod are presented in tables IV-36 through IV-37.[54] Worldwide consumption of wire rod increased by *** percent between 2009 and 2013. Consumption in China grew during this period from *** short tons to *** short tons during this period, an increase of *** percent. Global consumption is forecast to continue to grow in the coming years, with the growth evenly distributed in all major markets. Consumption growth in China is forecasted to *** during 2014-18 from *** short tons to *** short tons, an increase of *** percent.

Table IV-36
Wire rod: Global and regional apparent consumption of wire rod, 2009-13

* * * * * * *

Table IV-37
Wire rod: Forecasts of global and regional apparent consumption of wire rod, 2014-18

* * * * * * *

[54] *See* Part II of this report for the individual perspectives of U.S. producers, importers, and purchasers on demand in the United States and in other markets.

Prices

The Commission asked producers, importers, and purchasers to compare market prices of wire rod in U.S. and non-U.S. markets. Responding producers and importers indicated prices generally fluctuate with the price of raw materials in the market. As the price of scrap increases, the price of wire rod will increase.[55]

Six domestic producers were able to compare U.S. and non-U.S. market prices, and reported that U.S. producer prices are generally higher than foreign producer prices.[56] Some producers cited higher prices for attracting increasing imports to the U.S. market rather than foreign markets,[57] and another specifically highlighted increasing import volumes from China and Mexico.[58] One producer noted that prices in both the U.S. and even Canadian markets were being pushed down by Chinese imports.[59] Another producer noted that Chinese prices are the lowest of any major market.[60]

Twelve importers were able to provide price comparisons between the United States and Canada, China, Japan, Korea, the Netherlands. In a general comparison, two importers reported that prices in the United States are higher, typically 12-percent or $100 per ton, respectively.[61] One importer described how prices are "generally the same" in both Canada and the United States, as these markets are integrated.[62] Other importers mentioned that high-quality grade wire rod imported from Japan is higher priced than the corresponding U.S. product,[63] that Korean wire rod is cheaper by $200 per metric ton,[64] and that wire rod originating from the Netherlands is comparable in price in both the U.S. and other foreign markets.[65] In comparing prices between China and the United States, an importer noted that Chinese prices are lower by $68-$80 per ton.[66] Another importer reported that wire rod sells for $550 per metric ton in the Chinese market compared to over $800 per metric ton in the U.S. market.[67]

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[55] ***'s producer questionnaire responses, IV-14; and ***'s importer questionnaire responses, III-19.

[56] ***'s producer questionnaire responses, IV-22.

[57] ***'s producer questionnaire responses, IV-22.

[58] ***'s producer questionnaire response, IV-22.

[59] ***'s producer questionnaire response, IV-22.

[60] ***'s producer questionnaire response, IV-22.

[61] ***'s importer questionnaire responses, III-27.

[62] ***'s importer questionnaire response, III-27.

[63] ***'s importer questionnaire response, III-27.

[64] ***'s importer questionnaire response, III-27.

[65] ***'s importer questionnaire response, III-27.

[66] ***'s importer questionnaire response, III- 27.

[67] ***'s importer questionnaire response, III-27.

Published price data are available from several reputable sources, although often such data are available by subscription only and cannot be reproduced without consent of their publisher. These data, however, are collected based on different product categories, timing, and commercial considerations, and thereby may not be directly comparable with each other. Moreover, such data are distinct from the pricing data presented in Part V of this report, which are collected directly from U.S. producers and U.S. importers via the Commission's questionnaires according to precise product definitions.

As reported by MEPS, world prices for wire rod increased irregularly between January 2008 and March 2014, increasing from $*** per short ton to $*** per short ton during that time, but below the peak price of $*** per short ton in July 2008.[68] Figure IV-1 presents the average world price of wire rod between January 2008 and March 2014. Figure IV-2 presents prices of wire rod by regions between January 2008 and March 2014.

Figure IV-1
Wire rod: Average world price per short ton for wire rod, January 2008-March 2014

* * * * * * *

Figure IV-2
Wire rod: Prices per short ton by region, January 2008-March 2014

* * * * * * *

[68] Original data are published in metric tons, and were converted to short tons using the following conversion factor: 1 metric ton = 1.1023 short tons. MEPS, *World Carbon Steel Product Prices,* found at http://www.meps.co.uk, retrieved on March 19-25, 2014. Prices are an arithmetic average of the low transaction values identified in the EU, Asia, and North America, converted into U.S. dollars.

As presented in table IV-38, country-specific monthly transaction prices for wire rod are also compiled by MEPS,[69] and show monthly price fluctuations across major producing countries. According to data compiled by MEPS, U.S. negotiated transaction prices for U.S.-produced wire rod rose since the beginning of 2008 to a peak in July and August of that year, before bottoming out in May 2009. Wire rod subsequently rose until March 2011, but not as high as the peak back in summer of 2008, and declined through November 2013. Between December 2013 and March 2014, prices rose to regain the level of December 2010.

Table IV-38
Wire rod: Negotiated transaction prices (ex-mill) for wire rod, by country and by month, January 2008-March 2014

* * * * * * *

Prices in Canada closely followed U.S. prices, with the price differential ranging between $*** below U.S. prices in November 2008 and $*** above U.S. prices in December 2012. The gap between U.S. and Canadian prices has continued to widen since the narrowest difference ($*** below U.S. prices) in November 2013 through March 2014.

In Europe, major steel market price trends for wire rod also followed those in the United States, but with a higher average peak values in July and August 2008 ($*** above the U.S. price level). In contrast, the subsequent price peaked occurred 2 months later (in May 2011) and at lower average values ($***) compared to the U.S. price peak back in March 2011. In the first three months of 2014, European average prices were $*** below those in the United States for wire rod.

With regard to Asian markets, Chinese market prices were consistently below, by $*** per short ton, U.S. wire rod prices, throughout January 2008 to March 2014. Korean wire rod market prices generally were below those in the United States, with notable exceptions during July-December 2010 (on average, $*** above U.S. prices) and November 2013-February 2014 (on average, $*** above U.S. prices). Japanese market prices generally exceeded U.S. prices in mid-2009 through mid-2012, fluctuating from $*** above U.S. prices to $*** below U.S. prices. On average, Japanese market prices were $*** above U.S. prices over the January 2008-March 2014 period.

[69] MEPS, *International Steel Review*, January 2005-March 2014 editions, p. 1.

Additional global supply and demand factors

Worldwide, the majority of wire rod rolling mill capacity during 2008-13 resides in China, with *** percent, by ***'s estimate. Apparent rolling mill capacity in China grew between 2008 and 2013 from *** short tons to *** short tons, an increase of *** percent. These capacity figures, while large, are less than published production levels.[70] Outside of China, *** percent of wire rod rolling mill capacity during this period resides in Europe; *** in Asia, other than China; *** in Central and South America; *** percent in North America; and *** percent in the CIS. Table IV-39 presents regional rolling mill capacities for wire rod and their respective shares of global capacity.

Table IV-39
Wire rod: Global and regional rolling mill capacities, 2008-13, and forecasts of global and regional rolling mill capacities, 2014-15

* * * * * * *

With respect to trade in wire rod, both imports and exports worldwide grew between 2008 and 2013. As shown in table IV-40, between 2008 and 2013,[71] worldwide wire rod imports increased by 10.3 percent. Exports have similarly grown, as shown in table IV-41; between 2008 and 2013, worldwide wire rod exports increased by 11.3 percent. The global export data show that China is the world's largest exporter of wire rod. Although global exports of wire rod from China fell by 78.8 percent from 2008 to 2009, such exports grew by 643.0 percent from 2009 to 2013. Detailed information on the export destinations for wire rod produced in China as published by GTIS/GTA is presented in table IV-42.

[70] Domestic producers— ArcelorMittal USA, Evraz Pueblo, Gerdau, and Keystone— noted that ***. Domestic producers' prehearing brief, footnote 31, pp. 59-60.

[71] Import and export data for 2013 were not yet available for all countries that report to GTIS/GTA.

Table IV-40
Wire rod: Global imports, 2008-13

Reporting entity	2008	2009	2010	2011	2012	2013
			Quantity (*short tons*)			
United States	1,752,637	892,368	1,596,012	1,322,409	1,588,189	1,775,744
Top import markets:						
Korea	1,208,879	769,324	1,384,308	1,561,034	1,619,327	1,594,479
Thailand	647,889	501,990	763,034	799,039	1,142,153	1,487,922
Germany	1,461,553	1,122,675	1,381,995	1,432,678	1,395,396	1,405,477
Netherlands	1,144,569	1,105,063	1,315,584	1,701,221	1,647,878	1,359,011
Malaysia	312,074	316,573	493,031	428,901	663,697	937,076
Italy	1,275,799	872,395	1,047,085	1,054,944	802,343	853,806
Indonesia	202,352	181,172	246,443	285,424	511,780	775,941
Algeria	414,547	526,260	354,765	499,227	557,489	719,362
France	751,851	552,133	681,713	654,588	601,151	563,910
Taiwan	703,757	163,038	351,699	313,870	365,653	517,874
Subtotal	8,123,270	6,110,624	8,019,657	8,730,926	9,306,868	10,214,859
All Other	8,909,684	6,987,414	8,368,810	8,969,995	8,656,774	8,724,313
Total	18,785,591	13,990,406	17,984,480	19,023,330	19,551,832	20,714,916
			Value (*$1,000*)			
United States	1,462,189	595,446	1,141,462	1,156,860	1,263,485	1,217,468
Top import markets:						
Korea	958,831	427,038	908,861	1,196,229	1,098,504	1,004,791
Thailand	580,097	324,460	559,359	675,990	844,701	945,046
Germany	1,283,201	653,956	929,359	1,234,382	1,079,612	1,074,347
Netherlands	827,235	451,207	592,695	773,850	699,589	586,267
Malaysia	254,924	196,589	326,162	343,599	467,648	580,271
Italy	1,133,275	508,276	693,711	890,683	607,867	620,035
Indonesia	168,767	115,919	172,284	230,461	352,793	454,351
Algeria	294,786	245,784	195,703	345,953	353,838	411,603
France	667,067	340,242	472,288	591,637	476,462	422,370
Taiwan	555,666	88,251	222,590	237,595	244,052	304,287
Subtotal	6,723,850	3,351,722	5,073,012	6,520,379	6,225,066	6,403,368
All Other	7,436,176	3,864,502	5,402,339	7,209,237	6,356,022	5,951,139
Total	15,622,215	7,811,670	11,616,813	14,886,476	13,844,572	13,571,975

Table continued on next page.

Table IV-40--*Continued*
Wire rod: Global imports, 2008-13

Reporting entity	2008	2009	2010	2011	2012	2013
			Unit value (*per short ton*)			
United States	$834	$667	$715	$875	$796	$686
Top import markets:						
Korea	793	555	657	766	678	630
Thailand	895	646	733	846	740	635
Germany	878	582	672	862	774	764
Netherlands	723	408	451	455	425	431
Malaysia	817	621	662	801	705	619
Italy	888	583	663	844	758	726
Indonesia	834	640	699	807	689	586
Algeria	711	467	552	693	635	572
France	887	616	693	904	793	749
Taiwan	790	541	633	757	667	588
Subtotal	828	549	633	747	669	627
All Other	835	553	646	804	734	682
Total	832	558	646	783	708	655

Note.--HS codes included: 7213.91, 7213.99, 7227.20, and 7227.90.

Source: Reported by GTIS/GTA.

Table IV-41
Wire rod: Global exports, 2008-13

Reporting entity	2008	2009	2010	2011	2012	2013
			Quantity (*short tons*)			
United States	145,815	151,913	177,046	191,942	167,925	149,341
Top 10 markets:						
China	5,545,712	1,174,400	2,524,968	3,210,167	6,087,504	8,725,688
Germany	2,264,025	1,701,298	2,069,053	2,193,541	2,274,289	2,042,663
Japan	1,190,846	966,694	1,575,939	1,599,688	1,463,040	1,788,215
Ukraine	1,631,483	1,647,537	1,985,129	1,899,882	1,688,650	1,454,154
Czech Republic	621,843	638,757	772,511	871,262	948,862	938,712
Spain	694,838	678,691	685,098	721,932	937,992	792,624
Turkey	850,952	1,143,459	1,096,805	1,239,062	985,226	727,076
Korea	473,690	635,359	502,623	504,893	589,268	716,841
United Kingdom	638,388	549,777	746,309	612,855	669,620	679,671
Italy	684,873	588,166	610,650	603,394	644,959	663,238
Subtotal	14,596,650	9,724,139	12,569,085	13,456,675	16,289,411	18,528,882
All other	7,228,898	7,054,274	8,259,399	8,024,719	6,463,567	5,770,590
Total	21,971,363	16,930,326	21,005,530	21,673,337	22,920,904	24,448,813
			Value (*$1,000*)			
United States	117,814	111,961	143,278	162,572	160,429	143,198
Top 10 markets						
China	4,314,943	564,568	1,393,123	2,108,971	3,404,928	4,392,955
Germany	1,939,840	940,555	1,325,841	1,774,878	1,565,412	1,379,100
Japan	1,053,210	712,525	1,345,667	1,640,268	1,403,642	1,473,109
Ukraine	1,102,802	600,458	920,223	1,168,837	963,666	752,589
Czech Republic	527,673	337,341	472,244	670,219	627,811	596,301
Spain	637,486	384,465	466,207	620,235	658,203	553,173
Turkey	576,164	472,738	551,351	774,095	573,829	398,188
Korea	356,397	363,988	363,719	431,267	443,799	472,712
United Kingdom	529,219	283,599	455,020	482,787	457,221	437,341
Italy	612,391	315,212	383,484	488,439	440,574	431,579
Subtotal	11,650,125	4,975,449	7,676,878	10,159,996	10,539,085	10,887,048
All other	5,759,194	3,439,548	4,666,643	5,844,100	4,398,537	3,719,079
Total	17,527,133	8,526,958	12,486,799	16,166,668	15,098,051	14,749,325

Table continued on next page.

Table IV-41--*Continued*
Wire rod: Global exports, 2008-13

Reporting entity	2008	2009	2010	2011	2012	2013
	Unit value (*per short ton*)					
United States	$808	$737	$809	$847	$955	$959
Top 10 markets						
China	778	481	552	657	559	503
Germany	857	553	641	809	688	675
Japan	884	737	854	1,025	959	824
Ukraine	676	364	464	615	571	518
Czech Republic	849	528	611	769	662	635
Spain	917	566	680	859	702	698
Turkey	677	413	503	625	582	548
Korea	752	573	724	854	753	659
United Kingdom	829	516	610	788	683	643
Italy	894	536	628	809	683	651
Subtotal	798	512	611	755	647	588
All other	797	488	565	728	681	644
Total	798	504	594	746	659	603

Note.--HS codes included: 7213.91, 7213.99, 7227.20, and 7227.90.

Source: Reported by GTIS/GTA.

Table IV-42
Wire rod: Exports from China, by destination, 2008-13

Destination	2008	2009	2010	2011	2012	2013
			Quantity (*short tons*)			
South Korea	915,350	480,403	926,675	1,108,333	1,271,870	1,222,563
Thailand	443,224	167,629	370,103	467,676	834,352	1,112,951
Vietnam	447,015	149,758	277,148	250,939	429,878	754,186
United States	426,677	6,863	11,079	1,316	332,368	691,899
Indonesia	104,309	8,147	73,489	106,088	420,893	610,565
Philippines	311,466	20,817	138,375	170,531	315,083	573,987
Malaysia	129,140	44,607	157,091	187,347	367,269	492,963
Singapore	123,554	20	42,371	28,195	177,378	325,377
Japan	197,356	159,945	269,283	307,547	396,600	286,352
Saudi Arabia	222,765	1,191	15,340	61,904	285,353	256,039
All other	2,224,855	135,019	244,015	520,290	1,256,460	2,398,807
World	5,545,712	1,174,400	2,524,968	3,210,167	6,087,504	8,725,688
			Value (*$1,000*)			
South Korea	689,233	222,442	502,085	724,949	737,939	632,065
Thailand	349,718	83,993	209,331	303,208	471,708	566,552
Vietnam	295,595	70,263	151,498	165,516	242,043	379,269
United States	361,597	3,449	6,285	1,245	178,155	340,534
Indonesia	75,587	4,190	42,067	71,627	239,090	317,000
Philippines	221,407	12,119	72,786	108,589	169,625	274,805
Malaysia	107,857	21,754	85,400	122,797	207,593	256,762
Singapore	90,518	14	22,115	17,625	97,847	161,012
Japan	139,683	73,335	145,618	203,228	225,966	145,433
Saudi Arabia	186,801	635	9,384	41,619	156,234	128,544
All other	1,796,947	72,375	146,554	348,569	678,728	1,190,979
World	4,314,943	564,568	1,393,123	2,108,971	3,404,928	4,392,955

Table continued on next page.

Table IV-42--*Continued*
Wire rod: Exports from China, by destination, 2008-13

Destination	2008	2009	2010	2011	2012	2013
			Unit value (*per short ton*)			
South Korea	753	463	542	654	580	517
Thailand	789	501	566	648	565	509
Vietnam	661	469	547	660	563	503
United States	847	503	567	947	536	492
Indonesia	725	514	572	675	568	519
Philippines	711	582	526	637	538	479
Malaysia	835	488	544	655	565	521
Singapore	733	680	522	625	552	495
Japan	708	458	541	661	570	508
Saudi Arabia	839	533	612	672	548	502
All other	808	536	601	670	540	496
World	778	481	552	657	559	503
			Share of quantity (*percent*)			
South Korea	16.5	40.9	36.7	34.5	20.9	14.0
Thailand	8.0	14.3	14.7	14.6	13.7	12.8
Vietnam	8.1	12.8	11.0	7.8	7.1	8.6
United States	7.7	0.6	0.4	0.0	5.5	7.9
Indonesia	1.9	0.7	2.9	3.3	6.9	7.0
Philippines	5.6	1.8	5.5	5.3	5.2	6.6
Malaysia	2.3	3.8	6.2	5.8	6.0	5.6
Singapore	2.2	0.0	1.7	0.9	2.9	3.7
Japan	3.6	13.6	10.7	9.6	6.5	3.3
Saudi Arabia	4.0	0.1	0.6	1.9	4.7	2.9
All other	40.1	11.5	9.7	16.2	20.6	27.5
World	100.0	100.0	100.0	100.0	100.0	100.0

Note.--HS codes included: 7213.91, 7213.99, 7227.20, and 7227.90.

Source: Reported by GTIS/GTA.

PART V: PRICING DATA

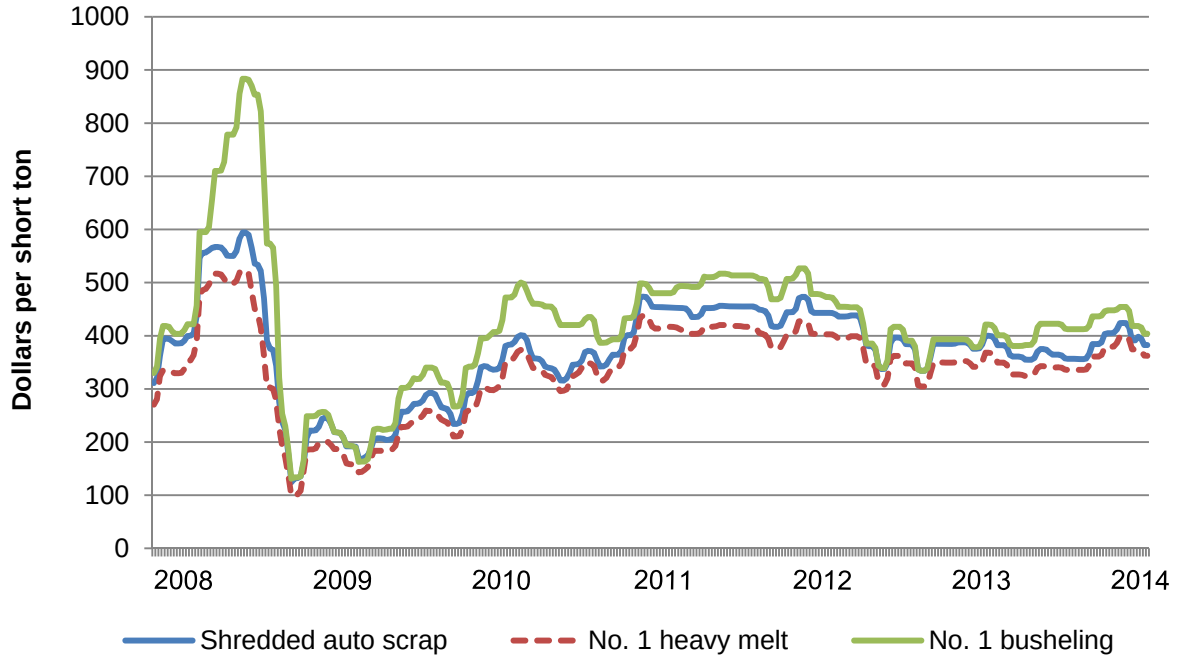
FACTORS AFFECTING PRICES

Raw material costs

The primary inputs used in the production of wire rod are billets produced from steel scrap, natural gas, and electricity. Different types of steel scrap are used in different types of wire rod, with busheling scrap used to produce higher-end product and heavy melt used to produce less-specialized wire rod.[1] As discussed in greater detail in *Part III* of this report, raw materials as a share of cost of goods sold ("COGS") ranged from 60.0 percent to 72.0 percent, with a weighted average of 67.2 percent during 2008-13.

Steel scrap prices fluctuated between January 2008 and December 2013, peaking during the last week of July 2008 and then falling to a period low in the second week of November 2008 (figure V-1). Prices of all three steel scrap materials increased irregularly from the end of 2008 through the end of 2010 and then continued to fluctuate, decreasing slightly from the first week of January 2011 through the last week of December 2013.

Figure V-1
U.S. ferrous scrap prices: Weekly scrap prices, January 2008-March 2014



Source: American Metal Market LLC.

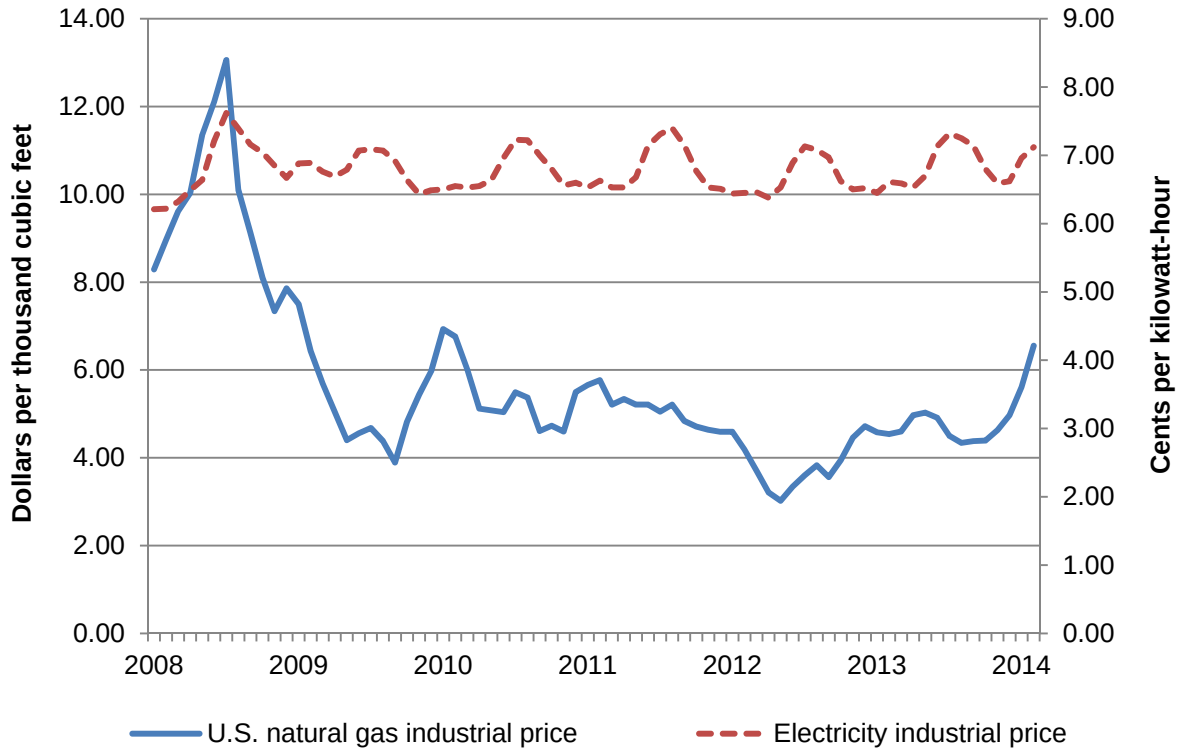
[1] *Carbon and Certain Alloy Steel Wire Rod From Brazil, Canada, Germany, Indonesia, Mexico, Moldova, Trinidad and Tobago, Turkey, and Ukraine: Investigation Nos. 701-TA-417 and 731-TA-953, 954, 957-959, 961, and 962 (Review)*, USITC Publication 4014, June 2008, p. V-1.

The majority of producers reported that raw material costs are the primary factor in pricing wire rod. However, three producers reported that although raw material costs have been increasing, they have been unable to recover those costs due to low-priced wire rod imports, primarily from China. The majority of producers (8 of 10) reported that they expect steel scrap costs to continue fluctuating monthly; three of these producers expect raw material costs to trend upward.

Energy prices have also fluctuated since 2008; however, the price fluctuations for natural gas prices were more pronounced than those for electricity (figure V-2). Overall, U.S. natural gas prices decreased during the period.[2] U.S. natural gas prices peaked in mid-2008 and then fell steeply until October 2009 when prices began to rise. Prices of natural gas decreased irregularly between January 2010 and May 2012, and then increased irregularly through December 2013 and into 2014. Electricity process fluctuated seasonally but with no significant net changes.[3]

Figure V-2

U.S. natural gas and electricity prices for industrial customers, monthly, January 2008-February 2014



Source: U.S. Energy Information Administration, http://www.eia.doe.gov, retrieved on May 6, 2014.

[2] Annual U.S. natural gas prices for industrial customers fell 51.7 percent from $9.65 per thousand cubic feet in 2008 to $4.66 per thousand cubic feet in 2013.

[3] Average annual electricity prices for industrial customers fell 1/100 cent from 6.83 cents per kilowatt-hour to 6.82 cents per kilowatt-hour between 2008 and 2013.

Transportation costs to the U.S. market

Overseas transportation costs have declined overall since 2008. One index often used as a broad measure of overseas shipping costs is the Baltic Dry Index.[4] Increasing from 10,000 at the beginning of 2008 to its peak of more than 11,500 by the first half of 2008, the index had fallen to under 1,000 in the beginning of 2009 and did not rise above 5,000 through the rest of the period (2009-20013).

Transportation costs for wire rod shipped from subject countries to the United States averaged 8.8 percent for Brazil, 2.4 percent for Mexico, and 9.2 percent for Trinidad and Tobago during 2008-13.[5] [6] These estimates were derived from official import data and represent the transportation and other charges on imports.[7] [8]

The majority of importers (19 of 25) reported that the exporter arranged international transportation to the customer.[9] Four foreign producers from Brazil, Indonesia, Mexico, and Trinidad and Tobago reported that *** arranged transportation. Two of three Mexican producers and both Ukrainian producers reported that *** arranged transportation. Three foreign producers reported the cost of shipping wire rod to the United States in 2013; the Brazilian producer reported that transportation cost was $*** per short ton; the Mexican producer reported that transportation costs was $*** per short ton; and the Indonesian

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[4] The Baltic Dry Index is "a shipping and trade index created by the London-based Baltic Exchange that measures changes in the cost to transport raw materials such as metals, grains and fossil fuels by sea. The Baltic Exchange directly contacts shipping brokers to assess price levels for a given route, product to transport and time to delivery (speed). The Baltic Dry Index is a composite of three sub-indexes that measure different sizes of dry bulk carriers (merchant ships) - Capesize, Supramax and Panamax. Multiple geographic routes are evaluated for each index to give depth to the index's composite measurement. It is also known as the 'Dry Bulk Index'." Found at http://www.investopedia.com/terms/b/baltic_dry_index.asp, retrieved May 8, 2014.

[5] Trinidad and Tobago data are based on 2008 import data.

[6] There were no imports of subject product from Indonesia, Moldova, and Ukraine between 2008 and 2013.

[7] The estimated transportation costs were obtained by comparing the customs and c.i.f. values for all years combined (2008-13) for HTS subheadings 7213.91.3011, 7213.91.3015, 7213.91.3020, 7213.91.3092, 7213.91.3093, 7213.91.4500, 7213.91.6000, 7213.99.0030, 7213.99.0090, 7227.20.0000, 7227.20.0030, 7227.20.0080, 7227.90.6010, 7227.90.6020, 7227.90.6080, and 7227.90.6085.

[8] In the original investigations, transportation costs for wire rod were estimated using official import data in 2001. Transportation costs averaged 14.4 percent for Brazil, 10.1 percent for Indonesia, 8.9 percent for Mexico, 11.6 percent for Moldova, 8.4 percent for Trinidad and Tobago, and 11.7 percent for Ukraine. Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Germany, Indonesia, Mexico, Moldova, Trinidad and Tobago, Turkey, and Ukraine, Inv. Nos. 701-TA-417-421 and 731-TA-953, 954, 956-959, 961, and 962 (Final), USITC Staff Report, p. V-1.

[9] Seven importers reported that the importer arranged international transportation; however, no importer reported the cost of shipping wire rod to the United States.

producer reported that the cost was $*** per short ton. The Ukrainian respondent estimated that transportation and logistical costs would be $*** per short ton.[10] [11]

U.S. inland transportation costs

All nine responding U.S. producers and 8 of 12 responding importers reported that they typically arrange transportation to their customers. U.S. producers reported that their U.S. inland transportation costs averaged 5 to 8 percent while importers reported costs of 1 to 14 percent.

PRICING PRACTICES

Pricing methods

As presented in table V-1, U.S. producers and importers sell primarily on transaction-by-transaction negotiations. However, firms also reported using contracts, set price lists, and other methods including indexing prices to scrap and other raw material costs as well as current market conditions. The majority of producers (9 of 12) and importers (17 of 21) reported that they consider the cost of scrap steel when setting prices for wire rod. Three producers and three importers reported that they use a separate surcharge for scrap prices.

Table V-1
Wire rod: U.S. producers' and importers' reported price setting methods, by number of responding firms[1]

Method	U.S. producers	Importers
Transaction-by-transaction	8	19
Contract	4	6
Set price list	0	1
Other	4	2

[1] The sum of responses down may not add up to the total number of responding firms as each firm was instructed to check all applicable price setting methods employed.

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

[10] This estimate includes $*** for inland U.S. freight costs and $*** for related lead time and other discounts. Yenakiieve's posthearing brief, pp. 14-15.

[11] Both domestic interested parties disagree with Yenakiieve's freight estimates. Hearing transcript, p. 107 (Price). Nucor suggests that it would cost approximately $*** per short ton to ship wire rod to the United States. Nucor's posthearing brief, p.19.

As shown in table V-2, U.S. producers and importers reported their 2013 U.S. commercial shipments of wire rod by type of sale. U.S. producers reported selling the majority of their wire rod split between short-term contracts and the spot market while both importers of wire rod from Mexico reported selling *** of their product in ***.[12]

Table V-2
Wire rod: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2013

Type of sale	U.S. producers	Importers of product from Mexico
Long-term contracts	3.5	***
Short-term contracts	51.2	***
Spot sales	45.3	***
Total	100.0	100.0

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

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

The majority of purchasers (28 of 35) reported that they purchase product monthly, 5 purchase weekly, and 5 purchase daily, 4 purchase quarterly, and one purchases annually.[13] All 35 responding purchasers reported that they did not expect their purchasing patterns to change in the next two years. Most (25 of 34) purchasers contact 1 to 5 suppliers before making a purchase.

Sales terms and discounts

U.S. producers and importers quote prices both on an f.o.b. and a delivered basis. Four of 10 U.S. producers and 20 of 24 importers reported that they sold on a delivered basis. The majority of producers (6 of 10) and importers (21 of 24) do not offer discounts. Two producers and two importers reported that they offer quantity-based discounts and two producers and one importer reported that they offer total volume discounts. Five producers reported sales terms of ½ percent 10 net 30, three reported net 30 days, two reported 1 percent 10 net 30 days, and one reported ¾ percent 10 net 30 days. In contrast, 17 importers reported net 30 days, seven reported net 60 days, two reported 2/10 net 30 days, and one reported 1 percent 10 net 30 days.

Price leadership

Purchasers reported that Charter Steel, Keystone Steel & Wire, Nucor, and Gerdau were price leaders.

[12] No importers from other subject countries reported their sale types.
[13] Four purchasers indicated that their purchasing frequency varied throughout the year.

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following wire rod products shipped to unrelated U.S. customers during 2008-13.

***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, grade 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, 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.).**

Nine U.S. producers and two importers of wire rod from Mexico provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[14] Pricing data reported by these firms accounted for approximately 31.0 percent of U.S. producers' shipments of product and *** percent of U.S. shipments of subject imports from Mexico during 2008-13. Price data for products 1-4 are presented in tables V-3 to V-6 and figures V-3 to V-6.

[14] Two importers, ***, provided price data for sales of the requested products. In addition, price data for Deacero's U.S. imports of smaller diameter wire rod from Mexico were reported and are presented separately in appendix F.

Table V-3

Wire rod: Weighted-average f.o.b. prices and quantities of domestic and imported product 1[1] and margins of underselling/(overselling), by quarters, January 2008-December 2013

Period	United States		Mexico		
	Price *(per short ton)*	Quantity *(short tons)*	Price *(per short ton)*	Quantity *(short tons)*	Margin *(percent)*
2008:					
Jan.-Mar.	$629.93	66,223	--	0	--
Apr.-June	832.84	80,992	--	0	--
July-Sept.	968.10	67,422	--	0	--
Oct.-Dec.	765.95	33,674	--	0	--
2009:					
Jan.-Mar.	587.37	31,373	--	0	--
Apr.-June	499.70	30,834	--	0	--
July-Sept.	527.86	70,119	--	0	--
Oct.-Dec.	538.35	77,718	--	0	--
2010:					
Jan.-Mar.	582.31	55,887	--	0	--
Apr.-June	649.32	56,231	$***	***	***
July-Sept.	621.07	49,317	***	***	***
Oct.-Dec.	598.35	66,348	--	0	--
2011:					
Jan.-Mar.	696.23	52,619	--	0	--
Apr.-June	744.55	52,991	--	0	--
July-Sept.	746.72	55,490	--	0	--
Oct.-Dec.	726.84	57,352	***	***	***
2012:					
Jan.-Mar.	740.49	51,424	***	***	***
Apr.-June	742.20	50,288	***	***	***
July-Sept.	665.61	51,449	***	***	***
Oct.-Dec.	647.02	47,934	--	0	--
2013:					
Jan.-Mar.	661.33	52,525	--	0	--
Apr.-June	661.06	57,184	--	0	--
July-Sept.	647.37	39,538	--	0	--
Oct.-Dec.	623.74	60,619	--	0	--

[1] 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.).

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

Table V-4

Wire rod: Weighted-average f.o.b. prices and quantities of domestic and imported product 2[1] and margins of underselling/(overselling), by quarters, January 2008-December 2013

Period	United States		Mexico		
	Price *(per short ton)*	Quantity *(short tons)*	Price *(per short ton)*	Quantity *(short tons)*	Margin *(percent)*
2008:					
Jan.-Mar.	$608.01	112,341	--	0	--
Apr.-June	803.18	104,554	$***	***	***
July-Sept.	983.72	96,361	--	0	--
Oct.-Dec.	827.86	24,431	***	***	***
2009:					
Jan.-Mar.	571.40	26,070	***	***	***
Apr.-June	500.46	76,105	***	***	***
July-Sept.	527.13	100,010	***	***	***
Oct.-Dec.	536.43	87,642	***	***	***
2010:					
Jan.-Mar.	545.32	105,556	***	***	***
Apr.-June	592.48	133,320	***	***	***
July-Sept.	593.19	90,253	***	***	***
Oct.-Dec.	596.34	78,875	***	***	***
2011:					
Jan.-Mar.	682.67	124,344	--	0	--
Apr.-June	725.59	147,345	--	0	--
July-Sept.	725.42	124,031	--	0	--
Oct.-Dec.	710.89	136,296	***	***	***
2012:					
Jan.-Mar.	719.16	130,660	***	***	***
Apr.-June	716.01	126,868	***	***	***
July-Sept.	651.67	108,924	***	***	***
Oct.-Dec.	636.10	80,176	--	0	--
2013:					
Jan.-Mar.	644.23	109,879	--	0	--
Apr.-June	661.44	96,010	--	0	--
July-Sept.	630.02	82,624	--	0	--
Oct.-Dec.	623.65	82,123	***	***	***

[1] Product 2: Industrial quality wire rod, grade 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.).

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

Table V-5

Wire rod: Weighted-average f.o.b. prices and quantities of domestic and imported product 3[1] and margins of underselling/(overselling), by quarters, January 2008-December 2013

Period	United States		Mexico		
	Price *(per short ton)*	Quantity *(short tons)*	Price *(per short ton)*	Quantity *(short tons)*	Margin *(percent)*
2008:					
Jan.-Mar.	$600.10	157,970	--	0	--
Apr.-June	793.82	145,963	--	0	--
July-Sept.	999.38	123,287	--	0	--
Oct.-Dec.	807.31	55,134	--	0	--
2009:					
Jan.-Mar.	603.57	38,034	--	0	--
Apr.-June	505.46	74,545	--	0	--
July-Sept.	522.94	99,487	$***	***	***
Oct.-Dec.	540.38	67,544	--	0	--
2010:					
Jan.-Mar.	573.33	97,267	--	0	--
Apr.-June	646.31	91,568	***	***	***
July-Sept.	627.89	91,037	--	0	--
Oct.-Dec.	612.42	74,798	***	***	***
2011:					
Jan.-Mar.	681.09	108,039	--	0	--
Apr.-June	731.76	102,588	--	0	--
July-Sept.	737.61	101,646	--	0	--
Oct.-Dec.	712.69	117,620	***	***	***
2012:					
Jan.-Mar.	723.55	142,543	***	***	***
Apr.-June	717.04	128,694	***	***	***
July-Sept.	656.06	132,341	***	***	***
Oct.-Dec.	629.73	103,770	--	0	--
2013:					
Jan.-Mar.	641.09	122,648	--	0	--
Apr.-June	657.91	125,272	--	0	--
July-Sept.	630.92	109,866	--	0	--
Oct.-Dec.	621.26	96,799	***	***	***

[1] 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.).

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

Table V-6

Wire rod: Weighted-average f.o.b. prices and quantities of domestic and imported product 4[1] and margins of underselling/(overselling), by quarters, January 2008-December 2013

Period	United States		Mexico		
	Price *(per short ton)*	Quantity *(short tons)*	Price *(per short ton)*	Quantity *(short tons)*	Margin *(percent)*
2008:					
Jan.-Mar.	$627.11	17,631	--	0	--
Apr.-June	887.76	22,243	--	0	--
July-Sept.	1,104.35	19,659	--	0	--
Oct.-Dec.	923.51	12,244	--	0	--
2009:					
Jan.-Mar.	643.94	9,758	--	0	--
Apr.-June	559.51	12,149	--	0	--
July-Sept.	577.72	15,681	--	0	--
Oct.-Dec.	589.57	16,120	--	0	--
2010:					
Jan.-Mar.	638.25	21,382	--	0	--
Apr.-June	698.52	25,649	$***	***	***
July-Sept.	709.34	11,310	***	***	***
Oct.-Dec.	681.55	13,490	--	0	--
2011:					
Jan.-Mar.	745.64	22,551	--	0	--
Apr.-June	791.11	28,115	--	0	--
July-Sept.	794.67	19,343	--	0	--
Oct.-Dec.	767.57	19,378	***	***	***
2012:					
Jan.-Mar.	758.35	27,350	***	***	***
Apr.-June	766.40	30,372	***	***	***
July-Sept.	716.99	15,614	***	***	***
Oct.-Dec.	699.44	16,814	--	0	--
2013:					
Jan.-Mar.	715.71	19,751	--	0	--
Apr.-June	710.42	22,564	--	0	--
July-Sept.	687.67	18,132	***	***	***
Oct.-Dec.	701.67	14,469	***	***	***

[1] Product 4: Grades C1050 through C1070, 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.).

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

Figure V-3

Wire rod: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2008-December 2013

* * * * * * *

Figure V-4

Wire rod: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2008-December 2013

* * * * * * *

Figure V-5

Wire rod: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2008-December 2013

* * * * * * *

Figure V-6

Wire rod: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2008-December 2013

* * * * * * *

Price trends

Prices for wire rod fluctuated during 2008-13 with prices generally falling from third quarter 2008 peak levels into 2009, increasing during the latter half of 2009 through 2011, and then falling during 2012-13. Overall, prices for wire rod increased between the first quarter of 2008 and the last quarter in 2013. Table V-7 summarizes the price trends, by country and by product. As shown in the table, domestic price increases ranged from 2.6 percent to 11.9 percent during 2008-13 while import price increases ranged from *** percent to *** percent. Domestic prices for all four products steadily increased from first quarter of 2008 and then peaked during the third quarter of 2011; domestic prices generally declined over the following nine quarters. Available price data of wire rod imported from Mexico is sporadic but shows similar price trends to domestic prices, with prices peaking in the fourth quarter of 2011 before falling through the end of the period.

Table V-7
Wire rod: Summary of weighted-average f.o.b. prices for products 1-4 from the United States and Mexico

Item	Number of quarters	Low price (per unit)	High price (per unit)	Change in price[1] (percent)
Product 1				
United States	24	499.70	968.10	(1.0)
Mexico	6	***	***	***
Product 2				
United States	24	500.46	983.72	2.6
Mexico	15	***	***	***
Product 3				
United States	24	505.46	999.38	3.5
Mexico	8	***	***	***
Product 4				
United States	24	559.51	1,104.35	11.9
Mexico	8	***	***	***

[1] Percentage change from the first quarter in which data were available to the last quarter in which price data were available, based on rounded data.

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

Price comparisons

As shown in table V-8, prices for wire rod imported from Mexico were below those for U.S.-produced product in 30 of 37 instances; margins of underselling ranged from *** to *** percent. In the remaining 7 instances, prices for wire rod imported from Mexico were higher than domestic prices, with margins of overselling ranging from *** to ***.[15] [16]

[15] In the original investigations, Brazilian product undersold domestic product in 38 of 47 possible price comparisons, with an average margin of *** percent; Indonesian product undersold domestic product in all 3 possible price comparisons, with an average margin of *** percent; product imported from Mexico undersold domestic product in 37 of 46 possible comparisons, with an average margin of *** percent; product imported from Moldova undersold domestic product in 19 of 22 possible price comparisons, with an average margin of *** percent; product imported from Trinidad and Tobago undersold domestic product in 36 of 52 possible price comparisons, with an average margin of *** percent; product imported from Ukraine undersold domestic product in 21 of 22 possible price comparisons, with an average margin of *** percent.

Also in the original investigations, domestic producers alleged lost revenues from imports from Brazil (*** allegations) and lost sales from imports from Brazil (*** allegations), Moldova (***), Mexico (***), Trinidad and Tobago (***), and Ukraine (***). Domestic producers alleged *** lost revenues or lost sales from imports from Indonesia. *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Germany, Indonesia, Mexico, Moldova, Trinidad and Tobago, Turkey, and Ukraine*, Inv. Nos. 701-TA-417-

(*continued*...)

Table V-8

Wire rod: Instances of underselling/overselling and the range and average of margins, by product from Mexico, January/March 2008-October/December 2013

Product	Underselling			Overselling		
	Number of instances	Range (percent)	Average margin (percent)	Number of instances	Range (percent)	Average margin (percent)
Product 1	4	***	***	2	***	***
Product 2	12	***	***	3	***	***
Product 3	6	***	***	2	***	***
Product 4	8	***	***	0	--	--
Total	30	***	9.6	7	***	(1.8)

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

(…*continued*)
421 and 731-TA-953, 954, 956-959, 961, and 962 (Final), USITC Staff Report, pp. V-15-V-29 and tables V-11 and V-12.

[16] In the first reviews, product imported from Brazil undersold domestic product in all 3 possible price comparisons, with an average margin of *** percent; Indonesian product undersold domestic product in all 3 possible price comparisons, with an average margin of *** percent; product imported from Mexico undersold domestic product in 26 of 54 possible comparisons, with margins of underselling ranging from *** to *** percent; product imported from Moldova undersold domestic product in all 5 possible price comparisons, with an average margin of *** percent; product imported from Trinidad and Tobago undersold domestic product in 8 of 14 possible price comparisons, with margins of underselling ranging from *** to *** percent; product imported from Ukraine undersold domestic product in all 6 possible price comparisons, with an average margin of *** percent. *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Germany, Indonesia, Mexico, Moldova, Trinidad and Tobago, Turkey, and Ukraine*, Inv. Nos. 701-TA-417-421 and 731-TA-953, 954, 956-959, 961, and 962 (Final), USITC Staff Report, pp. V-15-V-29; and *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine*, Inv. Nos. 701-TA-417 and 731-TA-953, 954, 957-959, 961, and 962 (Review), USITC Staff Report, p. V-26.

APPENDIX A

FEDERAL REGISTER NOTICES

The Commission makes available notices relevant to its investigations and reviews on its website, www.usitc.gov. In addition, the following tabulation presents, in chronological order, *Federal Register* notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
78 FR 33063 June 3, 2013	*Initiation of Five-Year ("Sunset") Review*	http://www.usitc.gov/trade_remedy/731_ad_701_cvd/investigations/2013/wire_rod/PDF/Commerce%20initiation.pdf
78 FR 33103 June 3, 2013	*Carbon and Certain Alloy Steel Wire Rod From Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine: Institution of five-year reviews*	http://www.usitc.gov/trade_remedy/731_ad_701_cvd/investigations/2013/wire_rod/PDF/Institution.pdf
78 FR 60316 October 1, 2013	*Carbon and Certain Alloy Steel Wire Rod From Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine: Notice of Commission Determination To Conduct Full Five-Year Reviews*	http://www.usitc.gov/trade_remedy/731_ad_701_cvd/investigations/2013/wire_rod/PDF/Notice%20to%20conduct%20full%20review.pdf
78 FR 60850 October 2, 2013	*Carbon and Certain Alloy Steel Wire Rod From Brazil: Final Results of the Expedited Second Sunset Review of the Countervailing Duty Order*	http://www.usitc.gov/trade_remedy/731_ad_701_cvd/investigations/2013/wire_rod/PDF/Commerce%20final%20results%20CVD.pdf
78 FR 63450 October 24, 2013	*Carbon and Certain Alloy Steel Wire Rod From Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine: Final Results of the Expedited Second Sunset Reviews of the Antidumping Duty Orders*	http://www.usitc.gov/trade_remedy/731_ad_701_cvd/investigations/2013/wire_rod/PDF/Commerce%20final%20results%20AD.pdf
78 FR 76653 December 18, 2013	*Carbon and Certain Alloy Steel Wire Rod From Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine: Scheduling of full five-year reviews concerning the countervailing duty order on carbon and certain alloy steel wire rod from Brazil and the antidumping duty orders on carbon and certain alloy steel wire rod from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine*	http://www.usitc.gov/trade_remedy/731_ad_701_cvd/investigations/2013/wire_rod/PDF/Scheduling.pdf
Note.–The press release announcing the Commission's determinations concerning adequacy and the conduct of a full or expedited review can be found at http://usitc.gov/press_room/news_release/2013/er0906ll1.htm. A summary of the Commission's votes concerning adequacy and the conduct of a full or expedited review can be found at http://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11596. The Commission's explanation of its determinations can be found at http://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11597.		

APPENDIX B

LIST OF HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

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

Subject: Carbon and Certain Alloy Steel Wire Rod from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine
Inv. Nos.: 701-TA-417 and 731-TA-953, 957-959, 961and 962 (Second Review)

Date/Time: April 22, 2014 - 9:30 a.m.

Sessions will be held in connection with these investigations in the Main Hearing Room (room 101), 500 E Street, S.W., Washington, DC.

EMBASSY WITNESSES:

Embassy of Ukraine
Washington, DC

Ihor Baranetskyi, Acting Head of the Economic Division

Oleksandr Pakhil, Second Secretary

Embassy of Mexico
Washington, DC

Salvador Behar, Legal Counsel for International Trade

OPENING REMARKS:

In Support of Continuation (**Kathleen W. Cannon**, Kelley Drye & Warren LLP)
In Opposition to Continuation (**Jay C. Campbell**, White & Case LLP; and **Craig A. Lewis**, Hogan Lovells US LLP)

In Support of the Continuation of
Antidumping and Countervailing Duty Orders:

Kelley Drye & Warren LLP
Washington, DC
on behalf of

ArcelorMittal USA LLC
Evraz Pueblo
Gerdau Ameristeel US Inc.
Keystone Consolidated Industries, Inc.

James Kerkvliet, Vice President of Sales and Marketing,
Gerdau Ameristeel US

Edward Goettl, Manager of Wire Rod Sales, Gerdau Ameristeel US

Vic Stirnaman, President, Keystone Consolidated Industries, Inc.

Stephen Ashby, Director of Rod and Bar Sales, Evraz Pueblo

James Sanderson, President, USW Local 7898

Michael Kerwin, Director, Georgetown Economic Services

Gina E. Beck, Economist, Georgetown Economic Services

Kathleen W. Cannon)
Paul C. Rosenthal)
) – OF COUNSEL
Benjamin Blase Caryl)
R. Alan Luberda)

Wiley Rein LLP
Washington, DC
on behalf of

Nucor Corporation ("Nucor")

Eric Nystrom, National Marketing Manager for Wire Rod,
SBQ, and Cold Finish Products, Nucor

Alan H. Price)
Daniel B. Pickard) – OF COUNSEL
Maureen E. Thorson)

In Opposition to the Continuation of
Antidumping and Countervailing Duty Orders:

White & Case LLP
Washington, DC
on behalf of

Deacero S.A.P.I de C.V. ("Deacero")
Deacero USA, Inc. ("Deacero USA")

Sergio Gutierrez, Chief Executive Officer, Deacero

Eugenio Gutierrez, Vice President of Finance & International Trade, Deacero

Daniel Gutierrez, Vice President of Industrial Sales, Deacero

Luis Leal, International Trade Manager, Deacero

Charles Spittler, Chief Operating Officer, Cavert Wire Company, Inc.

Bill Heileg, Co-Owner and Member, G3 Steel Group LLC

David E. Bond)
) – OF COUNSEL
Jay C. Campbell)

Hogan Lovells US LLP
Washington, DC
on behalf of

Public Joint Stock Company Yenakiieve Iron and Steel Works ("Yenakiieve")

Elena Dimitrova, Head of Marketing, Commercial Service, Sales Directorate, Metinvest Holding, LLC

Craig A. Lewis)
Jonathan T. Stoel) – OF COUNSEL
Wesley V. Carrington)

APPENDIX C

SUMMARY DATA

Table C-1
Wire rod: Summary data concerning the U.S. market, 2008-13
(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Reported data						Period changes					
	Calendar year						Comparison periods					
	2008	2009	2010	2011	2012	2013	2008-13	2008-09	2009-10	2010-11	2011-12	2012-13
U.S. consumption quantity:												
Amount	***	***	***	***	***	5,300,149	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	67.9	***	***	***	***	***	***
Importers' share (1):												
Brazil	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mexico	***	***	***	***	***	0.2	***	***	***	***	***	***
Moldova	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trinidad & Tobago	***	0.0	0.0	0.0	0.0	0.0	***	***	***	***	***	***
Ukraine	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal, subject sources	***	***	***	***	***	0.2	***	***	***	***	***	***
1080 tire cord/tire bead	***	***	***	***	***	1.8	***	***	***	***	***	***
All others sources	***	***	***	***	***	30.1	***	***	***	***	***	***
Subtotal, nonsubject sources	***	***	***	***	***	31.9	***	***	***	***	***	***
Total imports	***	***	***	***	***	32.1	***	***	***	***	***	***
U.S. consumption value:												
Amount	***	***	***	***	***	3,756,412	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	67.3	***	***	***	***	***	***
Importers' share (1):												
Brazil	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mexico	***	***	***	***	***	0.2	***	***	***	***	***	***
Moldova	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trinidad & Tobago	***	***	***	***	***	0.0	***	***	***	***	***	***
Ukraine	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal, subject sources	***	***	***	***	***	0.2	***	***	***	***	***	***
1080 tire cord/tire bead	***	***	***	***	***	1.7	***	***	***	***	***	***
All others sources	***	***	***	***	***	30.8	***	***	***	***	***	***
Subtotal, nonsubject sources	***	***	***	***	***	32.5	***	***	***	***	***	***
Total imports	***	***	***	***	***	32.7	***	***	***	***	***	***
U.S. imports from:												
Brazil:												
Quantity	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)
Value	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)
Unit value	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)
Indonesia:												
Quantity	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)
Value	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)
Unit value	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)
Mexico:												
Quantity	***	***	***	***	***	10,333	***	***	***	***	***	***
Value	***	***	***	***	***	6,128	***	***	***	***	***	***
Unit value	***	***	***	***	***	$593	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	0	***	***	***	***	***	***
Moldova:												
Quantity	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)
Value	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)
Unit value	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)
Trinidad & Tobago:												
Quantity	21,794	0	0	0	0	0	(100.0)	(100.0)	(2)	(2)	(2)	(2)
Value	14,298	0	0	0	0	0	(100.0)	(100.0)	(2)	(2)	(2)	(2)
Unit value	$656	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity	***	0	0	0	0	0	***	***	(2)	(2)	(2)	(2)
Ukraine:												
Quantity	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)
Value	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)
Unit value	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)
Subtotal, subject sources:												
Quantity	***	***	***	***	***	10,333	***	***	***	***	***	***
Value	***	***	***	***	***	6,128	***	***	***	***	***	***
Unit value	***	***	***	***	***	$593	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	0	***	***	***	***	***	***

Table continued on next page.....

Table C-1
Wire rod: Summary data concerning the U.S. market, 2008-13
(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Reported data						Period changes					
	Calendar year						Comparison periods					
	2008	2009	2010	2011	2012	2013	2008-13	2008-09	2009-10	2010-11	2011-12	2012-13
U.S. imports from:												
1080 tire cord/tire bead:												
Quantity	139,459	71,759	129,184	116,513	102,517	96,639	(30.7)	(48.5)	80.0	(9.8)	(12.0)	(5.7)
Value	126,654	50,808	91,621	103,073	84,521	64,506	(49.1)	(59.9)	80.3	12.5	(18.0)	(23.7)
Unit value	$908	$708	$709	$885	$824	$667	(26.5)	(22.0)	0.2	24.7	(6.8)	(19.0)
Ending inventory quantity	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)
All other sources:												
Quantity	1,536,768	777,083	1,284,771	1,059,512	1,391,895	1,593,718	3.7	(49.4)	65.3	(17.5)	31.4	14.5
Value	1,360,431	550,614	988,457	992,791	1,159,903	1,156,290	(15.0)	(59.5)	79.5	0.4	16.8	(0.3)
Unit value	$885	$709	$769	$937	$833	$726	(18.0)	(20.0)	8.6	21.8	(11.1)	(12.9)
Ending inventory quantity	106,455	61,033	72,308	61,769	90,584	105,991	(0.4)	(42.7)	18.5	(14.6)	46.6	17.0
Subtotal, nonsubject sources:												
Quantity	1,676,227	848,842	1,413,955	1,176,024	1,494,413	1,690,357	0.8	(49.4)	66.6	(16.8)	27.1	13.1
Value	1,487,085	601,423	1,080,078	1,095,863	1,244,424	1,220,797	(17.9)	(59.6)	79.6	1.5	13.6	(1.9)
Unit value	$887	$709	$764	$932	$833	$722	(18.6)	(20.1)	7.8	22.0	(10.6)	(13.3)
Ending inventory quantity	106,455	61,033	72,308	61,769	90,584	105,991	(0.4)	(42.7)	18.5	(14.6)	46.6	17.0
Total imports:												
Quantity	***	***	***	***	***	1,700,690	***	***	***	***	***	***
Value	***	***	***	***	***	1,226,925	***	***	***	***	***	***
Unit value	***	***	***	***	***	$721	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	105,991	***	***	***	***	***	***
U.S. producers':												
Average capacity quantity	5,546,751	5,295,752	4,965,095	5,173,168	5,131,954	5,073,815	(8.5)	(4.5)	(6.2)	4.2	(0.8)	(1.1)
Production quantity	4,055,641	2,837,165	3,384,322	3,907,416	3,879,060	3,655,088	(9.9)	(30.0)	19.3	15.5	(0.7)	(5.8)
Capacity utilization (1)	73.1	53.6	68.2	75.5	75.6	72.0	(1.1)	(19.5)	14.6	7.4	0.1	(3.5)
U.S. shipments:												
Quantity	4,050,961	2,833,426	3,340,954	3,876,145	3,809,728	3,599,459	(11.1)	(30.1)	17.9	16.0	(1.7)	(5.5)
Value	3,485,005	1,651,451	2,246,759	3,012,054	2,826,974	2,529,487	(27.4)	(52.6)	36.0	34.1	(6.1)	(10.5)
Unit value	$860	$583	$672	$777	$742	$703	(18.3)	(32.3)	15.4	15.6	(4.5)	(5.3)
Export shipments:												
Quantity	39,707	39,301	42,049	34,687	26,748	24,319	(38.8)	(1.0)	7.0	(17.5)	(22.9)	(9.1)
Value	31,925	22,886	26,912	28,888	31,597	22,566	(29.3)	(28.3)	17.6	7.3	9.4	(28.6)
Unit value	$804	$582	$640	$833	$1,181	$928	15.4	(27.6)	9.9	30.1	41.8	(21.4)
Ending inventory quantity	231,279	195,717	196,677	193,261	235,848	266,868	15.4	(15.4)	0.5	(1.7)	22.0	13.2
Inventories/total shipments (fn1)	5.7	6.8	5.8	4.9	6.1	7.4	1.7	1.2	(1.0)	(0.9)	1.2	1.2
Production workers	2,339	2,083	2,173	2,239	2,269	2,192	(6.3)	(10.9)	4.3	3.0	1.3	(3.4)
Hours worked (1,000s)	4,741	3,825	4,220	4,552	4,587	4,258	(10.2)	(19.3)	10.3	7.9	0.8	(7.2)
Wages paid ($1,000)	170,467	128,170	145,939	166,385	174,648	156,838	(8.0)	(24.8)	13.9	14.0	5.0	(10.2)
Hourly wages	$35.96	$33.51	$34.58	$36.55	$38.07	$36.83	2.4	(6.8)	3.2	5.7	4.2	(3.3)
Productivity (short tons per 1,000 hours)	855.4	741.7	802.0	858.4	845.7	858.4	0.3	(13.3)	8.1	7.0	(1.5)	1.5
Unit labor costs	$42.03	$45.18	$43.12	$42.58	$45.02	$42.91	2.1	7.5	(4.5)	(1.3)	5.7	(4.7)
Net sales:												
Quantity	4,126,388	2,881,432	3,384,018	3,920,918	3,836,475	3,623,777	(12.2)	(30.2)	17.4	15.9	(2.2)	(5.5)
Value	3,547,031	1,679,395	2,274,325	3,048,561	2,858,572	2,552,054	(28.1)	(52.7)	35.4	34.0	(6.2)	(10.7)
Unit value	$860	$583	$672	$778	$745	$704	(18.1)	(32.2)	15.3	15.7	(4.2)	(5.5)
Cost of goods sold (COGS)	3,116,677	1,652,958	2,083,987	2,743,826	2,622,588	2,358,335	(24.3)	(47.0)	26.1	31.7	(4.4)	(10.1)
Gross profit of (loss)	430,354	26,437	190,338	304,735	235,984	193,719	(55.0)	(93.9)	620.0	60.1	(22.6)	(17.9)
SG&A expenses	83,259	69,352	91,584	86,722	87,633	86,025	3.3	(16.7)	32.1	(5.3)	1.1	(1.8)
Operating income or (loss)	347,095	(42,915)	98,754	218,013	148,351	107,694	(69.0)	(2)	(2)	120.8	(32.0)	(27.4)
Capital expenditures	54,283	35,731	48,287	54,987	95,351	163,405	201.0	(34.2)	35.1	13.9	73.4	71.4
Unit COGS	$755	$574	$616	$700	$684	$651	(13.8)	(24.0)	7.4	13.6	(2.3)	(4.8)
Unit SG&A expenses	$20	$24	$27	$22	$23	$24	17.7	19.3	12.4	(18.3)	3.3	3.9
Unit operating income or (loss)	$84	$(15)	$29	$56	$39	$30	(64.7)	(2)	(2)	90.5	(30.5)	(23.1)
COGS/sales (1)	87.9	98.4	91.6	90.0	91.7	92.4	4.5	10.6	(6.8)	(1.6)	1.7	0.7
Operating income or (loss)/sales (1)	9.8	(2.6)	4.3	7.2	5.2	4.2	(5.6)	(12.3)	6.9	2.8	(2.0)	(1.0)

Notes:

(1)--Report data are in percent and period changes are in percentage points.
(2)--Undefined.

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

The pages that follow are a direct duplication of the historical data presented in table I-1 of the Commission's staff report in the first five-year review of the orders.

Table I-1
Wire rod: Summary data from the original investigations and the current full five-year reviews, 1999-2007

(Quantity=*short tons*; value=*1,000 dollars*; unit values, unit labor costs, and unit financial data are *per short ton*)

Item	1999	2000	2001	2002	2003	2004	2005	2006	2007
U.S. consumption quantity: Amount	***	***	***	7,753,874	6,590,919	8,135,080	6,505,628	7,109,045	5,858,981
Producers' share[1]	***	***	***	51.4	62.8	50.3	57.4	53.7	69.6
Importer's share: Brazil[1 2]	***	***	***	***	0.0	0.0	0.0	0.0	0.0
Canada[1]	***	***	***	***	***	***	***	***	***
Indonesia[1]	***	***	***	0.5	0.0	0.4	0.0	0.0	0.0
Mexico[1]	***	***	***	1.6	0.3	0.8	0.2	0.1	0.1
Moldova[1]	***	***	***	0.2	0.0	0.0	0.0	0.0	0.0
Ukraine[1]	***	***	***	0.1	0.0	0.0	0.0	0.0	0.0
Subtotal[1]	***	***	***	***	***	***	***	***	***
Trinidad & Tobago[1]	***	***	***	5.0	2.2	3.2	1.6	1.9	1.6
Subject subtotal[1]	***	***	***	***	***	***	***	***	***
Stelco[1]	***	***	***	***	***	***	***	***	***
Grade 1080 tire cord/tire bead[1 2]	([2])	([2])	([2])	***	***	***	***	***	***
Other countries[1 2]	***	***	***	29.2	22.8	35.2	30.7	35.9	16.9
Total imports[1]	***	***	***	48.6	37.2	49.7	42.6	46.3	30.4
U.S. consumption value: Amount	***	***	***	2,411,891	2,138,988	4,109,959	3,592,264	3,838,199	3,403,602
Producers' share[1]	***	***	***	53.5	63.3	53.1	58.1	56.0	68.8
Importer's share: Brazil[1 2]	***	***	***	***	0.0	0.0	0.0	0.0	0.0
Canada[1 2]	***	***	***	***	***	***	***	***	***
Indonesia[1]	***	***	***	0.4	0.0	0.4	0.0	0.0	0.0
Mexico[1]	***	***	***	1.4	0.3	0.8	0.2	0.1	0.1
Moldova[1]	***	***	***	0.2	0.0	0.0	0.0	0.0	0.0
Ukraine[1]	***	***	***	0.1	0.0	0.0	0.0	0.0	0.0
Subtotal[1]	***	***	***	***	***	***	***	***	***
Trinidad & Tobago[1]	***	***	***	4.5	1.8	3.0	1.4	1.7	1.4
Subject subtotal[1]	***	***	***	***	***	***	***	***	***
Stelco[1]	***	***	***	***	***	***	***	***	***
Grade 1080 tire cord/tire bead[1 2]	([2])	([2])	([2])	***	***	***	***	***	***
Other countries[1 2]	***	***	***	25.8	21.6	31.8	28.5	32.4	16.9
Total imports[1]	***	***	***	46.5	36.7	46.9	41.9	44.0	31.2

Table continued on following page.

Table I-1--*Continued*
Wire rod: Summary data from the original investigations and the current full five-year reviews, 1999-2007

(Quantity=*short tons*; value=*1,000 dollars*; unit values, unit labor costs, and unit financial data are *per short ton*)

Item	1999	2000	2001	2002	2003	2004	2005	2006	2007
U.S. imports from--									
Brazil:									
Quantity	***	***	***	***	0	0	0	0	0
Value	***	***	***	***	0	0	0	0	0
Unit value	$***	$***	$***	$***	--	--	--	--	--
Canada:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	$***	$***	$***	$***
Indonesia:									
Quantity	69,805	86,940	60,065	40,863	0	29,937	333	0	0
Value	14,884	19,669	13,116	10,494	0	17,247	262	0	0
Unit value	$213	$226	$216	$257	--	$576	$785	--	--
Mexico:									
Quantity	122,038	159,818	266,925	123,380	19,986	68,498	11,480	4,256	8,244
Value	29,449	39,337	64,309	34,548	6,296	33,332	6,283	2,032	4,263
Unit value	$241	$246	$241	$280	$315	$487	$547	$477	$517
Moldova:									
Quantity	190,239	191,074	187,370	18,826	0	0	0	0	0
Value	38,888	41,667	39,439	3,708	0	0	0	0	0
Unit value	$204	$216	$210	$197	--	--	--	--	--
Ukraine:									
Quantity	193,003	367,712	258,526	11,159	0	0	738	0	0
Value	35,568	75,568	49,770	2,446	0	0	501	0	0
Unit value	$184	$206	$193	$219	--	--	$680	--	--
Subtotal:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	$***	$***	$***	$***
Trinidad & Tobago:									
Quantity	341,815	287,507	355,089	386,419	146,783	260,618	104,804	133,326	95,325
Value	87,289	75,511	91,335	107,445	39,267	124,194	50,039	64,253	46,228
Unit value	$255	$263	$257	$278	$268	$477	$477	$482	$485
Subject subtotal:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	$***	$***	$***	$***

Table continued on following page.

Table I-1--*Continued*
Wire rod: Summary data from the original investigations and the current full five-year reviews, 1999-2007

(Quantity=*short tons*; value=*1,000 dollars*; unit values, unit labor costs, and unit financial data are *per short ton*)

Item	1999	2000	2001	2002	2003	2004	2005	2006	2007
U.S. imports from–									
Stelco:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	$***	$***	$***	$***
Grade 1080 tire cord/tire bead:									
Quantity	(2)	(2)	(2)	***	***	***	***	***	***
Value	(2)	(2)	(2)	***	***	***	***	***	***
Unit value	(2)	(2)	(2)	$***	$***	$***	$***	$***	$***
All other countries:2									
Quantity	***	***	***	2,262,306	1,505,183	2,859,490	1,997,826	2,554,966	992,163
Value	***	***	***	622,360	462,923	1,308,240	1,024,997	1,244,511	574,316
Unit value	$***	$***	$***	$275	$308	$458	$513	$487	$579
All countries:									
Quantity	2,787,291	2,987,084	3,066,218	3,765,047	2,453,575	4,039,783	2,773,119	3,294,798	1,782,699
Value	807,586	899,451	875,963	1,121,780	784,088	1,927,796	1,505,063	1,690,689	1,063,201
Unit value	$290	$301	$286	$298	$320	$477	$543	$513	$596
U.S. producers'--									
Capacity quantity	***	***	***	4,771,377	5,040,727	4,920,229	5,392,176	5,371,016	5,429,678
Production quantity	***	***	***	4,035,005	4,052,215	4,089,091	3,741,120	3,877,367	4,067,549
Capacity utilization	***	***	***	84.6	80.4	83.1	69.4	72.2	74.9
U.S. shipments:									
Quantity	***	***	***	3,988,827	4,137,344	4,095,297	3,732,509	3,814,247	4,076,282
Value	***	***	***	1,290,111	1,354,900	2,182,163	2,087,201	2,147,510	2,340,401
Unit value	$***	$***	$***	$323	$327	$533	$559	$563	$574
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	$***	$***	$***	$***

Table continued on following page.

Table I-1--*Continued*
Wire rod: Summary data from the original investigations and the current full five-year reviews, 1999-2007

(Quantity=*short tons*; value=*1,000 dollars*; unit values, unit labor costs, and unit financial data are *per short ton*)

Item	1999	2000	2001	2002	2003	2004	2005	2006	2007
U.S. producers'--									
Ending inventory quantity	***	***	***	250,935	136,816	140,019	164,647	174,288	152,512
Inventories/total shipments[1]	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	2,461	2,513	2,543	2,407	2,395	2,397
Hours worked (*1,000 hours*)	***	***	***	5,545	5,378	5,474	4,919	5,296	5,174
Wages paid (*1,000 dollars*)	***	***	***	140,328	139,194	145,620	143,664	161,223	161,821
Hourly wages	$***	$***	$***	$25.31	$25.88	$26.60	$29.21	$30.45	$31.28
Productivity (*tons/1,000 hours*)	***	***	***	728	754	747	761	732	786
Unit labor costs	$***	$***	$***	$34.78	$34.35	$35.61	$38.40	$41.58	$39.78
Net sales:									
Quantity	***	***	***	3,996,011	4,151,601	4,103,563	3,749,761	3,844,808	4,087,541
Value	***	***	***	1,291,920	1,358,707	2,182,872	2,100,194	2,165,513	2,347,208
Unit value	$***	$***	$***	$323	$327	$532	$560	$563	$574
Cost of goods sold ("COGS")	***	***	***	1,188,586	1,361,436	1,819,855	1,887,745	2,024,653	2,219,518
Gross profit or (loss)	***	***	***	103,334	(2,729)	363,017	212,449	140,860	127,690
Operating income or (loss)	***	***	***	59,982	(45,952)	305,241	158,656	85,506	74,869
U.S. producers'--									
Unit COGS	$***	$***	$***	$296	$328	$443	$503	$527	$543
Unit operating income or (loss)	$***	$***	$***	$16	($11)	$74	$42	$22	$18
COGS/sales[1]	***	***	***	92.0	100.2	83.4	89.9	93.5	94.6
Operating income or (loss)/sales[1]	***	***	***	4.6	(3.4)	14.0	7.6	3.9	3.2
Capital expenditures	***	***	***	30,524	44,338	49,807	83,826	68,513	49,632

[1] In percent.
[2] Imports of Grade 1080 wire rod have been subtracted from U.S. imports of wire rod ***. Grade 1080 is included in imports from "all other sources." See data files in the original investigations.

Note.--Because of the pending negative determination on remand regarding Trinidad & Tobago, throughout this report, data concerning Trinidad & Tobago are presented as subject merchandise but appear separately from the subtotals of data concerning the other six subject countries.

Source: INV-Z-162, table C-2a, for 1999-2001. Data for 2002-07 were compiled in response to Commission questionnaires and from official Commerce statistics.

APPENDIX D

COMMENTS BY U.S. PRODUCERS, IMPORTERS, PURCHASERS, AND FOREIGN PRODUCERS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

This appendix is confidential in its entirety

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APPENDIX E

FINANCIAL RESULTS ON MERCHANT MARKET SALES AS REPORTED IN THE MOST RECENTLY COMPLETED PRELIMINARY-PHASE INVESTIGATIONS

Table E-1
Wire rod: Results of merchant market operations of U.S. producers, fiscal years 2011-13

Item	Fiscal year		
	2011	2012	2013
	Quantity (*short tons*)		
Total commercial sales quantity	2,979,103	2,842,314	2,619,518
	Value (*$1,000*)		
Total commercial sales value	2,369,626	2,175,493	1,898,192
Cost of goods sold			
Raw materials	1,548,308	1,373,248	1,179,200
Direct labor	110,752	109,358	97,527
Other factory costs	479,006	524,800	485,620
Total cost of goods sold	2,138,066	2,007,406	1,762,348
Gross profit	231,560	168,087	135,844
SG&A expenses	69,833	69,485	67,354
Operating income	161,727	98,602	68,490
Other income/(expense), net	(12,445)	(4,473)	(4,103)
Net income	149,282	94,129	64,387
Depreciation/amortization	37,012	36,983	37,269
Cash flow	186,294	131,112	101,656
	Ratio to net sales (*percent*)		
Cost of goods sold			
Raw materials	65.3	63.1	62.1
Direct labor	4.7	5.0	5.1
Other factory costs	20.2	24.1	25.6
Total COGS	90.2	92.3	92.8
Gross profit	9.8	7.7	7.2
SG&A expenses	2.9	3.2	3.5
Operating income	6.8	4.5	3.6
Net income	6.3	4.3	3.4

Table continued on next page.

Table E-1--*Continued*
Wire rod: Results of merchant market operations of U.S. producers, fiscal years 2011-13

Item	Fiscal year		
	2011	2012	2013
	Unit value (*dollars per short ton*)		
Commercial sales	795	765	725
Cost of goods sold			
Raw materials	520	483	450
Direct labor	37	38	37
Other factory costs	161	185	185
Total cost of goods sold	718	706	673
Gross profit	78	59	52
SG&A expenses	23	24	26
Operating income	54	35	26
	Number of firms reporting		
Operating losses	***	***	***
Data	10	10	10

Source: Compiled from data submitted in response to Commission questionnaires. *Carbon and Certain Alloy Steel Wire Rod from China, Investigation Nos. 701-TA-512 and 731-TA-1248 (Preliminary)*, USITC Publication 4458, March 2014, table VI-1, pp. VI-2-VI-3.

APPENDIX F

SMALLER DIAMETER WIRE ROD FROM DEACERO

This appendix is confidential in its entirety

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