UNITED STATES
INTERNATIONAL TRADE COMMISSION

In the Matter of:
CARBON AND CERTAIN ALLOY STEEL WIRE
ROD FROM BELARUS, ITALY, KOREA, RUSSIA,
SOUTH AFRICA, SPAIN, TURKEY, UKRAINE,
THE UNITED ARAB EMIRATES, AND THE
UNITED KINGDOM

)  Investigation Nos.:
)  701-TA-573-574 and
)  731-TA-1349-1358
)  (FINAL)
)

Pages: 1 – 259
Place: Washington, D.C.
Date: Thursday, November 16, 2017
UNITED STATES OF AMERICA

BEFORE THE

INTERNATIONAL TRADE COMMISSION

IN THE MATTER OF: ) Investigation Nos.:
CARBON AND CERTAIN ALLOY STEEL ) 701-TA-573-574 AND
WIRE ROD FROM BELARUS, ITALY, ) 731-TA-1349-1358
KOREA, RUSSIA, SOUTH AFRICA, ) (FINAL)
SPAIN, TURKEY, UKRAINE, THE )
UNITED ARAB EMIRATES, AND THE )
UNITED KINGDOM )

Main Hearing Room (Room 101)
U.S. International Trade Commission
500 E Street, SW
Washington, DC
Thursday, November 16, 2017

The meeting commenced pursuant to notice at 9:30 a.m., before the Commissioners of the United States International Trade Commission, the Honorable Rhonda K. Schmidtlein, Chairman, presiding.
APPEARANCES:

On behalf of the International Trade Commission:

Commissioners:

Chairman Rhonda K. Schmidtlein
Vice Chairman David S. Johanson
Commissioner Irving A. Williamson
Commissioner Meredith M. Broadbent

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Douglas Corkran, Supervisory Investigator
APPEARANCES:

CONGRESSIONAL APPEARANCE:
The Honorable Peter J. Visclosky, U.S. Representative, 1st District, Indiana

EMBASSY APPEARANCE:
The Embassy of Ukraine to the United States of America Washington, DC
    Vitalii Tarasiuk, Head of Economic and Trade Office
    Oleksii Chernyshev, Second Secretary

OPENING REMARKS:

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Respondents (Richard O. Cunningham, Steptoe & Johnson LLP)
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7 Eric Nystrom Director, SBQ and Wire Rod, Nucor
8 Alan H. Price
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Countervailing Duty Orders:

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18 John T. Johnson, Jr., President, Mid South Wire
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20 Christian Stauffer, Vice President for Sourcing
21 and Logistics, Insteel Industries Inc.
22 Robert Moffitt, Vice President, Purchasing, Heico
23 Wire Group
24 Terry Hughes, Director of Purchasing for North America, Bekaert Corporation
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R. Will Planert


APPEARANCES (Continued):

In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders
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Tata International Americas, Metals Division

Namik Ekinci, Chairman, Turkish Steel Exporters Association

Ebru Dursun, International Relations Advisor,

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Bill Shields, Sales Manager, British Steel

Richard O. Cunningham

Joel D. Kaufman - OF COUNSEL

Thomas J. Trendl
APPEARANCES (Continued):
NON-PARTY IN OPPOSITION
U.S. Tire Manufacturers Association
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Tracey J. Norberg, Senior Vice President and General Counsel

REBUTTAL/CLOSING REMARKS:
Petitioners (Paul C. Rosenthal, Kelley Drye & Warren LLP)
Respondents (Nancy A. Noonan, Arent Fox LLP)
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MR. BISHOP: Will the room please come to order?

CHAIRMAN SCHMIDTLEIN: Good morning. On behalf of the U.S. International Trade Commission I welcome you to this hearing on Investigation Nos. 701-TA-573 to 574 and 731-TA-1349 to 1358 Final involving carbon and certain alloy steel wire rod from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, The United Emirates and The United Kingdom.

The purpose of these final investigations is to determine whether an industry in the United States is materially injured or threatened with material injury or the establishment of an industry in the United States is materially retarded by reason of imports of carbon and certain alloy steel wire rod from the aforementioned countries.

Schedule setting forth the presentation of this hearing, notices of investigation and transcript order forms are available at the public distribution table. All prepared testimony should be given to the Secretary. Please do not place testimony directly on the public distribution table. All witnesses must be sworn in by the Secretary before presenting testimony.

I understand that the parties are aware of the
time allocations. Any questions regarding the time allocations should be directed to the Secretary. Speakers are reminded not to refer in their remarks or answers to questions business proprietary information. Please speak clearly into the microphones and state your name for the record for the benefit of the court reporter. If you will be submitting documents that contain information you wish classified as business confidential your request should comply with commission rule 201.6.

Mr. Secretary, are there any preliminary matters?

MR. BISHOP: Madam Chairman. I would note that all witnesses for today's testimony have been sworn in.

There are no other preliminary matters.

CHAIRMAN SCHMIDTLEIN: Thank you very much.

Will you please announce our Congressional Witness?

MR. BISHOP: Our Congressional Witness today is the Honorable Peter J. Visclosky, United States Representative from the first district of Indiana.

CHAIRMAN SCHMIDTLEIN: Welcome, representative Visclosky.

STATEMENT OF REPRESENTATIVE PETER J. VISCLOSKY

REPRESENTATIVE VISCLOSKY: We thank you very much. I appreciated again the Commission allowing me to testify. As always, appreciate your careful and thoughtful consideration of the facts and case before you. I would
note that as mentioned in the opening remarks that there are
ten countries involved relative to steel wire rod. I would
use this opportunity to point out that I have had the
opportunity to testify on two other occasions.

We have to continue to be vigilant because in
those two prior cases only one country is today before you.
In the past, Japan has been subject to a hearing, Taiwan and
China on different steel products. So this is an assault on
our economy. We have to be vigilant every day. While the
case involves steel products I would point out it is
important to other economic sectors in our country,
including the agricultural community, the energy community,
construction and automotive.

So as always, again I appreciate the opportunity,
trust in your fairness but do ask and urge an affirmative
determination.

CHAIRMAN SCHMIDTLEIN: Thank you very much.
REPRESENTATIVE VISCLOCKY: Thank you very much.
CHAIRMAN SCHMIDTLEIN: Mr. Secretary, will you
please announce our embassy witnesses?

MR. BISHOP: Our Embassy Witness is Vitalii
Tarasiuk, Head of the Economic and Trade Office with the
Embassy of the Ukraine to the United States of America.

STATEMENT OF VITALII TARASIUK

MR. TARASIUK: Good morning. My name is Vitalii
Tarasiuk. I am on behalf of the Economic and Trade Office of the Embassy of Ukraine to the United States of America. I am here on behalf of the Government of Ukraine to share our views concerning this matter. First of all, I would like to thank the International Trade Commission for permitting me to speak at this very important hearing.

Your proceeding comes at a time of great political and economic importance for Ukraine. We hope that the Commission's examination of the facts in this proceeding and your decision will be objective and based on thoughtful evaluation of the evidence. The Ukrainian side would like to emphasize that the imports of wire rod from Ukraine did not cause material injury to the U.S. Domestic Industry.

The analysis of conditions and volumes of imports of wire rod to the United States made by the U.S. International trade Commission in the publication 4693 shows that imports from Ukraine did not have a direct impact on production of wire rod by the U.S. Industry because it was directly interconnected with the imports from the third countries.

Ukraine's wire rod production was heavily concentrated in two major companies: ArcelorMittal Kryvyi Rih and Metinvest Group. As a result of the attempted annexation of the Autonomous Republic of Crimea and the City of Sevastopol by the Russian Federation and its further
military invasion in certain areas of the Donetsk and
Luhansk regions, since 2014 slightly over 7% of the
territory of Ukraine temporarily remains out of control of
the Government of Ukraine.

Considerable parts of the production capacities
of Ukrainian Steel Industry as well as supportive industries
are concentrated on occupied part of Donbas, which is
temporarily outside the control of the Ukrainian Government.
As a result of the illegal expropriation of the Ukrainian
companies' assets and property by the Russian forces in
certain areas of Donetsk and Luhansk regions of Ukraine in
March 2017, a large part of Ukraine's steel industry was put
in uncertain position.

For example, as of the 15th of March, Metinvest
Group has declared a complete loss of control over the
operations of all assets in the temporarily non-controlled
territory, including the Yenakiieve Iron and Steel Works and
its Makiivka Branch and various support industries.
Metinvest Group was forced to completely stop economic
operations on these facilities.

This situation has inevitably had a profound
negative impact on manufacturing industries in Ukraine,
including the steel industry as well as many support
industries that provide raw materials and energy, such as
coke and coal. This in turn has negatively affected
industries outside of the region that rely on supplies from or transport through temporarily non-controlled territory.

The largest producer of wire rod in the Ukraine - ArcelorMittal Kryvyi Rih decreased the production of commodity output by 19 percent (in wire rod production) from 2014 to 2016). At the same time, production capacity was reduced by 11 percent and the number of workers decreased by 15 percent. As a result of suspension of trade with the temporarily non-controlled territories in 2017, ArcelorMittal Kryvyi Rih was forced to purchase significant volumes of raw product and materials (for example: coke and coal, limestone) at foreign markets. Imports of the said products were carried out, in particular from the United States as well as from other countries, which led to increase in the cost price of finished products and negatively affected the competitiveness of the company's products.

This situation, generally, resulted in sharp decrease of the steel production in Ukraine. Ukraine steel production in the nine months to end-September 2017 fell 13.5 percent year on year to 15.8 million tons. Data from the producers' union showed pig iron output fell by around 18 percent to 14.6 million tons in the first nine months of this year, while rolled steel production was down 16 percent at 13.5 million tons.
For that matter, the Ukraine is not able to increase its production or export capacity of wire rod and therefore to cause or to threaten a material injury to the U.S. Industry. Accordingly, we respectfully urge the U.S. International Trade Commission to take a negative final determination with respect to wire rod imported from Ukraine.

I think you again for this opportunity to appear before you, and I thank you for your hard work on this important matter. We look forward to continued cooperation with the U.S. Government in stabilizing the Ukrainian Economy and hope that we can continue to develop an open and productive trade relations with the United States. Thank you.

CHAIRMAN SCHMIDTLEIN: Thank you Mr. Tarasiuk. Are there any questions for Mr. Tarasiuk? Okay, thank you very much.

Alright. We will now move to opening remarks.

MR. BISHOP: Opening remarks on behalf of Petitioners will be give by Alan H. Price of Wiley Rein.

Mr. Price, you have five minutes.

OPENING STATEMENT OF ALAN H. PRICE

MR. PRICE: Good morning Chairman Schmidtlein, Vice Chairman Johanson and Commissions Williamson and Broadbent. I am Alan Price, counsel for Nucor Corporation.
I'd like to begin my opening statement by emphasizing that this case represents a one-two punch. As the Commission previously found in January of 2015, the U.S. Wire Rod Industry was materially injured by massive surge of Chinese Imports. This was the first punch.

U.S. Producers had reason to be optimistic that as a result of trade relief provided by the antidumping and countervailing duty orders on China that conditions in the marketplace would begin to improve. However as the Chinese orders were put in place, unfairly priced imports from the ten Subject Countries surged into the U.S. Market at even a higher level than the Chinese Imports and in many ways inflicting even greater damage. This was the second and even more painful punch.

In my opening remarks I would like to highlight four basic numbers for you. The first number I would like to bring to the Commission's attention is 9. As a preliminary matter I would like to point out that the Respondents have yet again made arguments that tire bead and tire cord should be excluded from the domestic like product. Nine is the number of times that the Commission has examined this issue and has rejected these arguments, nine times.

As you will hear further this morning, not only does the record justify making similar determination today
but the record in this case may even be stronger than in prior investigations. Tire bead and tire cord are just types of wire rod in the spectrum of wire rod products.

    The second number is 56, as in a 56 percent increase in Subject Imports, specifically when measured by volume Subject Imports rose by more than 56 percent from 2014 to 2016 reaching over 700,000 tons in 2016. I would stress that by the end of 2015 subject wire rod had exceeded the peak volumes of Chinese Imports and grabbed a double digit share of the market. This is a significant increase in the volume of imports.

    The Commission record shows a huge portion of this was shifted from U.S. Producers to lower priced Subject Imports and the shifts involved every single country. It bears repeating that this surge was even larger than the surge from China which had already been found to be both significant and injurious.

    The third number is 187. This number reflects the decrease in the price per ton of U.S. wire rod from 2014 to 2016. Put another way, U.S. wire rod prices fell by more than 187 dollars per ton over the POI.

    You will hear from multiple witnesses today. Wire rod is highly interchangeable regardless of source and is sold on the basis of price. Most purchasers usually purchase from the lowest-price source. As a result when
Subject Imports accelerated into the U.S. Market in the second half of 2014 and into 2015 they caused U.S. wire rod prices to collapse. Already depressed prices fell more than raw material costs. This is a significant price effect under the law.

The last number is two, as in two U.S. Manufacturers that were forced to shutter their wire rod production facilities during the POI. Just a couple of years ago Georgetown's company and union representatives testified to the harm that imports are inflicting on their facility. Any claim that imports did not play a role in Georgetown's shutdown is simply not true.

ArcelorMittal and Republic Engineered Steel both shut down wire rods permanently while others have cut pay, shifts and hours worked. Moreover the bottom line is the actual bottom line of the Domestic Producers. This is an industry that has been negatively impacted as to production, capacity, prices and profits and it is also public information that the number of production and related worker hours and wages all decreased from 2014 to 2016.

Only after the filing of these cases did the numbers begin to show any increase which is just one example of why the Post-Petition Effects Provision was added to the statute. During the three year period of investigation imports surged, prices declined, profits decreased and
workers lost their job. It was only a result of the filings of these cases that there was some small improvement of the health of the U.S. Industry.

But in the absence of import relief unfairly priced imports will continue to injure the U.S. Producers and their workers. So in conclusion, this case is very straightforward. Subject Producers replaced Chinese wire rod and stole the relief granted by the Commission. As a result the U.S. Industry was devastated, profits plummeted, mills closed and thousands of U.S. workers took home less pay.

We ask the Commission to make affirmative determinations with respect to all Subject Imports and to restore a level playing field to the U.S. wire rod market.

Thank you.

CHAIRMAN SCHMIDTLEIN: Thank you, Mr. Price.

MR. BISHOP: Opening remarks on behalf of Respondents will be given by Richard O. Cunningham of Steptoe and Johnson. Mr. Cunningham, you have five minutes.

OPENING STATEMENT OF RICHARD O. CUNNINGHAM

MR. CUNNINGHAM: I suppose it's not surprising that Mr. Price's statement does not focus on three facts, all clearly demonstrated on this record that are essential to any analysis by this Commission of what happened in the U.S. wire rod market.
Fact number one, contrary to what Mr. Price says, shipments and market share of these Domestic Producers you see before you here increased significantly during the Period of Investigation, not declined. The data that you looked at in the preliminary investigation which showed a very small 1-2 percent decline in market share for the U.S. Producers were distorted by the exit from the industry of Republic and ArcelorMittal and the closures of those mills contrary to what Mr. Price has just said were not caused by Subject Imports.

Republic's wire rod production was at its Lorain, Ohio Bar Mill. That mill closed because of problems in the bar market, notably the collapse of the oil and gas market. It was this bar demand issue that resulted in the closure of that facility.

ArcelorMittal was forced to close its Georgetown, South Carolina mill when both the Federal government and the State government declined to spend 70 million dollars that was necessary to dredge the silted over Georgetown Harbor. That harbor had become unusable for importation of the DRI which was needed to operate that plant. This was a fatal blow to that mill's competitiveness, particularly with Nucor's new state-of-the-art Darlington, South Carolina Mill only 100 miles away.

This is important because the volume lost by
those two closures accounted for all indeed, much more than all, of the decline in Domestic Industry shipments that you found in the preliminary investigation. Indeed, apart from ArcelorMittal and Republic the rest of the U.S. Industry, the producers for whom this case is brought, had a substantial increase in their market share, an increase twice as large as the market share increase of Subject Imports.

Fact number two. It is now clear that cost declines, especially the precipitous fall in the price of stainless steel scrap fully explained the POI behavior of wire rod prices. Your staff's variance analysis in the preliminary investigation correctly concluded that the Domestic Industry problems were not on the volume side but were caused by the decline in wire rod prices.

But the record is clear that Subject Imports neither depressed nor suppressed U.S. firm's prices. Consider the following: Cogs declined by a greater percentage than rod prices. The steel scrap price declined by much more than the wire rod price. I urge you to compare the decline from the peaks of scrap and wire rod prices at the beginning of 2014 to their low points at the beginning of 2016.

And finally, any doubt about causation disappears when you note that scrap prices declined from the start of
2014 pulling wire rod prices down with them and then immediately after the scrap price turned up at the end of 2015 a full year before this case was brought, the wire rod price turned up. That correlation is clear, there is no correlation with Subject Imports.

Fact number three. The Petitioners' argument that Mr. Price made of the first and second punch is wrong on the law and wrong on the facts. This is a case about imports from these countries. It is not about Chinese Imports. Chinese imports declined during the POI by more than the increase in Subject Imports while the shipments by these Domestic Producers increased during the POI.

In such circumstances the Commission has consistently found that any increase in Subject Imports did not come at the expense of U.S. Producers and it has found so even where the non-subject imports decline because of antidumping and countervailing duty orders.

Moreover the data show that these domestic companies took a greater share of the departed Chinese volume during the 2014/2016 period than the share of the overall market that they had at the start of the POI. In short, they have no basis to complain that Subject Imports deprived them of the benefit of the China orders because they got a share of Chinese Imports that you would have expected given where they were at the start of the period.
On the basis of these three considerations the Commission must find that Subject Imports have caused neither volume injury nor price injury. The Commission also needs to address three other significant issues. One is the need to determine the grade 1080 tire cord and tire bead as a separate like product. You will hear a lot about that from our witnesses.

Second; imports from several of these countries were negligible. Finally there is no basis for finding critical circumstances as to any of these countries. Thank you.

CHAIRMAN SCHMIDTLEIN: Thank you, Mr. Cunningham.

MR. BISHOP: Would the Panel in support of the imposition of the Antidumping and Countervailing Duty Orders please come forward and be seated. Madam Chairman, this Panel has sixty minutes for their direct testimony.

CHAIRMAN SCHMIDTLEIN: Mr. Rosenthal, you may begin when you're ready.

STATEMENT OF PAUL C. ROSENTHAL

MR. ROSENTHAL: Thank you. Good morning, Madam Chairman, Commissioners. I'm Paul Rosenthal with Kelley Drye & Warren. I'll be summarizing the key data in this case on behalf of the domestic industry.

As you've heard and as you well know, just a couple of years ago, imports of wire rod from China surged
into the market, increasing from negligible levels to
600,000 tons over that particular period of investigation.
The Commission made an affirmative determination of material
injury in that case for which the domestic industry remains
grateful. That affirmative injury determination created a
slight improvement in the domestic industry's condition for
a few months and was cause for optimism.

As we mentioned in our prehearing brief, even
the counsel for one of the foreign producers in a
contemporaneous sunset case on wire rod expressed optimism
as he noted that the Chinese imports were retreating from
the market and that would provide U.S. domestic industry
with an opportunity for another 600,000 tons of sales.

Unfortunately, as soon as imports from China
began to decline, imports from the subject countries began
to surge. Thus, as Chart 2 shows, the domestic wire rod
industry has faced back-to-back import surges with the
second one extending the period of import related injury
over six years. Thus, the imports from China that preceded
the current period of investigation are an important
condition of competition in this industry.

The Commission knows very well the concept of
cumulation, which is concerning with the collective
hammering effects of imports from several countries. In
this case, there's no contest that subject imports should be
cumulated. The collective hammering effect in this is sequential as well. First, the domestic industry was crushed by the weight of 600,000 tons of imports from China. And as the industry was beginning to recover, another 700,000 tons were dropped on the market by the subject imports. Coming as it did, after the import surge from China, the recent import onslaught is even more injurious.

Now slide 4 goes back to the imports from China, which was devastating to the domestic industry. Unlike in the previous case where we had a rocketship shooting upwards and demonstrating the steep climb in imports, we didn't do it this time. And I apologize to Commissioner Broadbent, who I know really did like that rocketship graphic, but my colleagues limit the number of cartoons and graphics of that sort in my presentations nowadays.

With the domestic industry already in a weakened condition, the subject imports increased in this case over 56 percent as you heard from Mr. Price and peaked at over 700,000 tons in 2016.

The Commission properly found in its preliminary determination that that volume is significant. Not only have the absolutely volumes of subject imports risen from 2014 to 2016, they captured a significant and increasing share of the U.S. market over that period. The 6.3 percent increase in market share alone is quite significant.
Slide 7 is a comparison of the three full years of the period of investigation in the Chinese case with the three full years of the current POI. In each of the comparison years, the subject import market shares have been higher than the imports from China. And not to beat a dead horse, but you found injury in that case, the injury here is even more apparent.

Slide 8 shows imports of each of the first three quarters of 2017 compared to the same quarters of the previous year. As you can see, subject imports in the first quarter of 2017 exceeded those in the comparable period of 2016, which itself was an exceptionally high amount.

Now when the domestic industry filed the current trade cases at the end of the first quarter of this year, imports jumped up even higher in the second quarter in an obvious effort to beat the imposition of provisional duties. There's no question about that surge. And we'll have more to say about critical circumstances later. But the point of this slide is that imports continued to surge the first half of this year and only began to taper off in the third quarter as provisional measures beckoned. In short, the subject import volumes have been substantial throughout the POI and only began to decrease after the cases were underway.

Slide 9 provides a little bit more granularity
to the import trends in 2017, showing the subject imports were trending upward until the last few months and that was only because of the filing of these cases.

Turning to the issue of price, slide 10 summarizes the data in the staff report concerning underselling. The report shows underselling in over 83 percent of the quarterly comparisons accounting for 84 percent of the volume.

Respondents will as usual today offer non-price reasons why they purchase imports, but the next summarizes purchasers' admissions that they bought the subject imports because they were in fact lower priced.

Indeed about three-quarters of purchasers made that admission. Nothing on the slide should surprise the Commission. After all, you have found wire rod it be price sensitive - a price-sensitive product in the past. And these purchasers were simply buying low-priced subject imports to substitute for and supplement low price Chinese imports. No surprises.

There's nothing special about the Chinese imports and there's nothing special about the substituted non-subject -- subject imports from this case.

Slide 12 contains -- it's confidential obviously, but you have in front of you the small sampling of quotes from the purchasers. And I hope you take a minute
to look at those. They acknowledge the importance of price
and the reality that the imports increased because of low
prices being offered by the subject producers.

They're telling the truth when they report that
in their questionnaire to you, but the low priced imports
did more than just capture large volumes. They forced the
domestic producers to lower their prices in order to
maintain sales volume. Confidential slide 13 shows that at
least nine purchasers reported that U.S. producers lowered
their prices between 5 and 15 percent in order to obtain
sales.

It's not just raw material prices or costs that
were going down. Prices were going down because customers
said you better drop them if you want to get the sale.
That's the truth. That's what they admitted to.

The next confidential slide provides you some
more information on the purchasers who acknowledge that the
U.S. producers lowered their prices to main sales volume.
These are not small purchasers. They account for a
substantial amount of volumes purchased. Many other
purchasers forced domestic producers to lower their prices.
They just didn't admit to the Commission in response to your
questionnaires.

Respondents spent - spend much of their time
claiming that the U.S. producers cannot supply certain
products for the entire marketplace, yet they cannot explain
why they consistently insist that domestic producers lower
their prices to compete against subject imports.

Respondents' briefs spend many pages discussing
raw material costs decreases through most of the period.
You heard Mr. Cunningham make that as his big point number
2. They don't mention that prices fell further than raw
material costs as shown in slide 15. And they talk,
respondents do, about multiple price increase announcements
by petitioners, but they also forget or omit the discussion
about how many of such announcements actually stuck.

The answer from our point of view, the domestic
industry's point of view, is not enough because if you look
at the next slide, you'll see that despite recent raw
material related price increase announcements, the domestic
producer prices for all the products analyzed by the
Commission staff have declined from the first quarter of
2014 to the third quarter of 2017.

So all the talk in the briefs by respondents
about price increase announcements have not managed to get
the prices back to where they were at the beginning of the
period of investigation. And those were injurious prices
from the Chinese investigation.

Some of the respondents actually have the
audacity to argue that the domestic wire industry has not
been injured by the subject imports. The next two slides provide the key trade and financial indicators, which have all declined from 2014 to 2016 prior to when these current cases were filed.

Capacity, production, domestic shipments and values, market share and production related workers all declined. Similarly, every financial measure, every measure of profit declined over the same period.

Let's just focus on operating and net income. Slide 19 shows that operating income declined from $52 million in 2014, a year in which the domestic industry was still being injured by imports from China, to $25 million in 2016. That's a decrease of 50 percent. Net income declined by closer to 55 percent dropping from $46 million to $21 million. Those profits started at injurious levels and declined further.

Slide 20 shows the operating income margin in 2014 was a low injurious level of 2.8 percent in the wake of the Chinese import surge and declined further to 1.9 percent in 2016 as subject imports increased their market share.

As subject import market share began to decline in 2017, operating income improved somewhat, but remained at an inadequate level. Indeed, the 2017 profitability of 3.9 percent is barely above the profitability of 3.6 percent in the Chinese case, which the Commission found injurious.
You heard a little bit of this from Mr. Cunningham earlier as they've argued that subject imports merely replaced the imports from China and therefore did not injure the domestic industry. I think that was his big point number 1.

As the Commission, however, properly pointed out in its preliminary determination in this case, the focus of the statute is the absolute and relative level of subject imports. That said, this next chart shows that respondents are wrong as a matter of fact as well as a matter of law. Subject imports in 2014 were higher than the level obtained that year by the Chinese and in 2015 and 2016 reached higher levels than the Chinese were able to achieve at their injurious peak. In all of the years of the POI, subject import volumes were significant and by the way, that's the statutory standard.

And as shown in slide 23, subject imports were not simply substituting for the market share obtained by the Chinese as suggested by Mr. Cunningham. Both the imports from China and subject imports share came at the expense of the domestic industry and the U.S. industry has continued to lose more market share due to subject imports.

It cannot be emphasized enough that the impact of the judge imports is far more pernicious than one would suspect looking simply at the current period of
investigation. Slide 24 shows the operating income for the domestic industry in 2011 before the surge from China. Profitability has declined dramatically ever since. And despite the affirmative decision against the Chinese imports, profits have continued to decline to abysmally low levels.

Not surprising as this next chart shows, capital expenditures have continued to decline since the China case as the subject imports have not permitted the domestic industry to recover.

Respondents in their briefs have mentioned declining demand as an explanation for the domestic industry's injury, but this next slide shows the fallacy of the argument. While the market declined by 4.2 percent, subject imports surged over 56 percent. So subject imports weren't just meeting market needs. Instead, the subject imports caused the U.S. producer's market share to decline. You can see here, the growth rate of U.S. shipments was minus .6 whereas the growth rate of the U.S. market is minus 4.2.

Nor were raw material costs a cause of the decline of profitability of the domestic industry. Indeed, it's hard to understand why Mr. Cunningham and his colleagues continued to harp on the decline in raw material costs as if that accounts for everything. They keep
forgetting that prices declined faster and further than raw material costs. One would expect that with raw material cost declines, the industry might become more profitable but that did not happen. The opposite happened.

In fact, if you want to know why that happened, go back to slides 8 through 12 of this presentation where all the purchasers, all of the respondents admitted that they bought foreign subject imports because they were lower priced and they forced U.S. producers to lower their price in order to get sales. That's the reason why prices declined faster than costs.

Now respondents' other point and Mr. Cunningham's opening had to do with the closures of ArcelorMittal's Georgetown facility and Republic's Lorain plant. And they claim it had nothing to do with those - the closure had nothing to do with imports, but that's not true.

As this next slide shows, the respondents have ignored contemporaneous statements made by those companies who are not sitting at this table and not petitioners in this case, when they closed those facilities. These are what those companies asserted when those facilities closed. Now there may have been other reasons that were involved in the closure of those facilities, but one cannot deny that imports were a reason, a cause of those facility
closures.

Turning to the threat, confidential slide 30 shows the massive excess capacity posed by subject producers. That excess capacity would allow them to increase exports substantially if they're not restrained by duties as a result of these cases.

Indeed, the next slide shows that the subject countries have more excess capacity than the entire U.S. market. They represent a serious threat of further injury if no relief is granted in this case.

In my remaining time, I want to briefly mention a couple of issues that Mr. Cunningham mentioned, which are critical circumstances and 1080 tire cord and bead.

As we explained in our briefs, the record provides the grounds for an affirmative critical circumstances in the determination in this case. The Commerce Department has made affirmative determinations for Russia, South Africa, Spain, the U.K., and Turkey, except for two companies.

The amount of the surge is dramatic and the amount of inventory of the subject imports also increased rapidly. The Commission should understand that these - in this stagnant U.S. market, the surge has meant that U.S. purchasers were able to stock up on inventory and postpone the need to buy from the domestic industry. And I have to
say that one of the problems in the critical circumstance analysis is that you don't collect - the Commission doesn't collect data on inventories in end users' stockpiles. You look at inventories by importers and purchasers, but not where most of this inventory is stuck right now.

By being able to push out the time at which it would need to purchase from the U.S. producers, the surge and resultant inventories by these purchasers has undermined remedial effect of the orders.

Turning last to 1080 tire cord and bead, the respondents continue to make the argument that's it's a separate-like product, the Commission has consistently rejected this argument going back at least 20 years to 1997. You have consistently found that the 1080 tire and cord and bead to be within the same continuum like product as all other carbon and alloy steel wire rod and consistent with your previous determinations and your preliminary determination in this case, you found 1080 tire cord and bead, again, to be within the same like product continuum.

There have been no new facts presented, no new arguments presented that you haven't considered before and rejected and the same thing is true today. And there's no good reason to change your determination.

Now I will say if the respondents repeat their testimony at the staff conference later this afternoon, they
will end up spending a disproportionate amount of time discussing 1080 tire and cord and bead. As this confidential slide shows, that product represents a tiny part of the market and a tiny percentage on increased volumes of subject imports. It's fine with petitioners if the respondents want to use their time later today to discuss the hole rather than the donut, but we want you, as you listen to that testimony, to understand the relatively small portion of the market that 1080 tire cord and bead represents in this industry and imports overall.

MR. ROSENTHAL: As you look at that 700,000 tons of imports that came in from the subject imports, understand how minuscule a proportion of that import surge was represented by 1080 tire cord and bead.

Thank you very much for listening to my presentation. Our first industry witness will be Mr. Armstrong.

STATEMENT OF CHRIS ARMSTRONG

MR. ARMSTRONG: Thank you. Good morning. My name is Chris Armstrong. I am Chief Executive Officer of Keystone Consolidated Industries, the parent company of Keystone Steel & Wire of Peoria, Illinois.

It is my privilege to manage over 1,200 employees whose families rely upon Keystone for their income, health care, pensions, and benefits that these good-paying jobs
provide to our families and communities.

Keystone is a domestic producer of carbon and alloy steel wire rod. We produce a wide range of wire rod products from low and medium carbon rods to the more technically demanding CHQ and high carbon wire rods. Our production includes 1080 tire bead wire rod also.

When I came to Keystone as Chief Strategy Officer in 2012, we embarked on a capital improvement program. Over the last several years we have made continual upgrades to our wire and rod melt facilities, including a multi-million dollar upgrade to extend our product offerings to existing and new customers in order to maintain volume.

With China dropping out of the U.S. market in 2015 due to the Trade Orders, followed by the closure of over half a million tons of capacity at Elsalor Metal Georgetown and the closure to Republic's Loraine facility in 2016, Keystone should have been in a position to take advantage of our investments to increase our volume and profitability.

Unfortunately, importers simply switched from one-stop shopping in China for low-priced dumped and subsidized imports to sourcing dumped and subsidized wire rod from the array of countries subject to this case.

As those new wire rod sources opportunistically filled in all of the volume we thought would be available
for the domestic industry to supply, the expected
improvements never materialized.

Keystone's return on its investment consequently
has been well below what is necessary to maintain our future
capital investments. Because of that, we have delayed or
postponed additional planned capital projects.

Over the last couple of years we have seen low
import prices driving down or holding down domestic prices.
Wire rod customers are very price sensitive, and the market
pricing is quite transparent. It only takes one import
source to offer lower prices to start prices moving
downward, or to keep us from being able to increase prices.

The ready availability of multiple sources of
lower priced imports leads purchasers to anticipate and
demand lower prices from us as well.

Because these new entrants undersell Keystone,
just like the Chinese did, the purchasers expect Keystone to
lower its prices to the levels of the import prices to get
their business back or keep their existing business.

If we don't initially react to the lower import
prices, the purchasers may buy the lower priced imports, or
they may elect to delay ordering anything and wait for an
anticipated price drop. The customer does not want to be
captured with inventory that is priced higher than the market
price being led downward by the imports.
As a result, the buyers have learned to be patient until someone blinks. And it is usually the domestic producers that have to blink. Domestic producers have huge investments in plant, equipment, and labor, and this is our primary market.

We have to be successful in this market. We must try to keep the volume up in our mills and obtain a price that allows an adequate return on our investment. That is not a concern for the traders who buy imports at the lowest possible price and sell at a minimal markup.

It is also not a concern for the foreign producers selling excess capacity into the United States market because the U.S. prices do not affect their domestic prices. But it is a major problem for us.

With import competition at even lower prices in 2016, we were forced to be aggressive in trying to match import prices to maintain our volume. As import prices fell, the volume became even more important. We found ourselves having to try to compete for every ton, no matter how small the order. Smaller orders also mean higher unit production costs, even in the face of lower unit prices.

Even after cutting our prices to the bone, we often weren't successful in obtaining sales. Customers routinely demanded prices below our costs, and we had to decide whether to lose money on the sale or simply lose the
sale entirely.

We have seen improvements in orders and inquiries as a result of the case filing. Some major customers that had moved from Keystone to subject imports over the last couple of years are once again placing inquiries and orders with us.

We are by no means, though, out of the woods. However, the subject import volumes have remained high until relatively recently, and our ability to take advantage of these volume opportunities and to realize much-needed higher pricing hangs in the balance.

It is critical that the Trade Orders are put in place to ensure that pricing and volume can continue to improve. If we are not able to address these unfairly low-priced imports, we can expect things to get worse fairly quickly.

The foreign producers continue to have massive excess capacity. Given the opportunity, they will continue to dump that surplus capacity into the United States, which is the largest open market for wire rod in the world.

We cannot withstand any further erosion of our prices and revenues as this strategy by the foreign producers continues.

It is therefore vital that we are able to obtain relief against dumped and subsidized imports. If we don't,
U.S. mills like Keystone will find required investments simply unaffordable. I fear we will fall behind on investment to a point where we will never be able to catch back up. Thank you.

STATEMENT OF ERIC NYSTROM

MR. NYSTROM: Good afternoon. My name is Eric Nystrom and I'm the Director for SBQ and Wire Rod for Nucor Corporation. I've been employed with Nucor for 17 years. Nucor has four wire rod facilities in Nebraska, Connecticut, Arizona, and South Carolina.

I appreciate the opportunity to speak with the Commission today, and I urge you to find that wire rod imports from the 10 subject countries have materially injured our industry.

The U.S. wire rod industry has experienced two massive surges of unfairly traded imports back to back. First, unfairly traded imports. First, unfairly traded Chinese imports completely devastated the U.S. wire rod industry. While we were granted relief in January 2015, we never had a chance to recover as subject imports rushed into the market at extremely low prices.

Imports from the 10 subject countries more than replaced the injurious Chinese imports. By the end of 2015, subject import volume exceeded China's peak volume. Going into 2016, subject import volume continued to climb to well
over 700,000 tons, taking additional share from U.S. producers.

The one/two punch of Chinese and subject imports has left the industry dazed. Our operating margins over the three-year POI are even worse than the China case.

Wire rod is sold principally on the basis of price. The domestic industry competes head-to-head with subject imports on a daily basis. Domestic wire rod is interchangeable with subject rod, and U.S. producers can make virtually any grade of wire rod. We compete with subject wire rod for sales along the entire continuum of wire rod from standard industrial grades to grades used for tire reinforcement.

Despite claims from those opposing relief, there is no requirement that tire bead and tire cord wire rod be produced in a basic oxygen furnace. In fact, there are several subject producers that use EAS to make these products. Interestingly, they have elected not to appear here today.

Nucor recently shipped its first order of tire bead wire rod which was produced at our Darlington facilities in billets that were melted in our electric arc furnace. Additionally, wire rod for tire applications can be rolled in the United States by purchasing billets from a BOF producer.
While Nucor takes pride in our steel production, two of our rod mills do not melt steel and we can and do source imported BOF billets. But it is important to recognize that wire rod for tire applications is a minor portion of the subject imports. The vast majority of grades imported into the United States from subject countries are other low, medium, and high carbon grades.

Nucor spent tens of millions of dollars to start production at our state-of-the-art Darlington facility. However, because of unfairly traded subject imports, we have not received adequate returns on this and other investments. And unless relief is granted, it would be extremely difficult to justify future investments.

Not only has the wave of subject imports stymied investment, but it has also forced two U.S. mills to cease production. In August 2015, Arcelor-Mittal USA shuttered its Georgetown wire rod facility, and in March 2016 Republic's Loraine facility was idled.

As Arcelor-Mittal cease producing wire rod in the United States, the company's importing arm started bringing in wire rod from several different countries, including South Africa, Spain, and Ukraine.

This is why it is so important that the hammering effects of all subject imports are considered together. Otherwise, these international steel companies, trading
companies, and sophisticated purchasers will simply shift to any subject country that is left out of the Order.

Antidumping and countervailing duty orders on wire rod from the subject countries are necessary to prevent further damage to the domestic industry. The United States is one of the largest, most open and traditionally attractive markets in the world. In the absence of trade relief, and with their massive amount of excess capacity, subject producers will continue to send large volumes of imports to the United States.

I want to emphasize that as a result of filing these petitions, and Commerce's recent preliminary determinations, we have seen subject imports start to retreat from the market. Prices have recovered somewhat. U.S. producers were able to make additional sales at higher prices, which led to a gradual but very modest improvement in the domestic industry's performance.

To be sure, Nucor's interim financial performance is directly related to these petitions. But make no mistake, if the petitions were not filed earlier this year, subject imports would have continued to pour into the U.S. market and we would have continued to lose sales to cheap imports, which would undoubtedly occur absent the imposition of orders.

On behalf of Nucor and our teammates, I urge the
Commission to grant trade relief against wire rod imports from all subject countries. Thank you.

STATEMENT OF MARCELO CANOSA

MR. CANOSA: Good morning. My name is Marcelo Canosa. I'm the Director of Marketing for Gerdau Ameristeel North America. I have worked in the steel industry for 18 years, most recently as wire rod and rebar sales director.

Gerdau is a major supplier of long steel products, including carbon and alloy wire rod in the United States. We produce wire rod in Beaumont, Texas, and Jacksonville, Florida. As you are aware, just a couple of years ago our industry brought an unfair trade case against imports of wire rod from China.

In January 2015, the Commission granted import relief to our industry. As important as that finding was, the benefits of the Orders were short-lived. Imports from the countries subject to this case almost immediately took the place of the Chinese imports.

The imports from the 10 countries targeted by this trade action have been able to significantly increase sales by aggressively under-selling U.S. producers, including Gerdau.

Pricing United States wire rod is extremely transparent, with industry publications regularly publishing wire rod prices. Further, the market is dominated by spot
market sales, so prices are openly communicated and changed frequently.

Even for the relatively few sales that Gerdau makes under annual supply agreements, prices are often renegotiated on a monthly or quarterly basis. Given the openness of the market, a small volume of low priced imports from one of the subject countries often quickly has a big impact on U.S. prices.

We were forced to lower our prices throughout the 2014 to 2016 period in order to compete with imports that were under-cutting our prices. Gerdau had to institute foreign fighter pricing programs with major customers in an effort to keep up sales volumes.

Foreign fighter pricing means customers tell us the import price, and then we must match it if we want to keep their business. Because wire rod production is highly capital intensive, we must keep our mills running to cover large fixed costs.

So we have had little choice but to cut prices to keep our sales. Although we have seen some price improvement in the second and third quarters of this year, that has only been in response to the impact of this case which we filed at the end of the first quarter.

Gerdau competes directly with subject imports every day. We know from our customers that subject imports
have not captured sales because they offer better quality or
a special type of wire rod. Gerdau is a dedicated
world-class producer of wire rod. Our very broad range of
wire rod products includes low carbon, high carbon, welding
quality, cold heading quality, tire bead, and many other
specialty types of rod.

We have not lost sales to imports due to quality
issues or an inability to supply a wide range of types of
rod. We have lost sales to the subject imports strictly on
the basis of price. This downward pricing pressure has led
to substantial reductions in our financial returns over the
2014 and 2016 period.

Our capital expenditures were cut drastically in
2016 due to the mounting losses. In fact, our Beaumont and
Jacksonville plants have had to delay or place on hold
$40 million worth of capital investment projects designed to
improve our production efficiency and output.

This situation is not sustainable over the long
term. Because of the filing of this case, we have begun to
see some improvement in our profitability in 2017. Even
that improvement is tenuous. Our returns are not sufficient
to cover our capital investment needs, and are inadequate by
any measures.

If unfair trade orders are not put in place, any
recent financial improvements will almost certainly be
undone. I believe Gerdau's wire rod operations, products, customer service, and employees are the best in the industry. In fact, I want to make special mention of the dedication of our employees during the recent hurricane that affected our Beaumont and Jacksonville facilities. Our Beaumont facility was down for less than three weeks, and our Jacksonville facility was down for less than three days.

We are very grateful that our employees' dedicated efforts were able to quickly get us back up and running at both locations. Because we had inventories of wire rod on site, we were able to meet our customers' immediate needs and regular output returned quickly.

The short suspension of production at our two facilities has had no meaningful impact on our output of wire rod for the year, and certainly did not cause any type of supply shortage in the market, as that was the only U.S. producer of wire rod to be affected, and the rest of the industry had plenty of capacity available throughout the period.

In conclusion, despite the dedication of our employees and our production capabilities, Gerdau is currently in a very precarious position because of the injurious impact of subject imports.
These imports are being sold at unfairly low prices and are threatening our continued existence. We urge the Commission to reach affirmative determinations and impose Orders in this investigation. Thank you for your attention. That concludes my remarks.

STATEMENT OF STEPHEN ASHBY

MR. ASHBY: Good morning, Madam Chairman and Members of the Commission. I am Stephen Ashby, the Vice President of Sales for Keystone Steel & Wire. I have served in this capacity since May 2015.

I have been involved in the rod and wire business in excess of 30 years, and I appreciate the opportunity to testify before you today to describe the injury we have suffered due to unfairly traded imports from the 10 subject countries.

The last several years have been challenging for our industry and for Keystone. Just two years ago I testified before the Commission regarding the injury to our industry due to the surge of unfairly traded wire rod from China.

Although the Commission's affirmative vote in that case helped to restore a level playing field with respect to China, the recovery the industry desperately needed never materialized. As you have heard, those unfairly traded imports from China were simply replaced by
unfairly traded imports from countries targeted in this case.

This shift occurred for at least two reasons. First, when the unfairly traded imports from China pulled out of the U.S. market after being slapped with substantial antidumping and countervailing duties, they were immediately diverted to other markets around the world, including the subject countries.

As Chinese imports displaced sales in those markets, wire rod from those other markets had to find someplace else to go. And given the size and openness of the U.S. market, the United States was an attractive outlet for these displaced sales.

Second, the same trading companies that exploited low price imports from China found new sources in the subject countries to replace the Chinese wire rod they had been selling. While the unfairly traded imports are now spread over 10 different countries instead of just coming from China, the effect is exactly the same. Instead of trying to match those low prices offered by China, we are now having to compete with low prices offered by the producers in the 10 different countries.

Regardless of the source country, it is the low import prices that set the U.S. pricing market. With so many sources offering wire rod in the United States at the
same time, purchasers know they can demand the low prices they want in a never-ending downward spiral.

Import wire rod, regardless of its source, is highly interchangeable with the domestic wire rod. As a result, we compete head-to-head with subject imports on the basis of price.

In 2013, it was imports of 600,000-plus tons of wire rod from China at low prices that were injuring our industry. And in 2016, the 10 subject producers in this case accounted for an even higher volume of over 700,000 tons in a smaller market.

The low import prices from these 10 sources are continuing to have a devastating impact on our industry and its workforce. The subject countries have established themselves as being able to quickly ship large quantities of wire rod. Turkish producers continue to play hit-and-run in the U.S. market, exporting massive volumes in certain periods, and very little in others, but always surging back when they have a chance to do so.

Countries like the UAE and Russia came out of nowhere with significant volume offers and low prices to our customers. Each of the target countries has used low prices to gain and take market share at our industry's expense.

When you aggregate the imports, the injury to us is the same: Large volumes of low-priced imports that drive
down Keystone's prices and deny us the volume we need to run
our mill profitably.

Let me stress that when our company loses a sale
to subject imports, or takes a smaller share of a customer's
needs at a lower price, it is not because the customers
prefer quality, delivery, or service associated with the
imported product. What the purchasers want are the lower
import prices.

If the subject producers are not forced to
trade fairly, purchasers will resume buying as much
low-priced subject imports as they can, forcing Keystone to
try to match those prices.

With the surge in low-priced subject imports
of wire rod, we at Keystone concluded that we had to try to
match the import prices we wanted to maintain our business.
Although Keystone sells wire rod both pursuant to supply
agreements and on the spot basis, our supply agreement sales
do not insulate us from lower-priced imports.

Let me give you an example. In August of
2016, the prices in the U.S. market were so low that our
customers with sales agreements said that they would not buy
from us unless we offered lower prices available at that
time on the spot market. We were forced to cave in and cut
our prices despite the sales agreement to keep the customer.

I am very concerned about what might happen if
we're not granted relief from the subject imports in this case. Given the subject producers maintain significant excess capacity, subject producers will resume targeting the U.S. market with their excess supply if remedial duties are not imposed. Without trade relief, we will once again lose sales volume and market share to the dumped and subsidized subject imports and pricing in the U.S. market will once again deteriorate.

Our ability to make a profit and earn an adequate return on our capital investments, as well as making capital improvements to our operation will be significantly undermined. On behalf of my company and all the workers at Keystone, I urge you to not - I urge you not to let this happen and reach an affirmative finding in this case. Thank you.

STATEMENT OF HOLLY HART

MS. HART: Good morning. My name is Holly Hart, and I'm the legislative director and assistant to the president of the United Steelworkers or USW. The Steelworkers are the largest industrial union in North America, with 1.2 million active and retired members. The Steelworkers have appeared before this Commission numerous times to oppose the unfair trade practices of foreign companies and governments.

The crisis in global steel overcapacity has
overwhelmed the U.S. steel sector, leading domestic producers to seek relief through the trade laws, just to keep their plants running. As you know, my colleagues and I have testified in numerous cases involving steel and other products, including during the preliminary staff conference, in this case just six months ago.

The common thread in each of these cases is the onslaught of dumped and subsidized imports, that has a direct and devastating impact on American manufacturers and their workers. The impact that unfairly traded imports have had on the domestic wire rod industry is no different. The Steelworkers represents or represented over the past three years steelworkers at several wire rod production facilities in the United States. Those mills include ArcelorMittal USA in South Carolina, Gerdau Ameristeel in Texas, Evras North America in Colorado, Cascade Steel in Oregon, Sterling Steel Company in Illinois and Republic Steel in Ohio.

I'm back today on behalf of those steelworkers, their families and their communities to urge the Commission to provide trade relief to this industry and to save American manufacturing jobs from the terrible effects of low-priced wire rod imports from the ten subject countries.

You've heard today from domestic wire rod producers that the prior successful case against wire rod
from China in January of 2015 was filed to address the serious injury China had inflicted. We had high hopes that the anti-dumping and countervailing duty orders on wire rod from China would keep U.S. producers in business and restore the steelworker jobs that had previously been lost to the flood of these low-priced imports.

But the new wave of dumped and subsidized wire rod from the ten subject countries that replaced those imports from China has prevented that recovery from occurring. The rush of wire rod imports from the ten subject countries was rapid and damaging to the domestic industry and to the steelworkers that should have benefitted after the China case. The news reports and the record in this case tell a frightening story of what the subject imports have done to this industry.

Instead of being able to keep the mill open as we had hoped after the China case, ArcelorMittal USA was forced to permanently close its Georgetown, South Carolina wire rod facility later that year. 226 employees, including many Steelworker members, lost their jobs when Georgetown closed and they received trade adjustment assistance.

In 2016, Republic Steel idled its Lorain, Ohio wire rod facility, resulting in about 200 layoffs that also the laid off members qualified for trade adjustment assistance. Also in 2016, Cascade Steel in McMinnville,
Oregon permanently laid off 70 employees, including USW steelworkers, which reduced Cascade's workforce by 15 percent.

These companies have made clear that unfairly traded imports are to blame for these many, many lost jobs. Workers at other wire rod mills have also suffered lost jobs, reduced hours and declining pay as subject imports surged in the past couple of years. Not only are hard-working, highly skilled American steelworkers hurt by these deteriorating conditions, but their families and retirees and entire communities also feel the effects in very real ways.

For the U.S. wire rod industry and those jobs that still exist, trade relief is critical. Our steelworkers have sensed a change since this case was filed, had have hoped that things will turn around once the playing field is leveled, as you've also heard from the domestic industry witnesses today. But that hope is entirely dependent on an affirmative determination by the Commission.

We're counting on the Commission to provide relief under the law to ensure the future of the wire rod industry in the United States. So on behalf of our union's members who make wire rod and the retirees and communities that depend on them, I urge the Commission to enforce the trade rules and find that unfair imports of wire rod are
injuring the U.S. industry and its workers. Thank you very much.

MR. ROSENTHAL: Members of the Commission, that concludes our direct presentation. We are prepared to answer questions.

CHAIRMAN SCHMIDTLEIN: Okay, thank you very much.

MR. ROSENTHAL: I do want to introduce my colleagues, Mr. Luberda and Mr. Hudgens, who will also be available to answer questions.

CHAIRMAN SCHMIDTLEIN: Okay, thank you. I'd like to thank all the witnesses for being here today, to help us understand this case and we will begin the questions with the Commissioners with Commissioner Broadbent.

COMMISSIONER BROADBENT: Thank you, Madam Chairman. I'm trying to kind of get to your thinking on sort of the relationship of all of these cases as they've come in succession. I think put orders on five countries in 2001, and then China was 2015 and we're talking about an additional ten more countries in this case. In the 2015 case on China, the Commission reached material injury largely on the basis of market share losses that had occurred.

After 2014, imports from China declined to essentially zero and the subject imports gained market
share. However, the domestic industry did not lose significant market share over this current Period of Investigation. Given that there wasn't a substantial loss of market share to current subject imports over the period, aren't we really just talking about market share losses that were caused by the imports from China? Mr. Rosenthal.

    MR. ROSENTHAL: Let me be as blunt as possible. If someone's punching you in the face and that person stops and someone else gets in line and punches you in the face, you're still getting hurt by someone punching you in the face. The fact that imports from China receded and were then substituted by imports from the subject countries does not mean that the domestic industry, who had lost share to the Chinese in the first place, were any better off.

    They were - the replacement injurers were the subject imports. Just the way, as I mentioned in my summary earlier, the statute looks at the collective hammering effect of imports.

    When it looks at the concept of cumulation, the sequential hammering effect of imports where one import source who has taken the share from the U.S. industry is replaced by another import source that's taking the share from the domestic industry is just as injurious, and I would argue more injurious because you have extended the time that
the market share has been lost.

You've extended the time when the sales have
gone down and the capacity utilization has been lower than
it should be, and you've extended the period of time when
profitability is inadequate to invest. So I understand the
argument by the Respondents. I just think it's wrong as a
matter of fact and a matter of law.

COMMISSIONER BROADBENT: Well when you look at
the market, when we looked at the market in 2015 and all
this unfair trade was going on, why didn't you file the
cases then on the ten other countries?

MR. ROSENTHAL: The imports from those ten
other countries hadn't surged yet, and we were hopeful that
they were not going to surge. If you go back and you look
at that time period, it was only when the imports began to
come in and actually surged to the levels where the Chinese
were at that it began or not began, it got worse. You know,
there is a -- I know you think I like coming back here all
the time and I do, but my clients don't, and they would much
prefer to not have to file cases all the time.

Unfortunately, and I'll just add, every - the
wire rod industry is capital intensive, but it's not as
difficult to get into as some other parts of the steel
industry. So a lot of countries can make wire rod and ship
in here. We don't want to be here every day with a case,
and we only come to you when we really feel like there's a strong case, and we waited and waited until we felt we couldn't wait any longer.

COMMISSIONER BROADBENT: Okay, and can the increase in the volume of subject imports be explained by purchasers' desire for multiple sources of supply, since a lot of purchasers are facing integrated producers and to be dependent on your competition for the inputs is -

MR. ROSENTHAL: I'll let some of the industry witnesses testify on this and others. But I just want to say we've heard that argument before, and the problem with that argument is that the - if it were just a matter of alternative sources of supply, it would be one thing.

But what you saw in the questionnaires you received is that the importers are not just saying I want another source of supply; they're coming to the domestic industry and saying if you want to sell to us, you've got to sell at rock bottom prices, sometimes below your cost, because that's the only way you'll get to supply me. So it's not alternative sources; they want the cheapest possible sources wherever they may be.

It happens to be that they can get the cheapest product from the subject imports because they're being dumped and subsidized. There's plenty of capacity in the U.S. market to supply almost all of the demands in the
marketplace. It's not the alternative supplies and as my -
our witnesses will tell you, they don't discriminate amongst
their customers. They sell to everybody and at the same
prices.

MR. PRICE: Alan Price, Wiley Rein. We
actually should get to the clients in one second. But this
slide actually -

MR. BISHOP: Sir, pull your mic a little
closer please.

MR. PRICE: This slide over here is actually
pretty telling. There was a huge volume of imports switched
from domestic producers to imports because of price. It
wasn't because of, you know, I want multiple sources of
supply. It was because I want lower prices.

COMMISSIONER BROADBENT: And which year are
you talking about?

MR. PRICE: Well, this is your data set from
this, and the total number in there is confidential in the
staff report, but it is a very significant number. I would
say it is more -- and as a portion of the size of this
market compared to most the other investigations you've had
in steel where you have found numbers significant in terms
of switches, this is a huge number. It's larger by a margin
as a percentage of the market than just about anything else
you've seen out there.
So you've seen huge shifts. You've seen huge shifts principally to lower-priced imports and principally because of price. So it's not that I want multiple sources of supply. Hey, I would buy from the domestic but I got a cheaper import source from the subject suppliers, and this involved every single one of the subject countries was identified as being - as getting volume because they were underselling in shifts there.

COMMISSIONER BROADBENT: But they're basically shifting from buying from China to buying from the subject countries?

MR. PRICE: No, this was a shift from buying from the U.S. producers. That's what the questionnaire said, did you shift from buying from U.S. sources to the subject imports?

COMMISSIONER BROADBENT: Well, I'm just trying to figure out. You said you just have the data from what you sense is when the shifts went on. When did we start -

MR. PRICE: Well, I think the customers - well, the clients should talk to it. But listen, the customers want to buy wire rod, and then they're looking for the cheapest sources and they will shift to the subject imports if they're lower priced versus the domestic industry. That is what they're - that is what this tells you.
COMMISSIONER BROADBENT: But how do we know that they went back to the domestic - you understand, then went to the subject imports? I think they just switched from the Chinese sources to the -

MR. PRICE: Well, let me say it this way. I think under the statute, it doesn't matter if you are buying from China and then switched. What matters -

COMMISSIONER BROADBENT: Well, I don't -

yeah. I'm just wondering what happened and what your position is what happened?

MR. PRICE: Yeah. What happened is that evaluating whether to buy from the U.S. industry or from subject imports, they switched to subject imports because they were lower priced and that -

COMMISSIONER BROADBENT: But the domestic industry never got those sales.

MR. PRICE: Those were sales that were identified that they would have gotten.

MR. ARMSTRONG: Madam Commissioner, if I can - Chris Armstrong, Keystone.

COMMISSIONER BROADBENT: Yes, Mr. Armstrong.

MR. ARMSTRONG: If I could just perhaps give some personal experience from Keystone's perspective. As my testimony said, I became chief strategy officer in 2012, and immediately two kind of answers I want to give you which I
think address two things I heard. In terms of sales that
ever came back to domestic, our rod sales, we are an
integrated supplier as well, producer. But our rod sales by
far, they're the largest proportion of our sales and we
depend on it heavily in order to keep the volume of the
plant up, to make it an efficient rod plant, producing
plant.

We've lost almost over 50 percent of our rod
sales and shipments since 2012. In fact, they've
accelerated it drastically in the last two, two and a half
years. So that's firstly what I see. I see the industry
statistics on market share and I even see that going down
from the domestic producers.

But from a personal perspective, we
drastically saw our rod shipments to these customers go
away. In fact, we know for a fact that some of the
customers which had been the largest customers for Keystone
for many, many years, many years, and we were very pleased
and proud to supply them, went directly to imports.

If they didn't go directly to imports, they
directly used the import prices in order to achieve prices
that we just simply could not sustain.

COMMISSIONER BROADBENT: But when did you see
the biggest shift in those purchases?

MR. ARMSTRONG: We saw it roughly in - start
to occur as I said in 2012. It's accelerated over the last, in 2015 and 2016.

COMMISSIONER BROADBENT: Okay, thank you very much.

MR. CANOSA: Sorry. Marcelo Canosa with Gerdau. Commissioner Broadbent, just going back to a question about is this a matter of source, having options for the customers. I just want to point out that on the China case or the China Period of Investigation, that was their main source of wire rod and it was because of price. It was not a choice of several sources. So that give you an example that it's not about having multiple sources, it's having the lowest price.

COMMISSIONER BROADBENT: But I think the argument is they need an alternative to having to buy from these integrated competitors that they have.

MR. CANOSA: We have eight producers in North America that can supply wire rod to them.

COMMISSIONER BROADBENT: But they're all integrated, right?

MR. CANOSA: No.

MR. ARMSTRONG: No, Madam Commissioner. Keystone's probably the most integrated steel producer here. Let me add that we have constantly and always would sell rod directly to the customers, even those that compete with
products that we do sell. In fact, we'd prefer to sell to
those customers, and our expansion into the integrated
market, and I can give you specific examples, was as a
result of losing that rod volume.

In fact, I can go back to conversations which
have facility Respondents and our customers who are here
today, back in 2013, to - and the discussion revolved
around the fact that if you take your rod purchases
elsewhere, I have 1,200 families to look after. I have the
responsibility of giving those 1,200 families health care,
income, a Christmas this year.

And what do you expect me to do with the rod
that you don't buy from me? Now that's kind of a - I
understood that point. Well, they were getting cheaper
prices offered to them from imports, and so they could make
higher profits by going and getting those, by buying those
cheaper imports. But I expressly stated to them what do you
expect me to do with my rod?

The answer will be quite simply that I have to
integrate and make something out of that rod, and that's
indeed the first strategic actions that I took, were to
actually go up the quality chain in terms of high carbon,
away from the low carbon to the higher carbons. In fact, we
do make the 1080 tire bead. We don't make the 1080 tire
cord yet, although I tried - I have absolutely looked at
and have quotes, and project, full project spec'd out to be able to invest in equipment to make that.

But I can't any more afford the investment, the return of investment because of the prices of that material as a result of the imports. Even that small part of the market restricts me from doing so. So I first of all went into trying to make higher grades of steel because those prices are better, and then I went into adding value to the rod because my rod sales were decimated, because they wouldn't take the volume because they went after the import rod. So that is why we've become more and more integrated.

COMMISSIONER BROADBENT: So when the Chinese competition stopped as a result of the order, you tried to make sales but those purchasers went to the new subject imports?

MR. ARMSTRONG: Correct.

MR. ASHBY: Commissioner, Steve Ashby at Keystone as well. If you're looking for a shift, there really -

MR. BISHOP: Pull your mic a little closer please.

MR. ASHBY: There really wasn't a shift. It went from China to the ten subject countries just like that. There was no opportunity to get back in, although we tried to do that because they wanted to buy low-priced imports.
MR. NYSTROM: Commissioner Broadbent, Eric Nystrom with Nucor. Just one point of clarification on vertical integration within certainly Nucor and I believe the rest of the industry. The downstream business that we have on wire rod is very small in terms of tons. We depend on external customers for the vast majority of our sales, and we do on the business that is integrated, it is transacted at a market price.

But again, the volumes along internally would be nowhere near enough to sustain a wire rod operation. So all of our customers we depend on for their volume, and the fact that they need, you know, additional sources not the case, but the desire to buy cheap wire rod is -

COMMISSIONER BROADBENT: Okay, thank you. My time's way over. Sorry.

CHAIRMAN SCHMIDTLEIN: Okay, thank you. Mr. Rosenthal, in the slide presentation you included a slide on - this is about price, and it's Slide 15. You point out that the unit net sales values declined more than unit raw material costs. In the Respondents' briefs, and I think Mr. Cunningham in his opening statement even alluded to this, that when you look at unit COGS, they declined more than the AUVs of the domestic shipments.

So can you respond to the argument that when you look at unit COGS, that's what accounts for the decline
in price, since you see a greater decline whether you look at the merchant market or the total market in unit COGS?

MR. ROSENTHAL: I'll let some of my colleagues add to what I'm about to say, but most of what they had focused on earlier had been what they saw as the raw material, scrap prices as driving prices down. That's been almost the entire focus of their testimony at the prelim and their briefs.

Now one of our points is, yes, the total cost of goods sold is more than simply raw materials and we focus on that and that's a big problem. And the fact that we cannot get prices high enough to cover total cost of goods sold is a real problem for us too and that all has to do with pricing competition in the marketplace with subject imports.

So our view and the reason why we put this slide in here was simply to rebut their argument that scrap prices explain all the drop in the prices of wire rod in domestic industry sales. But I totally agree with you, total cost of goods sold is really more important and the fact that we can't cover that or have enough of a margin there is probably what the declining profitability is all about, but that all comes down to how much can you get for your wire rod in the marketplace, given the import competition.

CHAIRMAN SCHMIDTLEIN: Mr. Price?

MR. PRICE: I'm actually going to refer the
Commissioners to Table VI-4 in the staff report.

MR. BISHOP: You need to talk directly into the mike.

MR. PRICE: I'm going to refer the Commissioners too Table VI-4 in the staff report and as you will see from that, which is the same that this chart was drawn from. And when you go to cogs, by the way, commercial sales prices were down $187 and average cogs were down $180, so what you see actually is that, again, prices fell more than total cogs, fell more than raw materials. It fell more than total cogs.

Now what's the difference between our analysis and their analysis? We dealt wit the real numbers, okay. They're dealing with, well, if you look at a percentage change and you look at this change versus that change, you can say one declined more than the other on a percentage basis, but people don't - you know people earn profit or loss in their businesses are based upon the real numbers. And what you see is that prices declined more than raw material costs and they declined more than total cogs and that's what the actual numbers are.

And we were in another investigation where a very well-known economist talked about cruel and unusual things to numbers. I think they get their analysis through that kind of approach here when you do a lot of gymnastics
through percentages rather than look at the real numbers.

CHAIRMAN SCHMIDTLEIN: Okay, sure.

MR. ARMSTRONG: Madam Chairman, if again, I may just add some personal experience and hopefully it'll add some color to it on a couple of points.

Personally, it's the customers that try and drive the relationship between scrap and the prices, it's not us. Why would any producer lay out what it considers to be its cost because he's trying to - the objective of a producer is to try and make as much margin, as much profit as possible, so that's the first point. And whenever scrap goes down, it's the customers who come knocking on the door and say, hey, scrap has gone down. You should lower your price.

The second point is that, obviously, we have more cost than just scrap and it would be never our intention to give up any margin that we could win just because one of our raw material cost has gone down. That would be insanity. I would not be sitting doing -

CHAIRMAN SCHMIDTLEIN: So your contacts aren't tied to what the raw material cost in any way?

MR. ARMSTRONG: We have a number of ways of selling steel, some, as a result of the customers coming previously when scrap was at its precipitously worse price - lowest price, they've tied the contracts to scrap or they
put the price to scrap. So in terms of us expecting scrap
to go back, a small number of our contracts - my sales
teams did tie to scrap so that when the scrap went back up
we could gain a price increase as a result of that, so
there was a base, plus an index on scrap.

Interestingly, as Mr. Ashby testified, when the
import prices really precipitously crashed those same
customers who were tied into those contracts and agreed to
unsigned them came to us and gave us an ultimatum,
regardless of scrap price. We can get these prices from
imports. You either have to give us those prices or we
won't order from you and so we have to cave.

And the last thing, just a data point, certainly
this year, if you look at it, the relationship between scrap
and price is not there. In the third quarter, for example,
of this year, the scrap that we purchase, which is pretty
transparent and market driven, has been flat and our prices
have still gone down.

CHAIRMAN SCHMIDTLEIN: So speaking of that, in
their brief, AWPA says that throughout 2016 and into late
2017 that there have been numerous price increases, so can
the witnesses talk about those and how have you been able to
-

MR. ARMSTRONG: If I may follow up, Madam
Chairman, we've put in attempts to price increase
announcements. That's absolutely true. And Keystone, in particular, put one in a couple of months ago. Went out there and tried to get a price increase and it was rejected by the market as the previous price announcement. There's a difference between a price increase announcements - and so, in fact, after the first hearing, we tried to put a pressure on prices. In fact, what happened then in the second quarter was the market and the customers ran to imports and imports surged even higher after our first hearing. And then, as we went into the third - so prices were again held down as a result of that import surge after our first hearing.

And then, as we went into the third quarter and it became transparent - and particularly transparent with your issue of the preliminary findings that these - this relief on the imports may well occur and will occur in next year. The imports started to dry up, but rather than - that's when we tried to impose a price increase and made price announcements. But rather than being able to get any benefit from that the customers who had put all of those imports - not all of them, but most of those imports and build inventories with them in that surge of imports that happened in Quarter 2, basically, argued with us, well, I don't really need your steel right now, so if you want to sell me steel now - again, we had to keep our plant
operating and at a certain utilization level. If you want
to sell that to me now, you'd got to give me a good, right
price. And that, indeed, again happened in the third
quarter and that is why our numbers - and we can go through
them, happy to go through this in a post-hearing brief.

CHAIRMAN SCHMIDTLEIN: Sure, that would be
helpful.

MR. ARMSTRONG: You’ll see that the scrap price
was pretty static in terms of what we were buying in the
third quarter and our prices declined. And in fact, I may
say we had one of our worst third quarters ever in the
history of the company and we rely on our third quarter.
We're like a very seasonal business. We rely on our third
quarter. That's the quarter that brings in the cash that
sees us through winter.

CHAIRMAN SCHMIDTLEIN: Okay. Mr. Canosa, did
you want to add to that?

MR. CANOSA: Yes, I just want add, Marcelo
Canosa with Gerdau, because of the low priced imports in the
market, it's like people would say that we fluctuate price
announcements and price changed with scrap. We're actually
chasing the low price imports of the subject countries.
That's what makes our price go down throughout the period of
investigation, not scrap.

MR. ASHBY: Chairman Schmidtlein, so to give you
an example, I talked about that in my testimony. We do have
some sales agreements and we had sales agreements with our
customers and we were told in August of last year we had to
go back and basically reduce our base price. And the base
price reduction was simply because of low-priced imports, so
you can see how that would occur; otherwise, we wouldn't
have any - we'd have to take time off at the mill.

MR. ROSENTHAL: Just to follow, Chairman
Schmidtlein, if you go to Slide 16, which is confidential,
one of the points we've tried to emphasize, despite the
thick stack of price increase announcements that AWPA and
others have referred to, most of those did not stick and
it's only been in this year after the filing of the cases
that they've been any price increases that have stuck, that
have benefited domestic industry. Pricing is still on these
subject products that you've looked at well below where they
were at the beginning of the period of investigation.

CHAIRMAN SCHMIDTLEIN: So I'm just curious,
given that demand was not going up during this time, why
would you think you could push through a price increase?

MR. ROSENTHAL: I'll tell you because of these
cases and the imports beginning to decline there was hope
that there would be - and also raw material costs were
going up everyone felt that there was - this is an
opportunity - not every one. As raw material prices were
going up and the case was file there was a hope that they'd
be able to get some margins finally.


MR. ROSEHNTHAL: 2016 was all scrap increase
driven, as far as I can tell in terms of the attempts to get
price increases.

MR. NYSTROM: Ms. Chairwoman, if I could just
please add to - you know just to support the fact that
scrap is a big component of our cost, but wire rod is purely
sold on price and that's determined by supply and demand.
And as scrap prices go up, we're already under tremendous
margin pressures. We have to do everything we can to try to
raise that price. Our operating margins have been really
pathetic, so I just want to make sure that we all just
continue to recognize that if scrap falls it's not our
desire to just drop price with scrap. We try every day to
grow margin, but that's driven by this over abundance of
supply of very cheap imports and we're forced to match it
because the one thing you can't do as a steel mill is lose
volume or capital-intensive business. So you know we're
forced to lower prices to maintain volume and likewise, when
scrap goes up, yes, we raise prices, but just because we
announce it in no way, shape, or form does that mean we
capture what we announce. We claw and scratch for every
dollar we can.

VICE CHAIRMAN JOHANSON: Thank you, Chairman Schmidtlein. And I would like to begin by thanking all of you for appearing here today.

Petitioners state that the closure of the Achler Middle Plant in Georgetown, South Carolina and the Republic Steel Facility in Lorraine, Ohio demonstrate injury to the domestic industry.

Respondents take the position that factors other than subject imports explain the closure of the plant in Georgetown, South Carolina. For example, at page 19 of their brief, Turkish Respondents contend that this facility was built in 1969 and was an aged, outdated facility with high energy and operating costs. How do you respond to these allegations and other factors that Respondents have identified, including reports of silt buildup that prevented certain raw materials from being imported into the port near the facility and Nucor's construction of a state-of-the-art rod mill nearby. And for further reference, you might want to look at page 10 of the British Steel brief and pages 23 to 25 of the American Wire Producers Association brief.

MR. ROSENTHAL: Commissioner Johanson, in my summary I tried to address those allegations the best I can.
And I will say we're not saying that silt did not build up in the bay leading into the Georgetown facility. That clearly has been an issue for them, but a 600,000 ton increase from China first and then 700,000-ton increase of subject imports were clearly contributing factors to that closure.

You can afford lots of issues if your profitability is not dropping like a rock as you saw in that previous slide. And all I can tell you is the contemporaneous statements by those companies when they closed their mills attributed at least part of the reason for the closure to the low-priced imports with which they could not compete. You can look at the slide again for their quotes. This is them saying it contemporaneously and not the Petitioners in this case. That's what they said as the reason. And as Ms. Hart testified, they did qualify for trade adjustment assistance, so at least, there's a partial attribution to imports.

I will say one last thing. The law does not only protect the most efficient producers. It takes the victims, as you well, as they find them just like in Tort law. And what happens when you have low-priced imports from countries who are not any more efficient is that maybe the least efficient producer in the U.S. goes out of business sooner than they could have or should have, but had those
low-priced imports not been in the marketplace maybe they could've survived the other problems that they've got and this industry and every other industry is entitled to relief from unfair trade practices. Even if you're inefficient, you could still stay in business if you don't have to fight countries and companies who have protected home markets or being subsidized by their governments and who may be no more efficient than you.

So I understand the arguments by the other side. As a factual matter, they're not correct, as you can see from these statements, but as, I would argue, legal matter and philosophical matter; even the most inefficient plants deserve to stay in business if they're competing against unfairly traded imports.

VICE CHAIRMAN JOHANSON: Thank you, Mr. Rosenthal. Mr. Nystrom?

MR. NYSTROM: Yes, thanks. And just a couple of comments, if you look back to the 2011 timeframe, the import penetration wasn't nearly the same and as high as what it became in 2012, '13, '14, '15, and so on. And when you look at what that translates to in terms of just pure tonnage, it's really been the large amount of imports that have gained share and really the amount of those imports fair exceeds the amount of volume that the Georgetown mill was doing. And when you look at the time period where the
overall industry really remained flat, so it for sure was import driven as far as the difficulties they had.

The other thing I'll point out is that steel mills do require a lot of maintenance. Our infrastructure requires a lot of maintenance and you know years of neglect can allow your infrastructure to deteriorate, but if you're making a little bit of money you can keep reinvesting. You can be dredging that along the way, but if every year you know you're not making any money, not getting a fair return because of cheap and dumped imports, it's pretty tough and eventually you get forced into a situation like that where you have an issue with your port.

VICE CHAIRMAN JOHANSON: One quick question, when did you make the investment decision in the mill?

MR. NYSTROM: Yes, just going back to the Darlington facility, when we started looking at that facility in 2011, that's really when the announcement came out, so we started looking at it even prior to that. And again, just for the context, we were kind of thinking at that point in time manufacturing is going be growing. You know we were pretty optimistic and then of course that's when the Chinese imports really surged in and remedy came from the Chinese imports and it was just back-to-back with another surge of imports. So you know going back, we really were pretty optimistic in what we were seeing back around
2011, but yeah, it's really been a tremendous surge and deteriorating market ever since.

MR. PRICE: Just going back to some factual matters here and we'll address it more in our post-hearing brief, age of steel plants if you're investing there are some very old steel plants, including many of the Respondents own plants. If you look at some of those plants - like some of those British Steel plants they're really old. If you look at some of the plants -- the Darlington plant, while the rod block is new on it, actually started production in 1969. It happens to be the same time of the Georgetown Plant. The Beaumont plant started production in around that same period of time.

If you can invest and reinvest - it's not when you start the plant. There are U.S. Steel flat rolled plants that started you know more than a hundred years ago, as there are British Steel plants that started more than a hundred years ago, so it's not the age.

Secondly, there's a lot of intention in those briefs to DRI and DRI you know they confuse a lot of different things and we'll go through the history of some of this stuff. The Georgetown DRI module was shut down like more than a decade before any of this period, so it has nothing to do with that. Georgetown, based upon our discussions with folks in the industry, you know these DRI
on certain select products, but they made a lot of products
that were scrap-based, standard products. You see you know
those types of products coming from countries like the
Ukraine today, so there's a lot of misinformation in the way
they've sort of tried to select and put those facts
together. We'll address it, but it's not the age of the
plant. I agree with Mr. Rosenthal entirely that you know
any plant is entitled to protection from dumped and
subsidized imports and there can be several factors that are
out there that affect these plants and why they go out of
business, but there's no question that the surge in dumped
and subsidized imports and the seizure of market share and
the poor profitability had an affect.

Conversely, you know there are many cases - I
would say in the late 1990s - let me stop and say Mr.
Cunningham, by the way, has a history of sort of saying, if
you take this plant out and you do this with it all of a
sudden the industry looks profitable. Conversely, when you
look at some of these cases back in the late 1990s and early
2000s, the Commission looked at it differently and they
said, well, you know you're seeing some bump up in
profitability in the most recent period and that's survivor
bias, okay, that you know we're actually statistically
things look a little better because some people went out of
business. So I can argue you can take this out or you
should keep this in. There's bias one way; there's bias another way. The key is take the industry as a whole - that's what the Commission always does - the industry as a whole as showing material injury. Clearly, imports contributed to the exits of - subject imports contributed to those exits. That's harm. And you should look at the industry as a whole, just as the Commission traditionally does.

VICE CHAIRMAN JOHANSON: Yes, Ms. Hart?

MS. HART: Yes, Holly Hart with the Steel Workers. I just wanted to add, of course, that the workers did certify for trade adjustment assistance. So workers were injured in the shutdown of the Georgetown plant. Whether it was old or not.

VICE CHAIRMAN JOHANSON: Thank you, Ms. Hart.

And thanks to the other folks who answered my questions. My time is about to expire, so I'm gonna end there.

CHAIRMAN SCHMIDTLEIN: Commissioner Williamson.

COMMISSIONER WILLIAMSON: Thank you. I wanna express my appreciation to all the witnesses for coming today. Ms. Hart, I might continue with you. We've talked about the problems the domestic industry's had in re-investing and the situation.

I was just wondering, what has been the case of investing in the workers, how - have there been - aware of
any changes in their ability to, you know, make technological changes to stay competitive in this industry?

MS. HART: Well, to be honest -

COMMISSIONER WILLIAMSON: - anybody else -

MS. HART: I'm sorry?

COMMISSIONER WILLIAMSON: Go ahead.

MS. HART: Okay. Holly Hart from the Steel Workers. To be honest, I don't know the conditions or the agreements at the specific plants here, where we represent workers, but I know as a union, we always do encourage, you know, continual skills upgrades and - you know, but I can't speak to any formal programs at the producers that are here at the table or at the facilities where we represent members. I could certainly try to find out though.

COMMISSIONER WILLIAMSON: Does anybody else wanna comment on this? I'm just trying to think about the competitiveness of the industry.

MR. CANOSA: Marcelo Canosa. We provide a lot of training to our workers at every mill that we operate in North America. And I can say that our workers are the most skilled workers that we have, and we can compete with anybody based on the labor force that we have.

MR. ARMSTRONG: Chris Armstrong, Keystone. Commissioner, what I can say on behalf of Keystone is, we work very closely with our union and representation and we
inform them completely of the investments in the plant, and they're very interested in that.

And in fact, they themselves, particularly with our company, have voted to not have any pay increases for the last three years, in order for us to invest in improvements in the plant, in terms of equipment, to be able to particularly utilize more rod, because of the lack of rod sales that was occurring as a result of the import attack. And they have done that.

And we work with them on that, and we continually have the equipment manufacturers, steel mill experts come through our mill and we do so with pride, and they can talk to the union membership and do so on a regular basis. And to audit the plant to see what we can do and what it would cost to do, to make the plant ever more efficient.

What I can say is, as I indicated in previous testimony, for example, there are products that we would like to make and we know how much it would cost to invest in the equipment so that our union members could make them, and because of the import prices, we can't afford -

It's not just a simple return on investment, Commissioner. It's actually, we don't have the cash to invest in them. Because the import prices, of those, attack the margins on what we do sell so viciously, and also in
many of those cases, negative margins, and also taking the
volume away from those. And again, some of our investments
in terms of our integrated mill, are purely to keep—and I'm
very proud of this—keep those families in employment, and
keep those incomes and keep those benefits coming to them.

And we have not, despite the attack on the rod
market by the import prices, we have been able to maintain
our work force and not lay people off, and that is because
we have managed to find, at our own investment, other things
to do with the rod and integrate. And that is the only
strategic action we could take.

COMMISSIONER WILLIAMSON: Thank you. I was just
wondering, how useful is the data in Table 6-3 for our
analysis, given the fact that ArcelorMittal's data is not in
the data set after 2015 and Republic is not in there at all.

MS. CANNON: Kathy Cannon. We have presented in
our brief in confidence an analysis of that. I don't think
we can address it publicly, but it is in our prehearing
brief where we've analyzed what happened. This relates a
bit to the survivor bias point that Mr. Price was making
earlier, when you take ArcelorMittal out, just so that you
can see what the effect is.

But having said that, it is our position legally
that you should be looking at the industry as a whole, that
the Commission should be considering exactly what happened
to the industry overall and not taking the argument that Mr. Cunningham proposed where you don't look at your C-Table and you don't look at the market shares of the industry as they're actually presented and instead, you exclude two companies that have closed.

There's no basis for doing that. So once you look at everything overall, you see, even taking into account what happened with the ArcelorMittal decline in the financial condition of the industry and a decline in the market share of the industry over the period, not an increase.

COMMISSIONER WILLIAMSON: Okay. Thank you. Let me turn to wire rod for tire cord and bead. Can other grades below 1080 be used for tire cord and tire bead?

MR. NYSTROM: Eric Nystrom, Nucor. Yes, there are a couple of grades that are less than 1080 that are used for tire bead and presumably, you can make cord as well. I'm not sure to the extent of volume, how much is used that's less than 1080. But yes, there is a continuum of grades, even within tire cord, that are used to make bead and cord.

COMMISSIONER WILLIAMSON: Does anybody have any idea of what share of the - what is their relative share? And it's something that might be addressed post-hearing?

MR. ROSENTHAL: We'll do our best to address
that in our post-hearing brief. You will have
representatives of the tire industry here later and maybe,
at least, that one person could answer that directly.

COMMISSIONER WILLIAMSON: Okay. And I noticed
you made -

MR. ROSENTHAL: I'm sorry. That - I didn't
think that was the question you asked. I thought you meant
the other grades, other than 1080, that go into tire.

COMMISSIONER WILLIAMSON: Right. That's the
issue I was questioning. How significant is that?

MR. PRICE: Commissioner Williamson, there
clearly is production below 1080 for the tire reinforcement
applications. And again, when you go to this continuum
question, it's all part of the continuum that's out there,
and so, again, there is production, the exact percentages I
think are issues to, you know, are not collected in this
data set.

COMMISSIONER WILLIAMSON: Okay. What uses
determine the grade of tire or bead? And is there any
production equipment adjustments needed to make tire cord
and tire bead wire rod? And if you wanna hit that
post-hearing, I'll accept that, too.

MR. NYSTROM: Eric Nystrom, Nucor. The only
comment I would say is, from the wire rod producers'
standpoint, tire bead and tire cord are made on the same
equipment. It's the same type of rolling mill, same type of melt shops. It can be EAF, it can be a BOF shop, so it's just a different product among many products that we make that are wire rod.

It could be bearing quality, aircraft quality, you know, it's like, like was mentioned, it's really a continuum of variety of wire rod products all made on the same general equipment, so the differences between the bead and the cord, I'm not the expert on the comment there.

COMMISSIONER WILLIAMSON: Okay. I was wondering, do difference between the EAF and BOF production processes impact the requirements that in - by end users. In other words, do your end users say, you gotta make it by this process or by that process?

MR. NYSTROM: Eric Nystrom, Nucor. Not to my knowledge. Really, what you're looking for is a specific cleanliness level, specific chemistry control. You can arrive at that so long as you use high levels of pig iron, direct reduced iron or other purer iron units.

And so that can be done using an EAF process where you use a lot of DRI. Or that can be done using a basic oxygen process, a BOF furnace, which uses a lot of pig iron that would come from a blast furnace.

So in either case, you're getting high-quality iron units that are used to make a very clean and homogenous
pure steel.

MR. PRICE: Alan Price. Let me just add. So a lot of the discussion is, it's BOF is the key. It's actually clean iron units are the key. It's not the BOF. It's that BOFs are typically fed with blast furnaces that have pig iron in it. You have EAFs that are fed with pig iron or DRI or HBI to achieve the exact same results. And actually the record shows that that's actually happening. We just illustrated one – and you'll see we traded off between EAF and BOF production. It's not that. It's just clean iron units and there are plenty of clean iron units available throughout the world that you can meet and in the United States. And all of those types of iron units are used in the steel production process.

COMMISSIONER WILLIAMSON: Okay, good. Thank you for those answers.

CHAIRMAN SCHMIDTLEIN: Commissioner Broadbent.

COMMISSIONER BROADBENT: Thank you. I had a question on demand for Mr. Hudgens, the economist. Is he here? Oh, you're running the show? Are you testifying?

MR. HUDGENS: Sure.

COMMISSIONER BROADBENT: Okay, great. The American Wire Producers Association asserts that consumption of wire rod has considerably declined due to the multiple trade actions opposed on imported wire rod. Do you agree
that wire rod consumption is considerably down compared to the early 2000s?

MR. HUDGENS: The record shows that the demand is down 4.4%, so it's down slightly.

COMMISSIONER BROADBENT: Okay.

MR. HUDGENS: But during that same period, the subject imports increased over 56% and during that same period, the domestic industry was forced to reduce their shipments by more than demand, by over 6%, so the record shows that imports increased despite a slight decline in demand. And captured market share from U.S. producers even as demand declined.

COMMISSIONER BROADBENT: Does that account for the decline in the Chinese imports and - I'm just trying to figure out what's going on with the domestic industry in the face of decline in Chinese imports and increase in subject imports.

MR. HUDGENS: Over the six-year period?

COMMISSIONER BROADBENT: Over the period of investigation.

MR. HUDGENS: So the subject imports actually captured additional market share over what was originally held by Chinese imports.

COMMISSIONER BROADBENT: Right.

MR. HUDGENS: So they did capture market share
in addition to the imports from China, and from U.S. - the record shows that U.S. producers lost market share, in addition to what they held in the China case. So the market share has steadily declined since the record of the Chinese case. And I'll show you a slide on that, just a sec -

COMMISSIONER BROADBENT: But not by a lot, right?

MR. HUDGENS: But it continued to decline from already very low levels, after already being decimated by imports from China, it continued to decline. So you're already in a three-year period of injury.

The Commission found that the industry was experiencing injury and then, in addition to that, you've lost market share and your profit levels have continued to decline. So you've lost market share and you've also had financial deterioration over the period in which the Commission found injury in 2013.

COMMISSIONER BROADBENT: And how much did consumption decline over the period of investigation, and what impact did that have?

MR. HUDGENS: Well, the consumption declined by 4%. But the subject imports continued to surge during that period, so - and U.S. producers lost - their shipments declined more than the decline in consumption. So during that period, imports were capturing market share that was
not related to any decline in demand.

COMMISSIONER BROADBENT: Okay. This'll probably be for an industry witness, I guess. Wiley Rein has primarily produced an order on Page 2-12 of the prehearing report, it states that U.S. producers' lead times averaged 28 days, whereas importers' lead times average 101 days, which to me, is a pretty stark difference. Delivery time was considered very important by a plurality of purchasers as shown on Page 2-15. How do lead times affect the substitutability between imports and the domestic product?

MR. ROSENTHAL: Not at all apparently. If you go back to look at the slides earlier, all these purchasers said, A) We decided we're going to shift from buying from domestic to import sources because of lower price. Apparently lead times were not a problem from their point of view because they did that. And whatever pricing was available to them made the imports more attractive, despite lead times.

Same thing, you know, lead times didn't stop the purchasers in the slide we showed you, I think it's Slide 12, from saying that they decided that they would insist that U.S. wire rod suppliers lower their price by 5% to 15%. If they had a lead time disadvantage, one wonders why they insisted on lower prices from domestic producers. So bottom line is, lead times are not a big factor in this industry.
What really matters, and you consistently found this as Commission, is low price.

And I do want to just amplify, on one question that you asked earlier, Commissioner Broadbent, the importers and the customers are constantly seeking the lowest price, whether it's from the subject imports, from the Chinese, from the domestic industry. There's a constant interchange. Mr. Ashby mentioned, yeah, we didn't really have a chance to go after the sales because everyone wanted low prices.

Well, it wasn't like we didn't try, and they didn't bid on these, but it became very clear, that when the Chinese exited, the subject imports were as low-priced as the Chinese and if we couldn't get the sales when the Chinese were here, we weren't gonna get them when the subject imports were as low-priced as they.

So, I know it's beyond what you asked in this latest question, but it's important to have this context that lead times, all these other issues that the respondents allege, have very little to do with who gets the sale. It is who's got the lowest price.

MR. NYSTROM: Commissioner Broadbent, if I could add to that as well. In terms of lead time, it's important to keep in mind, these products that are consumed, they're very predictable in terms of grades. Things aren't just
rapidly changing where you don't know what you're gonna need in two, three, four months down the road.

So, the importance of a quick lead time because something is rapidly changing, that's not really the case. It's really pretty easy to place large orders of a known item that will be consumed throughout the year. So that importance of a short lead time's greatly diminished.

MR. CANOSA: Marcelo Canosa, Gerdau. I just wanna add to the question on the lead time. When those imports come here every month and the customers buy it consistently every month, lead time is not a factor in that case.

MR. ASHBY: Steve Ashby at Keystone. So just to add to that, to give you some perspective, it's almost upside-down. The rod consumers can plan well in advance, and by planning all in advance, maybe they're out two or three months to get imports into the country. In doing so, that automatically lowers the price two or three months out for the domestic industry.

COMMISSIONER BROADBENT: Okay. Hang on one second. This is a question on impact. To what extent can we interpret changes in the industry's capacity and production data over the POI as just a period of consolidation, as opposed to injury? I note that the closure of the Georgetown mill was right around the same
time as the Nucor's Darlington mill was started up.

And at some level, we need to get a sense of how you distinguish between consolidation, which has to occur in any industry, and then the effect of the imports.

MS. CANNON: Kathy Cannon. I think if you were seeing, Commissioner Broadbent, a company that had a couple of facilities and one was old and they were trying to consolidate it into another one, that that's sort of going to the point that might suggest there was just some efficiency gained by them.

But here, the facts are that you have two companies that basically stopped producing this product altogether, and then they did, they cited subject imports as being part of the reason for those closures, and so that was very directly correlated, in terms of the impact of the imports here.

It wasn't an attempt by them to consolidate with anything else. It really was an effort by the industry overall to consolidate. It was a direct reflection of what they were feeling. And it wasn't also in reaction to a particularly huge demand change. There was a small demand change, so it wasn't shrinking because there just wasn't demand. It was that the subject import surge of 700,000 tons pushed them out.

COMMISSIONER BROADBENT: - I happened to see
some article that that plan in Georgetown was up river of a big silt barrier that the Corps of Engineers decided not to dredge, so they couldn't get any of their import product.

MS. CANNON: Yes, and -

COMMISSIONER BROADBENT: I mean, their input product, excuse me.

MS. CANNON: Right and the respondents have a lot of some of those points in the brief. And as Mr. Rosenthal said earlier, we're not suggesting that there may not have been other factors that contributed to those closures, but that isn't the statutory test. The statute asks whether the subject imports were a cause of the injury. And they were a cause of the injury according to the specific contemporaneous statements of the companies themselves and as reflected in the trade adjustment assistance filings by the company, citing the imports as affecting those closures.

COMMISSIONER BROADBENT: Okay, thank you.

MR. ROSENTHAL: Commissioner Broadbent, it really is important to note Georgetown went out. And it wasn't like as Kathy said, there's some decision to become more efficient by doing that. They exited the industry all together, even though there was plenty of demand out in the market place.

If they had been more profitable, they could
have afforded to have done this dredging themselves. They
could have afforded to be making improvements in their
facility. So this was not as - as mentioned, a
consolidation to achieve efficiency. This was an
involuntary exit from the industry in part, at least,
caued by imports.

You can't look at those - that slide about
profitability declining from 2011 to this period and not
understand that if you're at Arthur and Middle in 2015, and
your profits, which might be worse than those on the slide,
and say am I going to stay in and fight imports any further
when I'm losing money? That was not a consolidation in
order to gain efficiency. That was I'm getting killed and I
got to get out.

COMMISSIONER BROADBENT: Okay, for the record,
could someone just put on the record how much it would cost
to do that dredging and whether it was really possible for
Georgetown to do it itself, how much investment it would
need?

MR. ROSENTHAL: Well, as it wouldn't - if they
did it all at once at the end of this period, it would be
much more money than if they had the money periodically and
could have done it over the course of seven years, but we
can certainly get to that.

COMMISSIONER BROADBENT: Okay, thank you.
Woops. So I'd like to go back to the like product argument with regard to 1080 tire cord and tire bead. So it's my understanding that in 2002, there was a scope exclusion in the wire rod case for this product and that in 2014, it was not excluded, but I don't believe anyone raised a like product argument in that case. So my question is what has changed since 2002?

MR. ROSENTHAL: At the time of the 2002 cases, some of the respondents came to the domestic industry and said we, you know, we're - not contest with respect to the like product. We recognize 1080 tire cord and bead as part of the like product. They mean - I say that they said not contest, but effectively, you would decide it as a Commission that it was part of the same like product as had been decided before then and since.

But as an accommodation to certain customers, the domestic industry said we'll give you an exemption, but the part of the idea here is a scope exclusion, but we want to work with you to try to develop this product, so we can make it for you in the future.

And that's really the rationale behind this. What happened was to the domestic industry's dismay, once that exclusion was granted, and a lot of low priced 1080 tire cord and bead continued to come into the country, there really wasn't an incentive by the customers to work with the
domestic producers. They could get the cheap tire cord and bead product. And so, why give contracts or work with the domestic producers to develop that 1080 tire cord product, in particular? They make 1080 bead. It's a tire cord, which is the next step.

And so, when another set of cases were about to be - and by the way, there are other sources. Japan makes 1080. Germany makes 1080 tire cord and bead. Neither have been the subject of these cases in the last 15 years or so. So when the case was going to be brought against China and this one, the question is should we grant exclusions? And the answer is no, we want to make this product. And -

COMMISSIONER BROADBENT: So were they making it and was the domestic industry making it in 2002?

MR. ROSENTHAL: The - there are domestic producers who can make 1080 tire cord and bead and there -

COMMISSIONER BROADBENT: Currently? Right.

MR. ROSENTHAL: - and Georgetown was actually in one of those companies that was trying to develop that product. There's another company in the industry that is making that product. The biggest - the company sitting here would like to make that product. They make 1080 bead -

COMMISSIONER BROADBENT: Uh-huh.

MR. ROSENTHAL: - as far as I know. They don't
make the tire cord. And the question is can they justify
the investment, the additional investment to make the 1080
tire cord? And the concern has been if you grant an
exemption, you'll never get a customer to work with you
because they can get the cheap product. Even though you
want to - we want to make it, we won't have an economic
incentive by the customers to buy it. That - it's as
simple problem. It's not like this is rocket science, if
you will. It's not that hard - I mean, it's harder to make
than the 1080 bead, but it's all a matter of economics. If
you can't get the price, you can't justify the investment to
make this 1080 cord on a commercial level.

COMMISSIONER BROADBENT: So we did collect
separate data for tire cord and bead. If we were to find a
separate like product, do you think the record is there to
go affirmative on it, given the non-subject in the market?

MR. ROSENTHAL: Could you repeat that question,
please?

COMMISSIONER BROADBENT: If we were to split the
products and find that there is a separate like product for
tire cord and bead, based on the data that we collected, and
the fact that non-subject gained market share in that
market, U.S. lost, but so did subject, do you think the
record would support an affirmative determination if we were
to find separate like products?
MR. ROSENTHAL: I'll have to go back and look at that data again. I will just say that one of the parts of that hypothetical for me, which is hard to accept, is the assumption that you would make a finding of a separate like product, because there's no factual or legal justification for it.

So once I get my mind around that hypothetical, I will do my best to answer your - in the post-hearing brief.

COMMISSIONER BROADBENT: You could cogitate on that. Maybe Mr. Price, do you have any view of whether or not the record would support an affirmative?

MR. PRICE: I agree with Mr. Rosenthal that -

COMMISSIONER BROADBENT: Your microphone's not on I take.

MR. PRICE: I agree with Mr. Rosenthal that it's a single like product in a continuum and we'll address it in the post-hearing brief, but I believe it would be an affirmative determination.

A lot of the data to get to talk about is confidential in this portion of the reports, which really difficult to discuss in the context of a public hearing.

COMMISSIONER BROADBENT: Okay, all right. Well, you can answer it in the post-hearing. Can you respond to the argument from the respondents that the specifications
have become more stringent for this over time?

MR. PRICE: Again, the detailed specifications, I'm actually going to - are often proprietary and probably better off for a discussion in the post-hearing brief, because those involve, you know, information that's really not in the public domain.

COMMISSIONER BROADBENT: Okay. So you can't even say whether or not you agree with that?

MR. PRICE: I think that the specifications - I would say I generally don't agree that the specifications are - draw any bright line difference at 1080 tire cord versus for example a 1070 product. So I'll say it along those ways, there are, but again, these are proprietary issues that really can't be discussed in the context of a public hearing.

COMMISSIONER BROADBENT: Okay.

MR. ARMSTRONG: Madam Chairman, Chris Armstrong, Keystone. All of this legal language kind of gets above my head, but I'd just like to make the point that these are good technical, sophisticated products that we would like to make and we have looked at making. Our employees would benefit from having the skill and the experience of making them. And to exclude them and to allow the imports or to attack the prices and flood the market on this small part of the market would just restrict us from doing that
completely.

And we, as an industry, then an American industry, we would be left to focus on the - to use an extreme example, the lower end of the market, the -

UNIDENTIFIED SPEAKER: Right.

MR. ARMSTRONG: The low carbon rods and that's just not where I want to go up the scale. I want to go up the margin. I want to go up that price.

COMMISSIONER BROADBENT: So are there -

MP: I -

COMMISSIONER BROADBENT: Oh, I'm sorry.

MP: Let me just come back to -

COMMISSIONER BROADBENT: Oh.

MP: - this is Alan Price, again, I'm sorry.

COMMISSIONER BROADBENT: Yeah, I was looking for who's talking, yeah.

MP: Yeah, sorry. I apologize here. I agree that, you know, there's a lot of discussion of like product. The Commission has considered this numerous times. And if you look through all of the like product factors, it is a single - it is a single like product.

I don't think anything has changed. I don't think any of this record has changed in any significant manner. And -

COMMISSIONER BROADBENT: You mean from the
prelim?

MP: From the prelim or from prior investigations. And -

COMMISSIONER BROADBENT: Well, it wasn't argued in prior cases.

MP: Actually, it was.

COMMISSIONER BROADBENT: Was it? Was it?

MP: There was a different argument in the China case -

COMMISSIONER BROADBENT: Oh.

MP: - on this issue that one party came forward with. And so for so -

COMMISSIONER BROADBENT: Okay.

MR. PRICE: Certainly argued in the 2002 series of cases.

CHAIRMAN SCHMIDTLEIN: Right.

MR. PRICE: Yeah. And so, so we can - we'll address it more, but if you look at - so I'm going to take a different way of tact of discussing this for a second. There - the producers that have been presented said it has to be BOF steel. Just take that as a given.

One of the major foreign producers that exported of the subject countries in an EAF producer, essentially the same melt shop as Nucor Darlington, the same castor size as Nucor Darlington, the same rolling mill as Nucor Darlington,
the same ability to source clean iron units as Nucor Darlington. So if you go - start going down the same - is there a physical difference and is there some magical thing? You know, the answer is no. Okay?

CHAIRMAN SCHMIDTLEIN: Are there other high end products that require the same tightly managed process and sort of cleanliness of the steel?

MR. NYSTROM: Yeah, Eric Nystrom, Nucor. And just to comment on that, absolutely, you know, we make some products that would be aircraft quality that could be bearing quality, parts that go into high rotating applications that are very safety critical, that have very exacting specifications regarding inclusion size and cleanliness and so forth.

So again, they're different, but the - there are some very technically engineered products that and varying quality type applications. So again, just there's some differences, but -

CHAIRMAN SCHMIDTLEIN: And those are made in the same -

MR. NYSTROM: All made in the same type of facilities.

CHAIRMAN SCHMIDTLEIN: Facility and -

MR. NYSTROM: Yes.

CHAIRMAN SCHMIDTLEIN: Okay. All right, my time
VICE CHAIRMAN JOHANSON: Thank you, Chairman Schmidtlein. I concluded my last round of questions discussing the plant in Georgetown, South Carolina. I'd now like to talk a little bit about the plant in Lorain, Ohio. Respondents dispute that subject imports explain the closure of the Republic's steel facility in Lorain, Ohio, pointing instead to among other matters the Ilene - the idling of U.S. steal and major bar producer and the decline in oil gas markets. And this can be seen in the American Wire Producers Association brief at page 25. How do you all respond to these claims regarding the plant in Lorain, Ohio?

MR. PRICE: So a lot of that discussion relates to the whole melt shop and actually what they were selling to U.S. steel were semis essentially going into the - to their tube operation.

From 2008 forward, the - when they shut down the BOF shop in Lorain, that plant was supplied from Canton, Ohio with EAF melt from Canton. And that melt continued to supply the wire rod operations to the best of our knowledge, all the way until the shutdown.

So the wire - they made wire rod. They're a wire rod producer. They did ultimately cannibalize as they were hemorrhaging money, their ability to make 5.5 millimeter product and were probably at about 7.5 when they
exited, but they made it. They make it. They make high end such as the colt heading quality that Nucor makes, that Charter makes, and a bunch of products make such as the 9254 type product for suspension springs, all wire rod. They exited this business because they, as far as we can tell, and what they said was because of the import of this product.

Now there were other things going on in Lorain. Certainly, their OCTG business was a different issue than this issue of imports. This contributed to that.

VICE CHAIRMAN JOHANSON: Thank you, Mr. Price.

Okay. I'm going to move on to something else. There's been quite a bit of discussion about scrap in this investigation. Could you all please explain what events contributed to changes in scrap prices since 2014?

MR. ARMSTRONG: Commissioner, Chris Armstrong from Keystone. Scrap prices effectively vary. Well, scrap prices particularly recently have varied quite wildly on the market relatively to what they did before and it has been a factor of many things, a factor of seasonality effects like other industry. And that's a demand issue and a supply issue. And as - and that includes the export of scrap to some of the countries that are in effect in on part of this case.

And what they offer to pay the scrap at the port
when it's exited is quite wildly reported and so forth. And so for example, that's the demand side.

On the supply side, you can get to a point which happened I'm - I can't think more, something like 12 to 18 months ago, where the price of scrap got so low that literally it was completely not worth the while of the scrap merchants to even supply it, process it, and literally scrap yards shop - close shop.

And so that again created a bounce at the bottom and scrap came up. All of these. So it's a rapidly traded market and it's all - it's almost traded like a commodities market in terms of there are certain - there are markets throughout the country of which Chicago being one of the market where we particularly trade for our scrap on that market, but we will go all over the country trying to find our scrap and the various grades of scrap that we need and so on and so forth. So it really is a complicated supply and demand effect that ends up resulting in the - affecting what the end price of scrap is.

It really is something that is effectively given to us. So it's not as if we control the price of scrap other than if demand on the basis of - that we don't demand it for example.

So many plants, for example, have shut down annually to do maintenance. We just did ours in October.
And as a result of that, for example, in our little market, the scrap price went down, because we just didn't demand scrap at that point, because we were shut down. So the vagaries on a weekly basis are quite sensitive as well.

MR. NYSTROM: Eric Nystrom, Nucor. The additional comment I would add is scrap is for sure, it's traded on a global basis. It's a global commodity. And it affects our scrap prices here in the States whether material's being exported creates shortages here, drives up local prices and so on. So scrap pricing is, as Chris mentioned, it's not just a local phenomena. It's a worldwide phenomena. And you know, we basically transact at the market prices.

VICE CHAIRMAN JOHANSON: Do scrap prices rather than any post-petition effects explain price increases later in the period of investigation?

MR. CANOSA: Marcelo Canosa with Gerdau. Does the end of the investigation meaning end of 2016?

MR. ROSENTHAL: So the petition was filed at the end of the first quarter of 2017. So I just want to make sure that everyone's got the right time periods here. So if the question you're asking is whether it's scrap prices that increased in the second and third quarters extending -

VICE CHAIRMAN JOHANSON: Yeah, towards the end of the POI?
MR. ROSENTHAL: Okay. So that's - so no, he's not talking about '16.

MR. CANOSA: Okay.

MR. ROSENTHAL: So he's talking about post-petition would be second -

VICE CHAIRMAN JOHANSON: Right, yes, post-petition.

MR. ROSENTHAL: Okay. That's -

MR. ASHBY: Steve Ashby at Keystone, Commissioner. Scrap is very difficult to predict. What the industry has done a really good job of telling our customers what happens with scrap and prices certainly have moved up and down with that independently, based on what happens with scrap, but I want to make clear that that's not the only costs that we have in our business. We have lots of other costs that are involved in manufacturing our products. And in the end, scrap's just a very small - well, is a big part of that, but it's certainly a part that our customers understand. And when we try to describe other costs, it really doesn't matter. It always gets down to the price.

VICE CHAIRMAN JOHANSON: Okay. Thank you. Mr. Nystrom?

MR. NYSTROM: Yes. Eric Nystrom, Nucor. Just to add, you know, and I think you're referring to the 2017 time frame. We've seen scrap. You know, it's moved a little.
Maybe been up and down. And there may be pricing increases that are - that correspond to when a scrap change occurs, but we - again, we announce price increase. It doesn't mean you get to realize it. And it's absolutely our goal to, you know, we have to follow supply and demand in the market. And it's our goal to raise our prices above and beyond what scrap prices are able to do.

MR. PICKARD: Commissioner, I'm sorry, Dan Pickard from Wiley Rein. I would just point you to pages 3 and 4 of our prehearing brief. In regard to the question of the effect on prices by filing from the petitions.

One of the ways you know that prices increased as a result of the filing of the case rather than scrap is because the purchasers told you so. And although it's bracketed on pages 13 and 14, you'll see numerous pieces of evidence documenting that.

MR. PRICE: Alan Price, Wiley Rein. I actually have a statement here from In Steel. And I'm going to read it to you and then say everything they say about steel applies equally if you substitute the word scrap.

It's not possible to generalize how changes in steel prices, change that scrap prices, impact In Steel's financial results. Ultimately, the relative strength of demand of our products and the competitive dynamics determine whether the margins expand or contract during a
period of rising or falling wire rod prices.

So ultimately, yeah, there's a cost component in some of this, but your ability to expand or contract your margin depends on the price pressure and discipline being provided by the subject imports. And it's the subject imports in this case that had enormous negative impacts on the domestic industry's prices. And as the orders - as the cases get filed and you start to get some effects of the cases, you start to see the industry start to be able to increase its spread over raw materials.

So again, going back to the recent rebar case, which you just decided, where we had captive consumption, where we had scrap, where had almost every one of these same issues out there, we decided that the fact that prices fell more than raw materials, okay, which is what we saw, was injury and prices effects from the injury.

We have the exact same thing whether you look at it with raw materials or whether you look at it as cogs, so.

MR. ROSENTHAL: Sorry, one last point there. So post-petition, I wanted you to just see the - sorry, Paul Rosenthal. So post-petition, this is what the imports looked like. As you heard, there was a surge of imports in the second quarter, and I don't believe that despite attempts to announce price increases that there were any real price increases realized.
Most of the improvement, if there is improvement, began to occur as the imports receded as they were facing provisional duties, and it was only in this third quarter that some of the companies were able to improve their pricing because the imports had been leaving the marketplace. Even in that instance, the ability to increase prices has been limited because of so much of the imports that surged into the country in the second quarter were in purchasers' inventories.

So they weren't buying as much and weren't willing to buy as much at a higher price as one would have expected or wanted, as Mr. Armstrong testified to a little bit earlier this morning.

VICE CHAIRMAN JOHANSON: Thank you, Mr. Rosenthal. My time's expired.

CHAIRMAN SCHMIDTLEIN: Commissioner Williamson.

COMMISSIONER WILLIAMSON: Okay, thank you. Just a couple of quick questions on the tire cord and tire bead. Do any of your firms source billets from BOF, from the BOS process to produce wire rod, and how often do you buy billets for wire rod, particularly for the 1080 or other grades? If you wanted to do it post-hearing, it's fine.

MR. PRICE: We'll do it post-hearing, thank you.
COMMISSIONER WILLIAMSON: Okay. Are any U.S. producers currently pursuing certifications or capabilities to produce tire cord of a quality greater than the 1080 grade, and again that might be a post-hearing one too. And then Table 1-8 shows U.S. production of grade 1080 and higher. Do we know if this production involved any electric arc furnaces? So I'm asking not what you're capable of, but what's actually happening.

MR. ROSENTHAL: We'll answer that in post-hearing as well.

COMMISSIONER WILLIAMSON: Okay, good. All right, thanks. Okay, turning to another line of questioning. Several of the domestic producers are vertically integrated. Should this factor into the Commission's material injury analysis, and if so how?

MR. CANOSA: Marcelo Canosa at Gerdau. We have very small proportion of what we produce goes to our own wire operations, very small, and they're separate P&Ls. So we treat them as an external customer. The price that we transfer to them is market price at the local market.

COMMISSIONER WILLIAMSON: Okay, thank you.

MR. PRICE: This is Alan Price. From a legal perspective, let's - the captive consumption provision applies in this investigation. So you should be focusing on the merchant market and the harm that occurs to the industry.
in the merchant market in terms of your -

BB Alan, closer to your mic please.

MR. PRICE: So just from a legal perspective, you know, the captive consumption provision applies here. So in analyzing the industry, you should be focusing on the merchant market portion of it, of the marketplace.

COMMISSIONER WILLIAMSON: Okay, good.

MR. ARMSTRONG: Chris Armstrong, Keystone. I would ask that it really should just make a difference. We supply rod both to external customers, but by far more rod to external customers than we do to our own internal customers. We supply those rods at market prices, the same market prices so we can - that's the way we can tell how our internal companies are performing against the market.

And so the damage that has happened to us, which overshadows what we do to our integrated practices, has occurred on the rod as a result of the imports, and what we've had to do chasing those imports down. To the extent that we've grown on an integrated basis, is purely as a strategic reaction to that harm and damage caused to us by losing rod volume and margin as a result of the imports.

COMMISSIONER WILLIAMSON: Okay. The reason why I'm asking this is if there's a mill who experiences issues with supplier availability of wire rod, does the firm fulfill contracts and outside orders before covering its own
internal needs for downstream wire rod?

MR. ARMSTRONG: Chris Armstrong, Keystone.

No, quite the opposite actually. I can attest to the fact that we will place on hold, push back our own internal needs of rod to satisfy external rod requirements.

If you think about it, it makes both rational and business sense, because I can hold inventories for my own internal customers at those plants and at my plant, and therefore maximize my sales by making rod for the external customers when they want it, and making rod for my internal customers when those external customers don't want my production capacity and then I hold that rod.

COMMISSIONER WILLIAMSON: As long as the downstream people don't get in trouble with their customers?

MR. ARMSTRONG: Well, correct. But the rod is all at - it's transferred at market anyway. So they don't get in trouble with their own external customers, because effectively what I do is I will buffet inventory so that they never are short of volume for their customers. Does that make sense? So in a seasonal business where the external customers back off the volumes, that's when I can make it for my internal customers and then I will place that in inventory.

I do that purposefully so that I can supply these external customers when they need it on the time lines
that they need it. In that way, and hopefully I'm
explaining myself in a way that appears ultimately rational
and logical, I maximize my volume.

I'm not turning - I never want to turn away
sales to external customers because I want to maximize. I
have spare capacity. So I can always make rod. So quite
the opposite. The external customers get service above our
internal customers.

COMMISSIONER WILLIAMSON: Okay, thank you.

MR. NYSTROM: Eric Nystrom, Nucor, and I'll
comment. The amount of downstream business that we have
that's internal is very small, and our external customers
are going to drive the success of our business. We transact
at market prices. We've very careful to treat everybody
fairly including external compared to our internal because
if we lose that trust with our customers, of course we won't
be their supplier of choice.

So we maintain - again, we transact at
market, and the amount of business that we have that's
internal is relatively and here in recent times I can't
remember situations where we haven't had capacity to be able
to sell some additional wire rods.

COMMISSIONER WILLIAMSON: Okay, thank you.

MS. CANNON: Kathy Cannon. I was just going
to supplement that to emphasize if you look at the industry
overall Commissioner Williamson, you'll see there was plenty of idle capacity over this period. So that issue really is only relevant if you're maxed out and you're having to choose between what to do. Here, the industry was usually trying to increase their sales and not having to make that decision.

COMMISSIONER WILLIAMSON: Okay, good. You've almost answered my next question. I was going to ask whether or not the remaining -- do the remaining domestic producers have the ability to supply the U.S. market after imports from China left the market and ArcelorMittal and Republic closed their wire rod mills? Should I assume the answer is yes?

MS. CANNON: The answer is yes, yes. Look at the idle capacity. They were eager to supply the market, but prevented from doing that by the subject imports.

COMMISSIONER WILLIAMSON: Okay, good. Then let's go to the next question. Have any of you been unable to supply wire rod to customers, have been unable to supply it within the time frames requested by a potential customer?

MR. ASHBY: This is Steve Ashby at Keystone. So certainly during the Period of Investigation we were able to supply everything. During the first nine month of this year, we didn't turn down any business whatsoever, and recently some customers that were buying imports because of
the case that we're talking about today have had some
concerns and asked for some quick lead time positions that
we haven't been able to accommodate.

But I can say that we can accommodate them in
the next couple of months. It's just a function a getting
them back on our order books.

MR. NYSTROM: Eric Nystrom, Nucor. Just to
add to Mr. Ashby's comments, when you're operating a steel
mill you like to have as much visibility in your order book
as possible so you can plan accordingly and be efficient.
When you do get a request for a drop-in order, a drop-in
large order because some import vessel is late, sometimes
it's tough to react without disrupting your schedule.

But in general we have the capacity. But
sometimes there are time frame constraints based on
requested needs that materialize that maybe weren't
foreseen. So I would say overall we've got more than enough
capacity, but sometimes there are requests that come at a
very short time frame, which aren't able to be met without
total disruption of our other customers, and even some of
the current orders that we have on the books.

COMMISSIONER WILLIAMSON: Okay, thank you. Do
spot prices affect short or long-term contract prices, and
if so how?

MR. NYSTROM: Eric Nystrom, Nucor. The vast
majority of wire rod is sold on a spot basis, and there are programmed pricing pieces of business. I hate to even really call them contracts, because they're not what you call binding contracts. So first I would correct that.

And in fact when spot prices get so low, you find you quickly how unbinding those contracts are. So let's refer to it as contract pricing and they tend to be more maybe intermediate length, three months, six months, and they have a pretty quick and immediate effect on your ongoing pricing. But again, the most wire rod in business is sold on a spot-type basis.

COMMISSIONER WILLIAMSON: Thank you. I just have a couple of quick questions. Mr. Nystrom, you mentioned something about I think your third, third quarter was the most important generally for the industry. I was just wondering why, given the variety of uses for the product?

MR. NYSTROM: I don't think that was me. I believe that Mr. Armstrong on the third quarter.

COMMISSIONER WILLIAMSON: I'm sorry.

MR. ARMSTRONG: I'm sorry. Could you repeat the question?

COMMISSIONER WILLIAMSON: I heard early on something about the third quarter being the most important, that you expect that was when you would do your best and
that hadn't happened when your - but I was just curious why
that third quarter was so important, given the variety of
uses of the product?

MR. ARMSTRONG: Because of the seasonality of
the item, uses of the product, that there is a habit or
coincidence of all the seasonalities basically combining
together to produce a very good shipment quarter for us in
the third quarter, historically speaking.

COMMISSIONER WILLIAMSON: Okay, yeah.

MR. PRICE: Alan Price. Just I think there's
some construction applications that tend to get more
seasonal in this. So you'll even see if you look at the
three quarter '16 data compared to the full year '16 data.
You just see - you actually see profits that are lower for
the full year than the first three quarters because there's
some seasonal, you know, there's some seasonal effects in
all of this too.

COMMISSIONER WILLIAMSON: Okay, and it's
primarily in construction?

MR. PRICE: Yes.

COMMISSIONER WILLIAMSON: Construction uses?

MR. PRICE: Yeah.

COMMISSIONER WILLIAMSON: Okay. That's what I
was just trying to figure out. One last quick question.

Mr. Nystrom you talked about -- when you were talking
about tire cord and tire bead, I think you made a
distinction between what people might produce, and I wasn't
sure if that was of any significance. Is the same thing,
same company that produces the tire cord going to produce
the tire bead too or -- there may not be a distinction
that is worth talking about.

MR. NYSTROM: Yeah. Speaking from Nucor's
standpoint, we're just at the beginning stages of producing
tire bead, and we're pretty excited about moving through
that process and developing more and more advanced tire bead
applications and evaluating the tire cord into the future.
But yeah, it's made on the same equipment, if that's what
you're referring to.

So you know, obviously many steel mills can
produce - around the world can produce both bead and cord
on the similar equipment. Today at Nucor we are not.

COMMISSIONER WILLIAMSON: And do you -
apparently you just do the bead first and then move up to
the cord?

MR. NYSTROM: That's correct. The bead's a
little more forgiving than the cord.

COMMISSIONER WILLIAMSON: Okay, good. Thank
you for all of those answers.

CHAIRMAN SCHMIDTLEIN: Commissioner Broadbent.

COMMISSIONER BROADBENT: Yeah. This is for
Mr. Armstrong and Mr. Nystrom. Why is it so difficult for your companies to find opportunities to export? You know, we've got 16 cases, 16 countries all trading in our market, importing here, trading globally. You guys are strong, big companies. Why don't you export at all in this product area?

MR. CANOSA: Marcelo Canosa with Gerdau. I was actually the export manager for a couple of years in the U.S. for Gerdau Ameristeel. The same competition we see here in the U.S. we see in those countries as well. So mainly because of price.

COMMISSIONER BROADBENT: So they're all just producing at an uneconomic price, and it's not worth it to compete there?

MR. CANOSA: Absolutely.

COMMISSIONER BROADBENT: All 16 countries?

MR. CANOSA: Well, I don't know individually all the countries. But the markets that we target as export, which is the closest markets for us, which is Central America, the Caribbean, South America, we had the same pressure from those subject countries in those markets as well.

COMMISSIONER BROADBENT: Okay.

MR. ARMSTRONG: Chris Armstrong, Keystone. Commissioner, I would echo the comments by Mr. Canosa. It's
to do with the prices. We can't basically compete with the
prices in the countries that exporting into the United
States, and also so effectively we try and concentrate on
the customers in the markets that we've historically served
in the United States before the imports took away that
business.

COMMISSIONER BROADBENT: So it's basically
because you can't compete?

MR. ARMSTRONG: I think we could compete if it
was there.

MR. ROSENTHAL: Commissioner Broadbent,
unfortunately wire rod is - when you consider all the steel
products to make, is not one that's most difficult. There
are many, many countries who make wire rod. As you saw, the
Chinese are gigantic producers of wire rod and after our
successful case here, where 600,000 tons of wire rod by
China left the market, they went someplace else, the other
export destinations for China.

These other countries that are subject to this
particular case are very, very capable of selling product at
low prices elsewhere around the world. The fact of the
matter is the reason why this case is so important to this
domestic industry, as you heard from Mr. Armstrong, is that
this is their domestic market. If they cannot make money in
this market, they're not going to be able to make money
anyplace else.

The same happens to be true in the case of a lot of other countries. They will first make money in their own market, and sometimes they have home market sanctuaries that are well-protected with high tariffs, and therefore they can make a lot of money there. Then they can afford to sell at just about variable costs to dump their product and increase their profits by having greater sales.

That's a perennial problem in this industry. So I'm not saying that they can't export. They've exported in the past on limited opportunities. But the market for wire rod is saturated around the world, and the Chinese are the biggest problem in every market elsewhere and they're all competing to get sales there.

COMMISSIONER BROADBENT: What's going on with China? I know that we had revoked the order 2007. Wire rod imports from Canada are way up and they're non-subject in this case. Are you now selling in Canada? Is there a better back and forth that's working for you?

MR. NYSTROM: Eric Nystrom at Nucor, and yes we do sell wire rod products into Canada to some degree as well, and if I could also just go back and answer, you know, as I was thinking about your previous question, wire rod and I think Mr. Rosenthal mentioned it. It's oversaturated around the world. There's plenty of capacity and margins
aren't huge anywhere in the world.

When you start to factor in freight costs to ship it to a port, to ship it across the ocean, to ship it to a customer, it doesn't make a lot of financial sense unless you're going to start doing here what some of our competing countries do, and that's sell it well below - sell that product, create just additional tons at well our home market prices.

So in general, it's just not attractive to do it. We've got the most attractive market generally in the world here in the United States, and everybody surely tries to go their share by feeding on our market.

COMMISSIONER BROADBENT: Okay, and then this is just a quick question for Mr. Price and Mr. Rosenthal.

Wait, where did it go? So you're arguing that we have both critical circumstances and post-petition effects. Can it be both at the same time, and what do you think are the role of the 232 investigation? Is that bringing more imports into the market, as Senator Wyden seems to be saying?

MR. ROSENTHAL: Paul Rosenthal. Let me try to explain what our clients have told us has happened in the marketplace, and you tell - and you can - will reach the conclusion whether you have both critical circumstances and post-petition effects. I will not speculate about the 232.

COMMISSIONER BROADBENT: I just thought I'd
throw that in.

MR. ROSENTHAL: What we've seen in the marketplace is the surge in imports in the second quarter as a result of these cases, and a building of inventories not necessarily in the inventories of the importers, but inventories of the wire producers, which is not necessarily captured in the record unfortunately.

I don't know what to do about that, but the fact of the matter is there's a lot of inventory that is being held, and so what's happened is that prices have gone up somewhat as a result of the threat of provisional duties, and now the actual imposition of provisional duties, but not nearly as much as one would have expected given their imposition.

The reason is because there's a lot still in inventory that came in from that surge, and Mr. Armstrong has testified about that and he can testify more if you want. But those imports that came in will take months to work through the system. We heard yesterday when we were preparing for this hearing that it may take through the first quarter of 2018 before all the imports that came in in the second quarter are actually through the system.

So yes, there has been an improvement in pricing and in some instances because of these cases. So there is a post-petition benefit, but not nearly the kind of
relief one would have expected given the imposition of
provisional duties.

MR. PRICE: So I'm going to - Alan Price.
I'm going to agree with Mr. Rosenthal. The question is in
this type of capital-intensive industry where you need
substantial profits to fund investment, you have to have a
return on investment, none of these companies are earning
hurdle rates that are reasonable, the delay that -
You're getting some improvement, but there's
delay in the degree of improvement because of the
inventories that are out there. So it is still having a
retarding effect that is seriously undermining the order.
So you can have both occurring because you would have had
much better performance, as Mr. Rosenthal just said, at the
end.

Regarding the 232, I concur. I also won't be
given to speculating about anything about the 232 at this
point, and I've also learned to very rarely disagree with
members of the U.S. Senate. Thank you.

MS. CANNON: Kathy Cannon. Just to
supplement. If you go back to Chart 8, that was why we kind
of broke this up, Commissioner Broadbent. We were trying to
figure out what was going on in 2017, because if you looked
at it overall, you saw that the imports were still sizeable,
but they were down a little bit from where they had been.
When we brought, broke it down by quarter, that's when we really saw the reaction to the case.

So I think that slide demonstrates that you did see a surge right up until the time when they started getting worried about these provisional measures, and then you saw them backing off. What you're not seeing as much as you do in other cases, and is an extension of those post-petition, frankly because we're back here sooner, this is a more expedited final than you have in a lot of cases.

So you just don't have as long of a period with some of these provisional measures, and in fact to start seeing the benefits that we are hoping and anticipating will happen.

COMMISSIONER BROADBENT: Okay. That concludes my questions. Thank you very much.

CHAIRMAN SCHMIDTLEIN: Vice Chairman Johanson.

VICE CHAIRMAN JOHANSON: The Italian respondent has argued that subject imports from Italy are negligible, that the statutory exception to negligibility does not apply to Italian imports in this investigation, and that there's no potential that subject imports from Italy will imminently exceed three percent of total imports, and this can be seen in Ferrier Nord's brief at page one.

Could you all please respond to these arguments, either now or in your post-hearing brief?
MR. PICKARD: Commissioner, Dan Pickard from Wiley Rein. We can certainly brief this further, but as we mentioned in our prehearing brief, one of the most probative pieces of evidence in regard to whether they were likely to imminently exceed three percent was the fact that they did in fact imminently exceed three percent, and that's spelled out in our brief. But we'd be happy to flesh it out more in our post-hearing.

MR. PRICE: Alan Price, and I'll just add that the Commission has followed that practice of finding that they were likely to imminently exceed three percent -

MR. BISHOP: Closer to the mic Alan.

MR. PRICE: Import were up substantially over the latter portion of the 12 month period, and they have found that they're likely to substantially exceed three percent, often looking at that period right after to see if they did. The case I would cite on that is Rebar from China from about 2000. It's been pretty consistently following that practice, because if imports were trending up and that trend continued, I think that is decisive evidence.

VICE CHAIRMAN JOHANSON: Thank you Mr. Price, Mr. Pickard. That concludes my questions. Thank you all for appearing here today.

CHAIRMAN SCHMIDTLEIN: All right. I believe that concludes the Commissioner's questions. Do staff have
any questions for this panel?

MR. CORKRAN: Douglas Corkran, Office of Investigations. Thank you, Madam Chairman. Staff has no additional questions.

CHAIRMAN SCHMIDTLEIN: Thank you. Do Respondents have any questions for this panel? No, all right. Thank you very much. So this brings us to our lunch break. We're going to take a slightly abbreviated lunch break because unfortunately I have to leave this afternoon a little early and I would like to hear the Respondents' direct presentation before I have to leave.

So if we could be back here by 1:15, I would appreciate it. Let me remind you that the hearing room is not secure, so please take your confidential documents with you and we will see you back at 1:15. We are in recess until that time.

(Whereupon, a luncheon recess was taken.)
AFTERNOON SESSION

MR. BISHOP: Will the room please come to order?

CHAIRMAN SCHMIDTLEIN: Alright, good afternoon.

Are there any preliminary matters, Mr. Secretary?

MR. BISHOP: Madam Chairman, I would note that the panel in opposition to the imposition of the anti-dumping and countervailing duty orders have been seated. This panel has 60 minutes for their direct testimony.

CHAIRMAN SCHMIDTLEIN: Alright, Mr. Cunningham, you may begin when you're ready.

MR. CUNNINGHAM: I yield to Mr. Trendl.

CHAIRMAN SCHMIDTLEIN: Okay.

STATEMENT OF THOMAS J. TRENDL

MR. TRENDL: Hi, my name is Tom Trendl. I'm with Steptoe & Johnson and counsel to British Steel. Good afternoon, Commissioners and staff.

I'm here to address issues relevant to the overall injury to the domestic industry. And the question, I suppose, is what happened in the U.S. wire rod market during the POI was that two companies, AchlerMittal and Republic, as you've heard this morning, encountered problems that had nothing to do with subject imports. Those problems were so severe that they both left the wire rod industry during the POI. The rest of the U.S. wire rod producers,
the companies here today that brought this proceeding, clearly suffered no injury from subject imports, from 2014 to 2016 their production, sales, shipments rose despite a decline in apparent domestic consumption.

Their share of the U.S. wire rod market increased substantially in an amount almost double the market share of subject imports, their profits suffered somewhat, but not much because of a decline in prices. I will demonstrate in a moment that this decline was caused by a sharp decline in the price of steel scrap and by the decline in apparent domestic consumption, not by subject imports.

Beginning in 2016, the fortunes of the U.S. industry improved substantially. That improvement did not coincide with the filing of this case, which came a year later, or with anything to do with subject imports. Rather they coincided with a sharp upturn in the price of scrap steel, which, in turn, lead wire rod prices upwards.

With this overview in mind, let me turn, first, to a discussion of volume and market share issues and then to a discussion of price issues. We've hastily put together some confidential exhibits. And as Mr. Bishop alerted me, it should've been on pink paper, but I direct you to those exhibits.

Attachment A, which includes APO data, shows
dramatically that what you saw as an industry in decline in
shipments and market share was entirely attributable to the
closures of AchlerMittal and Republic. The other industry
members' shipments improved and their market share improved
greatly. I would note that the industry's market share
increased if either AchlerMittal or Republic is excluded.

The Commission has dealt before with this
situation where one industry member shuts down for reasons
other than subject imports. In such circumstances, you've
found it relevant that the other industry members showed an
improvement during the POI and that fact has contributed to
a negative determination. We've cited a number of these
cases in our pre-hearing brief, titanium sponge from Japan
and Kazakhstan being the most recent. So it's critical for
the Commission to understand the reasons why AchlerMittal
and Republic left the wire rod business.

AchlerMittal left because their Georgetown,
South Carolina plant became unable to import DRI through
their silt-clogged Georgetown Harbor, with both state and
federal agencies were unwilling to spend - and Commissioner
Williamson to answer your question - $70 million to dredge.
You will hear about that in detail from other Respondents'
testimony.

Republic produced wire rod in Lorain, Ohio with
a small percentage falling into the defined scope of this
investigation. That plant closed because of problems in the bar market, not the wire rod market and to talk about that we have Bill Shields, who spent many years working at that mill. Bill?

STATEMENT OF BILL SHIELDS

MR. SHIELDS: Good morning, Commissioners, staff. My name is Bill Shields and I am sales manager at British Steel, Ltd. I thank you for the opportunity to address you today. I've been with British Steel since mid-2016 and at Tata Steel America, the company British Steel bought in 2016, since 2010. In my current position I'm responsible for, among other things, supervising the sales and marketing of our carbon and alloy steel wire rod products in the United States and Canada. Prior to that time, I was a sales manager of bar and rod for Republic Steel. Altogether, I have been involved in the carbon and alloy steel wire rod business for over 30 years.

In my testimony today, I would like to specifically discuss my experience at Republic Steel and the reasons I believe the Republic Lorain facility is no longer in operation; particularly, that imports of wire rod had nothing to do with the company's closure.

As discussed in our brief, the Republic Steel Lorain facility produced three main products - semi-finished tube-rounds, large diameter hot rolled
straight bars on their 20-inch valve and hot rolled cold
product on their 9/10-inch valve. A small percentage of the
coil product falling into the HTS wire rod category.

I will now discuss the background of Republic
Lorain facility and the reason for the closure of this
facility. In January 2015, due to the crash of the oil and
gas sector, U.S. Steel idled its Lorain tubular operations.
This idling resulted in Republic Steel announcing three
months later the closure of its new electric arc mill
facility and the subsequent exit of supply of tube-rounds.
The two Lorain bar mills remained in operation with the
supply of blooms or billets from the Republic Canton melt
facility.

During this time period, the Republic Lorain
20-inch bar mill continued to struggle with production due
incredibly depressed demand levels for large diameter bars
and specifically for the oil and gas sector. The core
production on the Lorain 9/10-inch mill also experienced a
demand decline, but not to the same level as the large
diameter bar mill. Republic needed a bar volume output
spread across both of these mills to continue rolling
operations at Lorain.

With bar demand for the large diameter bar
almost nonexistent in March 2016, Republic shut down
production at both bar mills. This shutdown was related to
a decreased volume demand across all hot rolled sizes with
the biggest market decline in the large bar sizes, 3-inch to
6-1/2-inch. The size range involved in this proceeding,
coil diameter through 19 millimeters, was an extremely small
portion of the overall bar size range that Republic Lorain
bar mill supplied to the marketplace.

Of note, the Republic Steel, Lorain, 9-inch mill
discontinued the supply of hot rolled diameter sizes below
.297-inch well over 15 years ago. Discontinued supply was
due to production inefficiencies of rolling these small
diameter sizes on a one-line mill. Republic Lorain mill was
just not competing with rod mills, domestic and foreign,
including the 10 rod mills involved in this investigation on
the highest hot rolled wire rod volume sizes of 7/30
seconds, quarter inch, and 9/30 seconds. Most importantly,
specific to the scope of this proceeding and the steel
supply from the Republic Lorain mill of hot rolled sizes of
.297 to 19 millimeters and excluding free-cutting grades,
the Republic Lorain facility competed only on a negligible
basis with hot rolled rod imports from these 10 countries.

As Republic did not compete with imports from
these countries, the rod imports from these 10 countries had
no factor in the decision-making for the shutting down of
the Lorain bar mills. The shutdown of Republic's Lorain bar
mills in 2016 was a demand issue and clearly had nothing to
do with the competition from the wire rod imports that are the subject of this proceeding. Thank you.

MR. CUNNINGHAM: Thanks Bill. So now let me explain why the industry's price problems were not caused by subject imports. We submit that the record shows clearly that sharply declining scrap steel prices lead wire rod prices down from the beginning of 2014 through the end of 2015 and the upward turn of scrap steel prices at the end of 2015 was closely followed by the turnaround in wire rod prices and from that point onward rising steel scrap prices were followed by somewhat lesser increases in wire rod prices. And I turn now to Confidential Attachment B, which demonstrates conclusively this correlation between steel scrap prices and wire rod price trends. I can't discuss it because it's APO, but I think you'll find an interesting pattern there.

This correlation corresponds with commercial reality as well. You'll hear today testimony from Respondents' witnesses and the wire rod producer witnesses that wire rod customers focused particular attention on changes in steel scrap prices. You heard that this morning as well. They use of steel scrap trends as their primary argument to persuade wire rod producers to change their prices. The Commission should also note that in the 2014/'15 period when wire rod price declined the scrap steel
decline was substantially greater.

    Clearly, these greater scrap steel declines provided persuasive arguments to purchasers seeking lower wire rod prices and of course, keep in mind that apparent domestic consumption was declining at the same time. This put further pressure on the domestic producers to reduce prices. There's no basis whatsoever to look to subject imports as a significant cause of U.S. wire rod price declines.

    In summary, subject imports have caused neither adverse volume affects nor adverse price affects. This precludes an affirmative determination in this proceeding. Finally, others will speak to this in greater detail, but British Steel also submits the grade 10/90 tire cord is defined wire rod must be deemed as separate like product and we may have words on that later on.

    And now you've got the order of people that are speaking, so go ahead.

    STATEMENT OF KIMBERLY KORBEL

    MS. KORBEL: Good afternoon. My name is Kimberly Korbel and I'm the Executive Director of the American Wire Producers Association. The member companies of AWPA account for between 75 and 85 percent of all wire rod purchased in the U.S. in open market. Our members buy wire rod in all grades and types and draw it into wire for
literally thousands of downstream applications. Wire is everywhere.

Five members of the AWPA are here today to discuss conditions in the domestic rod market and to explain their purchasing decisions. You can hear from them personally instead of hearing what Mr. Rosenthal and Mr. White believe we do. The five wire companies alone employ 4,500 American workers at 27 plants in 17 states and in 2016 they purchased 1.2 million tons of wire rod for their U.S. wire operations. According to the public pre-hearing report, that's nearly a quarter of the apparent consumption of wire rod this last year.

Our witnesses are eager to respond to your questions about why they buy imports of wire rod to supply their large volume of purchases from the domestic industry. I also want to emphasize the importance of steel scrap prices in establishing wire rod prices. Our witnesses will address this issue in more detail. We hope that you will look carefully at the correlation of scrap price changes and wire rod price changes. Because our members recognize the close relationship between the cost of scrap and the domestic industry's wire rod prices at almost every annual meeting of the Association I invite economic experts to talk about the scrap market, including the Institute of Scrap Recycling industries. It is a topic of great importance to
our members and to this case as well.

Finally, I know the Petitioners want to blame imports for the declines in their performance, but the real problem faced by the domestic rod mills, including the Petitioners, is that total demand for wire rod has declined. The direct affect of the trade cases that they have filed over the years is the decline of wire rod demand. Prior to the filing of dumping and subsidy cases against 12 countries in 2001, apparent consumption of wire rod in the United States exceeded 8 million tons annually and the U.S. rod mills produced about 5.5 million tons of that rod.

Following orders on seven of those countries and the more recent orders against China, U.S. apparent consumption of wire rod in the United States has fallen to less than 6 million tons; however, U.S. production has declined to less than 4 million tons. The decline in U.S. apparent consumption is not the result of rod imports. Significant increases in imports of wire and wire products are displacing wire production by AWPA members and importantly, wire consumption by their customers who use wire for the manufacture of their finished goods.

Here you will see some examples of wire products sold at Wal-Mart that are imported rather than being made by U.S. wire producers. Ultimately, the domestic rod industry's market have contracted not because of imports of
wire rod, but because of the loss of U.S. production of wire
and wire products.

Our first witness is the current present of the
AWPA, Mr. John T. Johnson.

STATEMENT OF JOHN T. JOHNSON

MR. JOHNSON: Good afternoon, Commissioners.

I'm John T. Johnson, the owner and president of Mid South
Wire in Nashville, Tennessee. I'm also the current
president of the American Wire Producers Association.

Mid South Wire was founded in 1967 as a
family-owned business to draw steel wire rod into wire for a
wide variety of wire products. Together, with our
affiliated sister company, Nashville Wire Products, we
employ over 1,000 American workers in plants located in four
states. Each year Mid South purchases about 200,000 tons of
wire rod. I want to emphasize up front that we rely on the
domestic rod industry, including the Petitioners, for the
majority of our material.

We have a good relationship with our domestic
suppliers and will continue to work closely with them;
however, there are certain advantages for us in buying
imported rod that have nothing to do with price, but with
our overall cost. One important advantage of imported rod
is that we can purchase in barge lot quantities. Our plant
in Nashville is strategically located on the Cumberland
River, so we prefer to buy in multiple barge loads of 1500 tons each. We have made extensive investments in high volume cranes and equipment for unloading barges. All of our imported rod arrives by barge at our plants; however, many of the domestic mills do not have the capability to ship by barge. It takes considerably more time and manpower to marshal 75 truckloads of domestic rod in our receiving yard. If we are unable to source imported rod as a result of this case, we'll have to rely on more truck deliveries and we estimate the increased transportation cost alone would amount to a million dollars annually.

Buying imported rod also allows us to secure business that requires guaranteed, long-term pricing. We have customers who request confirmed pricing for two quarters up to a year, but the domestic rod mills are unwilling to provide that kind of predictable pricing. Our domestic suppliers, generally, will confirm pricing for only one month at a time because domestic rod mill prices are generally tied to scrap prices, which can be extremely volatile and unpredictable.

Generally speaking, scrap prices have been increasing since the first quarter of 2016 and Petitioners have been announcing price increases for wire rod almost on a monthly basis. They are not willing to lock in a rod price for us when scrap prices are continuing to rise.
Another point I want to highlight is the fact that we compete in our downstream wire markets with our domestic wire suppliers, including all four of the Petitioners. They compete with us in the chain-link fence market, lawn and garden products, and the appliance industry, just to name a few.

In the event of competing demands for a finite supply of wire rod, we expect that the U.S. supply mills will take of their internal and related wire operations before they ship to outside customers like Mid South and other independent wire drawers. In fact, we're already hearing from some U.S. rod mills about tonnage constraints in the near future and they tell us they are either fully booked or getting booked. If the domestic mills are the only game in town, I have real concerns about whether my company and other independent wire producers will be able to get the wire rod needed to operate our businesses.

In addition, it is never a good practice for any business in any industry to be wholly dependent upon your competitors for all your raw materials. Finally, the domestic rod industry's reliance on trade cases to restrict our access to the global rod market makes us uncompetitive in a global market, often forcing our customers to move production and jobs overseas.

Like other independent wire producers, we are
frequently caught in a cost price squeeze when it comes to
our raw material input. Our downstream customers are caught
in the same squeeze. When rod prices increase, so do our
prices. Our customers demand that we be competitive if they
are to continue to buy from us and make their products in
the U.S. Unfortunately, over the past several years a
number of end-use customers have moved some or all of their
production out of the United States as a result of rising
material cost.

Let me mention two of many examples. We used to
supply the wire that went into production of bicycles and
barbeque grills in the United States. When was the last
time you saw Made in USA on a bicycle or a barbeque grill?
They aren't any more. If we're held hostage by the domestic
rod mills and denied the ability to buy rod in a globally
competitive market, more of our customers will move to
import options instead of buying from us to meet their
needs. As a result, wire rod consumption in the United
States will continue to decline, hurting both wire producers
and the domestic rod mills. Ultimately, when we lose
customers, so do the rod mills. Thank you.

STATEMENT OF CHRISTIAN STAUFFER

MR. STAUFFER: Good afternoon. My name is Chris
Stauffer. I'm Vice President for Sourcing and Logistics at
Insteel Industries, Inc. Insteel is the nation's largest
manufacturer of steel wire reinforcing products for concrete
construction applications. We consume more than 400,000
tons of wire rod annually for production of drone wire,
pre-stressed concrete strain, and welded wire reinforcement
products, such as engineered structural mesh, concrete pipe
reinforcement, and standard welded mesh products. Insteel
operates 10 plants in seven states. It employs more than
900 American workers. Our sales are approximately 400
million annually.

Since 2014, we have purchased 70 percent of our
rod requirements, more than 1.1 million tons, from the U.S.
industry. In 2016 alone, we purchased over 300,000 tons
from U.S. rod mills. In fact, our five largest suppliers
are domestic mills, including all four of the Petitioners.
However, for the most market sectors domestic demand for
wire rod exceeds domestic production capacity and imports of
wire rod are necessary to satisfy the supply requirements of
the U.S. market.

We consistently buy from both domestic and
import sources because our commitments to our customers
require a continuous supply of wire rod from all sources.
Let me emphasize Insteel does not buy imported rod instead
of domestic rod. We must have both. In any given year, the
domestic rod industry will have planned and unplanned
outages, as well as production schedules running at 100
percent of current capacity. Twice last year one of the petitioning mills reduced our wire order by 10 percent because the mill was overbooked. We were told that the overbooking was due to strong rebar and rod orders and that the mill was cutting all customers as a result. Insteel was forced to cover full production requirements elsewhere.

This year some of the Petitioners have informed us that they were overbooked and that their capacity is full and that they're extending their rolling cycle. Availability is one of our primary considerations when deciding from whom to purchase. We cannot afford to run out of rod and be left to scramble to cover our rod requirements.

Negotiations with the domestic mills always start with the price of scrap. Did the scrap price go up or did it go down compared to last month? Rod prices fluctuate based on a monthly change in scrap and other metallic prices published by the American Metal Market. As scrap prices have increased over the past two years, the domestic mills have sent out regular price increase letters that covered the change in scrap, sometimes more. With a pricing algorithm that fluctuates month-to-month based on scrap movement, our efforts to maintain steady rod inventories and ensure that we have sufficient rod supply at our multiple locations puts us at the mercy of the domestic rod industry.
Like the other wire producers here today,
Insteel must compete with our domestic rod suppliers in
downstream wire and wire products. All of the Petitioners
are vertically integrated mills that produce both wire rod
and wire products, including our products, welded wire
reinforcement and PC strain. The Petitioners downstream
wire operations also compete with us for finite supplies of
wire rod and we are certain if wire shortages or delays
develop as a result of these cases rod mills will give
preference to their own downstream wire facilities. This
would be disastrous for the U.S. wire and wire products
industry.

Finally, I want to briefly address the closure
of the AchlerMittal mill in Georgetown, South Carolina and a
bit on the idling of the Republic mill in Lorain. I had
testified in the staff conference that the Georgetown mill
had insurmountable problems that significantly increased its
cost. We were told by AchlerMittal's management that high
input costs as well as increased domestic competition from
Nucor's state-of-the-art rod mill in Darlington were the
main factors that caused the shutdown of the Georgetown
mill. These factors would have lead to a closure of the
mill with or without imports in the market.

As for Republic, public statements from the
company attribute their decision to a decline in oil and gas
markets to which Republic was a special bar quality product supplier. Additionally, Lorain never produced sizes that we could consider to be relevant in the U.S. domestic rod market. None of these factors have anything to do with subject rod imports. Thank you.

STATEMENT OF ROBERT MOFFITT

MR. MOFFITT: Good afternoon. My name is Bob Moffitt and I am vice president purchasing for the Heico Wire Group. The wire group was the largest consumer of wire rod in western North America and one of the largest in the United States. We employ approximately 650 people at wire facilities in four states. The Heico Wire Group is a strong supporter of the U.S. rod industry.

During the past four years, we have bought between 75 and 85 percent of our total rod requirements from U.S. sources. Actually, we refer to buy domestic, but as I've testified many times before, we learned through experience that it is essential to maintain multiple sources of wire rod. As a result, we made a strategic business decision some years ago that we would purchase between 25 and 30 percent of our wire rod requirements from offshore producers and the remaining between 70 and 75 percent domestically.

When we purchase imported rod, we are not buying it instead of domestically produced rod. It is not a
question of either domestic rod or imports. It is a matter
of needing to have both sources available.

In deciding where to source rod, the three most
important considerations for me are, one, the cost of the
rod as opposed to its price; two, timely delivery; and
three, the relationship I have with the vendor.

The cost of rod is critical. By cost, I do not
mean the price on the supply contract, but the actual cost
to my company for using the rod in our wire drawing
operations. The lowest priced rod is not necessarily the
lowest cost rod.

Prior to any price negotiations, I evaluate
several factors that affect the cost to the rod, including
coil size, scale weight, mill trimming practices, surface
quality, and the physical and mechanical properties of the
wire rod.

All of these factors vary from mill to mill,
whether import or domestic. For example, the weight of a
coil of rod is important because a smaller coil requires
more welds to maintain continuous drawing and smaller coils
generate more scrap. So more steel is lost per ton. This
increases our costs.

With imported rod, we often find damage from
mishandling and poor packaging, which contributes to breaks
during the wire processing, I'm sorry, the wire drawing
process. Higher breakage rates and slower drawing speeds means that fewer pounds of rod can be drawn per hour. This increases our costs.

Domestic mills ship via rail and truck usually with one heat per load. Imported rod comes in consignments of 5 to 30,000 tons and heats are always comingled. This makes it more difficult for us to manage our inventory and thus increases our costs.

Imported rod must be carried in inventory for longer periods of time because of the larger consignments, which adds to the cost of the material. So I must always consider the effect of all of these various factors on the cost of our raw material, not simply the price we pay for it.

Another key consideration in my purchasing decisions is timely delivery. The cheapest rod in the world is of little use to me if it is delivered late or not at all or if it arrives in an unacceptable condition. Our wire companies cannot operate efficiently without a reliable and predictable supply of raw materials.

This leads to me to vendor relationships, which are a very significant factor in my sourcing decisions. Vendor relationships are important because I am aware of the capabilities, quality, and reliably - reliability of each of my suppliers. And I know the mills that I can depend on
to ship rod to meets our company's standards. At times, we pay a higher price to these domestic mills than their domestic competitors because of these vendor relationships.

Now that I have talked about the cost of rod, let me address price or rather how rod prices are generally set at least according to the domestic mills. Domestic rod pricing is driven bimonthly changes in the price of steel scrap, specifically the price of Chicago shredded as reported by American Metal Market.

Movements in scrap pricing are always a part of any supply negotiation with the U.S. rod mills because scrap prices are a key indicator of market changes in wire rod prices. When think AMM publishes their scrap analysis, the U.S. rod mills use the scrap price in their wire rod pricing for the subsequent month.

As a result, purchasers closely monitor scrap prices for any indication of likely changes in rod prices. The trends in scrap prices between 2014 and today are closely correlated with wire rod prices and show that domestic prices declined in 2014 and '15 as a direct result of declines in the prices of steel scrap. Scrap prices began to increase in 2016 and they have continued to rise in 2017.

Wire rod prices have followed this same trend as evidenced by the numerous price increase announcements.
issued by the domestic mills in 2016 and 2017.

Finally, I feel it important to point out that the real threat to the domestic rod mills is not imported rod, but rather imported wire. The reason I say this is because total rod demand keeps declining as a result of the trade cases filed by the U.S. rod industry. The last rod case against China in 2014 is a perfect example of the damage that a trade case can do to the domestic rod industry.

After the case against China, our largest competitor located in Vancouver, British Columbia had no restrictions on its imports of rod from China. Canadian statistics show a dramatic increase in shipments of wire rod from China to Canada. And we have seen a dramatic increase imported wire from Canada at prices substantially below what we can offer our wire.

My company actually bought fewer tons of rod, domestic and imported as a result of that case. In the end, countries who do not have access to the U.S. market will continue to produce wire rod, but that rod will end up being imported into the U.S. as a finished wire product. This is the real threat, not just to the U.S. wire industry, but to the U.S. rod industry as well. Thank you.

STATEMENT OF TERRY HUGHES

MR. HUGHES: Good afternoon, my name's Terry
Hughes. I'm the director of procurement for Bekaert Corporation in North America. Our headquarters are located in Marietta, Georgia. Bekaert's the world's leader in steel wire technology and production. We operate five plants in the U.S. and employ more than 1344 American workers. Our normal wire rod usage is approximately 350,000 tons annually.

Tire cord is our largest product segment consuming one-third of our total rod purchases. Sales to the automotive sector account for about half of our total wire sales and the remainder goes to agricultural, construction, fencing, energy, and the utility segments of the U.S. market.

Automotive markets perform well throughout 2016 and 2017 and are projected to remain strong next year. Our capital expenditures related mainly to investments in tire cord production have been substantial. For example, Bekaert recently invested several million dollars in our Rome, Georgia facility, which uses steel tire cord wire rod to produce material for the North American tire and reinforced hose markets.

To meet growing demands from the tire coordinator or tire manufacturers, Bekaert has also planned a major expansion in the Rogers Arkansas plant which would have increased North American tire cord production capacity.
by 50 percent and add over 100 new jobs.

However, this and other investment plans in North America have been cancelled until a more stable and predictable trade environment exists in the U.S. Undertaking such commitments does not make sense because if the steel tire cord wire rod will not be available from basic oxygen furnace or BOF suppliers, or if our costs of procurement becomes too great, making Bekaert uncompetitive compared to imported products both intermediate and finished.

Our customer specify BOF material because the BOF process produces a very pure input from coal and iron ore. In other words, the BOF steel does not have high residuals or tramp elements while mechanical properties are highly consistent.

In contrast, electric furnace, electric arc furnace production or EAF uses high volumes of scrap as their input and are very susceptible to high residual elements causing the material to become brittle in the drawing process. This causes fractures or premature failures resulting in potential injury and possible loss of life.

Steel tire cord wire rod used in the manufacture of tires and high pressure hoses must be BOF to work at peak performance. We purchase about one-half of our total wire
rod requirements from U.S. mills, including all four
petitioners. The actual problem is the domestic mills
cannot produce 1080 steel tire cord wire rod with the
quality necessary to fine draw these products to meet our
requirements.

Fine drawing means that the wire rod is reduced
by 90 percent of its original size. The production process
for all domestic wire rod facilities uses electric arc
furnaces. EAF mills use inconsistent scrap from shredded
cars, refrigerators, and other types of waste products that
introduce unwanted elements, which could be hazardous in the
melt.

The high residual elements found in domestic
grades from the EAF process, along with higher nitrogen
copper causes the material to become brittle earlier in the
drawing process. This causes fractures and premature
failures of the tire cord and possible loss of life and
injury to the public.

Bekaert has tried to develop sources in the
United States for this wire rod, but currently no domestic
producer is qualified to make 1080 steel wire rod. It takes
roughly two years to qualify a new supplier of steel tire
cord wire rod. It is a demanding process because these
products go into high liability downstream markets like
car automobile tires and high pressure hydraulic hoses.
Each time we want to qualify a new supplier, Bekaert has to requalify itself to the tire manufacturers. This process is not only time consuming, but also expensive for all parties involved. Because 1080 steel tire cord wire rod is not available domestically, Bekaert must source it from other countries, including many of the subject countries in this investigation, all of which supply BOF material.

If duties are imposed for these countries, this will remove them as possible suppliers. With very few suppliers of 1080 steel tire cord wire rod remaining in the purchase pool, the industry will become uncompetitive against foreign finished products and U.S. jobs will be lost as a result, creating a lose-lose situation.

Steel tire cord wire rod has been excluded from prior cases. Nevertheless, it has been included in this one and Bekaert strongly believes that it should be excluded once more. Thank you.

STATEMENT OF DAVID MINNICK

MR. MINNICK: Good afternoon, my name is David Minnick and I'm the CEO of Kiswire America, a U.S. producer of tire cord and bead wire used in the production of vehicle tires. I've been in the bead wire and tire cord business for 18 years. Simply stated, Kiswire America depends on imports of grade 1080 and higher wire rod used to produce...
tire cord and bead wire that is acceptable to the tire
manufacturer.

As a practical matter, production of this wire
rod requires blast furnace production. Kiswire America was
established in 1999 and now operates four plants with a
capacity of 115,000 tons. Kiswire America employs 592
workers. We have two bead wire plants and two tire cord
plants, which are located in South Carolina and Arkansas.
We have invested $250 million in these plants and we're
investing an additional $50 million to expand the tire cord
production which has been suspended as a result of this
case.

Kiswire America position is that the Commission
should find that 1080 grade wire rod for tire cord and bead
wire is a separate like product from other wire rod. We
agree with the definition of the product that's described in
the prehearing staff report.

In its preliminary determination, the Commission
went through the like product factors it considers and found
that the wire rod is made up of a number unique product
requiring an exacting specification and there are no clear
dividing lines between 1080 - grade 1080 for tire cord and
bead wire and other specialty grade wire rod.

But in reaching this conclusion, the Commission
dismissed the fact that this grade can only be made in a BOF
facility and found that this fundamental fact is legally
irrelevant.

With all due respect, one consistency of the use
of the EAF's facilities by U.S. producers is that it has
enabled them to compete deficiently for other specifications
of wire rod including various specialty products.

However, the other consistency that they cannot
and do not produce great 1080 for tire cord and bead wire in
sufficient quality and quantity. And if that isn't a clear
dividing line, then what is?

It takes roughly six months to one year for a
tire company to approve bead wire and two or more years to
approve steel cord. We have worked with various domestic
suppliers in the U.S. to qualify them to produce 1080 grade
rod for tire cord and bead wire. Those efforts have been
unsuccessful. We have attempted to qualify our Gerdau
Ameristeel, Arcelo Mittal, Georgetown, and EVRAZ Rocky
Mountain. We worked with EVRAZ for one and a
half years before discontinuing.

And while some of these producers can and do
produce lower grade than wire rod for tire cord and bead
wire, in the range of 1060 and 1070, they have been unable
to consistently produce grade 1080 in the quality and
quantity required and then they have done so using BOF
billet.
U.S. manufacturers of tire cord and bead wire require carbon wire rod of 0.8 percent carbon and higher, 5 millimeters of 6.5 millimeters in diameter, that is cleaned of other metals and have a smooth finish free of defect. We reduced the 5 millimeter wire rod to ranges of 0.15 and 0.20. That is 90 – that is a 97 percent plus reduction in area.

In order to perform this reduction and achieve the correct physical property, the rod must not have impurities and the surface must be free of all defects.

So while there is grade 1080 produced for PC strain in large diameters, different chemistries and different mechanical property, these wire rods are not useable for tire cord and bead wire. And while EVRAZ can and has used imported BOF billets to produce limited quantities of grade 1080 wire rod for tire cord, the fact that these are the methods required further reinforce that this product is different from all other wire rod in the U.S. industry. Moreover, the quantity of billets available is extremely limited.

Tire cord capacity in the U.S. currently stands at an approximately 170,000 ton and growing. We demand of approximately 350,000 ton. Not only are U.S. producers limited in their ability to produce grade 1080 for tire cord and bead wire, but only a handful of steel producers in the
world are qualified to produce the quality of wire rod that can be drawn down to 0.15 millimeter.

Regardless of whether or not they have BOF facilities, without access to grade 1080 wire rod for tire cord and bead wire, our U.S. facilities have no reason to exist. Thank you.

STATEMENT OF DR. KIHO RHEE, PH.D

MR. RHEE: Good afternoon, my name is Dr. Kiho Rhee. I'm the quality engineer for POSCO.

POSCO first began trying to make tire cord wire rod in 1995. It took us over five years to finally arrive at production standards that yield a high quality output on a consistent basis. Our own history illustrates why U.S. wire producers still cannot consistently achieve the demanding standards that the tire cord wire makers insist upon.

The Commission is considering whether U.S. producers are able to produce tire cord wire rod using steel billets that have been produced in electric arc furnace. Actually, it is directly possible to do this, but using electric arc furnace greatly compounds the practical difficulties of producing wire that can be used to make tire cord.

I want now to discuss the major difficulties that POSCO itself has encountered when using steel produced
in its own basic oxygen furnaces.

It is essential to first understand that the wire used to produce tire cord is extremely thin. It typically ranges from 0.15 millimeters to 0.4 millimeters in diameter. This wire must be extremely strong in order to withstand the stresses that a high performance tire performs under.

However, when wire rod is being drawn into wire that is so thin, it can break due to numerous factors. For example, the use of high carbon steel increases the possibility of breakage during drawing. We also experience failures in our initial product - production efforts because the ladles in which molten steel was poured were lined with refractories that contained excess amounts of aluminum. The presence of aluminum also causes excessive breakage during the wire drawing process.

A second problem is nonmetallic inclusions in the steel. These inclusions, if not minimized, can cause defects, break or tears during the rolling or wire drawing process.

A third problem is segregation. Segregation is what happens when the carbon content of the billet is not spread evenly.

A fourth problem is excess impurities in the molten steel. Such as excess amount of copper, nickel,
chromium, vanadium, and titanium. This leads to
difficulties in the draw ability of the rod into wire as
well as excess breakage. Other problems include surface
defects, inconsistency in the diameter of the finished rod,
and excess surface - Sulphur and phosphorous.

It took POSCO many years, substantial
investments and production techniques and countless trials
and errors to reach the point where we are now able to
successfully address all these problems and satisfy our
customers.

And it typically takes at least two to three
years for our tire cord wire rod to become qualified. In
fact, tire cord wire rod is far more difficult to produce
than any other wire rod product that POSCO makes such as CHQ
and bearing steel.

All of these problems and many more exist with
electric arc furnace process. For example, the use of scrap
produces less clean steel than the BOF process. Although
there are techniques to minimize this significant problem
such as the addition of direct reduction iron in the steel
making process, it is far from a complete solution.

Electric arc furnace technology has been
available for a long time. The fact that just one or two
U.S. producers may have sold tire cord wire rod proves just
how difficult it is to produce this type of product.
In conclusion, grade 1080 and higher tire cord and tire bead wire rod is by far the most difficulty complicated wire rod product that we produce. That is why we have been so successful in our domestic market and the United States.

In contrast, the U.S. industry has not achieved the quality and consistency that the marketplace demands. And they show a lot of interest in doing so. That completes my testimony. Thank you very much.

STATEMENT OF TRACEY NORBERG

MS. NORBERG: Good afternoon, I'm Tracey Norberg, senior vice president and general counsel at the U.S. Tire Manufacturers Association. On behalf of the member companies of the U.S. Tire Manufacturers Association, I appreciate the opportunity to appear before you today and give you the perspective of tire manufacturers who make tires here in the United States.

Tire manufacturing is vital to the U.S. economy. Tires manufactured by USTMA members safely transport millions of Americans and millions of tons of goods each day throughout the United States.

In the United States, our members employ over 100,000 workers, operate 56 tire related manufacturing facilities in 18 states, and we generate over $27 billion in sales. Our members make over 95 percent of tires that are
sold as original equipment on new vehicles and over 80
percent of tires that are sold as replacement tires for
those vehicles.

Our members have a direct interest in this
investigation and I would just like point out, I've provided
some show and tell to you up front. Those are examples of
the wire – of the tire cutaway. You can see where the wire
is used in the tires. If you look at the larger one, the
bead that's sticking out from it is the bead wire that has
been discussed today and the various layers that you see on
that sample constitute the various layers of tire
construction.

The lighter colored layers are made of fabric.
This is a passenger car tire example, but in a truck tire,
all of those layers would be made from steel. But you can
see there are two different layers of steel in that tire and
that's what contains the tire cord that's the subject of
this investigation. So hopefully, that's helpful to you to
see what exactly we're talking about here today.

Virtually all of that wire rod, as you've
heard discussed here, is provided from foreign sources, and
I probably don't need to further expand on all of the
testimony that's been provided on those topics.

But experience has shown by our members that
requirements of tire manufacturers simply can't be met by domestic sources. These limitations are so stark as to establish a clear dividing line to establish a Grade 1080 and higher tire cord and bead wire quality wire rod as a separate like product from steel rod for purposes of this inquiry, and we ask you to treat them as a separate like product.

Tires contain a number of highly engineered components, including high carbon steel. The steel wire in tires is made from this highly specialized product, and it is really demanded by the high performance requirements in tires. Interestingly, there was a discussion earlier this morning about what has changed since 2002, and there have been a couple of critical factors that have actually changed since 2002 in terms of tire specifications.

First of all, in 2000 Congress mandated that tires be changed as far as tire engineering or performance requirements. Those standards went into place ironically at the end of 2002, and for all tires that are sold at - were sold after 2009, September 2009, much more stringent requirements are in place for those - for tires to perform, and those requirements specifically demand a higher grade of steel in order to cause tires to perform and meet those test requirements.

In addition, during that same time both
vehicle manufacturer demands and federal demands for
increased fuel economy of vehicles have demanded that tire
manufacturers produce lighter products, and this higher
grade steel enables them to produce a lighter product that
can achieve higher fuel economy on vehicles and maintain the
performances that the tire is required to perform.

In 2016, our member companies consumed
approximately 429,262 metric tons of tire cord and bead
wire, which equates to about four pounds in an average
passenger tire and about 20 pounds in an average truck and
bus tire. This total volume, however, is only about 0.3
percent of global crude steel production.

So it's a very small percent of overall steel
production, and I think as we heard this morning from
Petitioners, it's a very small percent of the subject
material here. However, for the tire industry this is the
entire thing, and this is required in tires to make them
perform here in the U.S. to our requirements.

Adherence to the standards I mentioned earlier
necessitates tire construction to be robust, puncture
resistant and resistant to the effects of load and heat,
demanding high quality materials including this high carbon
steel. Additionally, truck and bus tires must meet customer
and vehicle requirements for substantial load-carrying
capacities to meet the demand of a diverse array of
vehicles.

As well, passenger and light truck and
truck/bus tires are designed to contribute to the vehicle
fuel economy, as I mentioned, and that reduced weight allows
them to do that. The wire subject in this investigation is
really critical to tire safety and performance.

Given the unique needs of our members, tire
manufacturers to have a consistent, continuous supply of
tire cord and bead wire made from this high quality steel,
we ask that you do treat this material as a separate like
product for purposes of this investigation. We believe that
this product meets the Commission's traditional multi-factor
test for a case-by-case determination in your product
analysis, and we'd be happy to provide more detail on that
in post-hearing comments.

Anti-dumping or countervailing duties on these
products would have no impact on Petitioners' performance
and sales, I think as we heard this morning while
significantly disrupting the production of tires in the
United States, due to quality and supply limitations in
domestically producing Grade 1080 steel for tire
manufacturing. The disruption in tire manufacturing in the
United States would harm the U.S. economy, since consumers
and businesses depend on a reliable supply of tires to
safely move goods and people throughout the country.
We ask that the Commission find a separate like product in this case and as a consequence absence of causation of injury or threat of any domestic injury by reason of imports of that product. Thank you.

STATEMENT OF SEBASTIAN FREY

MR. FREY: Good afternoon. My name is Sebastian Frey, and I'm here today to present testimony on behalf of the Turkish Steel Exporters Association. I'm the vice president for Long Products of Tata International and Metals Americas. I've been with Tata International for nine years, and in the steel-trading business for 20 years, of these, 15 in the U.S.

In those past 15 years, I've largely focused my efforts on wire rods and as such I'm very familiar with the product and industry in the U.S., as well as globally. As I understand it, the Petitioners' case is that even though the U.S. wire rod opened up after China stopped exporting, the U.S. industry did not benefit because the subject imports rushed in to fill the void with a flood of low-priced and snapped up market share that would have otherwise gone to the domestic industry.

The domestic industry claims it is being injured because subject imports prevented its recovery from the damage caused by Chinese imports. The Petitioners' arguments ignore the fundamental fact that there is not
enough wire rod available from domestic sources to satisfy
U.S. demand. For example, in 2016 total theoretical U.S.
production capacity was around 4.8 million short tons.

Actual U.S. production was considerably less,
by my estimate approximately 3-1/2 million tons, while
demand or consumption was about 5.3 million tons. Even if
every U.S. producer was running full steam at a capacity
utilization rate of 100 percent, the industry would not be
producing anywhere near the amount of wire rod needed to
supply the demand.

Imports have always been a significant
presence in the U.S. market, simply because U.S. producers
lack the capacity to meet total demand. The principle
factor in purchasers' decisions to buy imports is not price,
it is availability. For example in 2015, the year of the
POI when the volume of imports from Turkey were at their
highest, was the year where Turkish profit margins on U.S.
sales were also very heavy.

That was also the year that imports from China
disappeared from the market, leaving U.S. purchasers
scrambling to find alternative sources of supply. So in the
case of Turkish imports, the principle factor driving their
presence in the market was the fact that they were available
to fill orders for products previously supplied by China,
and that were not available from domestic sources. Once the
market stabilized in 2016, the level of Turkish imports fell.

Customers often face in steel pricing, which are largely beyond their control. At the same time, they have to plan and budget for projects that lock in their sales price for longer periods. By buying imported rods they are effectively hedging their risk of price swings as to the price agreed on Day 1 while the rods arrive about three months later.

That allows them to plan better and more efficiently. U.S. rod consumers generally prefer to buy domestic rods not only for patriotic reasons. When they opt for imported rods instead, they generally have to buy larger increments of steel, which leads to bloated inventories and stretches their financial abilities.

As a rule of thumb, imported rods generally have to be attractively priced in order to fulfill the requirements of U.S. purchasers. Transportation costs of imported rods are up considerably, amounting to roughly ten percent of material value. U.S. domestic industries don't have these costs, which in turn provides a natural defense against imports.

In this light, imports from Turkey should be seen as an example of efficient production and distribution, as demonstrated by the low preliminary AUV margins from the
Commerce Department. In conclusion, I believe that the key factor to consider is the limited availability of domestic rods, not the price. I'm confident the Commission will come to the same result that the U.S. wire rod industry is not being injured by imports from Turkey. Thank you for your attention.

STATEMENT OF NANCY NOONAN

MS. NOONAN: My name is Nancy Noonan from the law firm of Arent Fox. I am here today on behalf of Turkish exporters and producers. If the Commission conducts a threat determination, imports from Turkey should not be cumulated with imports from other countries, and imports from Turkey do not threaten the U.S. industry with material injury.

Imports into the U.S. of wire rod from Turkey peaked in 2015, but declined by more than 60 percent in 2016, before the petition was filed in March of 2017. Projections for 2017 and 2018 are 100,000 short tons less than the 2015 peak. The share of quantity by percentage of imports accounted for by imports from Turkey decreased by more than 50 percent in 2016 from their 2015 levels, and this trend is different from the import trend of other subject countries.

The strong home and regional markets for Turkish products decreased the incentive to ship product to
the United States. Turkish producers maintained high
capacity utilization levels throughout the POI, and are
projected to run at 87 percent or more capacity utilization
in 2017 and 2018, while decreasing exports to the U.S.
Regarding underselling, the imports from the
subject countries have varying margins of underselling, but
overall imports from Turkey had the lowest average margin of
underselling. In fact in 2015 when imports from Turkey were
at their peak, the levels of overselling for product from
Turkey were also at their highest.
Finally, imports from Turkey are unlikely to
suppress or depress prices in light of the projected
relatively low shipment volumes for 2017 and 2018. The
overall decline in shipments to the U.S., the high capacity
utilization and the strength of the home and export market
support a finding that imports from Turkey do not threaten
the U.S. industry with material injury. This concludes the
panel's presentation.
MR. CUNNINGHAM: Not quite. If I may, we have
a couple of minutes left. I would like to make one more
point. So much of this case and the discussion is focused
on the question whether you should look in terms of volume
and market share analysis to the entire industry. You have
to look at the entire industry on whether you can take into
account the fact that two plants closed for reasons not
related to imports.

    It has been said by the Petitioners that the Commission has always looked at the entire industry. Well not for that purpose, and we cite at pages 7 to 8 of our prehearing brief, the British Steel brief, a series of decisions in which you've said quite rationally that where U.S. shipments and U.S. market share declined because there is a decline and a falloff from plants that have closed for reasons other than imports, you can look separately at the other producers.

    Let me give you an example just to make it clear why that must be the case. Let's suppose you have one producer, one large producer whose plant burns to the ground, and you look at the imports. You look at the U.S. shipments and you look at the market shares, and you see that if you look at the whole industry, shipments are down and market share is down.

    But once you factor out the plant that clearly did not close because of imports because it burned to the ground, then U.S. shipments are up and U.S. market share is up. It makes no sense to look at it any other way than to say we're going to look at the part of the industry that could have been affected by imports. We're going to look at an analysis of imports, of shipments and market share on the basis of those other facilities that were not affected by
the non-subject import cause, namely the plant burning
down.

You have done that in at least three cases
that we cite, and you should do that here. That we will now
shut up, and that concludes our presentation.

CHAIRMAN SCHMIDTLEIN: Okay, thank you very
much. I'd like to thank all of the witnesses on this
afternoon's panel as well for being here today, and I will
begin the questioning. So with regard to your position that
imports had nothing to do with ArcelorMittal's decision to
shut down, just so I understand, why do you think that at
the time in May or actually they announced it sooner than
that, but these documents are dated in May I think, yeah
2015, that they cite imports as one of the reasons. Is that
just - are they lying or -

MR. CUNNINGHAM: Let me - I never like to say
that people lie. People have purposes in saying things and
one takes those purposes into account. That's not our
point. I think it's important for you to look at this as an
issue the way you phrased it. That is, did it not - did
imports have some injurious effect on ArcelorMittal's
operation. They might have.

The question for you in terms of your analysis
of the trend of U.S. shipments and the trend of U.S. market
share is did imports cause the plant to shut down? This was
a plant that -

CHAIRMAN SCHMIDTLEIN: Don't we just have to find that they were a cause?

MR. CUNNINGHAM: Oh, I think -

CHAIRMAN SCHMIDTLEIN: To be able to find that they are -

MR. CUNNINGHAM: You're not dealing with the statutory standard of what is a cause of injury. This is not an analysis of whether that plant was injured. This is an analysis of why did that diminution of shipments caused by the - resulting from the exit of the plant, why did that happen? You should -- it is in my mind primarily a but for type of thing. Do you see that that plant but for some cause would have continued in operation? One clear but for here is that the harbor went silted over and they couldn't do it.

CHAIRMAN SCHMIDTLEIN: Okay. But if overall the material injury requirement is not a but for test, you know, you have to show that it's a cause. It doesn't have to be the only cause, it doesn't have to be the primary cause. So why would we - why would we apply a more stringent standard of this question, of whether or not to include a member of the domestic industry in the analysis of impact?

MR. CUNNINGHAM: First of all, you're not
excluding them from the industry. You might well find that there were adverse price effects on that plant, on that operation for example.

CHAIRMAN SCHMIDTLEIN: But you want us to exclude them for purposes of determining market share?

MR. CUNNINGHAM: Of market share and volume, because go back to the plant burning down. Let's suppose this was ArcelorMittal, and that ArcelorMittal had problems with imports at that plant, but the plant burned down. I think that's just what did happen, not that it burned down, but it couldn't operate because the harbor was unavailable to it, and it would have cost 50 to 60 dollars a ton to bring that - the DRI into plants nearby, into harbors nearby in Charleston or there's one to the north.

CHAIRMAN SCHMIDTLEIN: So why is Libertyhouse thinking of buying them then, if the harbor presents such a problem for wire rod manufacture there? Aren't they going to have the same transportation cost issue?

MR. CUNNINGHAM: First of all, it doesn't look like that's going to happen, but you can look at the articles. It doesn't really look like that's going to happen. They probably think they can get the harbor dredged, I would think. But let me ask the others on the panel. They know more about this than I do.

MR. STAUFFER: So Christian Stauffer with
Insteel. So we have four plants in proximity to Georgetown at the time of the closing, two in Florida and one in North Carolina and one in Tennessee. We drew heavily from the mill probably 30 percent of their production. In the leading up time to that closure, with their senior management they were very open to us saying this is going to happen and we needed a transition strategy.

Losing that much tonnage in a particular month by surprise would have been a bigger penalty. So then the coordination with that and over the months leading up to that, it was made clear to us that the position that the mill was in logistically was going to be difficult to continue to operate. In addition to that, you have the Nucor Darlington mill coming up at about the time that Georgetown mill is going down.

So someone at Nucor made a very good economic analysis that said even based on the POI and the imports and where they're coming from and wherever, let's build a mill, and in fact build a more efficient mill that essentially makes Georgetown redundant into that. It's been in our interest to contact the Libertyhouse and say anybody want to talk to us about restarting that mill?

The best I could do in the coordination to that was to find a source in the U.S. who is an equipment buyer of mills in order to reuse the equipment somewhere
else. Now I can't allege that that's Libertyhouse's position here, and if you follow the news, because this is very important to us, you'll see that there's local problems in Georgetown for doing this. They would probably rather not have a steel mill there, and citing many other difficulties built around that.

The point I also want to make is the tonnage that we bought from Georgetown we didn't buy - we bought the same -- we're buying essentially the same amount from Nucor, and none of it has replaced an import ton or been in competition with an import ton. Our company has a concrete construction applications in Buy America, Buy American. We have to buy domestic rod.

We need another domestic source. That transition was made, and import into terms of our program, 30 percent of the Georgetown portfolio, never had an import component to it that we would ask them to meet or be competitive with.

CHAIRMAN SCHMIDTLEIN: Okay. So -

MR. WAITE: Madam Chair, if I could go back to your original question, this is Fred Waite, general counsel for the American Wire Producers Association.

If I may go back to your original question and also supplement what Mr. Stauffer just said, there were contemporaneous communications between ArcelorMittal and
Insteel before and during the time of the announcement of
the closure, which identified reasons which were very
different than imports as the factors leading to that
decision. You will find those in Confidential Exhibit 8 to
the AWPA prehearing brief. Thank you.

CHAIRMAN SCHMIDTLEIN: Okay. All right, thank
you.

MR. CUNNINGHAM: Could I ask - two more very
quick points to this.

CHAIRMAN SCHMIDTLEIN: Okay.

MR. CUNNINGHAM: Think of those two quotations
they put up on the screen, one from ArcelorMittal and one
from Republic. Read the ArcelorMittal one carefully. It's
not at all clear whether they are talking about the damage
was done - had been done to that point by Chinese imports
or by subject imports. It is not an explicit subject
imports did us in statement.

CHAIRMAN SCHMIDTLEIN: Well that was my next
question. Do we - in January of that year, we made a
determination that Chinese imports were injuring the
domestic industry, of which ArcelorMittal was a member of at
that time, and then five months later they announced that
they're closing. In the meantime that, you know, from '14
to '15 is the greatest increase in the subject imports of
this case.
So for you all to say imports were at large,
now maybe you're now drawing the distinction between Chinese
and what's subject of this case, had no impact. I mean for
us to say that, wouldn't we have to disregard the decision
in January of 2015?

MR. CUNNINGHAM:  No, no.

You didn't make a decision in January as to
subject imports.

CHAIRMAN SCHMIDTLEIN:  No, I know. So you're
now you're drawing a distinction. So it wasn't - it was
Chinese imports played a role, but not these ten countries?

MR. CUNNINGHAM:  It's hard to tell from the
Mittal statements. That's all I'm saying to you. When you
say am I calling them liars for what they said, what I would
say to you that what they said looks ambiguous to me.

CHAIRMAN SCHMIDTLEIN:  So what do you -
what's your position on whether or not Chinese imports
contributed to the decision of ArcelorMittal to close?

MR. CUNNINGHAM:  It's hard for me to say,
because I really think that the factor that did it was the
inability to use the port. I think that was the
decision-making factor, and others might have contributed,
but that's not what you need to decide. You need to decide
would that plant have closed, just as in the fire example.

It doesn't matter whether there were other
things that were hurting the company before the plant burned
down. The plant closed because of the fire. I think the
situation is much more reasonable to conclude here that the
plant closed because of the silting problem and the
inability to get the - either the federal government, the
Corps of Engineers or the Georgetown City to dredge it.

But the one other point I want to make is
think also about Republic, because if you look at the
attachment to Mr. Trendl's statements, either eliminating
either of those two companies from your consideration of the
trend of imports on market share means there was no decline
in U.S. market share, U.S. industry market share.

So and I think there's no case to be made that
the Republic plant closed because of subject imports. It
was a bar mill. It was a bar import problem, and also I
would suggest that when you look at the Republic
questionnaire response - they didn't file one in the final
investigation but they did in the preliminary investigation
- as to their wire rod operation at that plant, you will
not see in that the type of economic problem with their wire
rod production that would warrant a plant closure, even if
it had been a much larger portion of the company's
production there, and it was very small.

So it seems to me that if you've got Republic
out, then the market share issue is closed anyway.
CHAIRMAN SCHMIDTLEIN: Okay. Let me ask one more question. My time is up and then I actually have to leave. So Mr. Frye, Frey, you testified that in your view the domestic industry did not have the capacity to supply the demand in the U.S. market?

MR. FREY: That is correct.

CHAIRMAN SCHMIDTLEIN: Okay. So if that's the case and imports are being pulled into the market, why do we see so much underselling?

MR. FREY: Well -

CHAIRMAN SCHMIDTLEIN: I mean this is a highly substitutable product. You're saying the supply here is not enough, so if the purchasers absolutely need it, why would you undersell to the extent we do and it's extensive in the staff report?

MR. FREY: I think underselling is to be understood as imported rods are cheaper than domestic rods?

CHAIRMAN SCHMIDTLEIN: Yes. They were selling it at world price.

MR. FREY: I think the distinction is between U.S. domestic prices for steel, for wire rods versus global prices. The price for imports is primarily set on the global, like for imports, you have different choices where you can buy say from the Ukraine, from China, and only the best, most competitive price will get the order.
So import sources compete amongst themselves, and this is how prices are being set. Traditionally, rod prices in the United States tend to be higher because of, you know, different relationships and different costs to their customer, and they were able to gather more of a price. I have to say though right now import prices are actually indeed higher than domestic prices. So there is an inversion happening at this point.

CHAIRMAN SCHMIDTLEIN: Is that because of the preliminary duties?

MR. CUNNINGHAM: You must also remember - you must also remember that these imports had just come through a period where they had lost significant U.S. market share to Chinese imports. If you look at the page/slide 22, you'll see the period before 2013, which is eliminated from Slide 2, a very manipulative slide, Slide 2.

And so obviously these were imports that had just gone through a period of having had to compete with Chinese import prices, and they're going through a period of getting those prices back up and now apparently they have done so.

CHAIRMAN SCHMIDTLEIN: Okay.

MR. STAUFFER: Stauffer, Insteel. Can I just add something to that. I think if you look at the filing in total, you've got ten countries, you've got 25 mills.
You've got a very good cross-section of what the global wire rod market looks like at any given time in this analysis. So it's not a function necessarily of what is the price in the U.S., let's get under it. It's a question of what does the global market think is a reasonable return for their products as they compete globally.

Clearly, the Italians are competing with the Ukrainians, and the Ukrainians are competing with the Russians.

CHAIRMAN SCHMIDTLEIN: But wouldn't they want to make more, I mean if they could and they're being pulled into the market?

MR. STAUFFER: Yeah, if they could. But the global market has a limit on what that is, and that's a function of all those - all those countries looking at what a reasonable rate of return, setting the market price and getting in it. As Mr. Frey's pointed out, that's no longer the case. That market, because of other global metallics units, etcetera, has risen and we would find ourselves in a different market today.

So taking a snapshot of the global market in the Period of Investigation and saying that's injury -

CHAIRMAN SCHMIDTLEIN: Can you just spell that out a little bit more. When you say "the global market is limiting the price that those producers can sell into the
U.S. market”? So the U.S. buyers are purchasing from these various countries, and you're saying that there's a global price? I guess I'm just not quite following.

MR. STAUFFER: Yeah.

CHAIRMAN SCHMIDTLEIN: Maybe this is an economic argument that's a bit over my head.

MR. STAUFFER: Oh okay. To the extent that I can, there is, as you pointed out, this is a fungible product across the world. Everybody can make it. So if you have an opportunity to export it, you will enter the global market and you'll have to be competitive to do that. If you want to sell rod in the global market you must be competitive. What you're saying in the U.S. imported prices is the effect of the global market on access to that material, on access to -

CHAIRMAN SCHMIDTLEIN: So you're just pointing out that the importers are competing with each other?

MR. STAUFFER: Yeah.

CHAIRMAN SCHMIDTLEIN: That's what you're saying. Okay.

MR. STAUFFER: That's the market. That's not let's find a U.S. price and see how low we can get it. It's a function of the global market. Now the Chinese, as you pointed out in 2014, had a big play in that market and they still do. So these folks that are coming in here now are
competing with China in their markets, and the Chinese have
set the global market for wire rod.

That issue goes to the finished products that
we're talking about, because everybody else that's making
finished wire products around the world that Ms. Korbel put
up on the slide here at Wal-mart, are using rod priced at
the global level. The Chinese level and all the other
countries doing that have the benefit of that. We're denied
that based on this filing.

CHAIRMAN SCHMIDTLEIN: Okay. There was
somebody in the back.

MR. CONNELLY: Yeah. Warren Connelly, counsel
for POSCO. I just want to make a point about the pricing of
tire cord. Tire cord is not a fungible product. It's not
made by everybody around the world. The testimony was it's
a handful of companies that can make it.

We have given you the confidential commercial
shipment prices in our brief, and we just direct the
Commission's attention to it because you will see no adverse
price effect from subject imports from tire cord and tire
bead.

CHAIRMAN SCHMIDTLEIN: Okay, all right. Thank
you very much.

MS. KORBEL: Madam Chair, Kimberly Korbel from
the AWPA. We regret that you have to leave, and if you have
questions for the AWPA purchasers, we're happy to respond to
any written questions you might want to send our way.

CHAIRMAN SCHMIDTLEIN: Okay. Thank you very
much. Yes, I will review the rest of the transcript, so
Vice Chairman Johanson.

VICE CHAIRMAN JOHANSON: Thank you, Chairman
Schmidtlein and thanks to all of you for appearing here
today. What authority is there for the proposition that
unfairly traded imports cannot cause injury when they
replace existing unfairly traded imports, and why is this -
why is the Petitioners' theory in this case wrong in your
view?

MR. CUNNINGHAM: There's direct view. You've
told - you've done it in several cases. They're cited on
pages 19 to 20 of our brief, Butwell - excuse me - there's
Butwell Pipe Fittings and Polyvinyl Alcohol, cases like
that, where you say that where they replace subject - where
they replace non-subject imports, even where the decline in
non-subject imports occurred as a result of imposition of
anti-dumping and countervailing duties orders, that
nevertheless they are not injuring the U.S. industry;
they're injuring - they're taking market share from other
non-U.S. competitors.

And that makes sense. It makes sense because
sense, because Chinese imports came into the marketplace and
displaced not only U.S. production, but subject import
production. A significant part of the - if they had
completed that chart on Slide 2, you would see that.

And so that fact, plus the fact that the U.S.
industry took a greater percentage of the Period of
Investigation decline in Chinese imports than did subject
imports, seems to me to make this case particularly
appropriate to apply the same rule that you applied in
Butwell Pipe Fittings and Polyvinyl Alcohol and probably
some other cases we haven't found yet.

VICE CHAIRMAN JOHANSON: But if once again if
you have unfairly traded imports replacing unfairly traded
imports, then there cannot be injury?

MR. CUNNINGHAM: If you have other - you are
not taking sales away from the domestic industry. It's not
- it doesn't have anything to do with what is the nature -

VICE CHAIRMAN JOHANSON: But you could be
taking -- you could be taking sales away from the domestic
industry.

MR. CUNNINGHAM: That would have to - if you
say well, the domestic industry has a right of some sort to
get back everything that China had in this market. Look at
the figures -

VICE CHAIRMAN JOHANSON: That's well -
MR. CUNNINGHAM: Let me finish my thought.

VICE CHAIRMAN JOHANSON: Okay.

MR. CUNNINGHAM: These companies here started out with a certain percentage of the market in the start of the Period of Investigation, 2014. One would have expected that with Chinese imports withdrawing from the market, they would have gotten a percentage of that decline in Chinese imports commensurate with the market share they had before, and they got more than that, substantially more than that.

So I don't see a case for saying that - and you could look at Confidential Attachment C to Mr. Trendl's testimony, and you see it's quite dramatic as a matter of fact.

VICE CHAIRMAN JOHANSON: Okay. Thanks, Mr. Cunningham. Petitioners have argued that wire rod is a very price sensitive product, and that it only takes one import source to offer lower prices to start a downward spiral in prices, and this is argued at page 31 of Gerdau's brief, quoting the Keystone witness at the staff conference. What is your response to this argument about price sensitivity and the effect of subject import prices in the market?

MR. STAUFFER: Okay. So the issue was that an import price quoted in the market is a threat. Is that how I understood the question?

VICE CHAIRMAN JOHANSON: Well, basically it
only takes one import source to lower prices to start a
downward spiral in prices.

MR. STAUFFER: Yeah. Well to my experience,
the negotiating process takes on a lot of interesting turns
as it develops, and what's said at a negotiation process
should reflect what's going on in the market, and that's
very often the case. But the idea that it starts a downward
spiral is really a function of how the domestic industry
responds to that.

If they want to use that information as a
keystone, no pun intended, to have a spiraling market
consideration then that's their possibility. I would point
out also a consideration, for example, when the domestic
industry has indicated that their downstream product
producers of like products that we produce don't really
amount to much.

It only takes Mr. Canosa's mill in Beaumont,
Texas, his mesh mill, to announce one price decrease and it
will affect the entire Texas market for all the mesh that we
sell in that market. So it has that kind of an effect if
the pricing in both sides of the equation work to that
effect. But it actually would take a transaction, would it
not, to ensure that there was in fact that rumor of that
price by a small amount would in fact have an impact on our
purchasing decision.
MR. CUNNINGHAM: If I might add, I would have a little problem with that argument, because of the just undeniable correlation you see between the scrap steel price and the wire rod price. If you look at the Attachment B to Mr. Trendl's testimony which has graphs of the wire rod/scrap steel prices and graphs of each of the pricing product prices, and you see the trends of the - the two trends going down together with the scrap steel price a little ahead throughout 2014 and '15.

Then you see the scrap steel price bottoming out at the end of 2015 and starting up, and then immediately thereafter the price of the wire rod goes up. You can also see that at page 16 of our brief in tabular form, but it's quite clear in the graphs. It's hard for me to square that with the idea that you were just quoting Keystone as propounding.

VICE CHAIRMAN JOHANSON: Okay, thank you Mr. Cunningham. I appreciate -

MR. MOFFITT: My name is Bob Moffitt. I'm with Heico. If I could just add one thing.

VICE CHAIRMAN JOHANSON: Yes.

MR. MOFFITT: In the 32 years I've been doing this, I cannot think of one instance where a domestic mill has come to me and said I'm going to lower your price because we hear that the import numbers are going down. In
fact, a good part of our drawing is on the west coast, and until 1997 there were no rod mills in the western - west of the Rocky Mountains.

Oftentimes you would find material coming to the west. It was incremental tonnage in the winter months. They weren't as busy in the Midwest and they would ship west. We did not invent the term "foreign fighters." That was something that the mills came to us when they wanted to offer us an incremental tonnage program or something like that. It was not taking anything away from an import offer that I had. In fact more often than not, I would actually build my inventory because I did not want to suddenly cut off or reduce the orders that I already had on place with domestic mills.

I'd be more than happy to share with you folks what I've been paying over the years, and honest to say it has been definitely tied to a domestic market price without any impact whatsoever for imports. I mean we did not on our side create the concept of tying wire rod pricing to the Chicago shred number. That was their idea when the prices were going up. Of course when they go down, they seem to forget that.

VICE CHAIRMAN JOHANSON: Okay. Thanks, Mr. Moffitt. Going back to the whole scrap issue, Petitioners argue specifically that unit net sales fell to a greater
degree than did raw materials from 2014 to 2016, leading to a decline in the industry's operating income. This is argued in Gerdau's brief at page 37. Is this evidence of price depression? I know you all disagree.

MR. CUNNINGHAM: Well I mean, if you look at - again, if you look at Attachment B to Mr. Trendl's testimony, you can see the trend, the correlation is entirely with the scrap steel prices bringing the other price down, and there is also a pretty clear correlation between the trend of COGS and the trend of prices.

If I might say one thing on that by the way, there was - maybe I'm just sensitive to criticism, but I was criticized for using irrational things like percentage declines instead of real things like price declines. It's the percentage. It's having the same percentage changes in your costs and your prices that are - that count.

So to make that clear, let's suppose you have something that you price at - that you price 120 and you have a cost of 100, and let's suppose that you move, the cost goes up $20. Now the cost, you started out with a profit margin of 20 percent. Cost goes up $20. If you only raise the price $20, your profit margin goes down to 16-2/3 percent.

But if you raise them the same percentage, you remain - and the same works on the downside. You maintain
your profit margin. That clearly is the comparison that you need to make. But look at the correspondence between the actual prices of the pricing products and the prices of the three scrap steel categories, and I think that's a clear correlation and a clear look what's dragging what down and then leading it back up.

The other stuff that they cite has sort of mixtures of kind of averages and things like that that seem to me may not give you the same sort of accurate comparison.

VICE CHAIRMAN JOHANSON: All right. Thank you, Mr. Cunningham. I appreciate your responses. My time has expired.

Okay, thank you. I also want to express my appreciation to all the witnesses for their coming today and presenting their testimony. We have just been talking about the relationship between scrap and wire rod, and you made it clear that there's a correlation. But I was wondering is – Petitioners have said subject imports have squeezed the domestic industry profit margins. Are they wrong about that?

MR. CUNNINGHAM: I think the price versus COGS has squeezed them to some extent, but that's not saying imports have done that. You have to determine what was the reason for the price change, and we just went through a long discussion of that, and I've bored you all to death now with
my view on that. So I'll leave that where it was.

COMMISSIONER WILLIAMSON: You're saying it's basically the scrap price? What I'm saying, I guess, does imports have any role in this?

MR. CUNNINGHAM: Yeah, I think that's right. I think that's right. With, to some extent, you also had a decline in apparent domestic consumption, which added to the downward pressure on prices. But, you know, it's hard for me to see that there's another cause that's relevant to the price decline, in view of those correlations.

MR. JOHNSON: This is John Johnson at Mid South Wire. It may be a math function that you're talking about. If they're using scrap as their base, and scrap lowers and that lowers the purchase price of the material, if you have a set margin on that - if 5% of 25 is less than 25% of 30, if you understand that correlation the way I explained that right. So as the price of the product goes down, if your margin percentage were the same, that percentage of margin becomes less margin to the bottom line.

COMMISSIONER WILLIAMSON: Okay. So you're saying that no, the imports - how does that relate to my question about the role of the imports there?

MR. JOHNSON: I thought you asked if scrap was a direct correlation, if that had a direct on price, how that affects the margins of the mill.
COMMISSIONER WILLIAMSON: Okay. I don't think that the was the question I was asking. I was really more asking about, was it just - if they're saying there's a price squeeze and they're saying that imports are contributing to that, do you disagree with that? And you keep saying yes. Okay. Or you're really saying, well, I guess, scrap determines everything in terms of their margin.

MR. JOHNSON: I would say scrap is the driving factor that drives their cost and their price and the percentage of margin they have on their product will reduce. As that price of scrap comes down, it reduces their sale price. But the same thing happens is that scrap number goes up. If they're using that type formula.

MR. CUNNINGHAM: Your staff's variance analysis in the preliminary investigation showed that the industry's problems were because of a cost-price squeeze. Not a big one, mind you, but some. And the question is not whether there was such a squeeze. The question is, what produced these decline in prices greater than the decline in COGS?

COMMISSIONER WILLIAMSON: Okay.

MR. CONNELLY: Commissioner?

COMMISSIONER WILLIAMSON: Go ahead.

MR. CONNELLY: Warren Connelly, counsel for POSCO. I just wanna make a point about the relationship of
scrap prices and tire cord. Because, remember, tire cord is
BOF. It does not use scrap. And what we heard this morning
from the domestic industry is that they use imported BOF
billet. So the relationship is not nearly as direct, and
not nearly as significant with respect to tire cord.

COMMISSIONER WILLIAMSON: Okay.

MR. CAMERON: And, of course - Commissioner -
Don Cameron. Of course, if they're using BOFs to produce
the 1080 and they're using BOF ingots to produce a 1080, and
if they're using their electric arc furnaces to produce all
other wire rod, it does beg the question of whether or not
the continuum is broken. Thank you.

COMMISSIONER WILLIAMSON: Okay. They do say
this morning, they could - now whether anybody's actually
doing it - they use the electric arc furnaces to make 1080
if you have different inputs, the DRI or - is that - do
you agree with that?

MR. HUGHES: Nobody at this time - This is
Terry Hughes from Bekaert - Nobody at this time is making
1080 steel tire cord for an electric furnace for us, no.

MR. CAMERON: And the evidence that we have
found - Don Cameron - the evidence that we have found is
that the 1080 tire cord is being made by EVRAZ, who has
claimed to make it. There have been some small amounts of
shipments. They have not qualified, and they made it out of
what? Ingots. Not from their EAF furnace, but ingots.

So that's one reason that we were pointing out in the testimony this issue of the BOF. The BOF actually is relevant. It's obviously factually relevant because these guys can't produce it using their EAF furnaces, right? But we were told in the preliminary determination that somehow that was legally irrelevant because that's not what the domestic industry does.

Well, in fact, the domestic industry does do some of that, and we heard the testimony this morning. What do they do? They use BOF ingots. Why? 'Cuz that's the only way they can get it. Let me ask you again. If they're using BOG ingots to produce a 1080 and they're using an electric arc furnace to produce everything else, does that sound like a continuum to you? Thank you.

COMMISSIONER WILLIAMSON: I'm asking the questions.

MR. CAMERON: Oh, okay, it was rhetorical. But you already know that.

COMMISSIONER WILLIAMSON: Yeah, I know you, Don. Confess it up. Okay, let's go to another question. This morning, petitioners were asked about purchasers need for multiple sources. They noted that there are seven domestic producers and nonsubject import sources. So the petitioners argue that purchasers buy subject imports because they are
cheaper. So how do you respond to that? I know someone has already talked about the need for alternative sources, but aren't there alternative sources in the U.S.?

MR. JOHNSON: Johnson at Mid South Wire. Hopefully I won't confuse this time.

COMMISSIONER WILLIAMSON: Just stay off the numbers.

MR. JOHNSON: No problem. I went to Alabama, so math is not my strong point. But -

COMMISSIONER WILLIAMSON: I was a math major for a while.

MR. JOHNSON: Maybe you can teach me something.

COMMISSIONER WILLIAMSON: I got out of it.

MR. JOHNSON: In our particular percentage, we compete with every one of the domestics every day. There's not a sales report I get each week from my sales force that something isn't noted about one of the integrated downstream wire mills competing with us, and what we're having to do in order to meet that competition. And so for us, having an alternative is a strong tool, so that we're not dependent on our supplier strictly for our - who's our competitor as well.

COMMISSIONER WILLIAMSON: Okay.

MR. CONNELLY: Commissioner Williamson?

COMMISSIONER WILLIAMSON: Yes?
MR. CONNELLY: Warren Connelly, POSCO.

COMMISSIONER WILLIAMSON: Yeah.

MR. CONNELLY: Multiple sourcing for tire cord.

There is no such thing as a domestic producer who can be a source for tire cord. The only - and wire producers have to have multiple sourcing. Now that's a given. So what are those sources? It's just a handful of companies. Foreign companies, subject and nonsubject.

But there is no U.S. producers that can be a source, certainly of commercial quantities. That's what the record shows. If you wanna know what's different about this record, that's one key thing. There are a lot of other things, but that's one key thing that's different about this record with respect to tire cord. Thank you.

COMMISSIONER WILLIAMSON: But there are nonsubject sources of the tire -

MR. CONNELLY: There are a couple. There are a couple. Yes.

COMMISSIONER WILLIAMSON: Okay.

MR. CAMERON: Commissioner? Don Cameron. But that's the point is that they are - the number of producers in the world that are capable of producing the 1080 quality for tire cord is limited to a handful. What did we say it is?

MR. MINNICK: Dave Minnick with Kiswire.
There's seven producers in the world that can produce this wire.

COMMISSIONER WILLIAMSON: Okay, thank you.

MR. CAMERON: And the other thing, getting back to the question you asked this morning. You asked a very good question about, okay, so what is the split between above-1080 tire cord and bead wire, and below-1080 tire cord and bead wire. Because, yes, there is some below-1080 tire cord and bead wire, although it's limited. So what are our numbers?

MR. MINNICK: Okay, for bead wire, 1080 and above is about 80% of our product uses 1080 and above. Between 20% to 30% is below the 1080 grade. For steel cord, for tire cord—we call it steel cord in our industry—but tire cord, 95% of the use in tire cord is 1080 and above. 5% is below the 1080 grade.

MR. HUGHES: And this is Terry Hughes for Bekaert. For steel cord in North America for us, it's 100% 1080.

COMMISSIONER WILLIAMSON: Okay. I think we—It was explained this morning that the cord is the higher level of production and skill and all that—

MR. HUGHES: They're both on a high level, but it's much more difficult to draw the steel tire cord to the much finer diameters than the bead wire. The bead wire, if
you look at the samples that the tire industry provided, it's a thicker wire, although smaller than most industry applications. But the tire cord wire is a much finer wire.

COMMISSIONER WILLIAMSON: Okay, good. Okay.

Thank you for those answers.

VICE CHAIRMAN JOHANSON: Commissioner Broadbent?

COMMISSIONER BROADBENT: Yep. Mr. Cunningham,

Table 5-13 of the prehearing staff report contains information from purchasers indicating that they source substantial volumes from subject imports over the POI instead of the domestic industry, with many of these firms stating that low import prices were a primary reason. Can you explain how we should interpret this data?

MR. MOFFITT: This is Bob Moffitt with Heico Wire Group. If I could just say, from our perspective, I've made a point, in fact, in the questionnaire, when I basically said that we don't do it because of - we have a commitment to buying from offshore. It's a 20% to 25% of our requirement, we do purchase offshore.

I mean some of our facilities, like, our Kent, Washington facilities' 100% domestic from Cascade Steel, but most of the facilities, we have to buy from offshore, just to ensure that we will have material coming in.

COMMISSIONER BROADBENT: Right. But a lot of purchasers that were surveyed said that they bought because
of low prices.

MR. MOFFITT: Well, I think that there was some misunderstanding, perhaps, on the questionnaire. That was - I mean I actually didn't understand the question, and that's what - because it was, to me, it was never an either/or.

And I'm wondering if many of the people that did respond to the questionnaire maybe perhaps had the same question. I mean the fact that they did buy something means that they did make a decision to buy it. But obviously, if you're buying it from one source, you're not buying it from another.

MR. CUNNINGHAM: Can I take another shot at it, since you asked me? I'll try to avoid the twenty-minute elaborate concern I have about the way that question's set up, which I will sort of summarize by saying, I think it's odd that you don't ask the purchasers whether they bought from domestic at lower prices than imports, and so balance the question.

But putting that aside, I think that, in this case, in the facts of this case, that - we're not here to argue that there's no underselling. We're not here to argue that there are some cases in which the domestic customer buys from import sources at a lower price. I also have some concerns about the concept of purchased instead of domestic,
because I'm not sure that -

   You know, you remember, you went to this because

of problems with the lost sales and lost revenues way of

getting at this. But the fact that you purchased imports

instead of domestic may mean that I've chosen a particular

transaction to buy from an importer that offered me that

sale instead of buying from a domestic producer that offered

the same thing. Or it could mean, well, I bought imports, I

could've bought domestic, but it may not've been a

head-to-head competition.

   So put all that aside for just a minute. And

let's just assume that this table is interpreted the way a

domestic producer would interpret it, which is that this

shows that there was a significant number of purchasers who

did buy imports at lower prices, and in some cases, there's

significant quantities of that.

   You still have to determine whether the

quantities constitute injury to the domestic industry by

looking at the trends in U.S. shipments and the trends in

U.S. producer market share. And you still have to look at

the causation of a -

   COMMISSIONER BROADBENT: Right. And it just -

   MR. CUNNINGHAM: And there's nothing about

causation of price trends, I don't think. It may say

something about the extent to which imports took an
additional portion of the U.S. market, but you look at more fundamentally in the aggregate, in your analysis of your trends in U.S. shipments and trends in U.S. industry market share. And here we have U.S. industry market share going up for all of those companies there. And their shipments going up. And an increase in U.S. -

COMMISSIONER BROADBENT: Well, that's - I mean - yeah. But I'm just trying to get that U.S. industry, the folks that purchase - to answer that question, you're saying there was price pressure. They bought imports because of lower price?

MR. CUNNINGHAM: I have a little problem with the term "pressure" there. I mean it -

COMMISSIONER BROADBENT: Well, what do you mean, what does that mean to you, in the sense that they're saying they're buying imports 'cuz they're lower priced?

MR. CUNNINGHAM: I don't deny it. I would not question the fact that in the transactions and the volumes quoted here -

COMMISSIONER BROADBENT: Okay. So that you -

MR. CUNNINGHAM: It brought it - imported -

COMMISSIONER BROADBENT: - so you're conceding and just, we need to go on to look at the impact.

MR. CUNNINGHAM: Yeah. But, you don't have - and suppose you had a - let's take one company here that
lists 20,000 tons. Just a hypothetical. I don't have one. That it purchased, instead of domestic, since 2014. Suppose you had asked that company, what quantity did you purchase from domestic instead of imports on the basis of lower price? If I had both of those figures, I could make some sense out of this.

COMMISSIONER BROADBENT: Okay.

MR. CUNNINGHAM: But I don't have it here.

COMMISSIONER BROADBENT: Okay.

MR. HUGHES: Madam Commissioner?

MR. CUNNINGHAM: I could write a law review about this or something or other, right? This is not the place to debate the methodology, although at some point I'd like to do a submission.

MR. HUGHES: Commissioner? Can I just jump in? Terry Hughes from Bekaert?

COMMISSIONER BROADBENT: Well, actually, Mr. Frey was first and then you -

MR. HUGHES: Oh, I'm sorry. Go ahead.

MR. FREY: Yeah, thank you. Standard wire rod is a pretty globally uniform product. It's the same in China, it's the same in Egypt as in the United States. So those import prices are a reflection of where the global price is deemed as what price levels are achievable.

In the United States, we are fairly insulated
from this. For one, you have to – the steel needs to
travel over long distances, it costs money. And as a
result, if I look at my customers, when they compare their
cost of steel, not the effective price, but the cost to
them, take into effect consideration, additional scrap loss
or bloated inventories, the U.S. steel mills are actually in
a very comfortable position where they can command more
money for their steel than the rest of the world.

And if there is a more open competition as in
many places of the world, prices would be lower. And if
American mills, I think they fear for their competitive edge
that they have, that it's being eroded. But at the same
time, they are, in terms of competitiveness, I believe not
on par with the rest of the world.

COMMISSIONER BROADBENT: Okay. Mr. Hughes.

MR. HUGHES: Terry Hughes from Bekaert. Upwards
of 90% of our imported steel is for steel tire cord and bead
wire, because we can't source that material on shore, so in
my testimony, I talk about 50% is sourced domestically,
almost all of the rest of that material is going into steel
tire cord and bead wire that has to be produced offshore.
We have no qualified sources. Thank you.

COMMISSIONER BROADBENT: Okay.

MR. CUNNINGHAM: Let me say one last thing, then
I'll shut up. You look at the volumes here that they talk
about, that they purchase from imports at a price lower than a domestic price. You add up those volumes, really those are for the whole period. Yet it's way, way, way short of the total amount of imports purchased in the United States during that period.

So what do you think? That the rest of the imports were purchased at higher prices? That's why I find it difficult to make use of this table. It doesn't seem to me - I'm not quite sure what goes through the company's mind in answering it. All of these companies that have listed tonnages there, I'm quite sure, buy more from import sources than are listed here for this, you know?

It doesn't seem to me that this shows you very much, because you have a product that is a price-competitive product. Most transactions where you buy, you'll buy from the lower price, or at least - remember we talked about the lower costs, 'cuz there are other considerations than price in some situations. And I'm not sure what you're supposed to make of these numbers here, which are obviously a lot less than total volume of imports -

COMMISSIONER BROADBENT: Okay.

MR. CUNNINGHAM: - that they buy. I mean it just baffles me.

COMMISSIONER BROADBENT: Okay

MR. CUNNINGHAM: But I get baffled easy.
MR. WAITE: Commissioner Broadbent? It's Fred Waite, counsel for AWPA. We are not blessed with the ability to look at the confidential versions of the prehearing staff report or, indeed, any other confidential version that's submitted in this case because we are industrial users, so we're not eligible under the APO.

But we did collect information that was submitted to the Commission that is the purchaser questionnaire response from AWPA members who voluntarily supplied it to us for purposes of this investigation. And I would just point out that, compare the table that you were just describing, which I have not seen, with the responses of purchasers to Question II-1, that is, how much of their requirements do they purchase from U.S. rod mills or how much from all other sources?

We had that for AWPA members and what it shows is that the overwhelming tonnages purchased by those purchasers—who must comprise a very significant percentage of all purchases who were responding to your questionnaire—source domestic. If the imported price is always lower, and if customers always buy the low price, why are purchasers purchasing anywhere between 50% and 85% of their requirements from the domestic mills?

Must be because other compelling factors are driving it, that were described here today. And I would
just ask you to compare that data with the table you were
just looking at and see if the table you were just looking
at may not be a distorted or an incomplete or a very minor
part of the picture in terms of purchasing decisions by U.S.
customers.

COMMISSIONER BROADBENT: Okay.

Thank you very much. My time has expired.

VICE CHAIRMAN JOHANSON: Given the Commission's
consistent single like products definition for wire rod, to
what extent is respondent's like product argument premised
on technological or market changes since prior
investigations? Or do you all simply contend that the
Commission got it wrong when it rejected similar arguments
in the past?

MR. HUGHES: This is Terry Hughes from Bekaert.

I think the industry standards has changed over time
tremendously since especially 2002. The caf standards on
the fuel economy on the cars mandated by the government,
also stronger tires, lighter weight, these types of things.
Actually, the larger rim tires are more I guess desired in
the market. So 20 inch, 22 inch rims, it takes much higher
strength material to make those types of tires to take the
force on that. So I would say that that's changed
tremendously over time.

VICE CHAIRMAN JOHANSON: Yes?
MR. CONNELLY: Commissioner Johanson, Warren Connelly, POSCO. So let me just go through a brief list of what we think is different today versus 2002.

And I want to start by making the point that to the best of our knowledge, the Commission has never identified a single domestic producer of tire cord. Now that's true since 2002. And in fact, in 2006, in your negative determination for China, Germany, and a third country, you said at that time there were no U.S. producers of grade 1080 and higher tire cord.

Now what's happened since 2006? If it's so easy to make tire cord using EAF, nine years have - nine years? No. 11 years have gone by and there is still no U.S. producer of a commercial quantity of tire cord. That's fact one that's different.

Fact two that's different, we owe a great deal of thanks to your staff for having a specific set of questions on grade A 1080 and higher. That is very different. We now have a very different, let's put it this way, we actually now have a picture of what the domestic industry consists of, which by the way, we heard from Keystone, they don't make tire cord. They make tire bead. And if you look at the quantities, you'll reach another conclusion.

The other producer is EVRAZ. EVRAZ isn't here.
This is a very important product allegedly for EVRAZ.
They're not here. What does that tell you about their
interest or willingness to answer questions about this
issue?

Third, as was just stated, grade 1080 is just
the start of tire cord specs. There are higher carbon
standards now. That's different. And we're having to
produce -

VICE CHAIRMAN JOHANSON: I'm sorry, they're
higher carbon standard?

MR. CONNELLY: Higher carbon.

VICE CHAIRMAN JOHANSON: Could you explain that
a bit also?

MR. CONNELLY: Or greater - let me have the
expert talk about that one.

VICE CHAIRMAN JOHANSON: Okay.

MR. HUGHES: It's basically the percentage of
carbon that's actually in the steel wire. There - it's .8
percent carbon in 1080, 1070, .7. So it's as high as .9 and
almost 1 percent.

VICE CHAIRMAN JOHANSON: And that's a change
from the past?

MR. HUGHES: Oh, yeah, definitely.

VICE CHAIRMAN JOHANSON: Right. You only -

MR. MINNICK: Dave Minnick from Kiswire. The
thing is right now, every time the tire industry says they want a better wire, a lighter tire, we have to produce this wire stronger, they've gone from back then of where they ran what they call normal tensile wire as the tensile strength. They went to a high tensile. They went to a super tensile. They're now at an ultra-high tensile.

Every time they increase the tensile, we have to increase the carbon in the rod that we use. So we're now from using 70 back then to using 80, 85 and 90. In some cases, we're using 85 with chromium, which even makes it harder. Thank you.

MR. HUGHES: Terry Hughes from Bekaert. Additionally, the more carbon that you add, the more difficult the cooling process becomes to keep the carbon actually in solution of the steel. And if it drops out, that's where you get the brittleness, where you — in the drawing application, where it tends to fracture quite early.

MR. CONNELLY: Well, I'm sorry, one last point on this. First of all, they say there are no new facts. There are a lot of new facts. Here's another new fact. Dr. Rhee testified that it took POSCO five years to get to the point where they could reliably and consistently produce grade 1080 and higher tire cord.

The petitioners this morning talked real fast, like 1070 and 1080. Oh, that's no big deal. We can do it
on the same equipment. If that's true, why is it they can't
make 1080 if it's so easy to make 1070? It's not that easy.

Now you've got one domestic producer that
testified today that they would like to get into the tire
cord grade 1080 and higher business. It's going to take
them five years at least, because it took POSCO five years.
So we're talking about a domestic industry that just isn't
in this business. Thank you.

VICE CHAIRMAN JOHANSON: Yes, Mr.

MR. CAMERON: Commissioner, sorry, just one more
point about the changes that have occurred. I believe in
the China case, there was a reference to the fact that
ArcelorMittal had made tire cord and bead wire at
Georgetown.

Now how is that, because they never made 1080?
Well, the reason is they were making it for small tires.
They were making less than 1080, like what 10 -

UNIDENTIFIED SPEAKER: 1070.

MR. CAMERON: - 1070.

UNIDENTIFIED SPEAKER: 1065.

MR. CAMERON: 1065, 1070, right? Okay, for
small tires. Well, number one, Georgetown - Arcelor
Georgetown is out of business. Number two, we've already
heard testimony from the tire manufacturers and from Bekaert
that the size of tires has grown and as a result, the carbon
level that is required for the strength has grown.

    Again, on your own records with the evolution through your cases, what was defined as being tire cord and bead wire back then is not the same as 1080, which is being defined now. So there is an evolution. And as I believe there's - there are briefs, I hope somebody got that phone.

    And as I'm sure that you have - you've already seen, it goes actually beyond 1080, and as Mr. Minnick said, is going to going to 1085, 1090, and higher. So there is an evolution in the standard. So it is a different factual situation as well as a difference in the record, because you've never had the record with respect to this before.

Thank you.

VICE CHAIRMAN JOHANSON: Thanks, Mr. Cameron.

Could all please explain how the use of a blast oxygen furnace versus an electric arc furnace to produce raw steel in imparts differences in the resulting wire rod produced from the raw steel?

    And do you all have any industry or metallurgical literature that supports and describes the differences that you identified, particularly as they relate to tire cord?

MR. HUGHES: This is Terry Hughes from Bekaert. I can get you some literature and some information and I can pass it along later this week. But from a BOF process or a
blast furnace going to a BOF process, basically, it starts
with an iron and some reduced coal. And so, it's a very
pure mix. You know exactly what the elements are coming in.

So if you take a look at like making soup, you
have the vegetables. You have the chicken stock. You can
measure out the specific ingredients very well and create
the same soup over and over and over. That's what blast
furnace and basic oxygen furnace does.

So as they mix the steel together and start the
refining process, they blow oxygen into it and reduce the
carbon. So they draw the carbon down. And that creates the
heat in the actual bath of the steel.

On the electric furnace side, they take shredded
cars and refrigerators and washing machines, and they shred
them all up, which as you know, has plastic and carbon and
all different types of copper wiring and these types of
things. And they hopefully remove all these impurities out,
but they don't get it all. They dump it all into a big vat
and they use electricity that arcs through the bottom of the
furnace and convection melts the steel in the furnace. And
then they have to test it to see what they have and make
adjustments from there.

So it's like starting with somebody else's soup
each time and not knowing what it's going to be until you
are almost finished. So I mean, that's basically the two
differences.

VICE CHAIRMAN JOHANSON: Okay. Thank you, Mr. Hughes. And I look forward to seeing any literature that you might be able to provide to us.

What – well, you know what? My time's about to expire. I was about to start a sentence, but I might come back to his. Commissioner Williamson?

COMMISSIONER WILLIAMSON: Thank you. Just to follow up on that last question, can electric arc, can they used reduced iron instead of scrap? And does that address - does that - does that make the soup a little bit more predictable or?

MR. HUGHES: It does. It's like using maybe carrots instead of other people's vegetables, these types of things. No, I'm just kidding. This is Terry Hughes from Bekaert.

COMMISSIONER WILLIAMSON: Do you use organic ones?

MR. HUGHES: It's - the direct reduced iron and pig iron that you heard in this morning's testimony, they do use some of that, a lot of it, but that creates a tremendous amount of cost, because they have to make it in one factory, ship it to another, and the amount to take out the impurities from the scrap, it might be 50 or 60 percent where currently, they're using maybe 10 percent.
You would think that - well, the electric furnaces are basically there to be more competitive with quicker turnarounds on heats and these types of things, but it's just a flaw in that system that it just introduces impurities each time.

Now after you make wire rod, or car, and you shred it up and then you make another type of thing like a washing machine and they shred it up, the impurities continue to leach up higher and higher. And unless you're adding BOF Steel's pure steels into the mix all the time, those impurities are going to become so great, that you can't make fine drawing or even intermediate drawing materials at all.

COMMISSIONER WILLIAMSON: Okay, good. Thank you.

MR. CONNELLY: Commissioner Williamson?

COMMISSIONER WILLIAMSON: Yes.

MR. CONNELLY: Warren Connelly, POSCO. If it was so easy to add direct reduced iron in an EAF, then why haven't they done that? That technique's been available since 2002.

COMMISSIONER WILLIAMSON: Okay.

MR. CONNELLY: There's nothing new about that.

COMMISSIONER WILLIAMSON: Okay.

MR. CONNELLY: So it cannot be that they are -
that that's the solution. The problem is a whole lot more
complicated than that -

Commissioner Williamson: Okay.

Mr. Connelly: - with respect to producing tire
cord.

Commissioner Williamson: Thank you. I have a
bunch of other questions.

Mr. Connelly: Okay.

Commissioner Williamson: So I want to - thank
you. And so if we find that the domestic producers do not
produce grade 1080 tire cord and tire bead wire rod, how
should the - how should that affect the Commission's
domestic like product analysis? Let's -

Mr. Cameron: Well, Commissioner, Don Cameron.

Commissioner Williamson: Uh-huh.

Mr. Cameron: First of all, we have heard
testimony from them today that they "do produce 1080 tire
cord and tire bead wire," all right? Now whether those are
in commercially viable quantities is a separate issue.
Whether they qualify is a separate issue, but they say they
produce it.

Moreover, we do have evidence, because our some
of our folks have purchased it, that EVRAZ does or at least
has produced 1080 from ingots. So BOF ingots in the U.S.,
they are an EAF producer, but they use ingots to produce it
So we also have evidence of that. So for the like product analysis, we believe that actually there is domestic production that we can compare. And the domestic producers have said how they are doing it.

To date, what we have heard is that they are using ingots to do that. If they're using BOF ingots to do that, that supports our theory that in fact, BOF is essential to the production of the 1080, right? And since that is not their normal way of production of any other wire rod that we're aware of, that then lends support to our contention, our position that in fact it is not simply another bump on the continuum which we can

COMMISSIONER WILLIAMSON: But I said if we were to agree with you on that -

MR. CAMERON: Pardon me?

COMMISSIONER WILLIAMSON: You were saying then the domestic-like product would be the product?

MR. CAMERON: Domestic like product would be the 1080, right, that would be 1080 as opposed to the other wire rod. And then you should be doing a separate analysis. So that would be the way that we would analyze it.

COMMISSIONER WILLIAMSON: Okay.

MR. CAMERON: Under the like product theory.

COMMISSIONER WILLIAMSON: Good.

MR. CAMERON: Thank you.
COMMISSIONER WILLIAMSON: Okay, thank you for that answer.

MR. CAMERON: Thank you, Commissioner.

COMMISSIONER WILLIAMSON: For tire cord producers again, are there specific low bearing thresholds that are separate tire cord - that separate tire cord grades? If so, could you please share documents demonstrating and for what lows requires specific grades of tire cord?

MR. CAMERON: Sorry, could you repeat the question? I'm sorry.

COMMISSIONER WILLIAMSON: Are there specific low bearing thresholds that separate tire cord grades? And if they are, could you please share documents demonstrating at what loads require specific grades of tire cord? And this probably best can be done post-hearing.

MR. CAMERON: Yeah, we can - we will get what we can post-hearing. I believe that tire manufacturers, a lot of that - I think what you're talking about, some of this gets into truck tires and the regulations and things like that. And we can get that to you, I think.

COMMISSIONER WILLIAMSON: Okay.

UNIDENTIFIED SPEAKER: Super tensile.

MR. CAMERON: Yeah, super tensile and things like that.
COMMISSIONER WILLIAMSON: Okay. Try.
MR. CAMERON: It's fine.

COMMISSIONER WILLIAMSON: Do it post-hearing, thanks.
MR. CAMERON: Yeah.

COMMISSIONER WILLIAMSON: Okay. Have lead times for shipments changed since 2014, and if so, how and why?
MR. MOFFITT: Can you repeat that?
COMMISSIONER WILLIAMSON: I'm sorry.
MR. MOFFITT: I'm sorry.
COMMISSIONER WILLIAMSON: Is this better?
MR. MOFFITT: No, I'm fine. Bob Moffitt, Heico Wire. I haven't noticed any changes at all from the domestic mills. It's been somewhere in the say to four to six week range as far as I can recall.
COMMISSIONER WILLIAMSON: Okay. Thank you. How do changes in oil and gas prices affect demand for wire rod?
TH: This is Terry Hughes from Bekaert.
COMMISSIONER WILLIAMSON: Uh-huh.
TH: The only thing that comes to mind would be if the oil and gas industry would ramp up some melt production maybe diverted to say piping capacities. And yeah, I guess, well, you can say that, but so EVRAZ makes pipe, you know, for oil and gas type things. And their ability to make wire rod would maybe be reduced.

MR. CAMERON: Commissioner, Don Cameron. I believe we heard testimony earlier today that with respect to the closure of Republic, which was relevant to oil and gas was relevant to them, not because of the correlation between oil and gas and wire rod, but between oil and gas and the other products that were relevant to them.

COMMISSIONER WILLIAMSON: Okay. Thank you.

Okay, how do the changes in the automotive industry affect the wire rod market? I guess changes in demand in tires, but any other changes?

MR. MINNICK: Dave Minnick with Kiswire. I think what you're asking is this. You know, I have an old '97 pickup truck that I've had now for since brand new. The largest tire that would be put on that was a 15 inch tire. Today, everything you buy is 20, 21, 22 inch tires. So the industry has gone from making 13, 14, 15 inch tires to making 18, 19, 20, 21, 22 inch tires up to 24 inch for cars. So that has been a big factor in the change of what kind of bead wire, what type of tire cord they wanted. And it also has changed the strength of it because they want a lighter tire. So that you make the wire a lot stronger. They don't have to put as much wire in each tire.

COMMISSIONER WILLIAMSON: Okay, thank you.

MR. MINNICK: Thank you.
COMMISSIONER WILLIAMSON: I wanted to ask you why, but that's not relevant here. So let's go to the next one.

MR. STAUFFER: Excuse me if I could. Could I answer that? Stauffer at Insteel?

COMMISSIONER WILLIAMSON: Yeah.

MR. STAUFFER: Sir, you - one of the concerns that we have about the overall ability of the domestic industry to respond to increases of demand should there not be an import component to our program are these very questions. What are the changes in the other industries that would drive not just wire rod, but the other steel products that these mills make away from wire rod production.

For example, the Nucor family of mills, two of them make other products. SBQ and MBQ. Some of them make - I think all of them make rebar in one form or another. The Keystone mill is very big in the agricultural market, markets separate from ours. There are automotive applications that could draw away from the industrial quality wire rod applications that we have.

And when we look at addressing the ability of those mills to pick up the slack so to speak that would go come their way, should there not be an import program, those are the questions that we look at, because we suggest that
there's no sufficient demand under the current market conditions, but should any of these other segments come into play, that demand would deteriorate that supply to us would deteriorate even more because those products tend to be higher value added products that take away from industrial quality wire rod -

COMMISSIONER WILLIAMSON: You said there's no sufficient demand or is it not sufficient production?

MR. STAUFFER: Sufficient production should other segments currently and should other segments of the market - the economic profile heat up, the demand for their steel products will go elsewhere.

COMMISSIONER WILLIAMSON: Okay, thank you. Do purchase have to meet buy America requirements? I think someone else mentioned buy America requirements and I guess the question is -

MR. STAUFFER: Yeah.

COMMISSIONER WILLIAMSON: - how significant is that in the demand picture.

MR. STAUFFER: Yeah, that's me again, Stauffer.

COMMISSIONER WILLIAMSON: Yeah.

MR. STAUFFER: So we -

COMMISSIONER WILLIAMSON: That's what I thought.

MR. STAUFFER: We make products for concrete reinforcement. Any of the State Department of
Transportation programs, federally sponsored programs, all have to come through the buy America, buy American criteria. We estimate that about 60 percent of our product line goes that way. So we must have a consistent regular supply with the domestic industry in order to fulfill those requirements that our customers and federal regulations and state regulations demand.

COMMISSIONER WILLIAMSON: Okay. Anyone else have -

MR. JOHNSON: John Johnson with Mid South Wire. We have the same requirements on some of the products that we make or the customers that we supply that require American made mandate for the material used in that product.

COMMISSIONER WILLIAMSON: Okay, do you -

MR. MOFFITT: And then Bob Moffitt of Heico Group.

COMMISSIONER WILLIAMSON: Uh-huh.

MR. MOFFITT: Well, if not just buy American requirements. We also have some customers who want us only to buy American sourced product. We make - we're a large producer of aluminum conductor shield reinforcing, which is the reinforcing component of the high power lines. And both of our customers want American rod.

COMMISSIONER WILLIAMSON: Okay, okay, thank you for those answers.
VICE CHAIRMAN JOHANSON: Commissioner Broadbent?

COMMISSIONER BROADBENT: Yeah, I just had I think one more question. It appears - I guess this would be for Mr. Cunningham. It appears that cumulated subject import volume declined after the filing of the Petitions. Was this declined in subject import volume attributable to the pendency of the investigations?

MR. CUNNINGHAM: Subject import volume declined after the filing of the Petitions. I don't think I have a good answer to that. Often that happens because there's a potential of imposing duties.

Sometimes, the other way around people hustle to get the stuff in before a duty - obviously that doesn't look to be the case here. And other times it has to do with other market forces that are in play.

Let me see what I can find out and we'll give you some more on the post-hearing Brief, okay?

COMMISSIONER BROADBENT: Okay, good.

MR. WAITE: Commissioner Broadbent?

COMMISSIONER BROADBENT: Yes.

MR. WAITE: It's Fred Waite again at AWPA.

COMMISSIONER BROADBENT: Yes.

MR. WAITE: I believe this morning you asked a similar question but you also appended to that the existence of the Section 232 investigation of steel products and
whether that may have an effect.

COMMISSIONER BROADBENT: Right.

MR. WAITE: It appears that after the administration announced not only was it going to initiate a Section 232 investigation regarding the impact of steel imports on the national security, it was going to make its decision with undue haste.

As a result I think a number of foreign producers and importers and U.S. customers - and this is borne out by the import statistics, actually moved a significant amount of material into the U.S. market thinking perhaps this might be the last chance they have during the Trump administration to ship certain steel products into the U.S.

So you may have the intermingling of a number of factors here impacting. I have not looked at that specifically for wire rod but we could in our post-hearing if you would like us to do that?

COMMISSIONER BROADBENT: Yes, Mr. Frey?

MR. FREY: I wanted to add to that that wire rod is a fairly seasonal product say the agricultural business and construction is starting to become more active in spring again after harsh winter conditions.

And since the United States is not producing enough wire rod, it needs to come from somewhere else. So I see most of my activity for rods arriving in the time
between April and June simply because somebody needs to come up with the material that is required by the industry.

And then this is kind of a natural thing that most material arrives in that time period whereas imports tend to be more muted the rest of the year. So that to me is an explanation for a hike and if you ask for the drop-off, there's a lead time if I were to place an order with a foreign steel mill I have no way of undoing this. The steel would arrive three months later whether I like it or not.

So there's a certain lead time that leads to any decisions that I make not only having an effect on import stats three months later.

COMMISSIONER BROADBENT: If anybody has any further thoughts for the record that would be helpful. Thank you, I'm done right now.

VICE CHAIRMAN JOHANSON: Thank you Commissioner Broadbent. I have a question for POSCO. You all might have an answer for this. Nucor has argued that the Korean automotive industry is experiencing a crisis with plummeting sales and they state this at page 29 of their Brief.

Could you please explain the status of the Korean auto market and what is driving any crisis and how should this factor into any threat analysis in your view?

MR. CONNELLY: Warren Connelly. Commissioner, we
are going to have to look into that one. I'm not sure we
are prepared with our people here to answer that one but we
will look into it.

VICE CHAIRMAN JOHANSON: Okay, yeah I would
appreciate it. That kind of caught my attention because I
see a lot of Korean cars in the U.S. and I didn't know if
there's actually a - if what is happening there. Okay,
thank you.

That concludes my questions. I appreciate all of
you being here today. There's a big crowd of you out there.
I have a hard time seeing some of you the room is so packed.
Commissioner Williamson?

COMMISSIONER WILLIAMSON: Just a couple of quick
questions for U.K. Respondents. Please explain the argument
on page 19 of your pre-hearing Brief that domestic producers
should not have expected to have gained all of the volume
left by the Chinese imports disappearance from the market.

MR. CUNNINGHAM: I could do that pretty quickly.

COMMISSIONER WILLIAMSON: Okay.

MR. CUNNINGHAM: If the U.S. industry,
Petitioner's here, had a certain share of the market that
started this POI and if the Chinese imports declined over
the POI one would think that U.S. industry would - at least
Petitioners would expect to have gotten about the same
percentage of that decline as they got - as they had of
their market share, I think a lot more. Just look at the
table attached - attachment C I believe it is to Mr.
Trendl's statement today.

I mean there are other participants in the
marketplace and one of the non-subject imports and subject
imports would also get some of the exiting Chinese volume
and you know, since these Petitioners got more of them -
what looks like the share that they would have expected, I
don't see how they can complain.

COMMISSIONER WILLIAMSON: Okay, thank you.

MR. TRENDL: This is Tom Trendl. I would also
direct on page 19 we cite a case we think is very similar to
this one which is Carbon Steel Buttweld Pipe Fittings from a
number of countries. It is cited in our case Brief there.
This is not an issue of first impression for you.

COMMISSIONER WILLIAMSON: Okay, thank you. And I
apologize if this has already been asked. It appears that
cumulative subject import volume declined after the filing
of the Petition. Was this decline of subject import volume
attributed to the pendency of the investigation and if it
has already been asked just tell me.

COMMISSIONER BROADBENT: I can give it.

COMMISSIONER WILLIAMSON: Oh well, let's ask it
again. Did I ask it anyway differently that it might get an
answer?
MS. KORBEL: I think it's clear Commissioners -

MR. CUNNINGHAM: I can give you my thoroughly

considered answer to that which is I don't know, we'll try
to get back to you on it.

COMMISSIONER WILLIAMSON: Okay, someone else?

MS. KORBEL: Commissioner, I think it's pretty
clear with margins in the range of 700% to 10% that it's
going to stop imports after the imposition of the
preliminary dumping margins.

COMMISSIONER WILLIAMSON: Okay, okay, thank you

and I have no further questions so thank you all.

MR. CUNNINGHAM: Could I come back to one thing

because I have been sitting here agonizing over the exchange

that Commissioner Broadbent and I had over the question

about how much of the U.S. purchasers bought imports and
bought at lower prices.

And I just did a little bit of math - I'm not
giving any exact figures but it's somewhere around a quarter
of the total subject import volume over the period. What
does that tell you? Does that tell you three-quarters of
what they bought from abroad they bought at higher prices
than domestic imports?

Does it tell you that three-quarters of what they
bought they bought at different - for different reasons
than price? Does it tell you that maybe they didn't really
I'll make it - on behalf of my client I'll say it's obvious that three-quarters of what they bought was bought at higher prices than domestic producers although I say that with tongue in cheek.

VICE CHAIRMAN JOHANSON: All right thank you all again for testifying today. Do staff have any questions?

MR. CORKRAN: Douglas Corkran, Office of Investigations. Thank you Vice Chairman Johanson, one question please for Mr. Stauffer. I believe you testified today that U.S. prices were now below global prices, was that the initial testimony?

I was looking at published price data and it looked like through June there was a domestic premium, a U.S. premium still. When did that change in your view?

MR. STAUFAFER: Stauffer at Insteel, Mr. Frey could probably help me more with this since his trading experience, but I would say it's been within the last 60 days - and you have to keep in mind the lead time requirement here. So we have - if I want to buy something today, I have to say yes and it has to come only in February or March, depending upon where I am in the delivery of that.
So at that point, if I were to agree to that transaction today, I know that it would arrive at a price higher than the domestic price I see today. Now, I don't know what the domestic price is going to be in March. I can guess. I can model my scrap model and see where the scrap price goes since it's going to be akin to that, but I really don't have any idea.

So the decision is that - to wait. And in waiting we are putting ourselves in jeopardy because if that import product is not here in March and all of these other domestic industries heat up and the domestic capacity is used up then I'm out and that's the conflict that we see today.

So it's not always an automatic thing that the import market is the number that we go chasing after and again as I've pointed out and everybody here did - we don't buy just import, we buy domestic and then we have an import component that allows us to compete with all of those products that are flashed up on the board and all of those folks have access to that.

Now, good for them because they're paying more now - the global price is at that level so that has some impact on us today. But my testimony earlier was that the prices in the global market are higher than in the domestic today.
MR. MOFFITT: Mr. Corkran, if I could just add very quickly to that, I believe Mr. Frey also mentioned this is as well but in a September the 28th article in the American Metal Market, they do address that very question and I mean I have it available and we can include it in the post-hearing Brief I guess and it does explain that they say flipped.

MR. CORKRAN: Thank you very much. Thank you very much Vice Chairman, staff has no additional questions.

VICE CHAIRMAN JOHANSON: Do Petitioners have any questions?

MR. ROSENTHAL: No, we do not.

VICE CHAIRMAN JOHANSON: All right, thank you Mr. Rosenthal. All right, okay it's now time for the Petitioner's rebuttal.

MR. CAMERON: How much time do we all have?

VICE CHAIRMAN JOHANSON: Right, Petitioners have 12 minutes for direct, 5 minutes for closing for a total of 17 minutes. Respondents have 1 minute of direct and 5 minutes of closing for a total of 6 minutes.

MR. CAMERON: Thank you.

MR. ROSENTHAL: Are you -

VICE CHAIRMAN JOHANSON: Yes.

MS. BELLAMY: Will the room please come to order.

VICE CHAIRMAN JOHANSON: All right yes you all
may proceed.

       CLOSING REMARKS OF DANIEL B. PICKARD

       MR. PICKARD: Thank you. Good afternoon. This
is Dan Pickard from Wiley Rein. I'd like to make just a
couple of quick observations before I turn it over to Mr.
Rosenthal.

       I'd like to start as usual by thanking the
Commission and their staff for their time and for their good
work, especially the staff's good work in regard to putting
together such a comprehensive staff report.

       So the facts of this case are pretty much
straight-forward a prima facie case in regard to the
significant increase in the volume of imports, both
absolutely by market share, the extent of underselling and
the deterioration of the health of the domestic industry.

       So rather than repeat those facts, I'd like to
make six quick observations in regard to issues having to do
with probative value for the Commission in regard to its
determination as the fact-finder - so some of these are
very quick.

       The first observation I would make
is while you had full participation this morning, I would
point it out for the Commission's attention who wasn't here
today. And today you did not have industry witnesses from
Belarus, Russia, the UAE, Italy, South Africa and Spain.
I would point that out for your attention. The Spanish issue I'm going to come back to.

Issue number two in regard to certain issues of creditability. You've had the Turkish producers and more recently the Ukrainian producers appear before the Commission and testify that they had essentially no excess capacity and no intention of re-entering the U.S. market in any significant manner and the import volumes that you've seen during the period of investigation directly contradicts what they've testified to before.

Number three - certain witnesses testified today in regard to the idea that tire bead or tire cord could only be made in a BOF process which you know is untrue in regards to the U.S. industry because it has been conceded already that there are U.S. manufacturers making that.

I would point out I think even more importantly - while it may not be legally relevant for the domestic like product definition, there's publically available information at least two subject producers or two subject countries have producers who are making tire bead and tire cord in the EAF process and it's publically available on their webpage.

They explicitly state that they are EAF producers and they are making these products and we've given them to the Secretary to introduce into the record. Those two
countries by the way are Spain and Belarus.

I would also point out that while the witness from the Spanish EAF producer was present at the staff conference after there was a decision evidently to emphasize this argument that it could only be made in the BOF process, he's not here today. They are three quick points.

Two or three larger issues - obviously the death of two U.S. producers during the period of investigation is particularly probative evidence. And what we heard in response were at least 6 or 7 references to either problems at the bay or other miscellaneous excuses or explanations why in their belief, there is absolutely no causal connection between the presence of subject imports and the health of these two producers.

So I would just point out on the one hand you have essentially these unsupported assertions in regard to its severing a causal connection. And on the other hand you have the contemporing statements of the company - companies, when they were idling these facilities.

You have sworn testimony from the U.S.W. representing the workers at this time. You had numerous sworn testimonies in other injury proceedings before this Commission in regard to the effective imports on these producers.

And on top that that you have previous Commission
findings indicating that these producers had been injured by imports. And on top of that you have trade adjustment assistance, TAA decisions by other branches of the United States Government finding that these workers lost their jobs as a result of imports.

And on top of that we will be providing additional information in our post-hearing Brief. I would point that out as pure creditability determination.

Maybe two last things - very quickly. It had been argued that imports came in because the domestic - some of the producers wanted an alternative source of supply. But the purchasers told you that's not the case and I quote from the staff report and this is from page V-32. "Of the 38 responding purchasers, 24 reported that since 2014 they had purchased imported wire rod from subject countries instead of U.S. produced product."

18 of those purchasers reported that subject import prices were lower than the U.S. produced product and 17 of these purchasers reported that price was a primary reason for the decision to purchase imported product rather than U.S. produced product.

Or put a different way - 44% of responding purchasers told you that they bought imports, rather than domestically produced product because they were lower priced. And it appears that at least one member of opposing
counsel has conceded this point.

    Last but not least, price petition effects are an important element of this case. When asked if they believed that the filing of the Petitions in this case had effects on the volume of imports, it appeared that opposing counsel didn't have anything to say at this time.

    But I would again point you to pages 2 and 3 of our pre-hearing Brief that has more than a half a dozen quotes directly from purchasers affirming the fact that while it was a mild recovery for the domestic industry or some small improvement, it's directly tied to the filing of the Petitions in this case, thank you.

    CLOSING REMARKS OF PAUL C. ROSENTHAL

    MR. ROSENTHAL: I'll wrap up with a few points. First, Commissioner Johanson's question to Mr. Cunningham and the Respondents on what I regard as an incredible theory of theirs, which is that if subject imports are merely replacing unfairly traded imports from China, that somehow there's no volume affect, I suggest that there's no basis for that.

    Mr. Cunningham claims that there's a case or two that supports that proposition. I suggest that you take a close look at that case and you'll see it is in apposition and to the extent it has relevance in any way it's wrongly decided. And I will take a page from Mr. Cameron and ask a
rhetorical question because I know I can't ask you a real
question and ask is it possible - could you ever imagine
the Commission in its right mind concluding that it's okay
for imports to come in to the level of the Chinese in 2013
and having made an affirmative injury determination as a
result of that volume of imports that anything that came in
after that that's unfairly traded as long as it's below the
peak of 2013 that's okay and it wouldn't be injurious. I
can't imagine an affirmative answer to that question because
what would the result of that be? It means that you could
reach an affirmative determination and then it's a
free-for-all from that point on for any producer to dump and
injury the domestic industry as long as they didn't reach
that previous volume threshold or market share threshold.
You'll never reach that determination. I have total
confidence in you.

And by the way, there's another area which I'm
sorry to say Mr. Cunningham and company have totally misread
the law and cases there and trying to get you to throw out
the AchlerMittal Georgetown data and the data involving the
Republic Lorain facility. They cite a couple cases and
they're totally in opposite. The cases they cite for the
proposition you should exclude those companies from the
industry have totally different facts than are ones
presented here. One of them, Titanium Sponge, Ms. Cannon
was involved with for Respondents the U.S. producer that
closed the facility testified to the ITC that the closure
had nothing to do with the subject imports. That was the
company saying the closure had nothing to do with the
subject imports. Here we have just the opposite. The
companies were closing, saying that imports were the reason
for the closure.

And by the way, the time that that happened and
the quote that we had there from the AchlerMittal, for
example, was in 2015 after the second surge of imports came
in and they cited in their statement that imports had gone
up to 36 percent of the market, that included the subject
imports.

Mr. Cunningham's assertion, too, I think it was
in response to Commissioner Broadbent's question, but
perhaps another one suggesting that the statutory standard
of contributing cause or that the imports only had to be a
cause of injury didn't apply to this idea that the closures
of the facilities at Georgetown and Lorain had a different
standard and that somehow the entire reason for those
closures had to be imports. We suggest that's not the
case. We believe that if imports were a cause, and we
believe they were a cause of the closures, that suffices for
the purposes of the law.

My remaining time I do want to discuss some of
the other Respondent arguments. And in essence, what you heard here, I would argue, is pretty contradictory. The entire argument by the AWPA is these trade cases are the reason why demand is down and the domestic industry is losing market share and why is that, because these trade cases make the wire rod prices go up higher and makes us have to charge higher for our end product. Well, the law is very clear that that argument is irrelevant. You cannot only not consider it as a matter of law, but as a matter of policy if you followed that approach in every one of these cases there would be no case on behalf of suppliers of raw materials or intermediate materials. You only have end users being able to file cases here because only the impact on them would matter and not on the millions of jobs provided by intermediate suppliers to all the final fabricators of products.

The law and Congress has made it clear that's not the right approach to take and you have always followed the statutory directive and congressional intent in that regard.

I will say as a matter of fact all they've done in making that argument is reinforcing the importance of price in the decisions here. And I want to just turn to the slides a little bit later on purchasers. Now they seem to suggest, some of the purchasers, that they had some
confusion. Now this is not - these are not the ballots in West Palm Beach in 2000. I don't see any hanging chads here. This is a pretty clearly core set of questions here which say did you purchase imports. Did you purchase because the prices were lower? How much did you purchase? It's pretty straight forward. And you had 75 percent -- maybe not the folks in the back who couldn't necessarily understand these questions, but 75 percent of the Respondents said, yes, we did exactly those things. We purchased imports because they were lower priced. How much more direct admissions can you expect in a case like this?

And by the way, the next slides, which were confidential, you had actual quotes from these purchasers saying, yeah, we did that. We bought it because it was lower. We have to compete. No surprises there because you always found that price is paramount in purchasing decisions in wire rod cases. So this case is no different than any other, except you've got a great deal of evidence by admissions by the purchasers who respond to your questionnaire.

And by the way, I know it's not legally possible, but I would like to take the entire transcript of this afternoon's responses to your questions and submit it as an affidavit in support of our case because there's so many responses that basically admitted the primacy of price
and that the reason why they are here and so concerned is
because of the impact of these cases on their prices.

I have to say something, though, that was a
little disturbing because I don't think - and I totally
understand why price is important to them. In many
respects, they're the customers of our clients here and
these are my clients and I totally am sympathetic with their
need to be competitive and so we bring these cases with
great reluctance, but it's a matter of survival for this
industry. You saw the profitability numbers there. They
cannot survive making profits in 1 percent, 2 percent, 3
percent per years. How do you expect them to invest in
these facilities? How do you expect heavy manufacturing
facilities to continue to modernize? They can't do this at
that level, so they've got to bring these cases and it's not
because they want to hurt their customers. They have no
choice.

I will say, though, the notion that we have no
bicycle industry here or other end users because of wire rod
cases is ridiculous. I worked on a bicycle case. I was
here 20 years ago and I have to say it's one of the very few
cases I've lost as a Petitioner. It had nothing to do with
wire rod. It had to do with everything with dumping by the
Chinese. And why did the ITC make a negative determination
in that case? Here's why. And this is a cautionary tale
for anybody who's involved in international trade cases. The entire case that the Commerce -- by the way, at that time, the European Union found the Chinese to be dumping by substantial margins in the EU.

The Mexican authority found the Chinese to be dumping by substantial margin in Mexico. In the U.S. there was one company who was the biggest supplier for whom the Commerce Department found a very, very low, de minimis margin. And why was that? Because one staff member at the Commerce Department decided that the surrogate values there and the precise financial reports for one company matched better than the others and by using a financial figures for one company rather than others that we argued for resulted in a zero dumping margin.

The result of that was when the case came over to the ITC you found a de minimis – you had to exclude their volumes. It had nothing to do with wire rod, but it had to do with decisions by one person and now we're here. And the decision that you make here – you individuals, just as the folks at Commerce made, will decide the fate of this industry. If your decision is it's okay for the next wave of these 10 subject countries to come in and take the Chinese market share and more and that's okay and that's not considered injury, then there will not be these folks in the room around for a next wave of cases. They will take the
place of the Georgetown steel facility and the others who've exited the industry because there will no longer be relief. So I urge you on behalf of the workers in these companies to make an affirmative determination in this case so that they will be back and so they will work with their customers in the future to be able to create jobs and create steel products from wire rods in the United State. Thank you.

VICE CHAIRMAN JOHANSON: The Respondents may come forward for their rebuttal and closing statement.

MR. CONNELLY: I guess I'm going first. You want to go first? Go ahead.

CLOSING REMARKS OF NANCY A. NOONAN

MS. NOONAN: We have a question too about who is not here today. Where is AchlerMittal and Republic? If they really thought that their mills closed because of these subject imports, I am sure they would want to tell you their story in person here today, but they are not here. The Commission should find that there was no material injury or threat of injury to the U.S. wire industry by reason of subject imports. The data complied by the Commission, the pre-hearing staff report, and the testimony provided today show that the domestic industry, which is highly integrated and in many ways insulated from competition by imports did not lose significant market share
during the period of investigation and performed at levels
that do not support a finding of injury or threat of injury.

The domestic industry is insulated from import
competition through upstream and downstream integration.
Their America requirements, their great ability and
flexibility in satisfying customer preferences and
logistical advantages due to transportation barriers to
imports, these advantages are reflected in steady capacity
utilization rates and other positive performance
indicators; particularly, when internal transfers to
affiliated downstream wire producers and fabrication
operations are taken into account.

More important, any declines in the U.S.
industry volume and market share over the POI are the result
of the reductions in U.S. production of wire rod that are
not attributable to imports. Again, AchlerMittal and
Republic is really what they hang their entire case on.
When these reductions are properly accounted for, the data
show that the U.S. industry's commercial shipments and
market share held steady or increased over 2014 to 2016, see
Tom Trendl's Exhibit A.

Declines in sales value appear to be related
primarily to substantial decreases in raw material prices.
The lower profits for the industry, as a whole, are
attributable to the anomalous cost and expense circumstances
of one or two companies that have had an outsized affect on the aggregate data rather than the actual declines in profitability. We ask that the Commission make a negative determination.

CLOSING REMARKS OF WARREN E. CONNELLY

MR. CONNELLY: For the first time, the Commission has collected specific and extensive data concerning grade 10/80 and higher tire cord. This information provides a picture that the Commission has never before seen. Fifteen years after the Commission considered the grade 10/80 issue the domestic industry still cannot constantly produce grade 10/80 tire cord and higher. In contrast, the domestic industry can produce every other product that is within the scope of this investigation. These facts have legal significance; specifically, the documented inability of the domestic industry to consistently produce grade 10/80 in an EAF without using BOF billets helps to establish the clear dividing line.

We acknowledge that the domestic industry has tried to produce grade 10/80 tire cord. They may even have made some commercial sales, but the unanimous view of the purchasers expressed today and in the questionnaire responses is that they simply cannot do it on a consistent basis and we submit that a continuum cannot exist when the domestic industry cannot establish a commercially viable
position in the market.

If it was so easy to produce grade 10/80 tire cord as the Petitioners seem to claim this morning, then most or all of the EAF producers would be in this business. Apparent consumption is large enough and the prices are much higher than industrial grades of wire rod. It's an ample incentive. The lack of production by the domestic industry demonstrates there is something very different about grade 10/80 and higher product compared to grade 10/70.

Now with respect to Spain and Belarus, we don't say that they can't make it. It can't be done. It's just very hard to do. Those producers in Spain and Belarus have somehow managed to do it. The U.S. producers have not.

The other thing there are no adverse price affects. There's no evidence of underselling. There is no evidence of price depression or suppression with respect to grade 10/80 and tire cord. When you boil it all down, the domestic industry is seeking an undeserved windfall even though they're not able to enter the market. Either they can't make the product or they want to make the product. You heard how they minimized the size of the market this morning. Under all these circumstances, we urge you to find the separate like product and to reach a negative determination. Thank you.

CLOSING REMARKS OF DONALD B. CAMERON
MR. CAMERON: Members of the Commission, very quick, we were just presented these two document evidencing that apparently the Belarus and Seltza can produce tire cord in bead wire - apparently, although it's not explicit here, 10/80 and above, in electric arc furnaces.

Number one, again, to repeat Warren, if it was that easy then one would've thought that the Petitioners could do so in their EAF furnaces and they haven't. Kiswire worked for a year and a half with Georgetown Steel to try and develop this capacity, a year and a half. They did the same with Everz, a year and a half. They were unsuccessful.

Secondly, both Bekaert and Kiswire have a number of mills, tire cord and bead wire mills around the world. Kiswire alone has 40. They have not qualified either of these mills and if they could produce it they would be more than happy to qualify them. They haven't. And there's no evidence whatsoever that what these guys produce would qualify for the U.S. tire manufacturers. So it's interesting, but frankly, it's not relevant to where we are. Thank you.

VICE CHAIRMAN JOHANSON: Thank you for your closing statements. I will now read the closing statement for the Commission. Post-hearing briefs, statements responsive to questions and requests of the Commission and corrections to the staff report must be filed by November
27, 2017. Closing of the record and final release of data
to parties occurs on December 13, 2017 and final comments
are due on December 15, 2017. And this hearing is now
closed.

(Whereupon at 4:10 p.m., the hearing was
adjourned.)
CERTIFICATE OF REPORTER

TITLE: In The Matter Of: Carbon and Certain Alloy Steel Wire Rod From Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, The United Arab Emirates, and The United Kingdom

INVESTIGATION NOS.: 701-TA573-574 and 731-TA-1349-1358

HEARING DATE: 11-16-17

LOCATION: Washington, D.C.

NATURE OF HEARING: Final

I hereby certify that the foregoing/attached transcript is a true, correct and complete record of the above-referenced proceeding(s) of the U.S. International Trade Commission.

DATE: 11-16-17

SIGNED: Mark A. Jagan

Signature of the Contractor or the Authorized Contractor’s Representative

I hereby certify that I am not the Court Reporter and that I have proofread the above-referenced transcript of the proceedings of the U.S. International Trade Commission, against the aforementioned Court Reporter’s notes and recordings, for accuracy in transcription in the spelling, hyphenation, punctuation and speaker identification and did not make any changes of a substantive nature. The foregoing/attached transcript is a true, correct and complete transcription of the proceedings.

SIGNED: Duane Rice
Proofreader

I hereby certify that I reported the above-referenced proceedings of the U.S. International Trade Commission and caused to be prepared from my tapes and notes of the proceedings a true, correct and Ace-Federal Reporters, Inc.
202-347-3700
complete verbatim recording of the proceedings.

SIGNED: Larry Flowers
        Court Reporter