Standard Steel Welded Wire Mesh from Mexico

Investigation Nos. 701-TA-653 and 731-TA-1527 (Preliminary)

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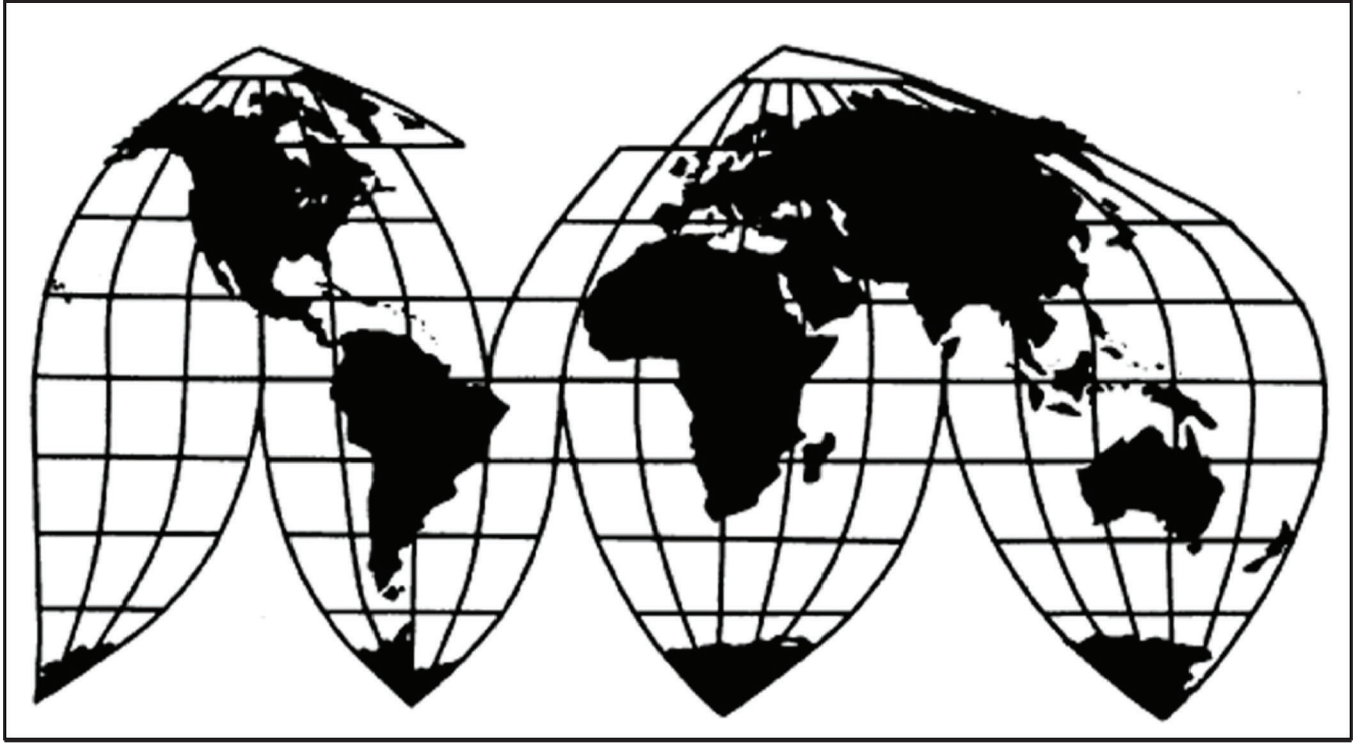
U.S. International Trade Commission



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Note.—Information that would reveal confidential operations of individual concerns may not be published. Such information is identified by brackets in confidential reports and is deleted and replaced with asterisks (***) in public reports.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-653 and 731-TA-1527 (Preliminary)

Standard Steel Welded Wire Mesh from Mexico

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission ("Commission") determines, pursuant to the Tariff Act of 1930 ("the Act"), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of standard steel welded wire mesh from Mexico, provided for in subheadings 7314.20.00 and 7314.39.00 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value ("LTFV") and to be subsidized by the government of Mexico.[2]

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigations. The Commission will issue a final phase notice of scheduling, which will be published in the *Federal Register* as provided in § 207.21 of the Commission's rules, upon notice from the U.S. Department of Commerce ("Commerce") of affirmative preliminary determinations in the investigations under §§ 703(b) or 733(b) of the Act, or, if the preliminary determinations are negative, upon notice of affirmative final determinations in those investigations under §§ 705(a) or 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigations need not enter a separate appearance for the final phase of the investigations. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

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

[2] 85 FR 45167 (July 27, 2020) and 85 FR 45181 (July 27, 2020).

BACKGROUND

On June 30, 2020, Insteel Industries Inc., Mount Airy, North Carolina; Mid South Wire Company, Nashville, Tennessee; National Wire LLC, Conroe, Texas; Oklahoma Steel & Wire Co., Madill, Oklahoma; and Wire Mesh Corp., Houston, Texas filed petitions with the Commission and Commerce, alleging that an industry in the United States is materially injured or threatened with material injury by reason of subsidized imports of standard steel welded wire mesh from Mexico and LTFV imports of standard steel welded wire mesh from Mexico. Accordingly, effective June 30, 2020, the Commission instituted countervailing duty investigation No. 701-TA-653 and antidumping duty investigation No. 731-TA-1527 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of July 7, 2020 (85 FR 40681). In light of the restrictions on access to the Commission building due to the COVID–19 pandemic, the Commission conducted its conference through written questions, submissions of opening remarks and written testimony, written responses to questions, and postconference briefs. All persons who requested the opportunity were permitted to participate.

Views of the Commission

Based on the record in the preliminary phase of these investigations, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of standard steel welded wire mesh ("wire mesh") from Mexico that are allegedly sold in the United States at less than fair value ("LTFV") and subsidized by the government of Mexico.

I. The Legal Standard for Preliminary Determinations

The legal standard for preliminary antidumping and countervailing duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determinations, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury, or that the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.[1] In applying this standard, the Commission weighs the evidence before it and determines whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation."[2]

II. Background

Parties to the investigations. Insteel Industries, Inc. ("Insteel"), Mid-South Wire Company ("Mid-South"), National Wire LLC ("National"), Oklahoma Steel & Wire Co. ("Oklahoma"), and Wire Mesh Corp. ("WMC") (collectively, "Petitioners"), domestic producers of wire mesh, jointly filed the petitions in these investigations on June 30, 2020, and participated in the preliminary phase of these investigations.[3] [4] Deacero S.A.P.I de C.V. ("Deacero"), a producer and exporter of wire mesh from Mexico, and Deacero USA, Inc. ("Deacero USA"), an importer of subject merchandise (collectively, "Respondents") jointly participated in these investigations as respondents.

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[1] 19 U.S.C. §§ 1671b(a), 1673b(a) (2000); *see also American Lamb Co. v. United States*, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); *Aristech Chem. Corp. v. United States, 2*0 CIT 353, 354-55 (1996). No party argues that the establishment of an industry in the United States is materially retarded by the allegedly unfairly traded imports.

[2] *American Lamb Co*., 785 F.2d at 1001; *see also Texas Crushed Stone Co. v. United States*, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

[3] In light of the restrictions on access to the Commission building due to the COVID-19 pandemic, the Commission conducted its conference in these investigations through parties' submissions of written opening remarks, written testimony, written responses to questions, and postconference briefs, as set forth in procedures provided to the parties.

[4] Petitioners' Opening Statement and Witness Testimonies (July 17, 2020); and Petitioners' Postconference Brief (July 24, 2020); Respondents' Opening Statement and Witness Testimonies (July 17, 2020); and Respondents' Postconference Brief (July 24, 2020).

Data coverage. U.S. industry data are based on the questionnaire responses of 11 firms accounting for a large majority of U.S. production of wire mesh in 2019.[5] U.S. import data are based on questionnaire responses from six U.S. importers, accounting for a large majority of U.S. imports of wire mesh from Mexico.[6] The Commission received responses to its questionnaires from four foreign producers, accounting for *** of production of wire mesh in Mexico in 2019.[7]

III. Domestic Like Product

A. Legal Standard

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[8] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Tariff Act"), defines the relevant domestic industry as the "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."[9] In turn, 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."[10]

By statute, the Commission's "domestic like product" analysis begins with the "article subject to an investigation," *i.e.*, the subject merchandise as determined by the U.S. Department of Commerce ("Commerce").[11] Therefore, Commerce's determination as to the scope of the imported merchandise that is subsidized and/or sold at less than fair value is "necessarily the starting point of the Commission's like product analysis."[12] The Commission then defines the domestic like product in light of the imported

[5] Confidential Report INV-SS-092 (Aug. 7, 2020) as amended by INV-SS-093 (Aug. 11, 2020) ("CR"); and *Standard Steel Welded Wire Mesh from Mexico*, Inv. Nos. 701-TA-653 and 731-TA-1527 (Preliminary), USITC Pub. 5109 (Aug. 2020) (Public Report ("PR")) at I-4 and III-1. The Commission issued U.S. producer questionnaires to 15 firms and received usable questionnaire responses from 11 firms. Of the remaining firms, two did not respond, one, ***, confirmed that it produced wire mesh during the POI but did not submit a questionnaire response, and one indicated that it did not produce wire mesh during the period. *Id*. at III-1 & nn.1-2.

[6] CR/PR at I-4 and IV-1.

[7] CR/PR at I-4 and VII-3.

[8] 19 U.S.C. § 1677(4)(A).

[9] 19 U.S.C. § 1677(4)(A).

[10] 19 U.S.C. § 1677(10).

[11] 19 U.S.C. § 1677(10). The Commission must accept Commerce's determination as to the scope of the imported merchandise that is subsidized and/or sold at less than fair value. *See*, *e.g.*, *USEC, Inc. v. United States*, 34 Fed. App'x 725, 730 (Fed. Cir. 2002) ("The ITC may not modify the class or kind of imported merchandise examined by Commerce."); *Algoma Steel Corp. v. United States,* 688 F. Supp. 639, 644 (Ct. Int'l Trade 1988), *aff'd*, 865 F.3d 240 (Fed. Cir.), *cert. denied*, 492 U.S. 919 (1989).

[12] *Cleo Inc. v. United States*, 501 F.3d 1291, 1298 (Fed. Cir. 2007); *see also Hitachi Metals, Ltd. v.* (Continued…)

articles Commerce has identified.[13] The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[14] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[15] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[16] The Commission may, where appropriate, define the domestic articles in the domestic like product broader than that described in the scope.[17]

B. Product Description

In its notices of initiation, Commerce defined the imported merchandise within the scope of these investigations as follows:

(…Continued)
United States, Case No. 19-1289, slip op. at 8-9 (Fed. Circ. Feb. 7, 2020) (the statute requires the Commission to start with Commerce's subject merchandise in reaching its own like product determination).

[13] *Cleo*, 501 F.3d at 1298 n.1 ("Commerce's {scope} finding does not control the Commission's {like product} determination."); *Hosiden Corp. v. Advanced Display Mfrs.,* 85 F.3d 1561, 1568 (Fed. Cir. 1996) (the Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); *Torrington Co. v. United States*, 747 F. Supp. 744, 748–52 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991) (affirming the Commission's determination defining six like products in investigations where Commerce found five classes or kinds).

[14] *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); *Torrington Co.* 747 F. Supp. at 749 n.3 (("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of factors, including the following: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. *See Nippon*, 19 CIT at 455 n.4; *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

[15] *See*, *e.g.*, S. Rep. No. 96-249 at 90-91 (1979).

[16] *Nippon*, 19 CIT at 455; *Torrington*, 747 F. Supp. at 748-49; *see also* S. Rep. No. 96-249 at 90-91 (Congress has indicated that the like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

[17] *See*, *e.g*., *Pure Magnesium from China and Israel*, Inv. Nos. 701-TA-403 and 731-TA-895-96 (Final), USITC Pub. 3467 at 8 n.34 (Nov. 2001); *Torrington,* 747 F. Supp. at 748-49 (holding that the Commission is not legally required to limit the domestic like product to the product advocated by the petitioner, co-extensive with the scope).

{U}ncoated standard welded steel reinforcement wire mesh (wire mesh) produced from smooth or deformed wire. Subject wire mesh is produced in square and rectangular grids of uniformly spaced steel wires that are welded at all intersections. Sizes are specified by combining the spacing of the wires in inches or millimeters and the wire cross-sectional area in hundredths of square inch or millimeters squared. Subject wire mesh may be packaged and sold in rolls or in sheets.

Subject wire mesh is currently produced to ASTM specification A1064/A1064M, which covers carbon-steel wire and welded wire reinforcement, smooth and deformed, for concrete in the following seven styles:

1. 6x6 W1.4/W1.4 or D1.4/D1.4
2. 6x6 W2.1/W2.1 or D2.1/D2.1
3. 6x6 W2.9/W2.9 or D2.9/D2.9
4. 6x6 W4/W4 or D4/D4Start Printed Page 45172
5. 6x12 W4/W4 or D4/D4
6. 4x4 W2.9/W2.9 or D2.9/D2.9
7. 4x4 W4/W4 or D4/D4

The first number in the style denotes the nominal spacing between the longitudinal wires and the second number denotes the nominal spacing between the transverse wires. In the first style listed above, for example, “6x6” denotes a grid size of six inches by six inches. “W” denotes the use of smooth wire, and “D” denotes the use of deformed wire in making the mesh. The number following the W or D denotes the nominal cross-sectional area of the transverse and longitudinal wires in hundredths of a square inch (*i.e.,* W1.4 or D1.4 is .014 square inches).

Smooth wire is wire that has a uniform cross-sectional diameter throughout the length of the wire.

Deformed wire is wire with indentations or raised transverse ribs, which results in wire that does not have a uniform cross-sectional diameter throughout the length of the wire.

Rolls of subject wire mesh are produced in the following styles and nominal width and length combinations:

Style: 6x6 W1.4/W1.4 or D1.4/D1.4 (*i.e.,* 10 gauge)

Roll Sizes: 5′ x 50′

5′ x 150′

6′ x 150′

5′ x 200′

7′ x 200′

7.5′ x 200′

Style: 6x6 W2.1/W2.1 or D2.1/D2.1 (*i.e.,* 8 gauge)

Roll Sizes: 5′ x 150′

Style: 6x6 W2.9/W2.9 or D2.9/D2.9 (*i.e.,* 6 gauge)

Roll Sizes: 5′ x 150′

7′ x 200′

All rolled wire mesh is included in scope regardless of length.

Sheets of subject wire mesh are produced in the following styles and nominal width and length combinations:

Style: 6x6 W1.4/W1.4 or D1.4/D1.4 (*i.e.,* 10 gauge)

Sheet Size: 3′6″ x 7′

4′ x 7′

4′ x 7′6″

5′ x 10′

7′ x 20′

7′6″ x 20′

8′ x 12′6″

8′ x 15′

8′ x 20′

Style: 6x6 W2.1/W2.1 or D2.1/D2.1 (*i.e.,* 8 gauge)

Sheet Size: 5′ x 10′

7′ x 20′

7′6″ x 20′

8′ x 12′6″

8′ x 15′

8′ x 20′

Style: 6x6 W2.9/W2.9 or D2.9/D2.9 (*i.e.,* 6 gauge)

Sheet Size: 3′6″ x 20′

5′ x 10′

7′ x 20′

7′6″ x 20′

8′ x 12′6″

8′ x 15′

8′ x 20′

Style: 6x12 W4/W4 or D4/D4 (*i.e.,* 4 gauge)
Sheet Size: 8′ x 20′
Style: 4x4 W2.9/W2.9 or D2.9/D2.9 (*i.e.,* 6 gauge)
Sheet Size: 5′ x 10′
7′ x 20′
7′6″ x 20′
8′ x 12′6″
8′ x 12′8″
8′ x 15′
8′ x 20′
Style: 4x4 W4/W4 or D4/D4 (*i.e.,* 4 gauge)
Sheet Size: 5′ x 10′
8′ x 12′6″
8′ x 12′8″
8′ x 15′
8′ x 20′

Any product imported, sold, or invoiced in one of these size combinations is within the scope.

ASTM specification A1064/A1064M provides for permissible variations in wire gauges, the spacing between transverse and longitudinal wires, and the length and width combinations. To the extent a roll or sheet of welded wire mesh falls within these permissible variations, it is within this scope.

ASTM specification A1064/A1064M also defines permissible oversteeling, which is the use of a heavier gauge wire with a larger cross-sectional area than nominally specified. It also permits a wire diameter tolerance of ± 0.003 inches for products up to W5/D5 and ± 0.004 for sizes over W5/D5. A producer may oversteel by increasing smooth or deformed wire diameter up to two whole number size increments on Table 1 of A1064. Subject wire mesh has the following actual wire diameter ranges, which account for both oversteeling and diameter tolerance:

W/D No.	**Maximum oversteeling No.**	**Diameter range (inch)**
1.4 (*i.e.,* 10 gauge)	3.4	0.093 to 0.211
2.1 (*i.e.,* 8 gauge)	4.1	0.161 to 0.231

W/D No.	Maximum oversteeling No.	Diameter range (inch)
2.9 (*i.e.,* 6 gauge)	4.9	0.189 to 0.253
4.0 (i.e., 4 gauge)	6.0	0.223 to 0.280

To the extent a roll or sheet of welded wire mesh falls within the permissible variations provided above, it is within this scope.

In addition to the tolerances permitted in ASTM specification A1064/A1064M, wire mesh within this scope includes combinations where:

1. A width and/or length combination varies by ± one grid size in any direction, *i.e.,* ± 6 inches in length or width where the wire mesh's grid size is "6x6"; and/or
2. The center-to-center spacing between individual wires may vary by up to one quarter of an inch from the nominal grid size specified.

Length is measured from the ends of any wire and width is measured between the center-line of end longitudinal wires.

Additionally, although the subject wire mesh typically meets ASTM A1064/A1064M, the failure to include certifications, test reports or other documentation establishing that the product meets this specification does not remove the product from the scope. Wire mesh made to comparable foreign specifications (*e.g.,* DIN, JIS, etc.) or proprietary specifications is included in the scope.

Excluded from the scope is wire mesh that is galvanized (*i.e.,* coated with zinc) or coated with an epoxy coating. In order to be excluded as galvanized, the excluded welded wire mesh must have a zinc coating thickness meeting the requirements of ASTM specification A641/A641M. Epoxy coating is a mix of epoxy resin and hardener that can be applied to the surface of steel wire.

Merchandise subject to this investigation are classified under Harmonized Tariff Schedule of the United States (HTSUS) categories 7314.20.0000 and 7314.39.0000. While HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this investigation is dispositive.[18]

[18] Standard Steel Welded Wire Mesh from Mexico: Initiation of Less-Than-Fair-Value Investigation, 85 Fed. Reg. 45167, 45171-72 (July 27, 2020); and Standard Steel Welded Wire Mesh From Mexico: Initiation of Countervailing Duty Investigation, 85 Fed. Reg. 45181, 45184-85 (July 27, 2020). The scope is identical in the antidumping and countervailing duty investigations.

Wire mesh consists of longitudinal and transverse steel wires of uniform size welded together at the perpendicular intersections to form grids of uniform dimensions throughout a sheet or roll. The individual steel wires in a wire mesh are plain (with a smooth surface), deformed (with a transversely indented or ribbed surface), or a combination of both. Product within the scope is neither galvanized nor epoxy-coated either before or after welding.[19]

The input material for wire mesh is low-carbon steel wire rod ("wire rod") that is drawn or rolled down to the required wire size, which is specified by its cross-sectional diameter or cross-sectional area ("gauge"). Wire mesh is produced to meet the requirements of ASTM International industry standard ASTM A1064/A1064M, in a certain number of common styles (wire gauges and grid sizes) and dimensions (length and width of a roll or sheet).[20]

Wire mesh is ultimately sold as sheets or rolls to end users in the construction, agricultural, horticultural, industrial, mining, transportation, and other industries. With its strong and stable structure, wire mesh is utilized for internal reinforcement and framing of concrete construction in these industries. The high strength and uniform distribution of smaller-gauge wires in wire mesh provide effective control of cracking in concrete slabs and walls by distributing stresses more evenly.[21]

C. Arguments of the Parties

Petitioners' Arguments. Petitioners request that the Commission define a single domestic like product corresponding to the scope. They argue that the Commission's traditional six factor domestic like product analysis does not support expanding the domestic like product definition to cover out-of-scope engineered wire mesh ("engineered mesh").[22] Petitioners also contend that Respondents' arguments to the Commission are inconsistent with their position before Commerce where Respondents argued that engineered mesh should be excluded from the scope.[23]

Respondents' Arguments. Respondents argue that the Commission should consider in any final phase investigations whether the domestic like product should include engineered mesh, and contend that application of the like product analysis would show that wire and engineered mesh lie on a continuum of products.[24]

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[19] CR/PR at I-11 – I-12 and Figure I-1.

[20] CR/PR at I-12.

[21] CR/PR at I-13 – I-14.

[22] Petitioners' Postconference Brief at 3-8; Exh. 1 at 7-13, 19-21.

[23] Petitioners' Postconference Brief at 3 n. 2, Exh. 1 at 7, Exh. 5 (containing letters from Respondents and Petitioners to Commerce regarding engineered wire mesh).

[24] Respondents' Postconference Brief at 17, 20-24.

D. Analysis

Based on the record, we define a single domestic like product consisting of wire mesh coextensive with the scope. We discuss below whether the domestic like product should be defined to include engineered mesh products that are outside the scope definition.

Physical Characteristics and Uses. The record indicates that wire mesh has uniform wire and grid sizes and is produced in standard wire and grid styles and dimensions, whereas engineered mesh is produced from heavier gauge wires with grid styles and dimensions that can vary throughout the same sheet.[25] Additionally, wire mesh is used as concrete reinforcement for standard building and construction applications, while engineered mesh is custom tailored to specific projects, such as concrete reinforced pipe and box culverts which require heavier gauge wires and/or several different wire gauges and grid sizes throughout the same sheet.[26]

Manufacturing Facilities, Production Processes, and Employees. The record on this factor, while limited, indicates that engineered mesh is generally not produced in the United States using the same high-speed machinery used to produce wire mesh, as it requires a more labor-intensive production process in which different wire sizes must be changed out and welding cannot be performed on a uniform basis.[27] Only one of the 11 domestic producers that responded indicated that it had the ability to produce engineered mesh on the same equipment it used to produce wire mesh.[28] Thus, the record indicates that the vast majority of domestic producers do not produce engineered and wire mesh on the same equipment.

Channels of Distribution. The record on this factor, while limited, indicates that wire and engineered mesh are sold across distinct channels of distribution. Domestically produced wire mesh is sold overwhelmingly to distributors, while engineered mesh is sold directly to end users.[29]

Interchangeability. The record indicates, and the parties do not dispute, that wire mesh is not interchangeable with engineered mesh.[30]

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[25] CR/PR at I-11 – I-12, I-14. *See also* Testimonies of Messrs. Wagner at 2 and Abascal at 2; Petitioners' Postconference Brief at 4-5, Exh. 1 at 7-8, Exh. 6, para. 3 (Wagner Decl.).

[26] CR/PR at I-13 – I-15. *See also* Petitioners' Postconference Brief at 4, Exh. 1 at 8-9, Exh. 6, para. 4 (Wagner Decl.); Respondents' Postconference Brief at 21-22.

[27] Deacero asserts that it produces engineered and wire mesh in Mexico on the same machinery. Respondents' Postconference Brief at 23 n. 81, *citing* Guerra Testimony at 2. However, the Commission's domestic like product analysis examines multiple similarities and distinctions between domestically produced items. *See, e.g., Tool Chests and Cabinets from China,* Inv. No. 701-TA-575 (Final), USITC Pub. 4753 (Jan. 2018) at 12 n.43; *Aluminum Foil from China*, Inv. Nos. 701-TA-570 and 731-TA-1346 (Preliminary), USITC Pub. 4684 (May 2017) at 8; *Large Residential Washers from China*, Inv. No. 731-TA-1306 (Preliminary), USITC Pub. 4591 (Feb. 2016) at 10.

[28] CR/PR at III-9. The producer in question, ***, accounted for a small (*** percent) share of U.S. wire mesh production in 2019. *See* CR/PR at Table III-1 and EDIS Doc. 715501 (July 23, 2020).

[29] *See* CR/PR at I-14 – I-15, Table II-1 (channels of distribution for wire mesh); Petitioners' Posthearing Brief, Exh. 6, para. 5 (Wagner Decl.).

Producer and Customer Perceptions. The record indicates that domestic producers market and sell wire mesh and engineered mesh as separate products, and that customers purchase and inquire about these products for different projects.[31]

Price. The available information indicates that engineered mesh is generally more expensive than wire mesh.[32]

Conclusion. We define the domestic like product to include only wire mesh coextensive with the scope. Notwithstanding some general overlap between engineered mesh and wire mesh in terms of physical characteristics, the record overall indicates clear dividing lines in terms of end uses, production processes and facilities in the United States, channels of distribution, and producer and customer perceptions.[33]

IV. Domestic Industry

The domestic industry is defined 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."[34] 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

(…Continued)

[30] *See* CR/PR at I-15; Abascal Testimony at 2-3; Petitioners' Postconference Brief, Exh. 6, para. 6 (Wagner Decl.).

[31] *See* Petitioners' Postconference Brief, Exh. 6, para. 5 (Wagner Decl.), Exh. 7. Respondents' current arguments to the Commission contrast with their assertions to Commerce that notwithstanding overlaps in physical characteristics and uses between wire and engineered mesh, it is generally understood in the industry and market that they belong to distinct product groups. *See* Letter from Greenberg Traurig to Sec'y of Commerce *Re: Standard Steel Welded Wire Mesh from Mexico – Request to Clarify Scope and to Poll Domestic Industry* (July 13, 2020) at 1-2, appended to Petitioners' Postconference Brief, Exh. 5.

[32] *See* CR/PR at I-15; Petitioners' Postconference Brief, Exh. 6, para. 6 (Wagner Decl.); Abascal Testimony at 3.

[33] Parties, in their comments on the draft questionnaires for any final phase of these investigations, should specify with particularity any proposed domestic like products for which they seek the Commission to collect separate data, and to provide a basis why each proposed domestic like product is justified under the criteria the Commission examines. *See* 19 C.F.R. § 207.20(b).

[34] 19 U.S.C. § 1677(4)(A).

are related to an exporter or importer of subject merchandise or which are themselves importers.[35] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.[36]

The record indicates that four firms, (***), are potentially subject to exclusion under the related parties provision because they each imported subject merchandise during the January 2017 to March 2020 period of investigation ("POI").[37] Three of these firms, ***, are also related parties because they are related to an exporter or importer of subject merchandise.[38]

Arguments of the parties. Petitioners submit that there is no basis for excluding any U.S. producer from the domestic industry in the preliminary phase of these investigations.[39] Respondents do not argue for the exclusion of any domestic producer in the preliminary phase of these investigations.[40]

Analysis. We examine below whether appropriate circumstances exist to exclude any of the four related party producers from the domestic Industry.

*** *** was responsible for *** percent of U.S. production of wire mesh in 2019, and was the *** largest domestic producer that year in terms of U.S. production volume.[41] It *** the petitions.[42] Its imports of subject merchandise during the POI were *** short tons in 2017, *** short tons in 2018, *** short tons in 2019, *** short tons in January-March ("interim") 2019, and *** short tons in interim 2020.[43] *** indicates that its imports were ***.[44] The ratio of its subject imports to production was ***

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[35] *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).

[36] 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 (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);

(3) whether inclusion or exclusion of the related party will skew the data for the rest of the industry;

(4) the ratio of import shipments to U.S. production for the imported product; and

(5) whether the primary interest of the importing producer lies in domestic production or importation. *Changzhou Trina Solar Energy Co. v. USITC*, 100 F. Supp.3d 1314, 1326-31 (Ct. Int'l. Trade 2015); see *also Torrington Co. v. United States*, 790 F. Supp. at 1168.

[37] CR/PR at III-3, III-14, and Tables III-2 and III-9.

[38] CR/PR at III-3, VII-3, and Tables III-2 and VII-1.

[39] Petitioners' Postconference Brief at 8-9.

[40] Respondents' Postconference Brief at 24-25.

[41] CR/PR at Table III-1.

[42] CR/PR at Table III-1.

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

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

percent in 2017, *** percent in 2018, *** percent in 2019, *** percent in interim 2019, and *** percent in interim 2020.[45]

The firm's consistently low ratio of subject imports to U.S. production indicates its primary interest is in domestic production. In light of this and the fact that no party has argued for its exclusion from the domestic industry, we find that appropriate circumstances do not exist to exclude *** from the domestic industry under the related party provision.

*** *** was responsible for *** percent of U.S. production of wire mesh in 2019, and was the *** largest domestic producer that year.[46] *** it *** the petitions.[47] Its only imports of subject merchandise during the POI were *** short tons in ***.[48] *** indicates that its imports were ***.[49] The ratio of its subject imports to production was *** percent in 2018 and *** during 2017, 2019, and both interim periods.[50]

In view of the fact that this firm's importation of subject merchandise was small and occurred only in ***, its principal interest appears to be in domestic production. In light of this and the fact that no party has argued for its exclusion from the domestic industry, we find that appropriate circumstances do not exist to exclude *** from the domestic industry under the related party provision.

*** *** was responsible for *** percent of U.S. production of wire mesh in 2019, and was the *** largest domestic producer that year.[51] It *** the petitions.[52] Its imports of subject merchandise during the POI were *** short tons in 2017, *** short tons in 2018, *** short tons in 2019, *** short tons in interim 2019, and *** short tons in interim 2020.[53] *** indicates that its imports were ***.[54] The record indicates that *** unused capacity declined and its production increased from 2017 to

[45] CR/PR at Table III-9. *** U.S. production of wire mesh was *** short tons in 2017, *** short tons in 2018, *** short tons in 2019, *** short tons in interim 2019, and *** short tons in 2020. *Id*.

[46] CR/PR at Table III-1.

[47] CR/PR at Table III-1.

[48] CR/PR at Table III-9. *** also reported that it imported subject merchandise during the *** of 2020. *Id*.

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

[50] CR/PR at Table III-9. *** U.S. production of wire mesh was *** short tons in 2018. *Id*.

[51] CR/PR at Table III-1.

[52] CR/PR at Table III-1.

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

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

2019.[55] The ratio of its subject imports to production was *** percent in 2017, *** percent in 2018, *** percent in 2019, *** percent in interim 2019, and *** percent in interim 2020.[56]

Given the firm's increasing production and capacity utilization during the POI, and the lack of any contrary argument, we find that appropriate circumstances do not exist to exclude *** from the domestic industry as a related party.

*** *** was responsible for *** percent of U.S. production of wire mesh in 2019, and was the *** largest domestic producer that year.[57] *** it *** the petitions.[58] Its imports of subject merchandise during the POI were *** short tons in 2017 and *** short tons in 2018.[59] *** indicates that its imports were ***.[60] The ratio of its subject imports to production were *** percent in 2017 and *** percent in 2018.[61]

The firm's low ratios of subject imports to domestic production indicate that its principal interest is in domestic production. In light of this and the fact that no party has argued for its exclusion from the domestic industry, we find that appropriate circumstances do not exist to exclude *** from the domestic industry under the related party provision.

Consequently, we define one domestic industry consisting of all domestic producers of wire mesh.[62]

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[55] *** reported unused capacity of *** short tons in 2017, *** short tons in 2018, *** short tons in 2019, *** short tons in interim 2019, and *** short tons in interim 2020. *Derived from* CR/PR at Table III-4. Peninsula *** in ***. EDIS Docs. 716162 (email dated July 29, 2020) and 717129 (article from Feb. 27, 2017).

[56] CR/PR at Table III-9. *** U.S. production of wire mesh was *** short tons in 2017, *** short tons in 2018, *** short tons in 2019, *** short tons in interim 2019, and *** short tons in interim 2020. *Id*.

[57] CR/PR at Table III-1.

[58] CR/PR at Table III-1.

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

[60] CR/PR at Table III-9. *** indicates that it ***. *Id*.

[61] CR/PR at Table III-9. *** U.S. production of wire mesh was *** short tons in 2017 and *** short tons in 2018. *Id*.

[62] Commissioner Karpel believes that appropriate circumstances exist to exclude *** from the domestic industry under the related party provision. Commissioner Karpel notes that the company's quantity of subject imports *** its domestic production of wire mesh in every full year of the POI. CR/PR at Table III-4. Based on its ratio of subject imports to domestic production through the vast majority of the POI, it appears that the company's primary interest is more in importation than domestic production. The company's stated reason for importing ("***") does not dissuade from a conclusion that its primary interest is in importation; indeed, Commissioner Karpel notes that the company had *** production capacity throughout the POI. For example, in 2019, the company's unused production capacity was equivalent to *** short tons (and a capacity utilization rate of *** percent), compared to its subject imports that year totaling *** short tons. Derived from CR/PR at Table III-4.

In addition, ***. *Id*. at Table III-2. *** the petition. *Id*. at table III-1. Furthermore, Commissioner Karpel notes that removal of the company from the domestic industry would not unnecessarily skew the (Continued…)

V. Negligible Imports

Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product that account for less than 3 percent of all such merchandise imported into the United States during the most recent 12 months for which data are available preceding the filing of the petition shall generally be deemed negligible.[63] Petitioners argue that imports from Mexico are not negligible.[64] Respondents do not address negligibility.

During the most recent 12-month period preceding the filing of the petitions in these investigations (June 2019 through May 2020), subject imports from Mexico accounted for *** percent of total imports of wire mesh.[65] Because they exceed the statutory threshold, we find that subject imports from Mexico are not negligible.

VI. Reasonable Indication of Material Injury by Reason of Subject Imports

A. Legal Standard

In the preliminary phase of antidumping and countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.[66] In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but

(…Continued)
industry data, since it is a relatively *** producer, accounting for just *** percent of domestic production of wire mesh in 2019. *Id*.

Commissioner Karpel notes that the inclusion or exclusion of *** from the domestic industry's data sets would not change the overall trends for the domestic industry, but would only slightly change the percentage increase/decreases (usually by no more than ***). *Compare* CR/PR at Table C-1 *with* Table C-2. Consequently, and for the sake of expediency in this opinion, she does not set forth separately below data for the domestic industry exclusive of ***.

Chair Kearns and Vice Chair Stayin do not exclude any companies from the domestic industry for the preliminary phase of these investigations, but they intend to examine the related party issue further in the final phase of these investigations.

[63] 19 U.S.C. §§ 1671b(a), 1673b(a), 1677(24)(A)(i), 1677(24)(B); see also 15 C.F.R. § 2013.1 (developing countries for purposes of 19 U.S.C. § 1677(36)). The exceptions to this general rule are not pertinent to these investigations.

[64] Petitioners' Postconference Brief at 16-17.

[65] CR/PR at IV-9 and Table IV-5.

[66] 19 U.S.C. §§ 1671b(a), 1673b(a).

only in the context of U.S. production operations.[67] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[68] In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[69] No single factor is dispositive, and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[70]

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is "materially injured or threatened with material injury by reason of" unfairly traded imports,[71] it does not define the phrase "by reason of," indicating that this aspect of the injury analysis is left to the Commission's reasonable exercise of its discretion.[72] In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the "by reason of" standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.[73]

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include nonsubject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other

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[67] 19 U.S.C. § 1677(7)(B). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each {such} factor ... and explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[68] 19 U.S.C. § 1677(7)(A).

[69] 19 U.S.C. § 1677(7)(C)(iii).

[70] 19 U.S.C. § 1677(7)(C)(iii).

[71] 19 U.S.C. §§ 1671b(a), 1673b(a).

[72] *Angus Chemical Co. v. United States*, 140 F.3d 1478, 1484-85 (Fed. Cir. 1998) ("{T}he statute does not 'compel the commissioners' to employ {a particular methodology}."), *aff'd,* 944 F. Supp. 943, 951 (Ct. Int'l Trade 1996).

[73] The Federal Circuit, in addressing the causation standard of the statute, observed that "{a}s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement." *Nippon Steel Corp. v. USITC*, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was further ratified in *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867, 873 (Fed. Cir. 2008), where the Federal Circuit, quoting *Gerald Metals, Inc. v. United States*, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that "this court requires evidence in the record 'to show that the harm occurred "by reason of" the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.'" *See also Nippon Steel Corp. v. United States*, 458 F.3d 1345, 1357 (Fed. Cir. 2006); *Taiwan Semiconductor Industry Ass'n v. USITC*, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.[74] In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.[75] Nor does the "by reason of" standard require that unfairly traded imports be the "principal" cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as nonsubject imports, which may be contributing to overall injury to an industry.[76] It is clear that the existence of injury caused by other factors does not compel a negative determination.[77]

Assessment of whether material injury to the domestic industry is "by reason of" subject imports "does not require the Commission to address the causation issue in any particular way" as long as "the injury to the domestic industry can reasonably be attributed to the subject imports."[78] The

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[74] Uruguay Round Agreement Act Statement of Administrative Action (SAA), H.R. Rep. 103-316, vol. I at 851-52 (1994) ("{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports."); S. Rep. 96-249 at 75 (1979) (the Commission "will consider information which indicates that harm is caused by factors other than less-than-fair-value imports."); H.R. Rep. 96-317 at 47 (1979) ("in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;" those factors include "the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry"); *accord Mittal Steel*, 542 F.3d at 877.

[75] SAA at 851-52 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports."); *Taiwan Semiconductor Industry Ass'n,* 266 F.3d at 1345 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports ... . Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports." (emphasis in original)); *Asociacion de Productores de Salmon y Trucha de Chile AG v. United States*, 180 F. Supp. 2d 1360, 1375 (Ct. Int'l Trade 2002) ("{t}he Commission is not required to isolate the effects of subject imports from other factors contributing to injury" or make "bright-line distinctions" between the effects of subject imports and other causes.); *see also Softwood Lumber from Canada*, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that "{i}f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, *i.e*., it is not an 'other causal factor,' then there is nothing to further examine regarding attribution to injury"), *citing Gerald Metals,* 132 F.3d at 722 (the statute "does not suggest that an importer of LTFV goods can escape countervailing duties by finding some tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.").

[76] S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

[77] *See Nippon Steel Corp*., 345 F.3d at 1381 ("an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the 'dumping' need not be the sole or principal cause of injury.").

[78] *Mittal Steel*, 542 F.3d at 876 &78; *see also id.* at 873 ("While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured 'by reason of' (Continued…)

Commission ensures that it has "evidence in the record" to "show that the harm occurred 'by reason of' the LTFV imports," and that it is "not attributing injury from other sources to the subject imports." [79] The Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[80]

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence standard.[81] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[82]

B. Conditions of Competition and the Business Cycle

The following conditions of competition inform our analysis of whether there is a reasonable indication of material injury by reason of subject imports.

1. Demand Conditions

Wire mesh is primarily used to reinforce and frame downstream concrete products in the construction, agricultural, horticultural, industrial, mining, and transportation industries.[83] Overall U.S. demand for wire mesh depends on demand for these downstream products.[84]

Demand for wire mesh exhibits some seasonality, with demand increasing in the spring and fall, and declining in the winter.[85] Most producers and half of responding importers reported that there

(…Continued)
subject imports, the Commission is not required to follow a single methodology for making that determination ... {and has} broad discretion with respect to its choice of methodology.") *citing United States Steel Group v. United States*, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75. In its decision in *Swiff-Train v. United States*, 793 F.3d 1355 (Fed. Cir. 2015), the Federal Circuit affirmed the Commission's causation analysis as comporting with the Court's guidance in *Mittal*.

[79] *Mittal Steel*, 542 F.3d at 873 (quoting from *Gerald Metals*, 132 F.3d at 722), 877-79. We note that one relevant "other factor" may involve the presence of significant volumes of price-competitive nonsubject imports in the U.S. market, particularly when a commodity product is at issue. In appropriate cases, the Commission collects information regarding nonsubject imports and producers in nonsubject countries in order to conduct its analysis.

[80] *Nucor Corp. v. United States*, 414 F.3d 1331, 1336, 1341 (Fed. Cir. 2005); *see also Mittal Steel*, 542 F.3d at 879 ("*Bratsk* did not read into the antidumping statute a Procrustean formula for determining whether a domestic injury was 'by reason' of subject imports.").

[81] We provide in our discussion below a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

[82] *Mittal Steel*, 542 F.3d at 873; *Nippon Steel Corp*., 458 F.3d at 1350, *citing U.S. Steel Group*, 96 F.3d at 1357; S. Rep. 96-249 at 75 ("The determination of the ITC with respect to causation is ... complex and difficult, and is a matter for the judgment of the ITC.").

[83] CR/PR at I-13 – I-14, and II-1.

[84] CR/PR at II-7.

were no substitutes for wire mesh.[86] Perceptions of demand varied among types of questionnaire respondents, with most domestic producers reporting no change or fluctuating demand and half of importers reporting an increase in demand.[87] Apparent U.S. consumption of wire mesh fluctuated during the POI, increasing from *** short tons in 2017 to *** short tons in 2018, then declining to *** short tons in 2019, for an overall increase of *** percent from 2017 to 2019.[88]

2. Supply Conditions

The domestic industry, subject imports, and nonsubject imports supplied the U.S. market during the POI.

The domestic industry accounted for the largest share of the U.S. market by quantity. Its share of the quantity of apparent U.S. consumption declined from *** percent in 2017 to *** percent in 2018 and *** percent in 2019.[89] The domestic industry's reported annual production capacity increased from 668,799 short tons in 2017 to 729,717 short tons in 2018 and 763,190 short tons in 2019.[90] The

(…Continued)

[85] CR/PR at II-7. Seven of 11 domestic producers and four of six importers indicated seasonal demand trends. *Id*. One domestic producer reported that seasonality was only found in certain parts of the country due to weather. *Id*. Petitioners attributed improved weather conditions in interim 2020 to an increase in total sales quantity in this period, which increased demand for wire mesh over historical levels for that time of year. Petitioners' Postconference Brief, Exh. 1 at 25-26. In light of this, we have given reduced weight to interim 2020 data.

[86] CR/PR at II-7. Certain questionnaire respondents identified concrete reinforced bar ("rebar"), synthetic and steel fibers, and prestressed concrete strand as substitutes for wire mesh. *Id*.

The parties have expressed divergent views as to the viability of rebar as a substitute for wire mesh. Respondents argue that rebar is interchangeable with wire mesh for reinforcing concrete in all cases, while Petitioners argue that selection of wire mesh versus rebar for a concrete construction project is decided at the design and engineering stages, and switching from one to the other midstream requires a complete redesign that can take extended periods of time, require engineering approvals, and thus increase time and labor costs. Respondents' Postconference Brief at 4-5, Exh. 7; Petitioners' Postconference Brief at 14-15, Exh. 1 at 4-6, Exh. 6, paras. 9-12 (Wagner Decl.). *See also* CR/PR at I-15.

[87] CR/PR at II-7 and Table II-4.

[88] CR/PR at IV-10 and Table IV-6. Apparent U.S. consumption was *** percent higher in interim 2020, at *** short tons, than in interim 2019, at *** short tons. *Id*. We note that the data for apparent U.S. consumption in the preliminary phase of these investigations do not include U.S. shipments data for ***. *Id*. at Table IV-6 Note. Apparent U.S. consumption data, particularly for 2017, may thus be understated.

[89] CR/PR at Table IV-6. The domestic industry's market share was *** percent in interim 2019 and *** percent in interim 2020. *Id*.

[90] CR/PR at Table III-4. The domestic industry's production capacity was 190,759 short tons in interim 2019 and 194,510 short tons in interim 2020. *Id*. We note that the apparent increases in reported wire mesh production capacity from 2017 to 2018 to some extent reflect that data for *** were included for 2018 but not for 2017. *Id*. at III-5 n.6.

domestic industry's annual capacity was greater than apparent U.S. consumption throughout the POI.[91] Its capacity utilization increased from 43.8 percent in 2017 to 44.0 percent in 2018 and declined to 39.7 percent in 2019.[92] One domestic producer, ***, entered the market in ***.[93] Most domestic producers and importers did not report experiencing any supply constraints during the POI.[94]

Subject imports' market share increased in each full year of the POI, from *** percent in 2017 to *** percent in 2018 and *** percent in 2019.[95]

In 2019, nonsubject imports supplied *** percent of the market by quantity; no responding firms reported imports from nonsubject sources during the rest of the POI.[96]

3. Substitutability and Other Conditions

We find that that there is a high degree of substitutability between the domestic like product and subject imports.[97] Nine of ten domestic producers and three of five importers reported that the domestic like product and subject imports are "always" or "frequently" interchangeable.[98]

We find that price is an important factor in purchasing decisions for wire mesh. Price/cost was the purchasing factor most frequently cited by purchasers, followed by availability/reliability of supply, and quality.[99] Nine of ten domestic producers and four of five importers reported that differences other than price between the domestic like product and the subject imports were "sometimes" or "never" significant in purchasing decisions.[100]

Wire rod is the primary raw material used to produce wire mesh.[101] Imports of wire rod are subject to additional tariffs under section 232 of the Trade Expansion Act of 1962 ("section 232

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[91] *Compare* CR/PR at Table III-4 *with* Table IV-6.

[92] CR/PR at Table III-4. The domestic industry's capacity utilization was 40.7 percent in interim 2019 and 42.8 percent in interim 2020. *Id*.

[93] CR/PR at III-5 and Table III-3. Additionally, domestic producers reported the following changes in operation during the POI: expansions (three firms), acquisitions (two firms), and shutdowns/curtailments (six firms). *Id*. at Table III-3.

[94] CR/PR at II-6. Two domestic producers and one importer, ***, reported supply constraints due to availability and price; raw material supply constraints affecting shipment commitments; and a decline in production and availability caused by increased demand in 2018. *Id*.

[95] CR/PR at Table IV-6. Subject imports' market share was *** percent in interim 2019 and *** percent in interim 2020. *Id*.

[96] CR/PR at Table IV-6. Petitioners identified ***. ***. *Id*. at I-3 n.6.

[97] CR/PR at II-8.

[98] CR/PR at Table II-7. *See also* Testimonies of Messrs. Barrenechea at 1-2 and Wagner at 3.

[99] CR/PR at II-9 and Table II-5.

[100] CR/PR at II-10 and Table II-8.

[101] CR/PR at V-1. As a share of cost of goods sold ("COGS"), wire rod increased from 74.2 percent in 2017 to 76.0 percent in 2018 and 77.4 percent in 2019, and was 75.6 percent in interim 2019 and 72.5 percent in interim 2020. *Id*. at Table VI-1.

tariffs")[102] and section 301 of the Trade Act of 1974, and imports from certain sources are also subject to antidumping and countervailing duty orders.[103] Wire rod prices fluctuated during the POI, increasing throughout 2017 and early 2018, holding steady between June 2018 to January 2019, decreasing for the remainder of 2019, and stabilizing until May 2020.[104]

Domestic producers and importers of subject merchandise reported selling wire mesh to all regions of the United States.[105] Questionnaire data indicate that the large majority of domestic producers and importers directed *** of their U.S. commercial shipments of wire mesh in 2019 to the spot market.[106]

C. Volume of Subject Imports

Section 771(7)(C)(i) of the Tariff Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[107]

The volume of subject imports increased from *** short tons in 2017 to *** short tons in 2018 and declined to *** short tons in 2019, for an overall increase of *** percent from 2017 to 2019.[108]

Subject imports accounted for *** percent of apparent U.S. consumption in 2017, *** percent in 2018, and *** percent in 2019. Subject imports gained market share both in 2018, when apparent U.S. consumption increased, and in 2019 when it declined.[109]

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[102] 19 U.S.C. § 1862.

[103] 19 U.S.C. § 2411. CR/PR at I-10 – I-11, and V-1 n.1. Commerce issued antidumping and/or countervailing duty orders on wire rod from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, the United Arab Emirates, and the United Kingdom in 2018. CR/PR at V-1 n.1. Section 232 tariffs applicable to imports of steel wire rod of 25 percent entered into effect beginning in March 2018. Wire rod originating in Australia, Canada, and Mexico has been exempt from section 232 tariffs since May 20, 2019. *Id*. at I-10. Wire rod imports from Argentina, Brazil, and Korea are exempt from section 232 tariffs but are subject to annual quota limits. *Id*. Wire rod imports from all other countries are subject to section 232 tariffs. *Id*. Wire mesh is not subject to section 232 tariffs. *Id*.

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

[105] CR/PR at II-3 and Table II-2.

[106] CR/PR at Table V-3. Domestic producers reported that *** percent of their U.S. commercial shipments sold on the spot market, and *** percent sold on short-term contracts; importers reported that *** percent of their U.S. commercial shipments sold on the spot market, and *** percent sold on short-term contracts. *Id*.

[107] 19 U.S.C. § 1677(7)(C)(i).

[108] CR/PR at Table IV-2. Subject import volume was *** short tons in interim 2019 and *** short tons in interim 2020. *Id*.

[109] CR/PR at Table IV-6. Subject imports accounted for a ***-percent share of apparent U.S. consumption in interim 2019 and a ***-percent share in interim 2020. *Id*.

For purposes of these preliminary determinations, we find that the volume of subject imports and the increase in the volume of subject imports are significant in absolute terms and relative to consumption in the United States.

D. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Tariff Act provides that, in evaluating the price effects of subject imports, the Commission shall consider whether –

> (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and
> (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[110]

As explained above, the record indicates that the domestic like product and subject imports are highly substitutable and that price is an important consideration in purchasing decisions.[111]

The Commission collected quarterly pricing data from domestic producers and importers for four wire mesh products.[112] Ten domestic producers and five importers provided usable pricing data, although not all firms reported pricing for all products for all quarters.[113] Pricing data reported for these firms accounted for *** percent of domestic producers' U.S. shipments of wire mesh and *** percent of U.S. shipments of subject imports from Mexico in 2019.[114]

The pricing data collected in this preliminary phase record show that subject imports undersold the domestic like product in all 52 quarterly comparisons at underselling margins ranging between 2.3 and 22.4 percent and averaging 10.8 percent.[115] Additionally, of the eight purchasers that responded to the Commission's lost sales/lost revenue ("LSLR") survey, six responded that they had purchased subject imports rather than the domestic like product. Five of these purchasers reported that subject import prices were lower than those for the domestic like product, and four of these purchasers reported that price was a primary reason for their decision to purchase subject imports rather than the domestic like

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[110] 19 U.S.C. § 1677(7)(C)(ii).
[111] See Section VI.B.3 above.
[112] CR/PR at V-5. The pricing products are:

Product 1. – 6x6, 10 gauge, W/D1.4 W/D1.4, 5' x 150' rolls;
Product 2. – 6x6, 10 gauge, W/D1.4 W/D1.4, 8' x 20' sheets;
Product 3. – 6x6, 6 gauge, W/D2.9 W/D2.9, 8' x 20' sheets; and
Product 4. – 6x6, 8 gauge, W/D2.1 W/D2.1, 8' x 20' sheets. *Id*.

[113] CR/PR at V-5.
[114] CR/PR at V-5.
[115] CR/PR at Table V-9.

product.[116] These responses corroborate what the pricing data show: that subject imports are typically priced lower than the domestic like product.

As indicated by purchasers' responses to the LSLR survey, lower priced subject imports took sales from the domestic industry. In addition, Petitioners provided ***.[117] Moreover, from 2017 to 2019 subject imports gained *** percentage points of market share directly at the expense of the domestic industry.[118] In light of this evidence, for purposes of these preliminary determinations we find that there has been significant underselling by subject imports.

We have also examined available data on price trends. The domestic industry's prices for each of the four pricing products fluctuated but increased overall during the POI.[119] Prices for the domestic like product generally fluctuated within a relatively narrow range in 2017, increased in the first quarter of 2018, reached period peaks during the second half of 2018, then declined throughout 2019.[120] Domestic producer prices for products 1, 3, and 4 increased by 11.2, 6.3, and 10.9 percent, respectively, between the first quarter of 2017 and the first quarter of 2020; domestic producer prices for product 2 declined by 0.1 percent over the same period.[121]

We have also considered whether the subject imports prevented price increases for the domestic like product that otherwise would have occurred. The domestic industry's unit net sales value, on a per ton basis, increased from $773 in 2017 to $957 in 2018, and declined to $944 in 2019,[122] while the industry's unit cost of goods sold ("COGS") increased from $725 in 2017 to $874 in 2018 and $934 in 2019.[123] The industry's COGS to net sales ratio declined from 93.8 percent in 2017 to 91.3 percent in 2018, and increased to 98.9 percent in 2019.[124] Thus, while the industry was able to increase its prices to cover the rise in unit COGS from 2017 to 2018, it was unable to do so from 2018 to 2019. During both

[116] CR/PR at Table V-12.

[117] Petitioners' Postconference Brief, Exh. 10, para. 7 (Barrenechea Decl.) & atts. 1-3. We note that some of the purchasers listed in attachments 1 and 3 to the declaration are among those that stated in their LSLR responses that they purchased subject merchandise rather than the domestic like product due primarily to price.

[118] The domestic industry's market share declined from *** percent in 2017 to *** percent in 2018 and *** percent in 2019. CR/PR at Table IV-6. As noted above, there was a very minimal quantity of nonsubject imports reported during the POI (and only in 2019).

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

[120] CR/PR at Tables V-4 – V-7 and Figures V-3 – V-6. Domestic producers' prices for Products *** experienced increases in interim 2020 while the price for Product *** continued to decline. *Id*.

[121] CR/PR at Table V-8. Subject import prices for products 1, 2, 3, and 4 increased by ***, ***, ***, and *** percent, respectively, over the POI. CR/PR at Table V-8.

[122] CR/PR at Table VI-1. On a per ton basis, the domestic industry's unit net sales value was $747 in interim 2019 and $589 in interim 2020. *Id*.

[123] CR/PR at Table VI-1. The domestic industry's unit COGS was $988 in interim 2019 and $813 in interim 2020. *Id*.

[124] CR/PR at Table VI-1. The domestic industry's COGS/sales ratio was 94.5 percent in interim 2019 and 99.4 percent in interim 2020. *Id*.

the year that the industry's ratio of COGS to sales improved and the year that it deteriorated, subject imports increased their volume and market penetration.[125] From 2018 to 2019, however, there were certain conditions of the U.S. market which may have militated against the possibility of price increases. Apparent U.S. consumption declined,[126] wire rod spot prices were also declining,[127] and the industry's production and net sales declined, which negatively affected the industry's per-unit costs and contributed to the increase in its COGS to net sales ratio. In light of these considerations, we do not find for purposes of these preliminary determinations that the subject imports prevented price increases for the domestic like product that otherwise would have occurred to a significant degree.[128]

For purposes of these preliminary determinations, we find that subject imports significantly undersold the domestic like product, gaining sales and market share at the domestic industry's expense. We consequently find that subject imports had significant price effects.

[125] We acknowledge that the record indicates that two of eight responding purchasers reported that domestic producers had reduced prices to compete with subject imports during the POI. Petitioners also posit that ***. CR/PR at Table V-13; and Petitioners' Postconference Brief, Exh. 10, para. 7(b) (Barrenechea Decl.) & att. 2.

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

[127] CR/PR at V-1 and Figure V-1. We acknowledge that the wire rod unit costs included in U.S. producers' reported COGS were higher in 2019 than in 2018. CR/PR at Table VI-1. In any final phase of these investigations, we will explore further the extent to which domestic producers' wire mesh costs generally track wire rod prices and the reasons for any potential divergence. We also intend to examine further the extent to which declines in wire rod spot prices are known to purchasers and affect their expectations on wire mesh prices.

[128] Chair Kearns and Commissioner Karpel find that the record in these preliminary phase investigations reflect evidence of price suppression. Specifically, the increase in the average unit value of U.S. producers' net sales ($171 per short ton) between 2017 and 2019 was substantially less than the increase in the industry's unit COGS ($209 per short ton) over this same period. CR/PR at Table C-1. Of the overall COGS increase, approximately $185 (89 percent) was in raw materials, *i.e.*, wire rod. *Id*. at Table VI-1. The industry's COGS/net sales ratio increased from 93.8 percent in 2017 to 98.9 percent in 2019. *Id*. at Table VI-4. This occurred while subject imports significantly undersold the domestic like product and took market share directly from U.S. producers in an expanding market. Over the interim periods, the average unit value of U.S. producers' net sales decreased by $229 per short ton, while unit COGS decreased by $176 per short ton (of that total, $158 was in raw materials). *Id*. at Table VI-2. Because the decline in the average unit value far exceeded the decline in unit COGS, the industry's COGS/net sales ratio increased over the interim periods (from 94.5 to 99.4 percent). *Id*. at Table C-1. Consequently, Chair Kearns and Commissioner Karpel find that, for purposes of these preliminary phase investigations, subject imports prevented to a significant degree price increases for the domestic like product that otherwise would have occurred.

E. Impact of the Subject Imports[129]

Section 771(7)(C)(iii) of the Tariff Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry." These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debt, research and development, and factors affecting domestic prices. No single factor is dispositive, and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[130]

From 2017 to 2019, certain measures of the domestic industry's output increased, although its market share and capacity utilization declined. During this period, apparent U.S. consumption rose by *** percent and production capacity increased by 14.1 percent.[131] The domestic industry's reported production increased by 3.5 percent.[132] By contrast, the quantity of U.S. shipments rose by 1.2 percent – less than the rate of increase for apparent U.S. consumption.[133] Capacity utilization declined.[134] The industry's inventories grew in absolute terms and relative to production and shipments.[135] Moreover,

[129] In its notice initiating the antidumping duty investigation on wire mesh from Mexico, Commerce reported estimated dumping margins ranging from 64.07 to 152.68 percent. 85 Fed. Reg. 45167, 45170 (July 27, 2020).

[130] 19 U.S.C. § 1677(7)(C)(iii). This provision was amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

[131] CR/PR at Table C-1. The domestic industry's capacity was 668,799 short tons in 2017, 729,717 short tons in 2018, and 763,190 short tons in 2019; it was 190,759 short tons in interim 2019 and 194,510 short tons in interim 2020. CR/PR at Table III-4. As previously stated, reported capacity for 2017 is to some extent understated (and the rate of increase from 2017 to 2019 overstated) because it does not include data for ***. CR/PR at III-5 n.4

[132] CR/PR at Table C-1. The domestic industry's production increased from 293,042 short tons in 2017 to 320,940 short tons in 2018, then declined to 303,166 short tons in 2019; it was 77,669 short tons in interim 2019 and 83,216 short tons in interim 2020. CR/PR at Table III-4.

[133] CR/PR at Table C-1. The domestic industry's U.S. shipments increased from 294,916 short tons in 2017 to 311,462 short tons in 2018, then declined to 298,483 short tons in 2019; U.S. shipments were 60,610 short tons in interim 2019 and 76,435 short tons in interim 2020. CR/PR at Table III-6.

[134] The domestic industry's capacity utilization increased from 43.8 percent in 2017 to 44.0 percent in 2018, then declined to 39.7 percent in 2019; it was 40.7 percent in interim 2019 and 42.8 percent in interim 2020. CR/PR at Table III-4.

[135] The domestic industry's end-of-period inventories were 37,614 short tons in 2017, 47,045 short tons in 2018, and 50,708 short tons in 2019, 62,907 short tons in interim 2019, and 57,435 short tons in interim 2020. The industry's ratio of inventories to production was 12.8 percent in 2017, 14.7 percent in 2018, 16.7 percent in 2019, 20.2 percent in interim 2019, and 17.3 percent in interim 2020; its ratio of inventories to U.S. shipments was 12.8 percent in 2017, 15.1 percent in 2018, 17.0 percent in 2019, 25.9 percent in interim 2019, and 18.8 percent in interim 2020. CR/PR at Table III-8.

the domestic industry lost market share, which declined from *** percent in 2017 to *** percent in 2018 and *** percent in 2019.[136]

The domestic industry's employment-related indicators mostly improved from 2017 to 2018, then deteriorated from 2018 to 2019. In particular, the figures for production-related workers ("PRWs"),[137] total hours worked,[138] wages paid,[139] hourly wages,[140] and unit labor costs[141] followed this pattern. Productivity increased throughout the POI.[142]

Most indicators of the domestic industry's financial performance were worse in 2019 than 2017, notwithstanding increasing sales revenues.[143] These indicators include gross profit,[144] operating income,[145] the ratio of operating income to net sales, [146] and net income.[147] Capital expenditures were

[136] CR/PR at Table IV-6. The domestic industry's market share was *** percent in interim 2019 and *** percent in interim 2020. *Id*.

[137] The domestic industry's number of PRWs increased from 516 in 2017 to 542 in 2018, then declined to 515 in 2019; it was 519 in interim 2019 and 495 in interim 2020. CR/PR at Table III-10.

[138] The domestic industry's total hours worked increased from 1.22 million in 2017 to 1.28 million in 2018, then declined to 1.20 million in 2019; they were 292,000 in interim 2019 and 297,000 in interim 2020. CR/PR at Table III-10.

[139] The domestic industry's wages paid increased from $25.3 million in 2017 to $28.6 million in 2018, then declined to $26.1 million in 2019; they were $6.7 million in interim 2019 and $7.3 million in interim 2020. CR/PR at Table III-10.

[140] The domestic industry's hourly wages increased from $20.66 in 2017 to $22.39 in 2018, then declined to $21.72 in 2019; they were $23.11 in interim 2019 and $24.73 in interim 2020. CR/PR at Table III-10.

[141] The domestic industry's unit labor costs per short ton increased from $86.30 in 2017 to $89.04 in 2018, then declined to $86.10 in 2019; they were $86.87 in interim 2019 and $88.25 in interim 2020. CR/PR at Table III-10.

[142] The domestic industry's productivity, in short tons per thousand hours, was 239.4 in 2017, 251.5 in 2018, 252.2 in 2019, 266.0 in interim 2019, and 280.2 in interim 2020. CR/PR at Table III-10.

[143] The domestic industry's net sales revenues increased from $223.7 million in 2017 to $296.4 million in 2018, then declined to $273.2 million in 2019; they were $62.4 million in interim 2019 and $61.4 million in interim 2020. CR/PR at Table VI-1.

[144] The domestic industry's gross profit increased from $13.9 million in 2017 to $25.8 million in 2018, then declined to $3.0 million in 2019; it was $3.4 million in interim 2019 and $357,000 in interim 2020. CR/PR at Table VI-1.

[145] The domestic industry's operating income improved from negative $3.5 million in 2017 to $3.5 million in 2018, then deteriorated to negative $16.6 million in 2019; it was negative $1.1 million in interim 2019 and negative $5.0 million in interim 2020. CR/PR at Table VI-1.

[146] The domestic industry's operating income to net sales ratio improved from negative 1.6 percent in 2017 to 1.2 percent in 2018, then deteriorated to negative 6.1 percent in 2019; it was negative 1.7 percent in interim 2019 and negative 8.1 percent in interim 2020. CR/PR at Table VI-1.

[147] The domestic industry's net income improved from negative $5.4 million in 2017 to $2.1 million in 2018, then deteriorated to negative $18.7 million in 2019; it was negative $1.6 million in interim 2019 and negative $5.5 million in interim 2020. CR/PR at Table VI-1.

higher in 2019 than 2017,[148] though nine of 11 responding producers reported that the subject imports had negative effects on investment and negative effects on growth and development.[149]

Thus, as apparent U.S. consumption rose from 2017 to 2019, the domestic industry faced an increasing volume of subject imports that undersold the domestic product in every available quarterly price comparison. The subject imports captured sales and market share from the domestic industry. Accordingly, the domestic industry's output and revenues were worse than they would have been otherwise, and the domestic industry displayed declines in financial performance, particularly in 2019. We therefore find that subject imports had a significant impact on the domestic industry.[150]

We have also considered whether there are other factors that may have had an impact on the domestic industry during the POI to ensure that we are not attributing injury from such other factors to subject merchandise. Nonsubject imports had a minimal presence in the U.S. market during the POI and cannot explain the domestic industry's market share losses.[151] While demand fluctuated during the POI, fluctuating demand also cannot explain the domestic industry's market share losses, as the industry's U.S. shipments declined from 2018 to 2019 at a rate greater than the decline in apparent U.S. consumption.[152]

Respondents argue that several factors other than subject imports explain the industry's declining performance over the POI. These include unwarranted expansion of capacity, intra-industry competition from ***,[153] and purported supply shortages of domestic product that occurred when purchasers sought to enhance wire mesh inventories prior to the imposition of section 232 tariffs on wire rod in March 2018.[154]

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[148] The domestic industry's capital expenditures increased from $*** in 2017 to $*** in 2018, then declined to $*** in 2019; they were $*** in interim 2019 and $*** in interim 2020. CR/PR at Table VI-5. The domestic industry only reported research and development expenses for 2018 and 2019; they declined from $*** to $*** in this period. *Id*.

[149] CR/PR at Table VI-8.

[150] Chair Kearns and Commissioner Karpel note that suppression of domestic prices by subject imports, as they discuss above, also contributed to declines in the domestic industry's financial performance.

[151] *See* CR/PR at Table IV-6.

[152] From 2018 to 2019, apparent U.S. consumption declined by *** percent. Production declined by 5.5 percent and the quantity of U.S. shipments declined by 4.2 percent. CR/PR at Table C-1.

[153] *** entered the wire mesh market in 2018. Petitioners rebut Respondents' claim that this new market entrant "seemed to be intent on increasing its market share quickly by underbidding everyone and driving prices down." Petitioners argue that imports from Mexico undersold *** in *** percent of possible comparisons and *** percent of the volume reported, with an average underselling margin of *** percent. Petitioners' Postconference Brief at 21-22.

[154] Respondents' Postconference Brief at 2-4.

The record indicates that the domestic industry increased its production capacity by 14.1 percent from 2017 to 2019.[155] These increases, however, cannot account either for the industry's loss of market share or for declines in output at a rate greater than the rate of decline in apparent U.S. consumption during 2019.[156] In addition, Respondents' assertion that *** offered the lowest prices in the market is unsupported by the record.[157] Nor can intra-industry competition account for the industry's loss of sales and market share to subject imports. Finally, the record in the preliminary phase of these investigations does not indicate that market participants experienced supply constraints during the POI.[158]

We consequently conclude that other causes cannot fully explain the injury we have attributed to the subject imports.

VII. Conclusion

For the reasons stated above, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of subject imports of wire mesh from Mexico that are allegedly subsidized and sold in the United States at LTFV.

[155] CR/PR at Table III-4. Even assuming that increases in reported wire mesh production capacity from 2017 to 2018 are overstated, the record indicates that the industry added *** percent of additional capacity from 2018 to 2019. *See id*. & III-5 n.6.

[156] *See* CR/PR at Tables IV-6 and C-1.

[157] *** average unit values ("AUVs") for all pricing products exceeded the other producers' aggregated AUVs in all but one instance, regarding ***, and oversold subject imports in all available quarterly comparisons. *Derived from* responses filed to U.S. importers' questionnaires at III-2a and U.S. producers' questionnaires at IV-2b.

[158] *See* CR/PR at II-6. In any final phase investigations, we will examine further the degree to which supply conditions for wire rod affected the domestic industry producing wire mesh in 2018.

Part I: Introduction

Background

These investigations result from petitions filed with the U.S. Department of Commerce ("Commerce") and the U.S. International Trade Commission ("USITC" or "Commission") by Insteel Industries Inc., Mount Airy, North Carolina; Mid South Wire Company, Nashville, Tennessee; National Wire LLC, Conroe, Texas; Oklahoma Steel & Wire Co., Madill, Oklahoma; and Wire Mesh Corp., Houston, Texas on June 30, 2020, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and less-than-fair-value ("LTFV") imports of standard steel welded wire mesh ("wire mesh")[1] from Mexico. The following tabulation provides information relating to the background of these investigations.[2] [3]

Effective date	Action
June 30, 2020	Petitions filed with Commerce and the Commission; institution of Commission investigations (85 FR 40681, July 7, 2020)
July 21, 2020	Commission's conference (conducted through written statements, testimony, questions, and responses, July 17-July 24, 2020)
July 20, 2020	Commerce's notice of initiation (85 FR 45181, July 27, 2020; and 85 FR 45167, July 27, 2020)
August 13, 2020	Commission's vote
August 14, 2020	Commission's determinations
August 21, 2020	Commission's views

[1] See the section entitled "The subject merchandise" in Part I of this report for a complete description of the merchandise subject in this proceeding.

[2] Pertinent *Federal Register* notices are referenced in appendix A, and may be found at the Commission's website (www.usitc.gov).

[3] Appendix B presents a list of witnesses participating in the conference.

Statutory criteria

Section 771(7)(B) of the Tariff Act of 1930 (the "Act") (19 U.S.C. § 1677(7)(B)) provides that in making its determinations of injury to an industry in the United States, the Commission--

> *shall consider (I) the volume of imports of the subject merchandise, (II) the effect of imports of that merchandise on prices in the United States for domestic like products, and (III) the impact of imports of such merchandise on domestic producers of domestic like products, but only in the context of production operations within the United States; and. . . may consider such other economic factors as are relevant to the determination regarding whether there is material injury by reason of imports.*

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--[4]

> *In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant.. . .In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether. . .(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.. . . In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to. . . (I) actual and potential decline in output, sales, market share, gross profits, operating profits, net profits, ability to service debt, productivity, return on investments, return on assets, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.*

[4] Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

In addition, Section 771(7)(J) of the Act (19 U.S.C. § 1677(7)(J)) provides that—[5]

(J) EFFECT OF PROFITABILITY.—The Commission may not determine that there is no material injury or threat of material injury to an industry in the United States merely because that industry is profitable or because the performance of that industry has recently improved.

Organization of report

Part I of this report presents information on the subject merchandise, alleged subsidy/dumping margins, and domestic like product. Part II of this report presents information on conditions of competition and other relevant economic factors. Part III presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. Parts IV and V present the volume of subject imports and pricing of domestic and imported products, respectively. Part VI presents information on the financial experience of U.S. producers. Part VII presents the statutory requirements and information obtained for use in the Commission's consideration of the question of threat of material injury as well as information regarding nonsubject countries.

Market summary

Wire mesh is generally used for internal reinforcement/framing for concrete construction. The leading U.S. producers of wire mesh are Insteel Wire Products ("Insteel") and WMC Holdings LP ("WMC"), while the leading producer of wire mesh outside the United States is Deacero S.A.P.I. DE C.V. ("Deacero"). The leading U.S. importers of wire mesh from Mexico are ***. The U.S. imports of wire mesh from nonsubject sources are minimal.[6] U.S. purchasers of wire mesh are primarily composed of distributors and retailers. Leading purchasers include ***.

Apparent U.S. consumption of wire mesh totaled approximately *** short tons ($***) in 2019. Currently, twelve firms are known to produce wire mesh in the

[5] Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

[6] Petitioners identified ***. ***. Petitioners also identified small trial imports of wire mesh from Turkey. Petitioners' postconference brief, exh. 1; and *** Importer questionnaire response, section II-7.

United States.[7] U.S. producers' U.S. shipments of wire mesh totaled 298,483 short tons ($275.3 million) in 2019 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from Mexico totaled *** short tons ($***) in 2019 and U.S. shipments of such imports accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from nonsubject sources totaled *** short tons ($***) in 2019 and U.S. shipments of such imports accounted for *** percent of apparent U.S. consumption by both quantity and value.

Summary data and data sources

A summary of data collected in these investigations is presented in appendix C, table C-1. Table C-2 presents a summary of data collected in these investigations excluding ***. Except as noted, U.S. industry data are based on questionnaire responses of eleven firms that accounted for a large majority of U.S. production of wire mesh during 2019. U.S. imports are based on questionnaire responses of six firms accounting for a large majority of U.S. imports of wire mesh from Mexico. Data on the industry in Mexico are based on questionnaire response of four Mexican producers/exporters accounting for *** of Mexican production of wire mesh in 2019.

Previous and related investigations

Wire mesh has been the subject one prior antidumping duty investigation in the United States. On April 17, 1972 the Treasury Department found welded-wire mesh from Belgium is being or is likely to be sold at LTFV in the United States.[8] In July 1972, the Tariff Commission determined that an industry in the United States is not and is not likely to be injured, or prevented from being established by reason of imports of welded wire mesh from Belgium.[9]

[7] An additional firm, Gerdau SA, operated a wire mesh facility in 2017 and January 2018. In January 2018, WMC acquired the wire mesh facility. ***. Emails from ***, August 4, 2020; and August 7, 2020.

[8] 37 FR 14444, July 20, 1972.

[9] *Welded-Wire Mesh from Belgium, Investigation AA1921-94*, TC Publication 497, July 1972.

Nature and extent of alleged subsidies and sales at LTFV

Alleged subsidies

On July 27, 2020, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigation on wire mesh from Mexico.[10] Commerce identified the following government programs in Mexico:

- Preferential lending
  - Bancomext Financing
- Direct Tax Programs
  - Accelerated Depreciation for Renewable Energy Investments
  - Tax Deduction for Northern Border Region
- Indirect Tax Programs
  - IMMEX Program
  - PROSEC
  - Eighth Rule Permit
  - Duty Drawback
- Grant Programs
  - Innovation Stimulus Program
  - Tarifa I-15 Program
  - Tarifa I-30 Program
  - Funds for Energy Transition and Substantial Energy Use Grants
  - Program to Boost Industrial Productivity and Competitiveness
- Regional Subsidies
  - State of Nuevo Leon – Law to Promote Investment and Employment
  - State of Coahuila de Zaragoza – Law of Economic Development
  - State of Muchoacan de Ocampo – Business Support, Stimulus and incentives
  - State of Guanajuato – Guanajuato Me Atrae Program

[10] 85 FR 45167, July 27, 2020; and 85 FR 45181, July 27, 2020.

Alleged sales at LTFV

On July 27, 2020, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigation on wire mesh from Mexico.[11] Commerce has initiated an antidumping duty investigation based on estimated dumping margins ranging from 64.07 percent to 152.68 percent for wire mesh from Mexico.

The subject merchandise

Commerce's scope

In the current proceeding, Commerce has defined the scope as follows:[12]

> *The scope of this investigation covers uncoated standard welded steel reinforcement wire mesh (wire mesh) produced from smooth or deformed wire. Subject wire mesh is produced in square and rectangular grids of uniformly spaced steel wires that are welded at all intersections. Sizes are specified by combining the spacing of the wires in inches or millimeters and the wire cross-sectional area in hundredths of square inch or millimeters squared. Subject wire mesh may be packaged and sold in rolls or in sheets.*
>
> *Subject wire mesh is currently produced to ASTM specification A1064/A1064M, which covers carbon-steel wire and welded wire reinforcement, smooth and deformed, for concrete in the following seven styles:*
>
> 1. *6X6 W1.4/W1.4 or D1.4/D1.4*
> 2. *6X6 W2.1/W2.1 or D2.1/D2.1*
> 3. *6X6 W2.9/W2.9 or D2.9/D2.9*
> 4. *6X6 W4/W4 or D4/D4*
> 5. *6X12 W4/W4 or D4/D4*
> 6. *4X4 W2.9/W2.9 or D2.9/D2.9*
> 7. *4X4 W4/W4 or D4/D4*
>
> *The first number in the style denotes the nominal spacing between the longitudinal wires and the second number denotes the nominal spacing between the transverse wires. In the first style listed above, for example, "6X6" denotes a grid size of six inches by six inches. "W" denotes the use of smooth wire, and "D" denotes the use of deformed wire in making the mesh. The number following the*

[11] 85 FR 45167, July 27, 2020.
[12] 85 FR 45181, July 27, 2020.

W or D denotes the nominal cross-sectional area of the transverse and longitudinal wires in hundredths of a square inch (i.e., W1.4 or D1.4 is .014 square inches).

Smooth wire is wire that has a uniform cross-sectional diameter throughout the length of the wire.

Deformed wire is wire with indentations or raised transverse ribs, which results in wire that does not have a uniform cross-sectional diameter throughout the length of the wire.

Rolls of subject wire mesh are produced in the following styles and nominal width and length combinations:

Style: 6X6 W1.4/W1.4 or D1.4/D1.4 (i.e., 10 gauge)

Roll Sizes: 5' X 50'
5' X 150'
6' X 150'
5' X 200'
7' X 200'
7.5' X 200'

Style: 6X6 W2.1/W2.1 or D2.1/D2.1 (i.e., 8 gauge)
Roll Sizes: 5' X 150'

Style: 6X6 W2.9/W2.9 or D2.9/D2.9 (i.e., 6 gauge)
Roll Sizes: 5' X 150'
7' X 200'
All rolled wire mesh is included in scope regardless of length.

Sheets of subject wire mesh are produced in the following styles and nominal width and length combinations:

Style: 6X6 W1.4/W1.4 or D1.4/D1.4 (i.e., 10 gauge)
Sheet Size: 3'6" X 7'
4' X 7'
4' X 7'6"
5' X 10'
7' X 20'
7'6" X 20'
8' X 12'6"
8' X 15'
8' X 20'

Style: 6X6 W2.1/W2.1 or D2.1/D2.1 (i.e., 8 gauge)
Sheet Size: 5' X 10'
7' X 20'
7'6" X 20'
8' X 12'6"
8' X 15'
8' X 20'

Style: 6X6 W2.9/W2.9 or D2.9/D2.9 (i.e., 6 gauge)
Sheet Size: 3'6" X 20'
5' X 10'
7' X 20'
7'6" X 20'
8' X 12'6"
8' X 15'
8' X 20'

Style: 6X12 W4/W4 or D4/D4 (i.e., 4 gauge)
Sheet Size: 8' X 20'

Style: 4X4 W2.9/W2.9 or D2.9/D2.9 (i.e., 6 gauge)
Sheet Size: 5' X 10'
7' X 20'
7'6" X 20'
8' X 12'6"
8' X 12'8"
8' X 15'
8' X 20'

Style: 4X4 W4/W4 or D4/D4 (i.e., 4 gauge)
Sheet Size: 5' X 10'
8' X 12'6"
8' X 12'8"
8' X 15'
8' X 20'

Any product imported, sold, or invoiced in one of these size combinations is within the scope.

ASTM specification A1064/A1064M provides for permissible variations in wire gauges, the spacing between transverse and longitudinal wires, and the length and width combinations. To the extent a roll or sheet of welded wire mesh falls within these permissible variations, it is within this scope.

ASTM specification A1064/A1064M also defines permissible oversteeling, which is the use of a heavier gauge wire with a larger cross-sectional area than nominally specified. It also permits a wire diameter tolerance of ± 0.003 inches for products up to W5/D5 and ± 0.004 for sizes over W5/D5. A producer may oversteel by increasing smooth or deformed wire diameter up to two whole number size increments on Table 1 of A1064. Subject wire mesh has the following actual wire diameter ranges, which account for both oversteeling and diameter tolerance:

W/D No.	*Maximum Oversteeling No.*	*Diameter Range (inch)*
1.4 (i.e., 10 gauge)	*3.4*	*0.093 to 0.211*
2.1 (i.e., 8 gauge)	*4.1*	*0.161 to 0.231*
2.9 (i.e., 6 gauge)	*4.9*	*0.189 to 0.253*
4.0 (i.e., 4 gauge)	*6.0*	*0.223 to 0.280*

To the extent a roll or sheet of welded wire mesh falls within the permissible variations provided above, it is within this scope.

In addition to the tolerances permitted in ASTM specification A1064/A1064M, wire mesh within this scope includes combinations where:

1. *A width and/or length combination varies by ± one grid size in any direction, i.e., ± 6 inches in length or width where the wire mesh's grid size is "6X6"; and/or*

2. *The center-to-center spacing between individual wires may vary by up to one quarter of an inch from the nominal grid size specified.*

Length is measured from the ends of any wire and width is measured between the center-line of end longitudinal wires.

Additionally, although the subject wire mesh typically meets ASTM A1064/A1064M, the failure to include certifications, test reports or other documentation establishing that the product meets this specification does not remove the product from the scope. Wire mesh made to comparable foreign specifications (e.g., DIN, JIS, etc.) or proprietary specifications is included in the scope.

Excluded from the scope is wire mesh that is galvanized (i.e., coated with zinc) or coated with an epoxy coating. In order to be excluded as galvanized, the excluded welded wire mesh must have a zinc coating thickness meeting the requirements of ASTM specification A641/A641M. Epoxy coating is a mix of epoxy resin and hardener that can be applied to the surface of steel wire.

Tariff treatment

Based upon the scope set forth by Commerce, information available to the Commission indicates that the merchandise subject to these investigations is imported under the following provisions of the Harmonized Tariff Schedule of the United States ("HTS"): 7314.20.0000[13] and 7314.39.0000.[14] The 2020 general rate of duty is "Free" for both HTS subheadings 7314.20.00 and 7314.39.00.[15] Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection ("CBP").[16]

Welded wire mesh within the scope definition is not and has not been subject to additional duties under Section 232.[17] The nonalloy (carbon) steel wire rod, classifiable under the HTS headings of chapter 72, that is used as a raw material to produce welded wire mesh was included in the enumeration of iron and steel articles (imported on or after March 23, 2018) that became subject to the additional 25 percent ad valorem Section 232 duties.[18] At this time, imports of steel wire rod originating in Australia, Canada, and Mexico are exempt from duties or quota limits; imports of steel wire rod originating in Argentina (201 short tons), Brazil (104,221 short tons), and Korea (62,252 short tons) are exempt from duties but instead are subject to annual quota limits;[19] and imports of steel wire rod originating in all other countries

[13] HTS 7314.20.0000: Grill, netting and fencing, welded at the intersection, of iron or steel wire not plated or coated with zinc, with a maximum cross-sectional dimension of 3 mm (0.12 inches) or more and having a mesh size of 100 square centimeters (15.5 square inches) or more.

[14] HTS 7314.39.0000: Grill, netting and fencing, welded at the intersection, of iron or steel wire not plated or coated with zinc, of other dimensions and mesh sizes.

[15] *HTSUS (2020) Revision 16, USITC publication 5095*, July 2020, p. 73-28.

[16] Although imports of this product from China are subject to additional duties of 25 percent under Section 301 of the *Trade Act of 1974*, as amended (19 U.S.C. § 2411), as discussed in greater detail in Part IV, China is not a substantial source of U.S. imports of in-scope wire mesh. Carbon and certain alloy steel wire rod (the primary raw material input for wire mesh) from China, while subject to the same additional duties, also is subject to antidumping and countervailing duty orders in the United States, and has accounted for less than 0.05 percent of U.S. wire rod imports during January 2017 - March 2020.

[17] Section 232 of the *Trade Expansion Act of 1962*, as amended (19 U.S.C. 1862) authorizes the President, on advice of the Secretary of Commerce, to adjust the imports of an article and its derivatives that are being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security.

[18] Imports of steel mill products originating in Canada and Mexico were initially exempted from these duties, as of March 23, 2018. *Adjusting Imports of Steel Into the United States*, Presidential Proclamation 9705, March 8, 2018, 83 FR 11625, March 15, 2018.

[19] See the CBP quota bulletin at https://www.cbp.gov/trade/quota/bulletins/qb-19-008-2019-absolute-quota-steel-mill-articles-first-quarter-limits for a full list of product groups as well as their specified quotas and HTS definitions.

are subject to the 25 percent additional duties.[20] See also U.S. notes 16(a), 16(b), and 16(e) in subchapter III of HTS chapter 99.[21]

The product

Description and applications[22]

Standard steel welded wire mesh ("standard wire mesh" or "wire mesh")— also referred to as "welded wire cloth," "welded wire fabric," or "welded wire reinforcement"— consists of longitudinal and transverse steel wires of uniform size that welded together at the perpendicular intersections to form grids of uniform dimensions throughout the sheet or roll (figure I-1). The individual steel wires in a wire mesh are either plain (with a smooth surface), deformed (with a transversely indented or ribbed surface), or even a combination of both. The

[20] The President also issued subsequent Proclamations to exempt or adjust these duties for selected U.S. trade partners:

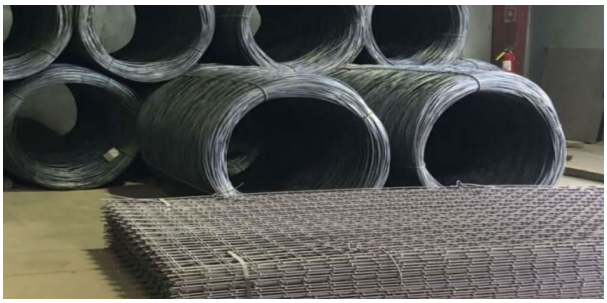
- Presidential Proclamation 9711, March 22, 2018, 83 FR 13361, March 28, 2018, exempted iron and steel mill products originating in Argentina, Australia, Brazil, Canada, the European Union ("EU") member countries, Korea, and Mexico, as of March 23, 2018.
- Presidential Proclamation 9740, April 30, 2018, 83 FR 20683, May 7, 2018, continued the duty exemptions for Argentina, Australia, Brazil, but with annual import quota limits on iron and steel mill products originating in Korea, as of May 1, 2018; and did not continue the duty exemptions on iron and steel mill products originating in Canada, Mexico, and the EU member countries, as of June 1, 2018.
- Presidential Proclamation 9759, May 31, 2018, 83 FR 25857, June 5, 2018, continued the duty exemptions but with annual import quota limits on iron and steel mill products originating in Argentina, Brazil, and Korea, as of June 1, 2018.
- Presidential Proclamation 9772, August 10, 2018, 83 FR 40429, August 15, 2018, continued the duty exemptions on iron and steel mill products originating in Australia, and continued the duty exemptions with annual import quota limits on iron and steel mill products originating in Argentina, Brazil, and Korea, as of June 1, 2018; but doubled the duty rate to 50 percent on such imported products originating in Turkey, as of August 13, 2018.
- Presidential Proclamation 9886, May 16, 2019, 84 FR 23421, May 21, 2019, restored the original additional duty rate of 25 percent on steel mill products originating from Turkey, as of May 21, 2019.
- Presidential Proclamation 9894, May 19, 2019, 84 FR 23987, May 23, 2019, restored the duty exemptions on steel mill products originating in Canada and Mexico, as of May 20, 2019.

[21] *HTSUS (2020) Revision 16*, USITC publication 5095, July 2020, pp. 99-III-5 to 99-III-7, 99-III-199, and 99-III-205.

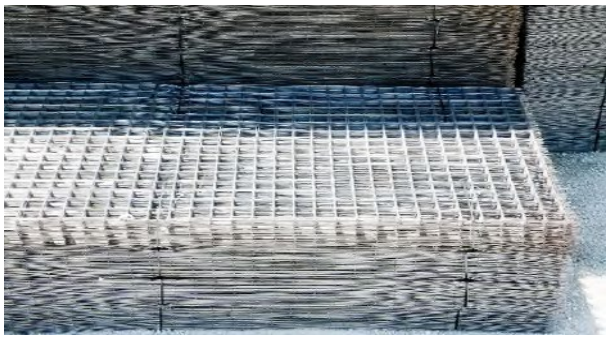
[22] Unless referenced otherwise, information in this section is compiled from the Petition, pp. 1 and 5-8, 16.

subject wire mesh is neither galvanized nor epoxy-coated either before or after welding ("uncoated wire mesh").

Figure I-1
Wire mesh: Rolls and sheets



Wire mesh rolls (rear) with each fastened from unrolling and wire mesh sheets (front) bundled together with steel strapping.



Stacks of wire mesh sheets bundled together with steel strapping.

A stack of wire mesh rolls with each fastened from unrolling with steel strapping.

Source: Petition, p. 7.

The input material for wire mesh is low-carbon steel wire rod that is drawn or rolled down to the required wire size, which is specified by its cross-sectional diameter or cross-sectional area ("gauge"). Wire mesh is produced to meet the requirements of American Society for Testing and Materials ("ASTM") industry standard ASTM A1064/A1064M,[23] in a certain number of common "styles" (wire gauges and grid sizes)[24] and dimensions (length and width of a roll or sheet).[25] Common wire gauges for manufacturing wire mesh are:

- 10 gauge ("W1.4/D1.4" or 0.014 square inch),
- 8 gauge ("W2.1/D2.1" or 0.021 square inch),
- 6 gauge ("W2.9/D2.9" or 0.029 square inch), and

[23] ASTM A1064 replaced the previous ASTM A185 and ASTM A497 standards. Petition, pp. 5-6.

[24] The grid sizes and wire gauges listed in the scope collectively define "standard steel welded wire mesh." Petition, p. 5.

[25] Petitioner's testimony, exh. 6.

- 4 gauge ("W4/D4" or 0.040 square inch).[26]

Wire gauge is commonly designated in terms of its cross-sectional area in hundredths of a square inch. For example, 10-gauge wire having a cross-sectional area of 0.014 square inches is designated as "W1.4." The letter "W" denotes plain wire, while "D" would denote deformed wire. The most common grid sizes are 4-inch x 4-inch and 6-inch x 6-inch. Wire mesh producers and end users generally measure finished wire mesh in terms of the cross-sectional area per foot of width, based on the cross-sectional area of the wire and the grid spacing. For example, W4 wire on 6-inch grids ("centers") consists of two wires per foot with a total cross-sectional area of 0.080 square inch per foot of width.

Petitioners contend that, due to the cost advantage[27] and perceived bonding and anchoring advantages,[28] the majority of wire mesh produced and sold in the United States consists of deformed wires.[29] While both wire types can be used in most wire-mesh applications (as long as the tensile, yield, and weld sheer strength requirements, and the steel area per foot or meter are met), there are still some applications for which deformed wire mesh would not be suitable, including certain special seismic systems and spiral (piling and poles) reinforcement applications.[30] Respondents Deacero/Deacero USA observe that purchasing preferences are regionalized in the U.S. market with purchasers in California preferring smooth wire mesh while those in other states preferring deformed wire mesh, attributable in-part to historical availability of products in each region.[31]

Wire mesh is ultimately sold as sheets or rolls to end users in the construction, agricultural, horticultural, industrial, mining, transportation, and other industries. With its strong and stable structure, wire mesh is utilized for internal reinforcement and framing of

[26] In the past, Mexican producers sold non-standard wire mesh with a thinner wire gauge of 10.5 (0.093-inch diameter) in the U.S. market. Petition, p. 6; exh. GEN-1: Declaration of Jordi Barrenechea, p. 2; and Pyromation, "Standard Wire Gauge Conversions," no date, https://www.pyromation.com/Catalog/W03.pdf, retrieved July 24, 2020.

[27] By deforming the wire, producers typically can save up to about *** in wire rod costs to achieve the same surface area of steel. Petitioners' postconference brief, p. 1; exh. 1; and exh. 6.

[28] Reportedly, many customers are confident that deformed wire mesh may achieve better reinforcement bonding to concrete because it also offers additional positive mechanical anchorage points along its entire surface for the concrete to bond to the steel, whereas plain wire mesh provides reinforcement bonds to concrete only by the positive mechanical anchorage at each welded wire intersection. Petitioners' postconference brief, pp. 1-2; exh. 6; and exh. 16.

[29] Petitioners' postconference brief, p. 2.

[30] Petitioners' postconference brief, exh. 1; and exh. 16.

[31] Respondents' postconference brief, exh. 1.

concrete construction in these industries.[32] The high strength and uniform distribution of smaller-gauge wires in wire mesh provide effective control of cracking in concrete slabs and walls by distributing stresses more evenly. Wire mesh that is not galvanized or epoxy-coated is most suitable for concrete structures or industrial use where corrosion-resistance is not required. Petitioners and Respondents characterize wire mesh as a "highly standardized product made to established specifications"[33] that is "always sold in the same styles and dimensions."[34]

Petitioners and Respondents differed about the extent to which (1) engineered wire mesh, and (2) concrete reinforcing bar are interchangeable with the subject wire mesh; and in response to a question from Commission staff, Petitioners also addressed like-product issues pertaining to (3) coated wire mesh (excluded from Commerce's scope):

(1) Engineered wire mesh (also referred to as "structural mesh") shares similar characteristics with standard wire mesh including assembly from steel wires welded together in a grid pattern, compliance with ASTM A1064 or equivalent specifications, and designed to reinforce concrete.[35] Being custom designed for specific end uses and customers, engineered wire mesh often consists of non-uniform or heavier wires, non-uniform grid sizes, or longer sheet dimensions.[36] Hence, the manufacturing process for engineered wire mesh is less automated and more labor intensive than for standard wire mesh.[37] Both Petitioners and Respondents concur that engineered wire mesh, being a custom designed product, is generally

[32] Respondents claim that wire mesh also can be a stand-alone product in certain other end uses. For example, wire mesh is utilized in the agricultural sector to provide structural support for crops or plants, and more generally as fencing and decorative uses. Respondents' postconference brief, exh. 1.

[33] Petitioners' testimony, Barrenechea, pp. 1-2; and Respondents' testimony, Abascal, p. 2.

[34] Petitioners' testimony, Wagner, p. 2; and Respondents' testimony, Abascal, p. 2.

[35] Respondents' testimony, Abascal, p. 2; Respondents' postconference brief, p. 22.

[36] Petitioners offered two examples: (1) concrete reinforced pipes, which require much heavier gauge wires and much longer-length sheets than available with standard wire mesh and (2) concrete reinforced box culverts, which require several different wire gauges and grid sizes throughout the sheet that will match the specific shape and size of the box culvert. Petitioners' postconference brief, pp. 5 and 8; exh. 6; and Respondents' postconference brief, p. 22.

[37] Due to this lack of uniform wire and grid sizes, Petitioners also claim that engineered wire mesh cannot be produced on the same highly automated, high-speed manufacturing equipment for standard wire mesh, because the different wire sizes must be manually switched and the nonuniform grid sizes cannot be welded continuously at high speed. Petitioners' postconference brief, pp. 5-6 and 10; exh. 6; and Producer questionnaire responses.

Respondents claim that Deacero can produce both engineered and standard wire mesh on 1 of its 22 machines. Respondents' testimony, Abascal, p. 2; and Respondents' testimony, Guerra, pp. 2-3; Respondents' postconference brief, p. 23; and Petitioners' postconference brief, pp. 6 and 10-11.

sold directly to end users rather than to distributors.[38] A concrete project site can contain a mix of both engineered and standard wire mesh,[39] but due to its greater cost, engineered wire mesh is not utilized where standard wire mesh will otherwise suffice.[40] According to both Petitioners and Respondents, engineered wire mesh is not usually considered interchangeable with standard wire mesh.[41] However, Respondents argue further that interchangeability is also limited and that there are also price variations among different styles and sizes of standard wire mesh;[42] and that there are also overlapping characteristics between these two types of wire mesh.[43]

(2) Concrete reinforcing bar ("rebar") is considered by Respondents to be interchangeable with wire mesh for reinforcing concrete in almost all cases,[44] but is more costly to fabricate and install rebar. Although wire mesh tends to cost more than rebar on a per-unit basis, the cost is counterbalanced by savings on the additional time and labor needed to fabricate and install.[45] By contrast, Petitioners do not consider rebar to be a substitute for wire mesh,[46] but rather a supplement to wire mesh in some projects.[47] Selection of wire mesh versus rebar for a concrete construction project is decided at the design and engineering stages.[48] Any subsequent ***.[49] Hence, switching from wire mesh to rebar imposes both significant increased amount of reinforcement material and increased time and labor costs.[50]

(3) Coated wire mesh is considered by Petitioners as a separate product than uncoated wire mesh for different end uses that require corrosion resistance, especially to preserve the surface appearance of the concrete or where the concrete is regularly exposed to salt water.[51]

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[38] Petitioners' postconference brief, pp. 7, 12; exh. 6; and Respondents' postconference brief, p. 22.

[39] Respondents' postconference brief, p. 22.

[40] Petitioners' postconference brief, p. 8; and exh. 6.

[41] Petitioners' postconference brief, p. 11; exh. 6; and Respondents' testimony, Abascal, pp. 2-3; Respondents' testimony, Guerra, pp. 3-4; and Respondents' postconference brief, pp. 22-23.

[42] Respondents' testimony, Abascal, pp. 2-3; and Respondents' postconference brief, pp. 22-23.

[43] Respondents' testimony, p. 3.

[44] Respondents' testimony, p. 2; and Respondents' postconference brief, p. 4; and exh. 7.

[45] Respondents' testimony, Abascal, pp. 3-4.

[46] Petitioners note that most *** U.S. producers and *** U.S. importers did not report wire mesh and rebar as substitute products in their questionnaire responses. Petitioners' postconference brief, p. 5.

[47] For example, to reinforce a concrete wall with a door or window cut-out spaces, rebar can be selected to reinforce the door or window frames as the dimensions of wire mesh would not permit its use in those parts of the wall. Petitioners' postconference brief, p. 6; and exh. 10.

[48] Petitioners' postconference brief, p. 5; and exh. 6.

[49] Petitioners' postconference brief, pp. 5-6; exh. 10; and *** U.S. producer questionnaire.

[50] Petitioners' postconference brief, p. 6; and exh. 10.

[51] Petitioners' testimony, p. 1; and Petitioners' postconference brief, pp. 5, 18, and 20; and exh. 6.

Coated wire mesh undergoes the additional galvanizing or epoxy-coating process at separate, specialized facilities that coat a variety of products.[52] The additional processing substantially increases the value of both[53] galvanized wire mesh (almost twice as expensive as uncoated wire mesh) and epoxy-coated wire mesh (even more expensive than galvanized wire mesh)[54] to render it prohibitively expensive where uncoated wire mesh is suitable.[55] Although sold mostly to distributors,[56] coated wire mesh is not considered "standard" by the industry or its domestic customers, according to Petitioners, but is only purchased for specific end uses and is not typically stocked in the same manner as uncoated wire mesh.[57]

Manufacturing processes[58]

Because all subject wire mesh is produced from a single wire gauge with uniform grid spacing throughout the sheet or roll, manufacturing is a high-speed and highly automated process.[59] The high degree of product standardization enables wire-mesh producers to set-up their manufacturing machinery and equipment to produce common specification (i.e., a "continuous-run product") runs and stock standard wire mesh in inventory.[60] Conversely, to switch from one mesh size or style to another requires halting production to change all machine settings, which could take up to a full day depending on the specific machine(s).[61] According to Petitioners,[62] there are no significant differences in the manufacturing process in the United States, Mexico, and elsewhere. Likewise, Respondents stated that Mexico's process is largely the same as described in the Petition.[63]

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[52] Petitioners' testimony, Wagner, pp. 2-3; and Petitioners' postconference brief, pp. 6, 19, 20; and exh. 6.

[53] Petitioners' postconference brief, p. 18.

[54] Petitioners' postconference brief, pp. 19-21; and exh. 6.

[55] Petitioners' postconference brief, p. 20.

[56] Petitioners' postconference brief, pp. 7 and 21.

[57] Petitioners' testimony, exh. 6.

[58] Unless referenced otherwise, information in this section is compiled from the Petition, pp. 8-9 and 16-17.

[59] Petitioners' testimony, p. 5; exh. 5; and exh. 6..

[60] Petitioners' testimony, exh, 6; and exh. 10.

[61] Respondents' testimony, Guerra, p. 2.

[62] Petition, pp. 16-17; Petitioners' postconference brief, exh. 1.

[63] A notable difference is the descaling process to clean the surface of the wire rod, either mechanically with rolls and brushes or chemically by coating. Deacero relies on a mechanical descaling while other producers, including ***, instead rely on chemical descaling. Chemical descaling is the costlier process which can add approximately *** per metric ton (*** per short ton) to the price of the finished wire mesh. Respondents' postconference brief, exh. 1.

The manufacturing process begins with cold drawing or cold rolling of hot-rolled, low-carbon steel wire rod[64] down to the required size of plain or deformed wire, respectively. For the subject wire mesh, the wire is not galvanized or coated prior to welding.

An automatic feeder conveys the wire in longitudinal, parallel rows into a welding machine. As the rows move through the welding machine, a second automatic feeder places a transverse wire on top of and perpendicular to the parallel rows to create equally spaced rectangles or squares. At the intersections of the longitudinal and transverse wires, the welding machine joins the intersections together, typically with electrical resistance welds. The weld heat melts the steel to produce high-strength bonds, thereby setting the wires in their proper positions. The pressure, intensity, and duration of the electrical current of the weld are controlled for the specific product. After each row of welds, the parallel wires are pulled ahead by the machine to the next appropriate interval, where another perpendicular transverse wire is applied and welded at intersections with the parallel rows. This repetitive process creates a uniformly gridded sheet as the welding machine allows for precise dimensional control.

After the finished wire mesh reaches the desired length, it is cut by machine into panels or sheets of the dimensions specified by the customer. A separate bending machine coils the finished wire mesh into roll form. Wire mesh sheets and rolls are bundled together by steel strapping (see figure I-1). If requested by the customer, the bundles may be strapped to wood boards for ease of transport and handling. Most customers are distributors that stock the standard styles and dimensions, but some are end users that purchase standard products for construction projects directly from the wire-mesh producers. Domestic producers sell wire mesh on a transaction basis rather than relying on either contracts or supply agreements.[65]

[64] Among domestic wire mesh producers, *** produce their own input wire rod. ***. All of the others purchase from outside steel mills. Petitioners' postconference brief, exh. 1. Deacero produces all the input wire rod for its production of wire mesh. Respondents' postconference brief, exh. 1; U.S. producer questionnaires, response to III-7; E-mail from ***, July 24, 2020. For further information about domestic wire mesh producers' procurement arrangements for wire rod, see the "Cost of goods sold and gross profit or loss" section of Part VI.

[65] Petitioners' testimony, exh. 10.

Domestic like product issues

The petitioners content that the Commission should define a single domestic like product co-extensive with the scope of these investigations encompassing only standard steel welded wire mesh.[66] For the purpose of a preliminary determination, respondents agree with a single domestic like product,[67] but content that the Commission should consider whether the domestic like product should include engineered welded wire mesh in the event of a final phase investigation.[68]

[66] Petitioners' postconference brief, p. 3.

[67] Respondents' opening remarks and witness testimony, in opposition of the petition, p. 3; and Respondents' postconference brief, p. 24.

[68] Respondents' postconference brief, p. 21.

Part II: Conditions of competition in the U.S. market

U.S. market characteristics

Wire mesh is a metal wire screen made from low carbon steel wire rods that are drawn or rolled into wire and welded into a sheet or roll of uniformly-sized grids. These grids are then welded at the intersections of the parallel and perpendicular wires. It can be made from smooth or deformed wire, although deformed wire comprises most of the market. Wire mesh can be sold in sheets or rolls. The majority of U.S. shipments sold in sheet form and composed of deformed wire. Wire mesh can be made to ASTM standards,[1] although other specification sizes exist in the market. Wire mesh is commonly sold in 4X4 and 6X6 inch dimensions.[2]

Wire mesh is typically sold in sheets or rolls; most wire mesh shipments reported in 2019 were for sheets. Wire mesh is used in a variety of downstream products, primarily in the construction, agricultural, horticultural, industrial, mining, and transportation industries. Wire mesh provides internal reinforcement/framing for concrete construction, and helps distribute stress in concrete slab and wall that can cause cracks.[3]

Apparent U.S. consumption of wire mesh increased slightly during the period for which data were collected. Overall, apparent U.S. consumption in 2019 was *** percent higher than in 2017, and was *** higher in January to March 2020 than in January to March 2019.

[1] ASTM Specification A1064/A1064M.
[2] Petition pp. 5-7.
[3] Petition pp. 7-8.

Channels of distribution

As shown in table II-1, the *** majority of U.S. shipments of wire mesh by both U.S. producers and U.S. importers was to distributors. The small quantity of U.S. shipments of imports from nonsubject source Canada was also *** shipped to distributors, ***.

Table II-1
Wire mesh: U.S. producers' and importers' U.S. shipments, by sources and channels of distribution, 2017-19, January-March 2019, and January-March 2020

* * * * * * *

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

Geographic distribution

U.S. producers reported selling wire mesh to all regions in the contiguous United States, while importers reported selling to all regions (table II-2). Almost all U.S. producers served the Southeast and Mountains regions, while all responding importers served the Central Southwest, followed by the Pacific Coast and Southeast regions. For U.S. producers, 17.1 percent of sales were within 100 miles of their production facilities, 81.3 percent were between 101 and 1,000 miles, and 1.6 percent were over 1,000 miles. Importers sold 24.3 percent within 100 miles of their U.S. points of shipment, 50.9 percent between 101 and 1,000 miles, and 24.7 percent over 1,000 miles.

Table II-2
Wire mesh: Geographic market areas in the United States served by U.S. producers and importers

Region	U.S. producers	Subject U.S. importers
Northeast	4	2
Midwest	7	3
Southeast	9	4
Central Southwest	7	5
Mountains	9	3
Pacific Coast	6	4
Other	---	1
All regions (except Other)	1	2
Reporting firms	11	5

Note: All other U.S. markets, including AK, HI, PR, and VI.

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

Supply and demand considerations

U.S. supply

Table II-3 provides a summary of the supply factors regarding wire mesh from U.S. producers and from Mexico. U.S. capacity was more than *** capacity in Mexico in 2019. U.S. capacity utilization was less than *** of capacity utilization in Mexico in 2019. Home market shipments were large for both the United States and Mexico, with the U.S. market almost exclusively consisting of home market shipments. Most domestic producers reported that they were not able to shift production to or from alternate products, while all four responding Mexican producers reported that they were.

Table II-3
Wire mesh: Supply factors that affect the ability to increase shipments to the U.S. market

	Capacity (short tons)		Capacity utilization (percent)		Inventories as a ratio to total shipments (percent)		Shipments by market in 2019 (percent)		Able to shift to alternate products
Item	2017	2019	2017	2019	2017	2019	Home market shipments	Exports to non-U.S. markets	No. of firms reporting "yes"
United States	668,799	763,190	43.8	39.7	***	***	***	***	2 of 11
Mexico	***	***	***	***	***	***	***	***	4 of 4

Note: Responding U.S. producers accounted for the large majority of U.S. production of wire mesh in 2019. Responding foreign producer/exporter firms accounted for *** of U.S. imports of wire mesh from Mexico during 2019. For additional data on the number of responding firms and their share of U.S. production and of U.S. imports from each subject country, please refer to Part I, "Summary Data and Data Sources."

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

Domestic production

Based on available information, U.S. producers of wire mesh have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced wire mesh to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity and an increase in the availability of unused inventories. Factors mitigating responsiveness of supply include a limited ability to shift production to or from alternate products or alternate markets.

U.S. capacity increased between 2017 and 2019, and U.S. capacity utilization decreased. U.S. producers' primary export market was Canada, although exports of wire mesh remained at below 1 percent of U.S. producers' shipments during 2017-19. Only two of 11 domestic

producers reported an ability to shift production to or from alternate products; the other products that producers reportedly can produce on the same equipment as wire mesh are structural mesh and mine mesh. Factors affecting U.S. producers' ability to shift production include specialized machinery for only specific styles and sizes of welded wire mesh and order-size and change-over time. In addition, wire mesh is a continuous-run product set up to standard specifications and shipped from inventory.[4]

[4] Conference testimony, p. 1 (Barrenechea).

Subject imports from Mexico

The Commission received four questionnaire responses from Mexican producers of wire mesh. Based on available information, producers of wire mesh in Mexico have the ability to respond to changes in demand with small to moderate changes in the quantity of shipments of wire mesh to the U.S. market. Factors contributing to the responsiveness of supply are the availability of capacity and ability to shift production.

Capacity allocated to the production of wire mesh in Mexico decreased between 2017 and 2019, while capacity utilization increased modestly. Mexican producers ***. All four responding Mexican producers reported an ability to shift production to or from alternate products; other products that responding foreign producers reportedly can produce on the same equipment as wire mesh are mesh for column reinforcement, engineered mesh, and castillo.[5] Factors affecting foreign producers' ability to shift production include client commitments, time, tools, and machinery.

Imports from nonsubject sources

Nonsubject imports accounted for *** percent of total U.S. imports in 2019 and there were no imports from nonsubject countries during the rest of the period. The only source of nonsubject imports during January 2017-March 2020 was Canada.

Supply constraints

Most U.S. producers (9 of 11) and importers (4 of 6) did not report experiencing supply constraints. However, *** and producer *** respectively reported supply constraints due to availability and price, and raw material supply constraints affecting shipment commitments. Importer *** reported placing some customers on allocation because of a decrease in production and availability caused by increased demand in 2018.

U.S. demand

Based on available information, the overall demand for wire mesh is likely to experience small to moderate changes in response to changes in price, with the main mitigating factor

[5] Castillo is defined as a "local product used for reinforcing columns and walls mainly in social interest housing projects."

being the somewhat limited range of potential substitute products, such as concrete reinforcing bar, certain fibers, and PC strand.

End uses[6]

U.S. demand for wire mesh depends on the demand for U.S.-produced downstream products. Reported end uses include general construction and concrete reinforcement. As reinforcement is estimated to be 20 percent of the cost of a completed structure, the cost of wire mesh is likely a small share of the cost of building a structure.[7]

Business cycles

Seven of 11 U.S. producers and 4 of 6 importers indicated that the market was subject to business cycles. All U.S. producers and importers describing business cycles indicated seasonality in the market. Firms also reported a rush in the spring and fall and a decline in demand in the winter. One producer (***) reported that seasonality was only found in certain parts of the country due to weather.

Demand trends

Most U.S. producers reported no change or fluctuating U.S. demand for wire mesh since January 1, 2017, while half of importers reported an increase (table II-4).

Table II-4
Wire mesh: Firms' responses regarding U.S. demand and demand outside the United States

Item	Increase	No change	Decrease	Fluctuate
Demand in the United States				
U.S. producers	3	5	---	3
Importers	3	1	---	2
Demand outside the United States				
U.S. producers	1	---	3	1
Importers	1	---	2	2

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

Substitute products

Most producers and half of importers reported there were no substitutes for wire mesh. Reported substitutes included rebar, synthetic and steel fibers, and PC strand. Like wire mesh, these substitutes are intended for concrete reinforcement.

[6] No estimates were provided for the cost share of wire mesh in its end uses.
[7] Concrete Reinforcing Steel Institute. "Economy of Construction". https://www.crsi.org/index.cfm/benefits/econ-construction, retrieved August 3, 2020.

Substitutability issues

The degree of substitution between domestic and imported wire mesh depends upon such factors as relative prices, quality (e.g., grade standards, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, reliability of supply, product services, etc.). Based on available data, there appears to be a high degree of substitutability between domestically produced wire mesh and wire mesh imported from Mexico.

Lead times

The vast majority of wire mesh is sold from inventory. U.S. producers reported that *** percent of their commercial shipments were from U.S. inventories, with lead times averaging *** days. The remaining *** percent of their commercial shipments were produced to order, with lead times averaging *** days. U.S. importers reported that *** percent of their commercial shipments were from U.S. inventories, *** percent were from foreign inventories, and *** percent were produced to order, with lead times of *** days, *** days, and *** days, respectively.

Factors affecting purchasing decisions

Purchasers responding to lost sales/lost revenue allegations[8] were asked to identify the main purchasing factors their firm considered in their purchasing decisions for wire mesh. As presented in table II-5, the most frequently cited purchasing factor was price/cost, availability/reliability of supply was most often cited as the second-most common purchasing factor, and most firms listed quality as the third-most common factor. Other factors included delivery time, payment terms, relationship with vendor, and service.

Table II-5
Wire mesh: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by factor

	Number of firms			
Item	1st	2nd	3rd	Total
Price / cost	6	2	---	8
Availability / reliability of supply	1	5	1	7
Quality	1	---	3	4
Delivery time	---	1	1	2
All other factors	---	---	2	2

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

[8] This information is compiled from responses by purchasers identified by petitioners to the lost sales lost revenue allegations. See Part V for additional information.

Comparison of U.S.-produced and imported wire mesh

In order to determine whether U.S.-produced wire mesh can generally be used in the same applications as imports from Mexico, U.S. producers and importers were asked whether wire mesh can always, frequently, sometimes, or never be used interchangeably. As presented in table II-7, almost all U.S. producers reported that wire mesh from all sources can "always" be used interchangeably. The majority of U.S. importers reported that wire mesh from the United States, Mexico, and other countries can "always" or "frequently" be used interchangeably but two of five importers reported that U.S. and Mexican wire mesh are "sometimes" interchangeable. Importer *** reported that products produced for the Mexican market are not interchangeable because of differing sheet and roll dimensions.

Table II-7
Wire mesh: Interchangeability between wire mesh produced in the United States and in Mexico, by country pair

	U.S. producers				U.S. importers			
Country pair	A	F	S	N	A	F	S	N
United States vs. Mexico	8	1	1	---	2	1	2	---
United States vs. Other	8	1	1	---	2	1	1	---
Mexico vs. Other	8	2	1	---	2	2	1	---

Note: A=Always, F=Frequently, S=Sometimes, N=Never.

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

In addition, U.S. producers and importers were asked to assess how often differences other than price were significant in sales of wire mesh from the United States, subject, or nonsubject countries. As presented in table II-8, most U.S. producers reported that differences other than price were "never" significant for all country pairs. Most importers reported that differences other than price were "never" and "sometimes" significant when comparing United States and Mexico-produced wire mesh, while most reported those differences are "never" significant between the U.S. and other sources and Mexico and other sources. Importer *** reported that project timelines for delivery of product is a factor it and its customers consider for a construction project.

Table II-8
Wire mesh: Significance of differences other than price between wire mesh produced in the United States and in other countries, by country pair

Country pair	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
United States vs. Mexico	1	---	1	8	1	---	2	2
United States vs. Other	1	---	1	8	1	---	1	2
Mexico vs. Other	1	---	1	9	1	---	1	3

Note: A = Always, F = Frequently, S = Sometimes, N = Never.

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

Part III: U.S. producers' production, shipments, and employment

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the subsidies and dumping margins was presented in *Part I* of this report and information on the volume and pricing of imports of the subject merchandise is presented in *Part IV* and *Part V*. Information on the other factors specified is presented in this section and/or *Part VI* and (except as noted) is based on the questionnaire responses of eleven firms that accounted for the vast majority of U.S. production of wire mesh during 2019.

U.S. producers

The Commission issued a U.S. producer questionnaire to 15 firms based on information contained in the petition. Eleven firms provided usable data on their operations,[1] one firm confirmed production but did not submit a questionnaire,[2] one firm indicated that it did not produce wire mesh and two firms did not respond.[3] Staff believes that these responses represent the vast majority of U.S. production of wire mesh in 2019.[4]

Table III-1 lists U.S. producers of wire mesh, their production locations, positions on the petition, and shares of total production.

[1] ***.

[2] ***. Email from ***, July 15, 2020.

[3] An additional firm, ***. Emails from ***, August 4, 2020; and August 7, 2020.

[4] Petitioners indicated that the U.S. producers that did not submit questionnaires account for an *** portion of domestic production. Petitioners' postconference brief, exh. 1.

Table III-1
Wire mesh: U.S. producers of wire mesh, their positions on the petition, production locations, and shares of reported production, 2019

Firm	Position on petition	Production locations	Share of production (percent)
Davis	***	Irwindale, CA Kent, WA	***
Insteel	Petitioner	Jacksonville, FL Mt. Airy, NC Hazleton, PA Hickman, KY	***
Keysteel	***	New Caney, TX	***
Liberty	***	Warren, OH Las Cruces, NM Upper Sandusky, OH	***
Mid-South	Petitioner	Nashville, TN	***
National	Petitioner	Conroe, TX	***
Nucor	***	Charlotte, NC Brigham City, UT Wallingford, CT	***
Oklahoma	Petitioner	Madill, OK Centerville, IA	***
Peninsula	***	Plant City, FL	***
Tree Island	***	Rancho Cucamonga, CA	***
WMC	Petitioner	Jacksonville, FL Lathrop, CA Beaumont, TX Oglesby, IL New Salem, PA	***
Total			100.0

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

Table III-2 presents information on U.S. producers' ownership, related and/or affiliated firms.

Table III-2
Wire mesh: U.S. producers' ownership, related and/or affiliated firms

Item / Firm	Firm Name	Affiliated/Ownership
Ownership:		
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
Related importers/exporters:		
***	***	***
***	***	***
Related producers:		
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***

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

As indicated in table III-2, *** are related to *** producers/exporters of wire mesh and *** are related to *** producers of wire mesh. *** are related to U.S. importers of wire mesh. In addition, as discussed in greater detail below, *** directly import the subject merchandise and *** purchases the subject merchandise from U.S. importers.

Table III-3 presents U.S. producers' reported changes in operations since January 1, 2017. One firm reported a plant opening, three firms reported expansions, two firms reported acquisitions,[5] six firms reported shutdowns/curtailments, and one firm reported a revised labor agreement.

[5] ***. ***.

Table III-3
Wire mesh: U.S. producers' reported changes in operations, since January 1, 2017

Item / Firm	Reported changes in operations
Plant openings:	
***	***
Expansions:	
***	***
***	***
***	***
Acquisitions:	
***	***
***	***
Prolonged shutdowns or curtailments:	
***	***
***	***
***	***
***	***
***	***
***	***
Revised labor agreements:	
***	***
Other:	
***	***

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

U.S. production, capacity, and capacity utilization

Table III-4 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. U.S. producers' capacity increased by 14.1 percent during 2017-19.[6] During 2017-19, *** capacity increased by ***, respectively. ***.[7] U.S. producers' capacity was 3,751 short tons greater in the 2020 January-March interim period ("interim") compared to the 2019 interim.

U.S. producers' production increased by 9.5 percent from 2017 to 2018 then decreased by 5.5 percent from 2018 to 2019. Overall, during 2017-19, U.S. producers' production increased by 3.5 percent. U.S. producers' production was higher in January-March 2020 than in January-March 2019 by 7.1 percent. U.S. producers' capacity utilization remained the same from 2017 to 2018 and then decreased 4.3 percentage points from 2018 to 2019. Capacity utilization was 2.1 percentage points higher in interim 2020 compared to interim 2019.

[6] The apparent increases in reported wire mesh capacity and production from 2017 to 2018 reflect the absence of data for ***. ***. Emails from ***, August 4, 2020; and August 7, 2020; and *** U.S. producer questionnaire response, section II-7.

[7] Email from ***, July 22, 2020.

Table III-4
Wire mesh: U.S. producers' production, capacity, and capacity utilization, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Capacity (short tons)				
Davis	***	***	***	***	***
Insteel	***	***	***	***	***
Keysteel	***	***	***	***	***
Liberty	***	***	***	***	***
Mid-South	***	***	***	***	***
National	***	***	***	***	***
Nucor	***	***	***	***	***
Oklahoma	***	***	***	***	***
Peninsula	***	***	***	***	***
Tree Island	***	***	***	***	***
WMC	***	***	***	***	***
All firms	668,799	729,717	763,190	190,759	194,510
	Production (short tons)				
Davis	***	***	***	***	***
Insteel	***	***	***	***	***
Keysteel	***	***	***	***	***
Liberty	***	***	***	***	***
Mid-South	***	***	***	***	***
National	***	***	***	***	***
Nucor	***	***	***	***	***
Oklahoma	***	***	***	***	***
Peninsula	***	***	***	***	***
Tree Island	***	***	***	***	***
WMC	***	***	***	***	***
All firms	293,042	320,940	303,166	77,669	83,216

Table continued on next page.

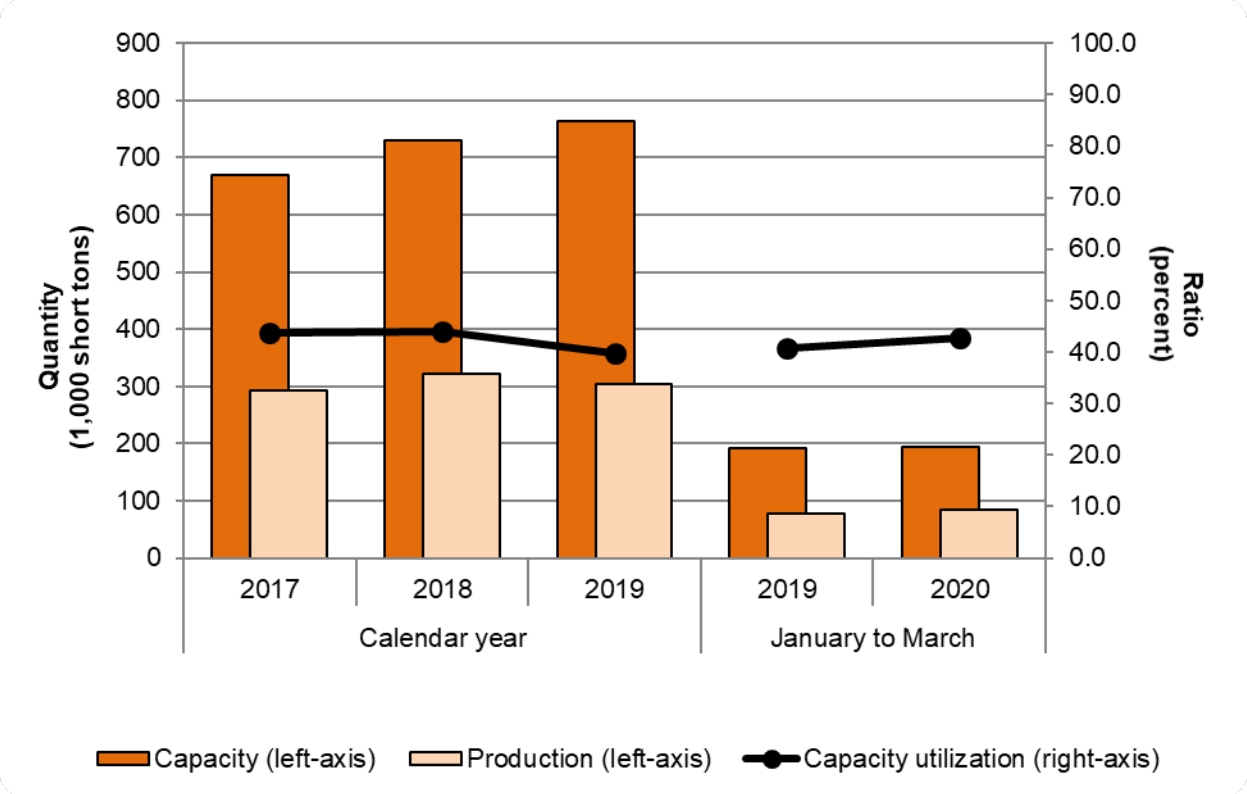
Table III-4—Continued
Wire mesh: U.S. producers' production, capacity, and capacity utilization, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Capacity utilization (percent)				
Davis	***	***	***	***	***
Insteel	***	***	***	***	***
Keysteel	***	***	***	***	***
Liberty	***	***	***	***	***
Mid-South	***	***	***	***	***
National	***	***	***	***	***
Nucor	***	***	***	***	***
Oklahoma	***	***	***	***	***
Peninsula	***	***	***	***	***
Tree Island	***	***	***	***	***
WMC	***	***	***	***	***
All firms	43.8	44.0	39.7	40.7	42.8
	Share of production (percent)				
Davis	***	***	***	***	***
Insteel	***	***	***	***	***
Keysteel	***	***	***	***	***
Liberty	***	***	***	***	***
Mid-South	***	***	***	***	***
National	***	***	***	***	***
Nucor	***	***	***	***	***
Oklahoma	***	***	***	***	***
Peninsula	***	***	***	***	***
Tree Island	***	***	***	***	***
WMC	***	***	***	***	***
All firms	100.0	100.0	100.0	100.0	100.0

Note: As discussed above, reported data do not include ***.

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

Figure III-1
Wire mesh: U.S. producers' production, capacity, and capacity utilization, 2017-19, January-March 2019, and January-March 2020



Note: As discussed above, reported data do not include ***.

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

Alternative products

As shown in table III-5, more than *** percent of the product produced on the same equipment during 2017-19, January-March 2019, and January-March 2020 by U.S. producers was wire mesh. *** reported producing *** and *** reported producing *** on the same machinery used to produce wire mesh.[8]

Table III-5
Wire mesh: U.S. producers' overall plant capacity and production on the same equipment as subject production, 2017-19, January-March 2019 and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (short tons)				
Overall capacity	684,899	752,693	808,693	202,172	205,172
Production:					
Wire mesh	293,042	320,940	303,166	77,669	83,216
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***
	Ratios and shares (percent)				
Overall capacity utilization	43.9	44.1	39.2	40.3	42.6
Share of production:					
Wire mesh	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	100.0	100.0	100.0	100.0	100.0

Note: As discussed above, reported data do not include ***.

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

[8] *** U.S. producer questionnaire responses, section II-3a.

U.S. producers' U.S. shipments and exports

Table III-6 presents U.S. producers' U.S. shipments (both commercial and transfers to related firms), export shipments, and total shipments. More than *** percent of U.S. producers' total shipments were U.S. commercial shipments.

During 2017-18, U.S. producers' U.S. shipments, in terms of quantity, increased by 5.6 percent, then decreased by 4.2 percent from 2018 to 2019. Overall, U.S. producers' U.S. shipments, in terms of quantity, increased by 1.2 percent during 2017-19. During 2017-18, U.S. producers' U.S. shipments, in terms of value, increased by 33.7 percent, then decreased by 10.3 percent from 2018 to 2019. Overall, U.S. producers' U.S. shipments, in terms of value, increased by 20.0 percent during 2017-19. During interim 2020 compared to interim 2019, U.S. producers' U.S. shipments, based on quantity, were 26.1 percent higher in interim 2020 compared to interim 2019, and 1.3 percent lower based on value.

Overall, the average unit value of U.S. producers' U.S. shipments increased by 18.5 percent during 2017-19. During interim 2020 compared to interim 2019, the unit value of U.S. producers' U.S. shipments was 21.7 percent higher in interim 2020 compared to interim 2019.

In 2019, transfers to related firms, in terms of quantity, accounted for *** percent of U.S. producers' shipments and export shipments accounted for *** percent of U.S. producers' shipments. *** reported transfers to related firms. U.S. producers *** internal consumption of wire mesh during the period in which data were collected.

Table III-6
Wire mesh: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (short tons)				
Commercial U.S. shipments	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	294,916	311,462	298,483	60,610	76,435
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	Value (1,000 dollars)				
Commercial U.S. shipments	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	229,497	306,914	275,324	63,593	62,755
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	Unit value (dollars per short ton)				
Commercial U.S. shipments	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	778	985	922	1,049	821
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	Share of quantity (percent)				
Commercial U.S. shipments	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)				
Commercial U.S. shipments	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

Note: As discussed above, reported data do not include ***.

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

Table III-7 and figure III-2 present data on U.S. producers' U.S. shipments by product type in 2019. In 2019, 81.6 percent of U.S. producers' U.S. shipments were sold in sheets and 72.7 percent of U.S. producers' U.S. shipments of wire mesh was deformed. The petitioners note, "by using deformed wire mesh producers typically can save up to about *** in wire rod costs to achieve the same surface area of steel".[9] Additionally, deformed wire mesh may bond better to concrete.[10] Petitioners note, because of its cost advantage and perceived advantage in bond and anchorage most wire mesh produced and sold in the United States is deformed wire however there are certain applications where deformed wire would not be appropriate including "certain special seismic systems and spiral reinforcement applications."[11] Respondents report no considerable performance and application advantages between deformed and smooth wire mesh.[12]

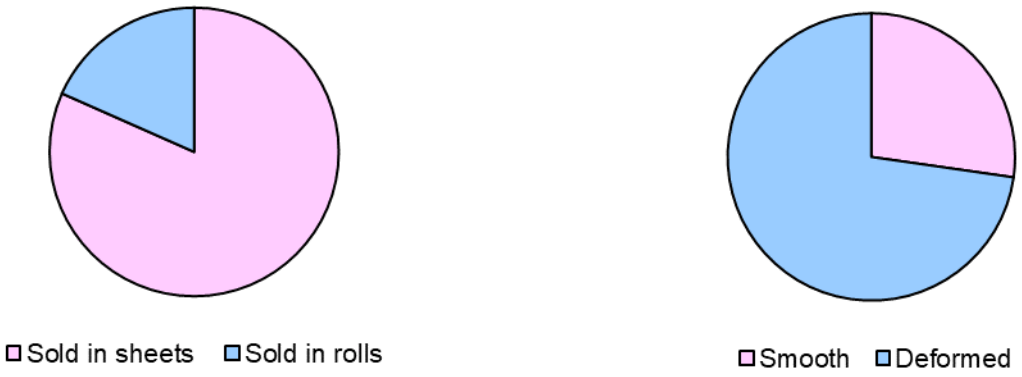
Table III-7
Wire mesh: U.S. producers' U.S. shipments, by product type, 2019

Item	Smooth	Deformed	All types
	Quantity (short tons)		
U.S. producers' U.S. shipments.--			
Sold in sheets	62,684	181,009	243,693
Sold in rolls	18,701	36,089	54,790
All product types	81,385	217,098	298,483
	Share across (percent)		
U.S. producers' U.S. shipments.--			
Sold in sheets	25.7	74.3	100.0
Sold in rolls	34.1	65.9	100.0
All product types	27.3	72.7	100.0
	Share down (percent)		
U.S. producers' U.S. shipments.--			
Sold in sheets	77.0	83.4	81.6
Sold in rolls	23.0	16.6	18.4
All product types	100.0	100.0	100.0

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

[9] Petitioners' postconference brief, exh. 1.
[10] Petitioners' postconference brief, exh. 6.
[11] Petitioners' postconference brief, exh. 1.
[12] Respondents' postconference brief, exh. 1.

Figure III-2
Wire mesh: U.S. producers' U.S. shipments, by product type, 2019



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

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 2017-19, U.S. producers' end-of-period inventories as a ratio to U.S. production, U.S. shipments, and total shipments increased during 2017-19 by 3.9 percentage points, 4.2 percentage points, and *** percentage points, respectively. U.S. producers' end-of-period inventories as a ratio to U.S. production, U.S. shipments, and total shipments were all lower in interim 2020 compared to interim 2019.

Table III-8
Wire mesh: U.S. producers' inventories, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (short tons)				
U.S. producers' end-of-period inventories	37,614	47,045	50,708	62,907	57,435
	Ratio (percent)				
Ratio of inventories to.--					
U.S. production	12.8	14.7	16.7	20.2	17.3
U.S. shipments	12.8	15.1	17.0	25.9	18.8
Total shipments	***	***	***	***	***

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

U.S. producers' imports and purchases

U.S. producers' imports and purchases of wire mesh are presented in table III-9. *** U.S. producers, (***), imported wire mesh from Mexico and *** U.S. producer, ***, imported wire mesh from *** during 2017-19.[13]

From 2017-19, ***. In contrast, during interim 2019 and interim 2020, ***.

*** reported importing wire mesh during the period for which data were collected to ***. During 2017-18, *** reported imports (***) of wire mesh from Mexico to ***.

[13] ***. *** U.S. producer questionnaire response, section II-12.

Table III-9
Wire mesh: Wire mesh: U.S. producers' imports, 2017-19, January-March 2019, January-March 2020

* * * * * * *

Table continued on next page.

Table III-9—Continued
Wire mesh: Wire mesh: U.S. producers' imports, 2017-19, January-March 2019, January-March 2020

* * * * * * *

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

U.S. employment, wages, and productivity

Table III-10 shows U.S. producers' employment-related data for 2017-19, January-March 2019, and January-March 2020. During 2017-18, production and related workers ("PRWs") increased by 5.0 percent then returned to approximately the same number in 2019. There were 24 fewer PRWs during the 2020 interim period compared to the 2019 interim period. During 2017-19, total hours worked, wages paid, hourly wages, and unit labor costs fluctuated and were all higher in the 2020 interim period compared to the 2019 interim period. Productivity increased 5.3 percent during 2017-19 and was higher in 2020 interim period compared to the 2019 interim period.

Table III-10
Wire mesh: U.S. producers' employment related data, 2017-19, January-March 2019, January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
Production and related workers (PRWs) (number)	516	542	515	519	495
Total hours worked (1,000 hours)	1,224	1,276	1,202	292	297
Hours worked per PRW (hours)	2,372	2,354	2,334	563	600
Wages paid ($1,000)	25,290	28,576	26,104	6,747	7,344
Hourly wages (dollars per hour)	$20.66	$22.39	$21.72	$23.11	$24.73
Productivity (short tons per 1,000 hours)	239.4	251.5	252.2	266.0	280.2
Unit labor costs (dollars per short ton)	$86.30	$89.04	$86.10	$86.87	$88.25

Note: As discussed above, reported data do not include ***.

Note: ***. Email from ***, August 4, 2020.

Note: ***. Email from ***, August 4, 2020.

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

Part IV: U.S. imports, apparent U.S. consumption, and market shares

U.S. importers

The Commission issued importer questionnaires to 48 firms potential importers of wire mesh, as well as to all U.S. producers of wire mesh.[1] Usable questionnaire responses were received from six companies, representing a majority of U.S. imports from Mexico in 2019 under HTS subheadings 7314.20.0000 and 7314.39.0000, (subheadings that include grill, netting, and fencing either standard, plated, or coated with zinc).[2] Table IV-1 lists all responding U.S. importers of wire mesh from Mexico and other sources,[3] their locations, and their shares of U.S. imports, in 2019.

Table IV-1
Wire mesh: U.S. importers, their headquarters, and share of total imports by source, 2019

Firm	Headquarters	Share of imports by source (percent)		
		Mexico	Nonsubject sources	All import sources
Deacero USA	Houston, TX	***	***	***
Keysteel	New Caney, TX	***	***	***
National	Conroe, TX	***	***	***
Peninsula	Plant City, FL	***	***	***
Tree Island	Rancho Cucamonga, CA	***	***	***
WMC	The Woodlands, TX	***	***	***
Total		100.0	100.0	100.0

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

[1] The Commission issued questionnaires to those firms identified in the petition, 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 under HTS subheadings 7314.20.0000 and 7314.39.0000 in 2019.

[2] In the petition, petitioners list 25 potential importers of wire mesh from Mexico. Six firms listed indicated importation and provided the Commission with importer questionnaire submissions. Eight firms listed on the petition provided questionnaire responses indicating that they had not imported wire mesh from any source since January 1, 2017. Of the remaining eleven firms, only two firms (***) appeared on data provided by Customs accounting for *** of U.S. imports from Mexico in 2019 under HTS subheadings 7314.20.0000 and 7314.39.0000. Petition, June 29, 2020, exh. GEN-8.

[3] The petitioners note that ***. The petitioners also note small trial imports of wire mesh from Turkey but are unaware of the importer of that product. Petitioners' postconference brief, exh. 1.

U.S. imports

Table IV-2 and figure IV-1 present data for U.S. imports of wire mesh from Mexico and all other sources. Imports of wire mesh from Mexico accounted for *** imports of wire mesh in 2017-18, January-March 2019, and January-March 2020. *** reported imports from *** in 2019 which accounted for *** percent of imports of wire mesh, in terms of quantity (*** percent in terms of value).

U.S. imports of wire mesh from Mexico, in terms of quantity, increased by *** percent between 2017 and 2018 and then decreased by *** percent from 2018 to 2019 for an overall increase of *** percent during 2017-19. U.S. imports of wire mesh from Mexico, in terms of quantity, were approximately the same during the two interim periods. U.S. imports of wire mesh from Mexico, in terms of value, increased by *** percent between 2017 and 2018 and then decreased by *** percent from 2018 to 2019 for an overall increase of *** percent during 2017-19. U.S. imports of wire mesh from Mexico, in terms of value, were *** percent lower during interim 2020 compared to interim 2019. Overall, during 2017-19, *** accounted for a substantial portion of the growth in imports of wire mesh from Mexico, as it increased its own imports by *** percent.

The average unit values of U.S. imports of wire mesh from Mexico increased by $*** per short ton from 2017 to 2018 then decreased by $*** per short ton from 2018 to 2019. Overall, during 2017-19, the average unit value of U.S. imports of wire mesh from Mexico increased by $*** per short ton to $*** per short ton in 2019. The average unit value of U.S. imports of wire mesh from Mexico was $*** per short ton greater in the 2019 interim period compared to the 2020 interim period.

Overall, as a ratio to U.S. production, imports from Mexico increased from *** percent in 2017 to *** percent in 2019. As a ratio to U.S. production, imports from Mexico were *** percentage points higher in the 2019 interim period compared to the 2020 interim period.

Table IV-2
Wire mesh: U.S. imports by source, 2017-2019, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (short tons)				
U.S. imports from.-- Mexico	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Value (1,000 dollars)				
U.S. imports from.-- Mexico	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Unit value (dollars per short ton)				
U.S. imports from.-- Mexico	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Share of quantity (percent)				
U.S. imports from.-- Mexico	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)				
U.S. imports from.-- Mexico	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	100.0	100.0	100.0	100.0	100.0
	Ratio to U.S. production				
U.S. imports from.-- Mexico	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

Note: The petitioners note that, ***. The petitioners also note small trial imports of wire mesh from Turkey but are unaware of the importer of that product. Petitioners' postconference brief, exh. 1.

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

Figure IV-1
Wire mesh: U.S. import quantities and average unit values, 2017-19, January-March 2019, and January-March 2020

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

Table IV-3 and figure IV-2 present U.S. importers' U.S. shipments of wire mesh by product type during 2019. In 2019, *** percent of U.S. imports of wire mesh from Mexico were sold in sheets and *** percent of U.S. imports of wire mesh from Mexico was deformed. In 2019, *** percent of U.S. imports of wire mesh from nonsubject sources were sold in rolls and *** imports of wire mesh from nonsubject sources were smooth.

Table IV-3
Wire mesh: U.S. importers' U.S. shipments, by product type, 2019

Item	Smooth	Deformed	All types
	Quantity (short tons)		
U.S. imports from Mexico.-- Sold in sheets	***	***	***
Sold in rolls	***	***	***
All product types	***	***	***
U.S. imports from nonsubject sources.-- Sold in sheets	***	***	***
Sold in rolls	***	***	***
All product types	***	***	***
U.S. imports from all import sources.-- Sold in sheets	***	***	***
Sold in rolls	***	***	***
All product types	***	***	***
	Share across (percent)		
U.S. imports from Mexico.-- Sold in sheets	***	***	***
Sold in rolls	***	***	***
All product types	***	***	***
U.S. imports from nonsubject sources.-- Sold in sheets	***	***	***
Sold in rolls	***	***	***
All product types	***	***	***
U.S. imports from all import sources.-- Sold in sheets	***	***	***
Sold in rolls	***	***	***
All product types	***	***	***
	Share down (percent)		
U.S. imports from Mexico.-- Sold in sheets	***	***	***
Sold in rolls	***	***	***
All product types	***	***	***
U.S. imports from nonsubject sources.-- Sold in sheets	***	***	***
Sold in rolls	***	***	***
All product types	***	***	***
U.S. imports from all import sources.-- Sold in sheets	***	***	***
Sold in rolls	***	***	***
All product types	100.0	100.0	100.0

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

Figure IV-2
Wire mesh: U.S. importers' U.S. shipments, by product type, 2019

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

Table IV-4 and figure IV-3 present data on monthly imports of wire mesh from Mexico and nonsubject sources during January 2019 through June 2020. U.S. imports of wire mesh from Mexico entered the United States during every month from January 2019 through June 2020.

Table IV-4
Wire mesh: U.S. imports by month, January 2019 through June 2020

U.S. imports	Mexico	Nonsubject sources	All import sources
	Quantity (short tons)		
2019.-- January	***	***	***
February	***	***	***
March	***	***	***
April	***	***	***
May	***	***	***
June	***	***	***
July	***	***	***
August	***	***	***
September	***	***	***
October	***	***	***
November	***	***	***
December	***	***	***
2020.-- January	***	***	***
February	***	***	***
March	***	***	***
April	***	***	***
May	***	***	***
June	***	***	***

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

Figure IV-3
Wire mesh: U.S. imports from aggregated subject and nonsubject sources, by month, January 2019 through June 2020

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

Negligibility

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[4] Negligible imports are generally defined in the Act, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.[5] As presented in table IV-5, Imports from Mexico accounted for *** percent of total imports of wire mesh by quantity during June 2019 through May 2020.

Table IV-5
Wire mesh: U.S. imports in the twelve month period preceding the filing of the petition, June 2019 through May 2020

Item	June 2019 through May 2020	
	Quantity (short tons)	Share quantity (percent)
U.S. imports from.--		
Mexico	***	***
Nonsubject sources	***	***
All import sources	***	***

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

[4] Sections 703(a)(1), 705(b)(1), 733(a)(1), and 735(b)(1) of the Act (19 U.S.C. §§ 1671b(a)(1), 1671d(b)(1), 1673b(a)(1), and 1673d(b)(1)).

[5] Section 771 (24) of the Act (19 U.S.C § 1677(24)).

Apparent U.S. consumption and U.S. market shares

Table IV-6 presents data on apparent U.S. consumption and U.S. market shares for wire mesh. From 2017 to 2018, apparent U.S. consumption increased, in terms of quantity, by *** percent (*** percent by value). From 2018 to 2019, apparent U.S. consumption decreased, in terms of quantity, by *** percent (*** percent by value). Overall, during 2017-19, apparent U.S. consumption increased, in terms of quantity, by *** percent (*** percent by value). Apparent U.S. consumption, based on quantity, was *** percent higher in interim 2020 compared to interim 2019. Apparent U.S. consumption, based on value, was *** percent lower in interim 2020 compared to interim 2019.

U.S. producers' market share, based on quantity, decreased by *** percentage points from 2017 to 2019, but was *** percentage points higher in interim 2020 compared to interim 2019. U.S. producers' market share, based on value, decreased by *** percentage points from 2017 to 2019, but was *** percentage points higher in interim 2020 compared to interim 2019.

The market share of U.S. importers' U.S. shipments of wire mesh from Mexico, based on quantity, increased by *** percentage points from 2017 to 2019, but was *** percentage points lower in interim 2020 compared to interim 2019. The market share of U.S. importers' U.S. shipments of wire mesh from Mexico, based on value, increased by *** percentage points from 2017 to 2019, but was *** percentage points lower in interim 2020 compared to interim 2019.

Table IV-6
Wire mesh: Apparent U.S. consumption and market shares, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (short tons)				
U.S. producers' U.S. shipments	294,916	311,462	298,483	60,610	76,435
U.S. importers' U.S. shipments from.--Mexico	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***
	Value (1,000 dollars)				
U.S. producers' U.S. shipments	229,497	306,914	275,324	63,593	62,755
U.S. importers' U.S. shipments from.--Mexico	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***
	Share of quantity (percent)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.--Mexico	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Share of value (percent)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.--Mexico	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

Note: As discussed in Part III, reported data do not include ***.

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

Figure IV-4
Wire mesh: Apparent U.S. consumption 2017-19, January-March 2019, and January-March 2020

* * * * * * *

Note: As discussed in Part III, reported data do not include ***.

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

Part V: Pricing data

Factors affecting prices

Raw material costs

The primary input used in the production of wire mesh is wire rod. Either smooth or deformed wire rod can be used in the production of wire mesh. As discussed in greater detail in Part VI of this report, wire rod as a share of cost of goods sold ("COGS") ranged between 74.2 percent (in 2017) and 77.4 percent (in 2019), and was *** percent in January–March 2019 and *** percent in January–March 2020.

Seven of 10 responding U.S. producers and 3 of 6 importers reported that raw material costs increased since 2017. As shown in figure V-1, wire rod prices increased throughout 2017 and early 2018, were steady between June 2018 and January 2019, decreased for the remainder of 2019, then stabilized until May 2020.[1]

*** reported that prices for wire mesh fluctuate with scrap prices. Steel scrap prices increased throughout 2017, decreased throughout 2018 and the first half of 2019, and then recovered slightly in the first half of 2020 (figure V-2). Prices of no. 1 busheling scrap, no. 1 heavy melt scrap, and shredded auto scrap decreased from their peak in December 2018 before reaching a trough in September 2019 and then increased between October 2019 and April 2020.

[1] A combination of antidumping and countervailing duty orders on carbon and certain alloy steel wire rod from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, United Arab Emirates, and the United Kingdom entered into effect in the United States in the first half of 2018. Section 232 duties applicable to imports of steel wire rod of 25 percent entered into effect beginning in March 2018.

Figure V-1
U.S. wire rod prices: Monthly wire rod prices, January 2017–July 2020

* * * * * * *

Source: ***, various monthly issues.

Figure V-2
U.S. ferrous scrap prices: Monthly scrap prices, January 2017–April 2020

* * * * * * *

Source: ***, retrieved April 30, 2020.

Impact of Section 232 tariffs on wire rod

Most U.S. producers and importers reported that section 232 tariffs on wire rod increased their raw material costs. While five U.S. producers reported that it caused prices to fluctuate, an equal number of importers (three each) reported that it caused prices to fluctuate or increase (table V-1). Most U.S. producers and importers reported that the 25 percent section 232 tariffs on wire rod were a contributing factor to the increase in raw material costs, with an inability to pass this increase on to customers.

Table V-1
Wire mesh: Firms' perceptions regarding impact of section 232 tariffs

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
232: Impact on raw material costs.-- U.S. producers	8	---	---	3
U.S. importers	4	---	---	2
232: Impact on prices.-- U.S. producers	4	1	1	5
U.S. importers	3	---	---	3

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

Transportation costs to the U.S. market

Transportation costs for wire mesh shipped from Mexico to the United States averaged 7.5 percent during 2019. These estimates were derived from official import data and represent the transportation and other charges on imports.[2]

U.S. inland transportation costs

Eleven of 12 responding U.S. producers and all 6 responding importers reported that they typically arrange transportation to their customers. Most U.S. producers reported that their U.S. inland transportation costs ranged from 4.0 to 10 percent while most importers reported costs of 4.8 to 10 percent.

[2] The estimated transportation costs were obtained by subtracting the customs value from the c.i.f. value of the imports for 2019 and then dividing by the customs value based on the HTS subheading 7314.20.0000 and 7314.39.000. These data were accessed on July 6, 2020.

Pricing practices

Pricing methods

U.S. producers and importers reported setting prices mostly through transaction-by-transaction negotiations (table V-2). U.S. producers reported using price lists more frequently than U.S. importers did. Two U.S. producers and one importer also reported setting prices via contracts.

Table V-2
Wire mesh: U.S. producers' and importers' reported price setting methods, by number of responding firms

Method	U.S. producers	Importers
Transaction-by-transaction	11	6
Contract	2	1
Set price list	5	1
Other	---	---
Responding firms	11	6

Note: 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.

U.S. producers and importers reported selling the *** majority of wire mesh in the spot market (table V-3).

Table V-3
Wire mesh: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2019

Type of sale	U.S. producers	Importers
Long-term contracts	***	***
Annual contracts	***	***
Short-term contracts	***	***
Spot sales	***	***
Total	100	100

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

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

Two U.S. producers reported contract duration: one reported using contracts that lasted 30 days and one reported using contracts that lasted 90 days. One importer (***) reported a 30-day average contract duration for short term contracts. Four U.S. producers each reported no price renegotiations during the contract period and fixing both price and quantity, while three reported not indexing to raw materials and none reported indexing to raw materials. One importer reported no price renegotiations, fixing quantity, and fixing both price and quantity for its short-term contracts.

Sales terms and discounts

U.S. producers and importers typically quote prices on a delivered basis. The majority of producers and importers had no discount policy, while four producers reported offering total volume discounts.

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 mesh products shipped to unrelated U.S. customers during January 2017–March 2020.

Product 1.-- 6x6, 10 gauge, W/D1.4 W/D1.4, 5' x 150' rolls

Product 2.-- 6x6, 10 gauge, W/D1.4 W/D1.4, 8' x 20' sheets

Product 3.-- 6x6, 6 gauge, W/D2.9 W/D2.9, 8' x 20' sheets

Product 4.-- 6x6, 8 gauge, W/D2.1 W/D2.1, 8' x 20' sheets

Ten U.S. producers and five importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[3] Pricing data reported by these firms accounted for approximately *** percent of U.S. producers' U.S. shipments of wire mesh and *** percent of U.S. shipments of subject imports from Mexico in 2019.

Price data for products 1-4 are presented in tables V-4 to V-7 and figures V-3 to V-6.

[3] Per-unit pricing data are calculated from total quantity and total value data provided by U.S. producers and importers. The precision and variation of these figures may be affected by rounding, limited quantities, and producer or importer estimates.

Table V-4
Wire mesh: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarter, January 2017–March 2020

Period	United States		Mexico		
	Price (dollars per short ton)	Quantity (short tons)	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)
2017:					
Jan.-Mar.	723	12,310	***	***	***
Apr.-June	756	15,762	***	***	***
July-Sept.	746	17,230	***	***	***
Oct.-Dec.	756	10,222	***	***	***
2018:					
Jan.-Mar.	795	12,557	***	***	***
Apr.-June	914	18,073	***	***	***
July-Sept.	1,015	13,177	***	***	***
Oct.-Dec.	1,024	9,054	***	***	***
2019:					
Jan.-Mar.	986	10,807	***	***	***
Apr.-June	958	15,163	***	***	***
July-Sept.	870	13,406	***	***	***
Oct.-Dec.	796	10,239	***	***	***
2020:					
Jan.-Mar.	804	12,836	***	***	***

Note: Product 1: 6x6, 10 gauge, W/D1.4 W/D1.4, 5’ x 150’ rolls

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

Table V-5
Wire mesh: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarter, January 2017–March 2020

	United States		Mexico		
Period	Price (dollars per short ton)	Quantity (short tons)	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)
2017:					
Jan.-Mar.	750	8,236	***	***	***
Apr.-June	746	10,309	***	***	***
July-Sept.	718	12,403	***	***	***
Oct.-Dec.	746	9,924	***	***	***
2018:					
Jan.-Mar.	774	10,806	***	***	***
Apr.-June	951	13,914	***	***	***
July-Sept.	1,123	11,530	***	***	***
Oct.-Dec.	1,120	8,215	***	***	***
2019:					
Jan.-Mar.	1,041	9,335	***	***	***
Apr.-June	968	13,025	***	***	***
July-Sept.	838	14,631	***	***	***
Oct.-Dec.	747	11,266	***	***	***
2020:					
Jan.-Mar.	749	10,906	***	***	***

Note: Product 2: 6x6, 10 gauge, W/D1.4 W/D1.4, 8’ x 20’ sheets

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

Table V-6
Wire mesh: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarter, January 2017–March 2020

Period	United States		Mexico		
	Price (dollars per short ton)	Quantity (short tons)	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)
2017:					
Jan.-Mar.	686	13,939	***	***	***
Apr.-June	657	14,329	***	***	***
July-Sept.	676	15,934	***	***	***
Oct.-Dec.	695	14,271	***	***	***
2018:					
Jan.-Mar.	735	15,012	***	***	***
Apr.-June	885	20,431	***	***	***
July-Sept.	1,037	15,277	***	***	***
Oct.-Dec.	1,044	13,001	***	***	***
2019:					
Jan.-Mar.	969	13,156	***	***	***
Apr.-June	912	17,508	***	***	***
July-Sept.	817	18,618	***	***	***
Oct.-Dec.	743	15,043	***	***	***
2020:					
Jan.-Mar.	729	15,708	***	***	***

Note: Product 3: 6x6, 6 gauge, W/D2.9 W/D2.9, 8’ x 20’ sheets

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

Table V-7
Wire mesh: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarter, January 2017–March 2020

Period	United States		Mexico		
	Price (dollars per short ton)	Quantity (short tons)	Price (dollars per short ton)	Quantity (short tons)	Margin (percent)
2017:					
Jan.-Mar.	707	4,528	***	***	***
Apr.-June	793	4,179	***	***	***
July-Sept.	705	4,546	***	***	***
Oct.-Dec.	723	4,546	***	***	***
2018:					
Jan.-Mar.	755	5,063	***	***	***
Apr.-June	911	5,673	***	***	***
July-Sept.	1,053	4,653	***	***	***
Oct.-Dec.	1,066	3,685	***	***	***
2019:					
Jan.-Mar.	1,013	3,987	***	***	***
Apr.-June	935	4,824	***	***	***
July-Sept.	844	5,245	***	***	***
Oct.-Dec.	769	4,202	***	***	***
2020:					
Jan.-Mar.	784	4,561	***	***	***

Note: Product 4: 6x6, 8 gauge, W/D2.1 W/D2.1, 8’ x 20’ sheets

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

Figure V-3
Wire mesh: Weighted-average prices and quantities of domestic and imported product 1, by quarter, January 2017–March 2020

* * * * * * *

Product 1: 6x6, 10 gauge, W/D1.4 W/D1.4, 5’ x 150’ rolls

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

Figure V-4
Wire mesh: Weighted-average prices and quantities of domestic and imported product 2, by quarter, January 2017–March 2020

* * * * * * *

Product 2: 6x6, 10 gauge, W/D1.4 W/D1.4, 8’ x 20’ sheets

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

Figure V-5

Wire mesh: Weighted-average prices and quantities of domestic and imported product 3, by quarter, January 2017–March 2020

* * * * * * *

Product 3: 6x6, 6 gauge, W/D2.9 W/D2.9, 8’ x 20’ sheets

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

Figure V-6

Wire mesh: Weighted-average prices and quantities of domestic and imported product 4, by quarter, January 2017–March 2020

* * * * * * *

Product 4: 6x6, 8 gauge, W/D2.1 W/D2.1, 8’ x 20’ sheets

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

Price trends

Prices for wire mesh increased during January 2017-March 2020. Table V-8 summarizes the price trends by product. As shown in the table, domestic price increases ranged from 6.3 to 11.2 percent, while import price increases ranged from *** to *** percent.

Table V-8
Wire mesh: Summary of weighted-average f.o.b. prices for products 1-4 from the United States and Mexico

Item	Number of quarters	Low price (dollars per short ton)	High price (dollars per short ton)	Change in price (percent)
Product 1				
United States	13	723	1,024	▲11.2
Mexico	***	***	***	***
Product 2				
United States	13	718	1,123	▼(0.1)
Mexico	***	***	***	***
Product 3				
United States	13	657	1,044	▲6.3
Mexico	***	***	***	***
Product 4				
United States	13	705	1,066	▲10.9
Mexico	***	***	***	***

Note: Percentage change from the first quarter in which data were available to the last quarter in which price data were available.

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

Price comparisons

As shown in table V-9, prices for product imported from Mexico were below those for U.S.-produced product in all 52 instances (*** short tons); margins of underselling ranged from 2.3 to 22.4 percent.

Table V-9
Wire mesh: Instances of underselling/overselling and the range and average of margins, January 2017–March 2020

Source	Underselling				
	Number of quarters	Quantity (short tons)	Average margin (percent)	Margin range (percent)	
				Min	Max
Product 1	***	***	***	***	***
Product 2	***	***	***	***	***
Product 3	***	***	***	***	***
Product 4	***	***	***	***	***
Total	52	62,961	10.8	2.3	22.4
Source	**(Overselling)**				
	Number of quarters	**Quantity[1] (short tons)**	**Average margin (percent)**	**Margin range (percent)**	
				Min	**Max**
Product 1	***	***	***	***	***
Product 2	***	***	***	***	***
Product 3	***	***	***	***	***
Product 4	***	***	***	***	***
Total	---	---	---	---	---

Note: These data include only quarters in which there is a comparison between the U.S. and subject product.

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

Lost sales and lost revenue

The Commission requested that U.S. producers of wire mesh report purchasers where they experienced instances of lost sales or revenue due to competition from imports wire mesh from Mexico during January 2017-March 2020. Staff contacted 50 purchasers and received usable responses from eight purchasers. Responding purchasers reported purchasing *** short tons of wire mesh during January 2017-March 2020 (table V-11).

Of the 11 responding U.S. producers, 8 reported that they had to either reduce prices or roll back announced price increases, and 7 firms reported that they had lost sales. Five U.S. producers submitted lost sales and lost revenue allegations and identified 49 firms with which they lost sales or revenue (20 consisting lost sales allegations, 1 consisting of a lost revenue allegation, and 46 consisting of both types of allegations). Most producers reporting lost sales and lost revenues reported wire mesh sold for individual sale.

The United States was the largest source of reported purchases, followed by Mexico.[4] Purchasers were asked about changes in their purchasing patterns from different sources since January 2017. As presented in table V-10, most purchasers reported that their purchases from the United States remained constant or fluctuated, while one purchaser reported increasing and decreasing purchases. Three purchasers reported that their purchases of wire mesh from Mexico remained constant, while two reported increasing purchases from Mexico and one reported decreasing purchases from Mexico. Only one purchaser reported purchasing from nonsubject sources. ***, the purchaser reporting an increase in purchases of domestic product, indicated a preference for purchasing from domestic sources, with cost and lead time advantages as its reason. Purchaser *** provided the following explanations for decreasing purchases of domestic product: its main supplier not being able to meet its delivery schedule, uncompetitive prices, and some suppliers halting production because of old equipment.

[4] Of the seven responding purchasers, none indicated that they did not know the source of the wire mesh they purchased.

Table V-10
Wire mesh: Changes in purchase patterns from U.S., subject, and nonsubject countries

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	---	1	1	3	3
Mexico	1	1	2	3	---
Nonsubject sources	4	1	---	---	---

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

Of the eight responding purchasers, 6 reported that they had purchased imported wire mesh from Mexico instead of U.S.-produced product since 2017. Five of these purchasers reported that subject import prices were lower than U.S.-produced product, and four of these purchasers reported that price was a primary reason for the decision to purchase imported product rather than U.S.-produced product. Four purchasers estimated the quantity of wire mesh purchased from Mexico instead of domestic product; quantities ranged from *** short tons to *** short tons, for a total of *** short tons (table V-12). Purchaser *** identified immediate product availability needs as its non-price reasons for purchasing imported rather than U.S.-produced product.

Of the eight responding purchasers, two reported that U.S. producers had reduced prices in order to compete with lower-priced imports from Mexico, and six reported that they did not know (table V-13). One purchaser estimated a price reduction of *** percent.

Table V-11
Wire mesh: Purchasers' responses to purchasing patterns

	Purchases in January 2017 - March 2020 (short tons)			Change in domestic share (pp, 2017-19)	Change in subject country share (pp, 2017-19)
Purchaser	Domestic	Subject	All other		
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Totals (if applicable)	***	***	***	***	***

Note: All other includes all other sources and unknown sources.
Note: Percentage points (pp) change: Change in the share of the firm's total purchases of domestic and/or subject country imports between first and last years.
Note: ***.

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

Table V-12
Wire mesh: Purchasers' responses to purchasing subject imports instead of domestic product

Purchaser	Purchased imports instead of domestic (Y/N)	Imports priced lower (Y/N)	If purchased imports instead of domestic, was price a primary reason		
			Y/N	If Yes, quantity purchased instead of domestic (short tons)	If No, non-price reason
***	***	***	***		***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total	Yes--6; No--2	Yes--5; No--1	Yes--4; No--1	***	

Note: ***.

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

Table V-13
Wire mesh: Purchasers' responses to U.S. producer price reductions

Purchaser	U.S. producers reduced priced to compete with subject imports (Y/N)	If U.S. producers reduced prices
		Estimated U.S. price reduction (percent)
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***

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

Part VI: Financial experience of U.S. producers

Background

U.S. producers *** reported financial results on their wire mesh operations for January 2017 through March 2019.[1] Insteel and WMC accounted for *** percent of total sales quantity in 2019: ***. The remaining U.S. producers accounted for shares ranging from *** percent of total sales quantity in 2019 (***) to *** percent (***).[2]

During the period for which data were collected, the U.S. industry's wire mesh operations reflect company-specific idling of production facilities, reduced production, employee layoffs, increased production through added shifts, the entry of a new U.S. producer (Mid South in 2018), facility acquisitions (***) and corporate acquisitions ***).[3] The manner in which these actions/initiatives impacted the U.S. industry's financial results is discussed further below.

Operations on wire mesh

Table VI-1 and table VI-2 present income-and-loss data for U.S. producers' wire mesh operations and corresponding changes in average per short ton values, respectively. Table VI-3 presents a financial results variance analysis and table VI-4 presents selected firm-specific financial information.[4]

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[1] All U.S. producers reported their financial results on the basis of U.S. generally accepted accounting principles (GAAP). With the exception of ***, U.S. producers reported their financial results on a calendar year (or essentially equivalent) basis. ***. USITC auditor preliminary-phase notes.

[2] Wire mesh accounted for all or the majority of relevant facility sales of ***. U.S. producer questionnaires, responses to III-5.

[3] ***.

[4] The Commission's variance analysis is calculated in three parts: sales variance, cost of goods sold (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 or expense variance (in the case of the COGS and SG&A expenses variance), and a volume variance. The sales or cost/expense variance is calculated as the change in unit price or per-unit cost/expense times the new volume, while the volume variance is calculated as the change in volume times the old unit price or per-unit cost/expense. As summarized at the bottom of the variance analysis table, the price variance is from sales, the cost/expense variance is the sum of those items from COGS and SG&A variances, respectively, and the volume variance is the sum of the volume components of the net sales, COGS, and SG&A expenses variances. In general, the utility of the Commission's variance analysis is enhanced when product mix remains the same throughout the period. Notwithstanding some company-specific variability in product mix (see *Revenue* section below), a variance analysis appears to be generally meaningful and is therefore presented in this section of the report.

Table VI-1
Wire mesh: Results of operations of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Quantity (short tons)				
Total net sales	289,381	309,691	289,334	59,626	75,129
	Value (1,000 dollars)				
Total net sales	223,681	296,383	273,212	62,369	61,403
Cost of goods sold.-- Wire rod	155,559	205,616	209,169	44,520	44,259
Direct labor	17,115	19,668	17,902	4,114	4,515
Other factory costs	37,078	45,317	43,187	10,289	12,272
Total COGS	209,752	270,601	270,258	58,923	61,046
Gross profit	13,929	25,782	2,954	3,446	357
SG&A expense	17,474	22,279	19,557	4,504	5,314
Operating income or (loss)	(3,545)	3,503	(16,603)	(1,058)	(4,957)
Interest expense	***	***	***	***	***
All other expenses	***	***	***	***	***
All other income	***	***	***	***	***
Net income or (loss)	(5,375)	2,137	(18,660)	(1,574)	(5,468)
Depreciation/amortization	6,807	6,944	7,712	1,790	2,144
Cash flow	1,432	9,081	(10,948)	216	(3,324)
	Ratio to net sales (percent)				
Cost of goods sold.-- Wire rod	69.5	69.4	76.6	71.4	72.1
Direct labor	7.7	6.6	6.6	6.6	7.4
Other factory costs	16.6	15.3	15.8	16.5	20.0
Average COGS	93.8	91.3	98.9	94.5	99.4
Gross profit	6.2	8.7	1.1	5.5	0.6
SG&A expense	7.8	7.5	7.2	7.2	8.7
Operating income or (loss)	(1.6)	1.2	(6.1)	(1.7)	(8.1)

Table continued on next page.

Table VI-1—Continued
Wire mesh: Results of operations of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Ratio to total COGS (percent)				
Cost of goods sold.--					
Wire rod	74.2	76.0	77.4	75.6	72.5
Direct labor	8.2	7.3	6.6	7.0	7.4
Other factory costs	17.7	16.7	16.0	17.5	20.1
Average COGS	100.0	100.0	100.0	100.0	100.0
	Unit value (dollars per short ton)				
Total net sales	773	957	944	1,046	817
Cost of goods sold.--					
Wire rod	538	664	723	747	589
Direct labor	59	64	62	69	60
Other factory costs	128	146	149	173	163
Average COGS	725	874	934	988	813
Gross profit	48	83	10	58	5
SG&A expense	60	72	68	76	71
Operating income or (loss)	(12)	11	(57)	(18)	(66)
Net income or (loss)	(19)	7	(64)	(26)	(73)
	Number of firms reporting				
Operating losses	***	***	***	***	***
Net losses	***	***	***	***	***
Data	***	***	***	***	***

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

Table VI-2
Wire mesh: Changes in AUVs, 2017-19, January-March 2019, and January-March 2020

Item	Between fiscal years			Between partial year period
	2017-19	2017-18	2018-19	2019-20
	Change in AUVs (percent)			
Total net sales	▲22.2	▲23.8	▼(1.3)	▼(21.9)
Cost of goods sold.--				
Wire rod	▲34.5	▲23.5	▲8.9	▼(21.1)
Direct labor	▲4.6	▲7.4	▼(2.6)	▼(12.9)
Other factory costs	▲16.5	▲14.2	▲2.0	▼(5.3)
Average COGS	▲28.9	▲20.5	▲6.9	▼(17.8)

Table continued on next page.

Table VI-2—Continued
Wire mesh: Changes in AUVs, 2017-19, January-March 2019, and January-March 2020

Item	Between fiscal years			Between partial year period
	2017-19	2017-18	2018-19	2019-20
	Change in AUVs (dollars per short ton)			
Total net sales	▲171	▲184	▼(13)	▼(229)
Cost of goods sold.--				
Wire rod	▲185	▲126	▲59	▼(158)
Direct labor	▲3	▲4	▼(2)	▼(9)
Other factory costs	▲21	▲18	▲3	▼(9)
Average COGS	▲209	▲149	▲60	▼(176)
Gross profit	▼(38)	▲35	▼(73)	▼(53)
SG&A expense	▲7	▲12	▼(4)	▼(5)
Operating income or (loss)	▼(45)	▲24	▼(69)	▼(48)
Net income or (loss)	▼(46)	▲26	▼(71)	▼(46)

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

Table VI-3
Wire mesh: Variance analysis of financial results of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Between fiscal years			Between partial year period
	2017-19	2017-18	2018-19	2019-20
	Value (1,000 dollars)			
Net sales:				
Price variance	49,567	57,003	(3,689)	(17,182)
Volume variance	(36)	15,699	(19,482)	16,216
Net sales variance	49,531	72,702	(23,171)	(966)
COGS:				
Cost variance	(60,540)	(46,128)	(17,444)	13,197
Volume variance	34	(14,721)	17,787	(15,320)
COGS variance	(60,506)	(60,849)	343	(2,123)
Gross profit variance	(10,975)	11,853	(22,828)	(3,089)
SG&A expenses:				
Cost/expense variance	(2,086)	(3,579)	1,258	361
Volume variance	3	(1,226)	1,464	(1,171)
Total SG&A expense variance	(2,083)	(4,805)	2,722	(810)
Operating income variance	(13,058)	7,048	(20,106)	(3,899)
Summarized (at the operating income level) as:				
Price variance	49,567	57,003	(3,689)	(17,182)
Net cost/expense variance	(62,626)	(49,706)	(16,187)	13,558
Net volume variance	1	(249)	(230)	(275)

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

Table VI-4
Wire mesh: Results of operations of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Total net sales (short tons)				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
All firms	289,381	309,691	289,334	59,626	75,129
	Total net sales (1,000 dollars)				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
All firms	223,681	296,383	273,212	62,369	61,403
	Cost of goods sold (1,000 dollars)				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
All firms	209,752	270,601	270,258	58,923	61,046

Table continued on next page.

Table VI-4—Continued
Wire mesh: Results of operations of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Gross profit or (loss) (1,000 dollars)				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
All firms	13,929	25,782	2,954	3,446	357
	SG&A expenses (1,000 dollars)				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
All firms	17,474	22,279	19,557	4,504	5,314
	Operating income or (loss) (1,000 dollars)				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
All firms	(3,545)	3,503	(16,603)	(1,058)	(4,957)

Table continued on next page.

Table VI-4—Continued
Wire mesh: Results of operations of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Net income or (loss) (1,000 dollars)				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
All firms	(5,375)	2,137	(18,660)	(1,574)	(5,468)
	COGS to net sales ratio (percent)				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
All firms	93.8	91.3	98.9	94.5	99.4
	Gross profit or (loss) to net sales ratio (percent)				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
All firms	6.2	8.7	1.1	5.5	0.6

Table continued on next page.

Table VI-4—Continued
Wire mesh: Results of operations of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	SG&A expense to net sales ratio (percent)				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
All firms	7.8	7.5	7.2	7.2	8.7
	Operating income or (loss) to net sales ratio (percent)				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
All firms	(1.6)	1.2	(6.1)	(1.7)	(8.1)
	Net income or (loss) to net sales ratio (percent)				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
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***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
All firms	(2.4)	0.7	(6.8)	(2.5)	(8.9)

Table continued on next page.

Table VI-4—Continued
Wire mesh: Results of operations of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Unit net sales value (dollars per short ton)				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
All firms	773	962	944	1,046	817
	Unit raw materials (dollars per short ton)				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
All firms	538	667	723	747	589
	Unit direct labor (dollars per short ton)				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
All firms	59	64	62	69	60

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Table VI-4—Continued
Wire mesh: Results of operations of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Unit other factory costs (dollars per short ton)				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
All firms	128	147	149	173	163
	Unit conversion costs (dollars per short ton)				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
All firms	187	211	211	242	223
	Unit COGS (dollars per short ton)				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
All firms	725	878	934	988	813

Table continued on next page.

Table VI-4—Continued
Wire mesh: Results of operations of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Unit gross profit or (loss) (dollars per short ton)				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
All firms	48	84	10	58	5
	Unit SG&A expenses (dollars per short ton)				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
All firms	60	72	68	76	71
	Unit operating income or (loss) (dollars per short ton)				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
All firms	(12)	11	(57)	(18)	(66)

Table continued on next page.

Table VI-4—Continued
Wire mesh: Results of operations of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Unit net income or (loss) (dollars per short ton)				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
All firms	(19)	7	(64)	(26)	(73)

Note: ***.

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

Revenue

The majority of wire mesh revenue reflects commercial sales (*** percent of the period's total sales quantity) but also includes a relatively small share of transfer sales reported by *** (*** percent).[5] Given the predominance of commercial sales throughout the period, a single revenue line item is presented in the tables above.

Sales quantity

The U.S. industry's total wire mesh sales quantity increased between 2017 and 2018 (7.0 percent) and then declined by a similar amount between 2018 and 2019 (6.6 percent). On a company-specific basis, directional changes in sales quantity between 2017 and 2018 were

[5] ***. *** U.S. producer questionnaire, response to II-11. ***. Email from *** with attachments to USITC staff, July 24, 2020.

mixed.[6] [7] [8] Between 2018 and 2019, in contrast, most U.S. producers reported declines in sales quantity.[9]

In January-March 2020, total sales quantity was 26.0 percent higher compared to January-March 2019 total sales quantity. In general, this was attributed to the effects of improved weather conditions on construction projects.[10] Most U.S. producers, ***, reported higher sales quantity in January-March 2020 compared to January-March 2019.[11]

Value

U.S. producers primarily sell wire mesh to distributors and do not sell wire mesh bundled with the sale of other products.[12] As shown in table VI-4, the relatively wide range of

[6] ***. Email with attachment from *** to USITC staff.

[7] ***. Email from *** with attachments to USITC staff, July 24, 2020. ***. Email from *** with attachments to USITC staff, July 29, 2020.

[8] *** (see footnote 3). Email from *** on behalf of *** to USITC staff, July 24, 2020.

[9] ***. Email from *** on behalf of *** to USITC staff, July 24, 2020.

[10] Petitioners' postconference brief (Exhibit 1), answers to staff questions, pp. 25-26. "The weather in early 2020 was much better than in early 2019, allowing for more construction activity and leading to an increase in demand for wire mesh in the first quarter 2020 . . . Seasonality does have some effect on demand for wire mesh as demand tends to increase during the warmer months." Ibid.

[11] ***. Email from *** on behalf of *** to USITC staff, July 24, 2020.

[12] Petitioners' postconference brief (Exhibit 1), answers to staff questions, pp. 13-14.

company-specific average per short ton sales values indicates that product mix across companies varied.[13] [14]

During the full-year period, the U.S. industry's total sales value followed the same directional pattern as changes in totals sales quantity: increasing between 2017 and 2018 and declining between 2018 and 2019. In conjunction with lower average per short ton sales value, the directional pattern of total sales quantity and total sales value diverged between the interim periods: while total sales quantity was higher in January-March 2020 compared to January-March 2019, total sales value was lower.

On a company-specific basis, most U.S. producers reported increases in average per short ton sales values between 2017 and 2018 and declines between 2018 and 2019. In January-March 2020 compared to January-March 2019, *** U.S. producers reported lower average per short ton sales values.

Cost of goods sold and gross profit or loss

Raw materials

Wire rod, the principle raw material used to produce wire mesh and the largest component of COGS, ranged from 72.5 percent of total COGS (January-March 2020) to 77.4 percent (2019).[15] U.S. producers primarily purchase wire rod on a transaction-by-transaction

[13] With respect to each company's own product mix, most U.S. producers indicated that it did not change substantially during the period. Email from *** on behalf of *** to USITC staff, July 24, 2020. Email with attachment from *** to USITC staff. Email from *** on behalf of *** to USITC staff, July 24, 2020. Email from *** on behalf of *** to USITC staff, July 24, 2020. Email from *** on behalf of *** to USITC staff, July 24, 2020. Email from *** with attachments to USITC staff, July 24, 2020. Email from *** on behalf of *** to USITC staff, July 24, 2020.

[14] ***. Email from *** on behalf of *** to USITC staff, July 24, 2020. ***. Email with attachment from *** to USITC staff, July 31, 2020.

[15] While other material inputs are used in conjunction with the production and sale of wire mesh, these items appear to generally reflect other factory costs; e.g., *** and were therefore reclassified to other factory costs. USITC auditor preliminary-phase notes.

basis from unrelated and/or related suppliers,[16] and generally do not enter into wire rod forward price contracts.[17] On an average per short ton basis, wire rod cost was at its highest level in January-March 2019 with the full-year 2019 average per short ton wire rod cost somewhat lower. At the end of the period, January-March 2020 average per short ton wire rod cost reflects a continued decline from the level reported in January-March 2019 but remained above the level reported in 2017.[18]

On a company-specific basis, *** U.S. producers reported higher average per short ton wire rod costs between 2017 and 2018. While a number of U.S. producers continued to report higher average per short ton wire rod costs between 2018 and 2019 the pattern was directionally mixed; e.g., between 2018 and 2019 ***, reported increasing and decreasing average per short ton wire rod costs, respectively. In January-March 2020, *** U.S. producers reported lower average per short ton wire rod cost compared to January-March 2019.

Direct labor and other factory costs

Wire mesh production is reportedly a capital intensive manufacturing process, reflecting both fixed overhead and labor costs. Changes in capacity utilization therefore impact the level of fixed cost absorption and corresponding average per short ton conversion costs (combined

[16] ***. *** U.S. producer questionnaire, response to III-7. ***. *** U.S. producer questionnaire, response to III-7. Email from *** on behalf of *** to USITC staff, July 24, 2020.

*** were the only U.S. producers identified whose wire mesh operations also produce wire rod. Petitioners' postconference brief (Exhibit 1), answers to staff questions, p. 1. ***. *** U.S. producer questionnaire, response to III-7. ***. *** U.S. producer questionnaire, response to III-7. ***. Email from *** on behalf of *** to USITC staff, July 24, 2020.

[17] Petitioners' postconference brief (Exhibit 1), answers to staff questions, p. 16.

[18] The wire rod costs included in U.S. producers' COGS are based on accrual accounting and therefore reflect inventory valuation conventions adopted by U.S. producers, as well as inventory turnover (time elapsed between purchase, conversion into a finished good, and sale). As presented in this section of the report, the average per short ton wire rod cost and corresponding trends can differ from wire rod spot prices.

direct labor and other factory costs).[19] Direct labor, ranging from 6.6 percent of total COGS (2019) to 8.2 percent (2017), is the smallest component of COGS. Other factory costs, ranging from 16.0 percent of total COGS (2019) to 20.1 percent (2017) of total COGS, is the second largest component. As noted previously, wire rod is the largest component of wire mesh COGS.

On an average per short ton basis, wire mesh conversion costs increased between 2017 and 2018 and were about the same in 2019 as compared to 2018.[20] Like the underlying components (direct labor and other factory costs), average per short ton conversion costs were at their highest level in January-March 2019. In general, U.S. producers reported that increases in average per short ton conversion costs reflect lower production and sales.[21] [22] ***.[23] ***

[19] Petitioners' postconference brief (Exhibit 1), answers to staff questions, p. 18. Fixed costs associated with wire mesh operations include items such as rental lease payments, salaries, insurance, property taxes, depreciation, interest expense, and utilities. Ibid. Note: In the Commission's income statement format, interest expense is classified below operating results and is not included in COGS.

[20] ***. Email from *** on behalf of *** to USITC staff, July 24, 2020.

[21] ***. Email from *** on behalf of *** to USITC staff, July 24, 2020. ***.

[22] ***. *** U.S. producer questionnaire, response to II-2. Email from *** on behalf of *** to USITC staff, July 24, 2020. ***. Email from *** on behalf of *** to USITC staff, July 24, 2020.

[23] ***. Email from *** on behalf of *** to USITC staff, July 24, 2020.

***.[24] In January-March 2020, *** U.S. producers reported lower average per short ton conversion costs compared to January-March 2019.

COGS

Overall COGS increased to its highest level in 2018, declined marginally in 2019, and was higher in January-March 2020 compared to January-March 2019. As indicated in the cost of sales section of the variance analysis (see table VI-3), the increase in total COGS between 2017 and 2018 was largely a function of higher average per short ton COGS with higher sales quantity accounting for a smaller share of the overall increase. While changes in average per short ton direct labor and other factory costs contributed to the pattern of higher average per short ton COGS in 2018, higher wire rod cost was the primary factor. As shown in table VI-2, the subsequent changes in average per short ton COGS between 2018 and 2019 (somewhat higher) and in January-March 2020 compared to January-March 2019 (lower) also primarily reflect changes in average per short ton wire rod cost.

Gross profit or loss

The U.S. industry's total gross profit increased to its highest level in 2018, reflecting an increase in total sales value that exceeded the increase in total COGS, declined in 2019, in conjunction with lower total sales value and essentially static total COGS, and was lower (essentially breakeven) in January-March 2020 compared to January-March 2019. The corresponding gross profit ratio (total gross profit divided by total sales value) expanded to its highest level in 2018, declined in 2019, and was essentially breakeven in January-March 2020.

On an average per short ton basis, table VI-2 shows that the percentage change in average per short ton sales value exceeded the percentage change in average per short ton COGS between 2017 and 2018, thereby expanding the gross profit ratio. In contrast, the gross profit ratio subsequently contracted as percentage declines in average per short ton sales value were either exacerbated by higher average per short ton COGS (2018-19) or were only partially offset by smaller percentage declines in average COGS (January-March 2020 compared to January-March 2019).

[24] Email with attachment from *** to USITC staff, July 21, 2020.

On a company-specific basis, U.S. producers varied in terms of their gross results (see table VI-4): some reported positive gross profit throughout the period, others reported intermittent gross profit and losses, and several reported gross losses for all or most of the period. As described below, most U.S. producers indicated that their financial results primarily reflect variations in the spread between sales values and wire rod costs.

SG&A expenses and operating income or loss

In conjunction with the highest levels of sales quantity and value, the U.S. industry's total SG&A expenses increased to their highest full-year level in 2018, declined in 2019, remaining above the level reported in 2017, and were higher in January-March 2020 compared to January-March 2019. The corresponding SG&A expense ratio (total SG&A expenses divided by total sales value) declined modestly during the full-year period but was higher in January-March 2020 compared to January-March 2019. On a company-specific basis, U.S. producers reported a relatively wide range of SG&A expense ratios (see table VI-4).

The total gross profit generated by the U.S. industry was only large enough to recover and exceed corresponding SG&A expenses in 2018 with the other annual and interim periods reflecting operating losses of varying magnitude. The relative decline in the U.S. industry's SG&A expense ratios during the full-year period modestly amplified the positive effect of higher gross profit ratio in 2018 and partially offset the negative effect of the decline in gross profit ratio in 2019.[25] In January-March 2020 compared to January-March 2019, the higher SG&A expense ratio modestly amplified the negative effect of lower gross profit ratio.

Like the company-specific pattern of gross results, U.S. producers' operating results varied with most reporting intermittent operating income and losses, and several reporting operating losses throughout the entire period (see table VI-4). *** U.S. producer reported operating income throughout the entire period. In addition to other factors such as the level of

[25] ***. Email from *** on behalf of *** to USITC staff, July 24, 2020.

sales volume, a number of U.S. producers indicated that their financial results were largely a function of sales values that did not recover increases in wire rod costs.[26]

Interest expense, other expenses and income, and net income or loss

Most U.S. producers reported interest expense during the period, intermittently or throughout most or all of the period, with *** accounting for the majority. Fewer U.S. producers reported other expenses and other income. *** and *** accounted for the majority of these categories, respectively.

Directionally, the pattern of operating results and net results was the same throughout the period. Lower net results compared to operating results reflect the presence of interest expense and other expenses, partially offset by other income.

Capital expenditures and research and development expenses

Table VI-5 presents U.S. producers' capital expenditures and research and development (R&D) expenses related to their wire mesh operations and table VI-6 presents firm-specific narrative descriptions.

Table VI-5
Wire mesh: Total capital expenditures and research and development (R&D) expenses of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Value (1,000 dollars)				
Capital expenditures	13,987	17,362	14,958	1,631	2,101
Research and development	***	***	***	***	***

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

[26] ***. Email from *** on behalf of *** to USITC staff, July 24, 2020.

Table VI-6
Wire mesh: Narrative descriptions of U.S. producers' capital expenditures and R&D expenses since January 1, 2017

Capital expenditures	
Firm	**Narrative**
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***
R&D expenses:	
***	***
***	***
***	***

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

Assets and return on assets

Table VI-7 presents U.S. producers' total net assets and operating return on net assets related to operations on wire mesh.[27]

[27] With respect to a company's overall operations, total asset value (i.e., the bottom line value on the asset side of a company's balance sheet) reflects an aggregation of a number of current and non-current assets, which, in many instances, are not product specific. In at least some instances, allocation factors were presumably necessary to report total asset values specific to U.S. producers' wire mesh operations. The ability of U.S. producers to assign total asset values to discrete product lines affects the meaningfulness of operating return on net assets.

Table VI-7
Wire mesh: Total net assets and operating return on net assets of U.S. producers, 2017-19

Item	Fiscal years		
	2017	2018	2019
Total net assets (1,000 dollars)	***	***	***
Operating return on asset (percent)	***	***	***

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

Capital and investment

The Commission requested the U.S. producers of wire mesh to describe any actual or potential negative effects on its return on investment or its growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments as a result of imports of wire mesh from Mexico. Table VI-8 tabulates the responses regarding actual negative effects on investment, growth, and development, as well as anticipated negative effects. Table VI-9 presents the narrative responses of U.S. producers regarding actual and anticipated negative effects on investment, growth, and development.

Table VI-8
Wire mesh: Negative effects of imports from subject sources on investment, growth, and development since January 1, 2017

Item	No	Yes
Negative effects on investment	2	9
Cancellation, postponement, or rejection of expansion projects		4
Denial or rejection of investment proposal		0
Reduction in the size of capital investments		1
Return on specific investments negatively impacted		5
Other		3
Negative effects on growth and development	2	9
Rejection of bank loans		0
Lowering of credit rating		0
Problem related to the issue of stocks or bonds		0
Ability to service debt		2
Other		7
Anticipated negative effects of imports	2	9

Note 1.—*** reported that it experienced negative effects on investment and growth and development but did not further specify those effects.
Note 2.—While *** is not included in the U.S. industry's financial results (see footnote 1), the company's responses regarding actual and anticipated negative effects of subject imports are reflected in this table.
Note 3.—*** reported "no" regarding actual negative effects of subject imports on investment, "no" regarding actual negative effects of subject imports on growth and development, and "no" regarding anticipated negative effects of subject imports.

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

Table VI-9
Wire mesh: Narrative responses of U.S. producers regarding actual and anticipated negative effects of imports from subject sources on investment, growth, and development since January 1, 2017

Effects/Firm	Narrative
Negative impact on investment	
Cancellation, postponement, or rejection of expansion projects	
***	***
***	***
***	***
***	***
Reduction in the size of capital investments	
***	***
Return on specific investments negatively impacted	
***	***
***	***
***	***
***	***
***	***
Other:	
***	***
***	***
***	***
Negative impact on growth and development:	
Ability to service debt	
***	***
***	***

Table continued on next page.

Table VI-9—Continued
Wire mesh: Narrative responses of U.S. producers regarding actual and anticipated negative effects of imports from subject sources on investment, growth, and development since January 1, 2017

Negative impact on growth and development--continued:	
Other	
***	***
***	***
***	***
***	***
***	***
***	***
***	***
Anticipated negative effects of imports:	
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***

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

Part VII: Threat considerations and information on nonsubject countries

Section 771(7)(F)(i) of the Act (19 U.S.C. § 1677(7)(F)(i)) provides that—

> *In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors*[1]*--*
>
> *(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,*
>
> *(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,*
>
> *(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,*
>
> *(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,*
>
> *(V) inventories of the subject merchandise,*

---

[1] Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that "The Commission shall consider {these factors} . . . as a whole in making a determination of whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition."

(VI) 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,

(VII) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),

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

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).[2]

Information on the nature of the alleged subsidies was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in *Parts IV* and *V*; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in *Part VI*. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject countries.

[2] Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other WTO member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

The industry in Mexico

The Commission issued foreign producers' or exporters' questionnaires to 11 firms believed to produce and/or export wire mesh from Mexico.[3] Usable responses to the Commission's questionnaire were received from four firms: Aceros y Laminados Leal SA de CV ("Aceros"), Deacero S.A.P.I. de C.V. ("Deacero"), Aceromex SA de CV ("Aceromex"), and Aceros Turia S.A. de C.V. ("Aceros Turia").[4] These firms' exports to the United States were equivalent to virtually all reported U.S. imports of wire mesh from Mexico in 2019. According to estimates requested of the responding Mexican producers, the production of wire mesh in Mexico reported in questionnaires accounts for approximately *** percent of overall production of wire mesh in Mexico during 2019.[5] Table VII-1 presents information on the wire mesh operations of the responding producers and exporters in Mexico.

Table VII-1
Wire mesh: Summary data for producers in Mexico, 2019

Firm	Production (short tons)	Share of reported production (percent)	Exports to the United States (short tons)	Share of reported exports to the United States (percent)	Total shipments (short tons)	Share of firm's total shipments exported to the United States (percent)
Aceromex	***	***	***	***	***	***
Aceros	***	***	***	***	***	***
Aceros Turia	***	***	***	***	***	***
Deacero	***	***	***	***	***	***
Total	***	***	***	***	***	***

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

[3] These firms were identified through a review of information submitted in the petition and contained in *** records.

[4] *** submitted a "No" response concerning the Commission's foreign producers'/exporters' questionnaire in these investigations.

[5] Petitioners identified *** as significant Mexican producers of wire mesh that did not submit a questionnaire in these investigations. Petitioners' postconference brief, exh. 1, p. 3.

Respondents also identified *** as Mexican producers of wire mesh that did not submit a questionnaire in these investigations, although the respondents believe these firms do not represent a significant portion of the Mexican wire mesh market. Respondents' postconference brief, exh. 1, p. 3.

Changes in operations

As presented in table VII-2, producers in Mexico reported several operational and organizational changes since January 1, 2017.

Table VII-2
Wire mesh: Reported changes in operations by producers in Mexico, since January 1, 2017

Item / Firm	Reported changed in operations
Plant openings:	
***	***
***	***
Expansions:	
***	***

Note: ***. Email from ***, August 4, 2020.

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

Operations on wire mesh

Table VII-3 presents information on the wire mesh operations of the responding producers and exporters in Mexico. Mexican producers' reported capacity decreased by *** percent from 2017 to 2018 then increased by *** percent from 2018 to 2019, ending *** percent lower in 2019 than in 2017.[6] Mexican producer's capacity was *** percent lower in interim 2020 than in interim 2019. It is projected to increase by *** percent from 2019 to 2020 and by *** percent from 2020 to 2021.

[6] *** capacity *** from 2017 to 2019. During that same period, *** capacity increased by *** percent while *** capacity decreased by *** percent. ***. *** foreign producer questionnaire response, section II-3d; and email from ***, July 20, 2020.

Table VII-3
Wire mesh: Data for producers in Mexico, 2017-19, January-March 2019, January-March 2020, and projection calendar years 2020 and 2021

Item	Actual experience					Projections	
	Calendar year			January to March		Calendar year	
	2017	2018	2019	2019	2020	2020	2021
	Quantity (short tons)						
Capacity	***	***	***	***	***	***	***
Production	***	***	***	***	***	***	***
End-of-period inventories	***	***	***	***	***	***	***
Shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***	***
Total home market shipments	***	***	***	***	***	***	***
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***	***
	Ratios and shares (percent)						
Capacity utilization	***	***	***	***	***	***	***
Inventories/production	***	***	***	***	***	***	***
Inventories/total shipments	***	***	***	***	***	***	***
Share of shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***	***
Total home market shipments	***	***	***	***	***	***	***
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

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

Mexican producers' production decreased by *** percent from 2017 to 2018, but then increased by *** percent from 2018 to 2019, decreasing overall by *** percent during 2017-19.[7] *** reported more production in 2019 than in 2017, while *** reported less production. Mexican producers' production was *** percent lower in interim 2020 than in interim 2019. *** reported more production in interim 2020 than in interim 2019, while *** reported less production. Mexican producers' production is projected to increase by *** percent from 2019 to 2020 and by *** percent from 2020 to 2021.

Mexican producers' capacity utilization increased from *** percent in 2017 to *** percent in 2018 and to *** percent in 2019, for an overall increase of *** percentage points from 2017-19. Mexican producers' capacity utilization was *** percentage points higher in interim 2020 than in interim 2019. It is projected to be *** percent in 2020 and *** percent in 2021.

Home market shipments decreased by *** percent from 2017 to 2018 then increased by *** percent from 2018 to 2019, ending *** percent lower in 2019 than in 2017. Mexican producers' home market shipments were *** percent higher in interim 2020 than in interim 2019. They are projected to increase by *** percent from 2019 to 2020 and by *** percent from 2020 to 2021.

Export shipments to the United States increased by *** percent from 2017 to 2018, but then decreased by *** percent from 2018 to 2019, ending *** percent higher in 2019 than in 2017. Overall increases in export shipments to the United States largely reflected growing exports by ***. Between 2017 and 2019, *** increased its exports to the United States by *** percent. As a share of total shipments, exports to the United States increased by *** percentage points over that same period. Exports to the United States were *** percent lower in interim 2020 than in interim 2019. However, exports to the United States are projected to increase by *** percent from 2019 to 2020 and by an additional *** percent from 2020 to 2021. ***, the only responding Mexican producer that reported

[7] *** accounted for the majority of the overall decrease in Mexican producers' production from 2017 to 2019 (*** percent). *** production decreased from *** short tons in 2017 to *** short tons in 2018, but then increased to *** short tons in 2019, decreasing overall by *** short tons during 2017-19.

exports of wire mesh to other markets during the period for which data were collected, identified these markets as ***.[8]

Alternative products

As shown in table VII-4, responding Mexican firms produced other products on the same equipment and machinery used to produce wire mesh.[9] Mexican producers' reported overall capacity on the same equipment as wire mesh decreased by *** percent from 2017-18, but then increased by *** percent from 2018-19, ending *** percent higher in 2019 than in 2017. Wire mesh accounted for *** percent of total production on the same machinery during 2017-19 and *** percent during the interim periods.

Table VII-4
Wire mesh: Mexican producers' overall capacity and production on the same equipment as subject production, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (short tons)				
Overall capacity	***	***	***	***	***
Production:					
Wire mesh	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***
	Ratios and shares (percent)				
Overall capacity utilization	***	***	***	***	***
Share of production:					
Wire mesh	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	100.0	100.0	100.0	100.0	100.0

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

[8] *** foreign producer questionnaire response, section II-8. Exports to markets other than the United States accounted for *** percent of Mexican producers' total shipments in each year during 2017-19.

[9] On the same equipment and machinery used to produce wire mesh, ***. *** foreign producer questionnaire responses, section II-3a.

Exports

According to GTA, the leading export market for grill, netting and fencing of iron or steel wire, welded at the intersection, and not galvanized or coated, which include wire mesh, from Mexico is the United States (table VII-5). Exports to the United States accounted for 99.6 percent of Mexico's total exports of those products, by quantity, in 2019. In comparison, Mexico's next largest export markets, Belize and Colombia, accounted for 0.2 percent and 0.1 percent, respectively, of those exports in 2019.

Table VII-5
Grill, netting and fencing of iron or steel wire, welded at the intersection, and not galvanized or coated: Exports from Mexico by destination market, 2017-19

Destination market	Calendar year		
	2017	2018	2019
	Quantity (short tons)		
United States	25,170	36,415	31,403
Belize	566	243	60
Colombia	160	221	47
Guatemala	32	130	15
Honduras	429	584	---
Chile	266	93	---
Guyana	---	60	---
Nicaragua	41	40	---
Panama	---	40	---
All other destination markets	176	99	---
Total exports	26,840	37,925	31,525
	Value (1,000 dollars)		
United States	18,916	34,639	36,879
Belize	365	220	56
Colombia	342	499	74
Guatemala	88	254	31
Honduras	791	949	---
Chile	704	253	---
Guyana	---	118	---
Nicaragua	93	73	---
Panama	---	95	---
All other destination markets	412	178	---
Total exports	21,711	37,279	37,040

Table continued on next page.

Table VII-5—Continued
Grill, netting and fencing of iron or steel wire, welded at the intersection, and not galvanized or coated: Mexico exports by destination market, 2017-19

Destination market	Calendar year		
	2017	2018	2019
	Unit value (dollars per short ton)		
United States	752	951	1,174
Belize	645	905	939
Colombia	2,139	2,259	1,578
Guatemala	2,758	1,957	2,046
Honduras	1,843	1,624	---
Chile	2,648	2,725	---
Guyana	---	1,966	---
Nicaragua	2,266	1,820	---
Panama	---	2,382	---
All other destination markets	2,342	1,796	---
Total exports	809	983	1,175
	Share of quantity (percent)		
United States	93.8	96.0	99.6
Belize	2.1	0.6	0.2
Colombia	0.6	0.6	0.1
Guatemala	0.1	0.3	0.0
Honduras	1.6	1.5	---
Chile	1.0	0.2	---
Guyana	---	0.2	---
Nicaragua	0.2	0.1	---
Panama	---	0.1	---
All other destination markets	0.7	0.3	---
Total exports	100.0	100.0	100.0

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. United States is shown at the top, all remaining top export destinations shown in descending order of 2019 data.

Source: Official exports statistics under HS subheading 7314.20 and 7314.39 as reported by the Government of Mexico's National Institute of Statistics and Geography (INEGI) in the Global Trade Atlas database, accessed July 14, 2020.

U.S. inventories of imported merchandise

Table VII-6 presents data on U.S. importers' reported inventories of wire mesh. Inventories of imports from Mexico increased by *** percent between 2017 and 2018, but then decreased by *** percent between 2018 and 2019, ending *** percent higher in 2019 than in 2017. Inventories of imports from Mexico were *** percent lower during interim 2020 compared to interim 2019. The ratio of inventories of imports from Mexico to total shipments of imports increased by *** percentage points from 2017 to 2018, but then decreased by *** percentage points from 2018 to 2019, ending *** percentage points higher in 2019 than in 2017. The ratio of inventories of imports from Mexico to total shipments of imports was *** percentage points lower in interim 2020 than in interim 2019.

Table VII-6
Wire mesh: U.S. importers' inventories of imports by source, 2017-19, January-March 2019, and January-March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Inventories (short tons); Ratios (percent)				
Imports from Mexico Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from nonsubject sources: Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from all import sources: Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***

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

U.S. importers' outstanding orders

The Commission requested importers to indicate whether they imported or arranged for the importation of wire mesh from Mexico after March 31, 2020. *** responding firms indicated they had arranged subject imports. These data are presented in table VII-7.

Table VII-7
Wire mesh: Arranged imports, April 2020 through March 2021

Item	Period				
	Apr-Jun 2020	Jul-Sept 2020	Oct-Dec 2020	Jan-Mar 2021	Total
	Quantity (short tons)				
Arranged U.S. imports from.--					
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
All import sources	***	***	***	***	***

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

Antidumping or countervailing duty orders in third-country markets

According to both petitioners[10] and respondents,[11] wire mesh originating in Mexico is not currently subject to any antidumping or countervailing duty investigations or orders or safeguard investigations or orders in third-country markets.

Information on nonsubject countries

Although information about the global wire mesh industry is not readily available, especially not country-specific production statistics,[12] both petitioners and respondents attempted to identify the largest nonsubject producing countries. According to the petitioners, wire mesh is produced in most countries where steel wire rod (the principal input) is readily available and construction projects generate demand for wire mesh.[13] According to respondents, wire mesh is more common than rebar for reinforcing concrete in its Latin American and European markets, and those regions have considerable wire mesh production.

[10] Petitioners' postconference brief, exh. 1, p. 35.
[11] Respondents' postconference brief, exh. 1, p. 10.
[12] Petitioners' postconference brief, exh. 1, p. 35.
[13] Petitioners' post conference brief, exh. 1, p. 35; and exh. 17, pp. IV-50-IV-51.

However, respondents claimed to have no knowledge of wire mesh use or production in the Asian market due to its lack of sales in that region.[14]

One firm reported importing wire mesh from nonsubject sources during the period for which data were collected. *** reported importing nonsubject wire mesh in *** from *** located in ***.[15]

Table VII-8 presents data on global exports of grill, netting and fencing of iron or steel wire, welded at the intersection, and not galvanized or coated (including wire mesh) during 2017-19. The Netherlands (18.0 percent of the total), Italy (16.5 percent), and Germany (15.0 percent) were the largest exporters (in terms of quantity) in 2019, and together accounted for 49.6 percent of all global exports of these products that year.

[14] Respondents' postconference brief, exh. 1, pp. 10-11.

[15] *** U.S. importer questionnaire response, section II-6a. ***.

Table VII-8
Grill, netting and fencing of iron or steel wire, welded at the intersection, and not galvanized or coated: Global exports by supplying countries, 2017-19

Exporter	Calendar year		
	2017	2018	2019
	Quantity (short tons)		
United States	14,934	14,665	14,793
Mexico	26,840	37,925	31,525
Netherlands	491,849	517,739	497,563
Italy	444,746	457,933	455,895
Germany	450,917	448,676	415,363
Spain	166,972	204,753	183,552
Portugal	106,115	117,467	144,093
Bosnia & Herzegovina	96,004	99,889	129,188
Belgium	115,285	128,615	128,683
China	116,114	117,930	126,573
Czech Republic	136,504	138,777	118,827
Poland	84,349	85,251	101,725
All other exporters	435,481	444,881	413,230
All exporters	2,686,110	2,814,501	2,761,010
	Value (1,000 dollars)		
United States	24,815	25,220	26,266
Mexico	21,711	37,279	37,040
Netherlands	265,769	293,925	266,828
Italy	279,655	339,703	298,119
Germany	328,120	378,097	321,162
Spain	125,266	170,751	145,172
Portugal	69,996	85,080	97,230
Bosnia & Herzegovina	55,581	68,775	79,318
Belgium	119,978	138,793	133,562
China	134,740	158,241	167,948
Czech Republic	82,677	100,424	77,157
Poland	80,432	90,435	89,409
All other exporters	412,559	484,157	414,196
All exporters	2,001,299	2,370,879	2,153,407

Table continued on next page.

Table VII-8—Continued
Grill, netting and fencing of iron or steel wire, welded at the intersection, and not galvanized or coated: Global exports by supplying countries, 2017-19

Exporter	Calendar year		
	2017	2018	2019
	Unit value (dollars per short ton)		
United States	1,662	1,720	1,776
Mexico	809	983	1,175
Netherlands	540	568	536
Italy	629	742	654
Germany	728	843	773
Spain	750	834	791
Portugal	660	724	675
Bosnia & Herzegovina	579	689	614
Belgium	1,041	1,079	1,038
China	1,160	1,342	1,327
Czech Republic	606	724	649
Poland	954	1,061	879
All other exporters	947	1,088	1,002
All exporters	745	842	780
	Share of quantity (percent)		
United States	3.4	0.5	0.5
Mexico	1.0	1.3	1.1
Netherlands	18.3	18.4	18.0
Italy	16.6	16.3	16.5
Germany	16.8	15.9	15.0
Spain	6.2	7.3	6.6
Portugal	4.0	4.2	5.2
Bosnia & Herzegovina	3.6	3.5	4.7
Belgium	4.3	4.6	4.7
China	4.3	4.2	4.6
Czech Republic	5.1	4.9	4.3
Poland	3.1	3.0	3.7
All other exporters	16.2	15.8	15.0
All exporters	100.0	100.0	100.0

Note: Data reported under HS subheadings 7314.20 and 7314.39 include some merchandise outside of the scope of this investigation.

Source: Official exports statistics under HS subheadings 7314.20 and 7314.39 reported by various national statistical authorities in the Global Trade Atlas database, accessed July 14,2020.

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
85 FR 40681, July 7, 2020	*Standard Steel Welded Wire Mesh From Mexico; Institution of Anti-Dumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations*	https://www.govinfo.gov/content/pkg/FR-2020-07-07/pdf/2020-14537.pdf
85 FR 45181, July 27, 2020	*Standard Steel Welded Wire Mesh From Mexico: Initiation of Countervailing Duty Investigation*	https://www.govinfo.gov/content/pkg/FR-2020-07-27/pdf/2020-16186.pdf
85 FR 45167, July 27, 2020	*Standard Steel Welded Wire Mesh from Mexico: Initiation of Less-Than-Fair-Value Investigation*	https://www.govinfo.gov/content/pkg/FR-2020-07-27/pdf/2020-16185.pdf

APPENDIX B

LIST OF STAFF CONFERENCE WITNESSES

CALENDAR OF PRELIMINARY CONFERENCE

Those listed below participated in the United States International Trade Commission's preliminary conference. The Commission conducted its preliminary conference through submissions of written testimony and postconference briefs:

Subject: Standard Steel Welded Wire Mesh from Mexico

Inv. Nos.: 701-TA-653 and 731-TA-1527 (Preliminary)

Date: July 21, 2020

OPENING REMARKS:

In Support of Imposition (**Kathleen W. Cannon**, Kelley Drye & Warren LLP)
In Opposition to Imposition (**Rosa S. Jeong**, Greenberg Traurig, LLP)

In Support of the Imposition of Antidumping and Countervailing Duty Orders:

Kelley Drye & Warren LLP
Washington, DC
on behalf of

Insteel Industries Inc.
Mid-South Wire Company
National Wire LLC
Oklahoma Steel & Wire Co.
Wire Mesh Corp.

Jordi Barrenechea, President, Wire Mesh Corp.

Alejandra Abbott, Vice President, National Wire LLC

Richard Wagner, Vice President, Insteel Industries, Inc.

Brad Hudgens, Economic Consultant, Georgetown Economic Services LLC

Kathleen W. Cannon)
R. Alan Luberda)
) – OF COUNSEL
Brooke M. Ringel)
Joshua R. Morey)

In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders:

Greenberg Traurig, LLP
Washington, DC
on behalf of

Deacero S.A.P.I. de C.V. ("Deacero")
Deacero USA, Inc. ("Deacero USA")

Antonio Guerra, Director of Market Strategy, Deacero

Rafael Abascal, Marketing & Sales Operations Manager for Construction Products, Deacero USA, Inc.

Rosa S. Jeong) – OF COUNSEL

-END-

APPENDIX C

SUMMARY DATA

All U.S. producers

Table C-1
Wire mesh: Summary data concerning the U.S. market, 2017-19, January to March 2019, January to March 2020
(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			January to March		Comparison years			Jan-Mar
	2017	2018	2019	2019	2020	2017-19	2017-18	2018-19	2019-20
U.S. consumption quantity:									
Amount	***	***	***	***	***	▲***	▲***	▼***	▲***
Producers' share (fn1)	***	***	***	***	***	▼***	▼***	▼***	▲***
Importers' share (fn1):									
Mexico	***	***	***	***	***	▲***	▲***	▲***	▼***
Nonsubject sources	***	***	***	***	***	▲***	***	▲***	***
All import sources	***	***	***	***	***	▲***	▲***	▲***	▼***
U.S. consumption value:									
Amount	***	***	***	***	***	▲***	▲***	▼***	▼***
Producers' share (fn1)	***	***	***	***	***	▼***	▼***	▼***	▲***
Importers' share (fn1):									
Mexico	***	***	***	***	***	▲***	▲***	▲***	▼***
Nonsubject sources	***	***	***	***	***	▲***	***	▲***	***
All import sources	***	***	***	***	***	▲***	▲***	▲***	▼***
U.S. importers' U.S. shipments from.--									
Mexico:									
Quantity	***	***	***	***	***	▲***	▲***	▼***	▲***
Value	***	***	***	***	***	▲***	▲***	▼***	▼***
Unit value	***	***	***	***	***	▲***	▲***	▼***	▼***
Ending inventory quantity	***	***	***	***	***	▲***	▲***	▼***	▼***
Nonsubject sources:									
Quantity	***	***	***	***	***	▲***	***	▲***	***
Value	***	***	***	***	***	▲***	***	▲***	***
Unit value	***	***	***	***	***	▲***	***	▲***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All import sources:									
Quantity	***	***	***	***	***	▲***	▲***	▼***	▲***
Value	***	***	***	***	***	▲***	▲***	▼***	▼***
Unit value	***	***	***	***	***	▲***	▲***	▼***	▼***
Ending inventory quantity	***	***	***	***	***	▲***	▲***	▼***	▼***
U.S. producers':									
Average capacity quantity	668,799	729,717	763,190	190,759	194,510	▲14.1	▲9.1	▲4.6	▲2.0
Production quantity	293,042	320,940	303,166	77,669	83,216	▲3.5	▲9.5	▼(5.5)	▲7.1
Capacity utilization (fn1)	43.8	44.0	39.7	40.7	42.8	▼(4.1)	▲0.2	▼(4.3)	▲2.1
U.S. shipments:									
Quantity	294,916	311,462	298,483	60,610	76,435	▲1.2	▲5.6	▼(4.2)	▲26.1
Value	229,497	306,914	275,324	63,593	62,755	▲20.0	▲33.7	▼(10.3)	▼(1.3)
Unit value	$778	$985	$922	$1,049	$821	▲18.5	▲26.6	▼(6.4)	▼(21.7)
Export shipments:									
Quantity	***	***	***	***	***	▲***	▼***	▲***	▲***
Value	***	***	***	***	***	▲***	▼***	▲***	▲***
Unit value	***	***	***	***	***	▲***	▲***	▼***	▲***
Ending inventory quantity	37,614	47,045	50,708	62,907	57,435	▲34.8	▲25.1	▲7.8	▼(8.7)
Inventories/total shipments (fn1)	***	***	***	***	***	▲***	▲***	▲***	▼***
Production workers	516	542	515	519	495	▼(0.2)	▲5.0	▼(5.0)	▼(4.6)
Hours worked (1,000s)	1,224	1,276	1,202	292	297	▼(1.8)	▲4.2	▼(5.8)	▲1.7
Wages paid ($1,000)	25,290	28,576	26,104	6,747	7,344	▲3.2	▲13.0	▼(8.7)	▲8.8
Hourly wages (dollars per hour)	$20.66	$22.39	$21.72	$23.11	$24.73	▲5.1	▲8.4	▼(3.0)	▲7.0
Productivity (short tons per 1,000 hours)	239.4	251.5	252.2	266.0	280.2	▲5.3	▲5.1	▲0.3	▲5.3
Unit labor costs	$86.30	$89.04	$86.10	$86.87	$88.25	▼(0.2)	▲3.2	▼(3.3)	▲1.6

Table continued on next page.

Table C-1--Continued
Wire mesh: Summary data concerning the U.S. market, 2017-19, January to March 2019, January to March 2020
(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			January to March		Comparison years			Jan-Mar
	2017	2018	2019	2019	2020	2017-19	2017-18	2018-19	2019-20
Net sales:									
Quantity	289,381	309,691	289,334	59,626	75,129	▼(0.0)	▲7.0	▼(6.6)	▲26.0
Value	223,681	296,383	273,212	62,369	61,403	▲22.1	▲32.5	▼(7.8)	▼(1.5)
Unit value	$773	$957	$944	$1,046	$817	▲22.2	▲23.8	▼(1.3)	▼(21.9)
Cost of goods sold (COGS)	209,752	270,601	270,258	58,923	61,046	▲28.8	▲29.0	▼(0.1)	▲3.6
Gross profit or (loss) (fn2)	13,929	25,782	2,954	3,446	357	▼(78.8)	▲85.1	▼(88.5)	▼(89.7)
SG&A expenses	17,474	22,279	19,557	4,504	5,314	▲11.9	▲27.5	▼(12.2)	▲18.0
Operating income or (loss) (fn2)	(3,545)	3,503	(16,603)	(1,058)	(4,957)	▼***	▲***	▼***	▼***
Net income or (loss) (fn2)	(5,375)	2,137	(18,660)	(1,574)	(5,468)	▼***	▲***	▼***	▼***
Capital expenditures	***	***	***	***	***	▲***	▲***	▼***	▲***
Research and development expenses	***	***	***	***	***	▲***	▲***	▼***	***
Net assets	***	***	***	***	***	▲***	▲***	▼***	***
Unit COGS	$725	$874	$934	$988	$813	▲28.9	▲20.5	▲6.9	▼(17.8)
Unit SG&A expenses	$60	$72	$68	$76	$71	▲11.9	▲19.1	▼(6.0)	▼(6.4)
Unit operating income or (loss) (fn2)	$(12)	$11	$(57)	$(18)	$(66)	▼***	▲***	▼***	▼***
Unit net income or (loss) (fn2)	$(19)	$7	$(64)	$(26)	$(73)	▼***	▲***	▼***	▼***
COGS/sales (fn1)	93.8	91.3	98.9	94.5	99.4	▲5.1	▼(2.5)	▲7.6	▲4.9
Operating income or (loss)/sales (fn1)	(1.6)	1.2	(6.1)	(1.7)	(8.1)	▼(4.5)	▲2.8	▼(7.3)	▼(6.4)
Net income or (loss)/sales (fn1)	(2.4)	0.7	(6.8)	(2.5)	(8.9)	▼(4.4)	▲3.1	▼(7.6)	▼(6.4)

Note.--Shares and ratios shown as "0.0" percent represent non-zero values less than "0.05" percent (if positive) and greater than "(0.05)" percent (if negative). Zeroes, null values, and undefined calculations are suppressed and shown as "---". Period changes preceded by a "▲" represent an increase, while period changes preceded by a "▼" represent a decrease.

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Percent changes only calculated when both comparison values represent profits; The directional change in profitability provided when one or both comparison values represent a loss.

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

Related party exclusion

Table C-2
Wire mesh: Summary data concerning the U.S. market excluding one U.S. producer *, 2017-19, January to March 2019, January to March 2020**
(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			January to March		Comparison years			Jan-Mar
	2017	2018	2019	2019	2020	2017-19	2017-18	2018-19	2019-20
U.S. consumption quantity:									
Amount	***	***	***	***	***	▲***	▲***	▼***	▲***
Producers' share (fn1):									
Included producers	***	***	***	***	***	▼***	▼***	▼***	▲***
Excluded producers	***	***	***	***	***	▲***	▲***	▼***	▼***
All producers	***	***	***	***	***	▼***	▼***	▼***	▲***
Importers' share (fn1):									
Mexico	***	***	***	***	***	▲***	▲***	▲***	▼***
Nonsubject sources	***	***	***	***	***	▲***	***	▲***	***
All import sources	***	***	***	***	***	▲***	▲***	▲***	▼***
U.S. consumption value:									
Amount	***	***	***	***	***	▲***	▲***	▼***	▼***
Producers' share (fn1):									
Included producers	***	***	***	***	***	▼***	▼***	▼***	▲***
Excluded producers	***	***	***	***	***	▲***	▲***	▲***	▼***
All producers	***	***	***	***	***	▼***	▼***	▼***	▲***
Importers' share (fn1):									
Mexico	***	***	***	***	***	▲***	▲***	▲***	▼***
Nonsubject sources	***	***	***	***	***	▲***	***	▲***	***
All import sources	***	***	***	***	***	▲***	▲***	▲***	▼***
U.S. importers' U.S. shipments from.--									
Mexico:									
Quantity	***	***	***	***	***	▲***	▲***	▼***	▲***
Value	***	***	***	***	***	▲***	▲***	▼***	▼***
Unit value	***	***	***	***	***	▲***	▲***	▼***	▼***
Ending inventory quantity	***	***	***	***	***	▲***	▲***	▼***	▼***
Nonsubject sources:									
Quantity	***	***	***	***	***	▲***	***	▲***	***
Value	***	***	***	***	***	▲***	***	▲***	***
Unit value	***	***	***	***	***	▲***	***	▲***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All import sources:									
Quantity	***	***	***	***	***	▲***	▲***	▼***	▲***
Value	***	***	***	***	***	▲***	▲***	▼***	▼***
Unit value	***	***	***	***	***	▲***	▲***	▼***	▼***
Ending inventory quantity	***	***	***	***	***	▲***	▲***	▼***	▼***
U.S. producers':									
Average capacity quantity	***	***	***	***	***	▲***	▲***	▲***	▲***
Production quantity	***	***	***	***	***	▲***	▲***	▼***	▲***
Capacity utilization (fn1)	***	***	***	***	***	▼***	▼***	▼***	▲***
U.S. shipments:									
Quantity	***	***	***	***	***	▼***	▲***	▼***	▲***
Value	***	***	***	***	***	▲***	▲***	▼***	▼***
Unit value	***	***	***	***	***	▲***	▲***	▼***	▼***
Export shipments:									
Quantity	***	***	***	***	***	▲***	▼***	▲***	▲***
Value	***	***	***	***	***	▲***	▼***	▲***	▲***
Unit value	***	***	***	***	***	▲***	▲***	▼***	▲***
Ending inventory quantity	***	***	***	***	***	▲***	▲***	▲***	▼***
Inventories/total shipments (fn1)	***	***	***	***	***	▲***	▲***	▲***	▼***
Production workers	***	***	***	***	***	▼***	▲***	▼***	▼***
Hours worked (1,000s)	***	***	***	***	***	▼***	▲***	▼***	▲***
Wages paid ($1,000)	***	***	***	***	***	▲***	▲***	▼***	▲***
Hourly wages (dollars per hour)	***	***	***	***	***	▲***	▲***	▼***	▲***
Productivity (short tons per 1,000 hours)	***	***	***	***	***	▲***	▲***	▲***	▲***
Unit labor costs	***	***	***	***	***	▼***	▲***	▼***	▲***

Table continued on next page.

Table C-2--Continued
Wire mesh: Summary data concerning the U.S. market excluding one U.S. producer *, 2017-19, January to March 2019, January to March 2020**
(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			January to March		Comparison years			Jan-Mar
	2017	2018	2019	2019	2020	2017-19	2017-18	2018-19	2019-20
Net sales:									
Quantity	***	***	***	***	***	▼***	▲***	▼***	▲***
Value	***	***	***	***	***	▲***	▲***	▼***	▼***
Unit value	***	***	***	***	***	▲***	▲***	▼***	▼***
Cost of goods sold (COGS)	***	***	***	***	***	▲***	▲***	▼***	▲***
Gross profit or (loss) (fn2)	***	***	***	***	***	▼***	▲***	▼***	▼***
SG&A expenses	***	***	***	***	***	▲***	▲***	▼***	▲***
Operating income or (loss) (fn2)	***	***	***	***	***	▼***	▲***	▼***	▼***
Net income or (loss) (fn2)	***	***	***	***	***	▼***	▲***	▼***	▼***
Capital expenditures	***	***	***	***	***	▲***	▲***	▼***	▲***
Research and development expenses	***	***	***	***	***	▲***	▲***	▼***	***
Net assets	***	***	***	***	***	▲***	▲***	▼***	***
Unit COGS	***	***	***	***	***	▲***	▲***	▲***	▼***
Unit SG&A expenses	***	***	***	***	***	▲***	▲***	▼***	▼***
Unit operating income or (loss) (fn2)	***	***	***	***	***	▼***	▲***	▼***	▼***
Unit net income or (loss) (fn2)	***	***	***	***	***	▼***	▲***	▼***	▼***
COGS/sales (fn1)	***	***	***	***	***	▲***	▼***	▲***	▲***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	▼***	▲***	▼***	▼***
Net income or (loss)/sales (fn1)	***	***	***	***	***	▼***	▲***	▼***	▼***

Note.--Shares and ratios shown as "0.0" percent represent non-zero values less than "0.05" percent (if positive) and greater than "(0.05)" percent (if negative). Zeroes, null values, and undefined calculations are suppressed and shown as "---". Period changes preceded by a "▲" represent an increase, while period changes preceded by a "▼" represent a decrease.

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Percent changes only calculated when both comparison values represent profits; The directional change in profitability provided when one or both comparison values represent a loss.

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