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November 05, 2014

PUBLIC VERSION
Confidential Business Information removed from brackets on pages 1, 3-8, 10-11, 13-14, 16, 18, 20, and 23 of brief and in Exhibits 1, 2, and 5-8.

Lisa R. Barton
Secretary to the Commission
U.S. International Trade Commission
500 E Street, S.W.
Room 112A
Washington, D.C. 20436

Re: **Carbon and Certain Alloy Steel Wire Rod from China, Inv. Nos. 701-TA-512 and 731-TA-1248 (Final): Prehearing Brief**

Dear Secretary Barton:

On behalf of China Iron & Steel Association, Benxi Beiying Iron & Steel Group Imp. & Exp. Corp. Ltd., Tangshan Iron and Steel Group Co., Ltd., Jiangsu Shagang International Trade Co., Ltd., Rizhao Steel Holding Group Co., Ltd., Angang Group International Trade Corporation, Xuanhua Iron & Steel Group Corp., Ltd., and Qingdao Iron & Steel Co., Ltd., we hereby submit the public version of our prehearing brief in the above-referenced investigation. We have requested proprietary treatment for the bracketed information in the brief, pursuant to 19 C.F.R. §201.6. The information contained in brackets is not available to the public in substantial identical form.

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Please contact us if you have any questions regarding this submission, or require any additional information.

Respectfully submitted,

Jeffrey S. Neeley
Cortney O'Toole Morgan

Certification

In compliance with 19 C.F.R. § 207.3(a), I, Jeffrey S. Neeley of Husch Blackwell, LLP, hereby certify that (1) I have read the following submission, and (2) the information contained in it is accurate and complete to the best of my knowledge. I further certify that confidential information contained in this submission is not available to the public in substantially identical form.

Jeffrey S. Neeley
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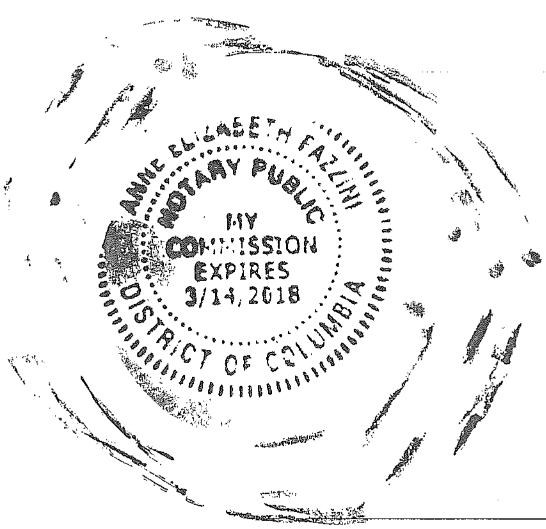
City of Washington)
) ss:
District of Columbia)

Subscribed and sworn to me this 5 day of November, 2014.

Notary Public

My commission expires: March 14, 2018



PUBLIC SERVICE LIST

Carbon and Certain Alloy Steel Wire Rod from the People's Republic of China
Investigation No. 701-TA-512 and 731-TA-1248

I, Jeffrey S. Neeley, hereby certify that a copy of the foregoing submission was served in accordance with the Amended Public Service List, published by the U.S. International Trade Commission on October 27, 2014. Service was made on the following parties on November 05, 2014 via hand delivery:

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BEFORE THE
UNITED STATES INTERNATIONAL TRADE COMMISSION

In the Matter Of:	)	Investigation Nos. 701-TA-512 and 731-TA-1248 (Final)
Carbon and Certain Alloy Steel Wire Rod from China	)	

PUBLIC VERSION
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PREHEARING BRIEF OF CHINA IRON & STEEL ASSOCIATION, BENXI BEIYING IRON & STEEL GROUP. IMP. & EXP. CORP. LTD., TANGSHAN IRON AND STEEL GROUP CO., LTD., JIANGSU SHAGANG INTERNATIONAL TRADE CO., LTD., RIZHAO STEEL HOLDING GROUP CO., LTD., ANGANG GROUP INTERNATIONAL TRADE CORPORATION, XUANHUA IRON & STEEL GROUP CORP., LTD., AND QINGDAO IRON & STEEL CO., LTD.

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I. Introduction and Summary

This Prehearing Brief is filed on behalf of China Iron & Steel Association and seven of its members. Those members are: (1) Benxi Beiying Iron & Steel Group Import & Export Corp., Ltd., (2) Tangshan Iron & Steel Group Co., Ltd., (3) Jiangsu Shagang International Trade Co., Ltd., (4) Rizhao Steel Holding Group Co., Ltd., (5) Angang Group International Trade Corporation, (6) Xuanhua Iron & Steel Group Corp., Ltd., and (7) Qingdao Iron & Steel Co., Ltd. These seven companies collectively account for about [ ] percent of total exports of subject merchandise to the United States. That figure is derived from the Prehearing Report ("PHR") at VII-5 and VI-6, which shows the exports of the seven companies to the United States for 2013, which were [ ] short tons, and the exports to the U.S. from China for 2013, which were [ ] short tons. Thus, the Commission has virtually full participation by the Chinese industry.

This case is the latest in a long list of similar cases brought by the domestic wire rod industry. As shown below, like many of those previous cases, this case fails to prove a causal connection between the imports and the condition of the U.S. industry. Wire rod is an intermediate product that is used solely for downstream products and an analysis of the industry cannot be considered in a vacuum and without analyzing what is driving demand, price, and profitability for the wire rod industry. In fact, it is apparent that the condition of the domestic industry is not being affected by imports from China but rather by the demand for downstream products.

II. Conditions of Competition

Chinese respondents generally accept Staff's description of the "conditions of competition" in the PHR, but note that several other, very important conditions also apply and are critical to the Commission's analysis of injury and causation in this case.

Few U.S. industries have been more litigious than this one over a period of decades. Pages I-7 and I-8 of the PHR list a total of 60 investigations, of which many warranted negative determinations. Since 1992 there have been an equal number of negative and affirmative determinations by the Commission regarding this industry in Title VII cases as detailed in Exhibit 1. Also, page I-9 of the PHR addresses the 1999 safeguard investigation of steel wire rod and most notably indicates that the Commission was equally divided in its injury determination. These are important facts. They show that the domestic industry often has been regarded by the Commission as blaming imports for real or perceived problems generated by other factors/events. In light of that history, the Commission likewise should be skeptical of claims of injury being made in this case.

One benefit of this long history of complaints about foreign competition is that there are time-series data available covering a period of almost 25 years. This is unusual in Commission cases and makes possible use of certain statistical techniques that typically would not be available in investigations under Title VII owing to an insufficient number of data points. Important insights result, as detailed below.

A. Multiple Non-Subject Products Produced and Captive Consumption

The PHR at page II-6 properly notes that [ ] U.S. producers reported producing other products in addition to in-scope wire rod on the same production equipment used to produce wire rod. The alternative products are primarily various bar products such as rebar, hot-rolled SBQ, SBQ bar, merchant bar, rounds, flats, angles, and pencil rod. Only one of the producers, [ ], reported that wire rod is the only product it produces and it accounted for only [ ] of the total domestic rod production in 2013. PHR at VI-1, fn. 3.

A number of producers, of which all are Petitioners, also captively consume a portion of their wire rod production in the production of wire and wire products, such as wire mesh. Wire rod that is captively consumed is insulated from import competition because it is the downstream product that is competing in the marketplace, not rod. The PHR notes on page II-1 that U.S. production internally consumed or transferred to a related firm increased from [ ] percent of total shipments in 2011 to [ ] percent in 2013, thus showing that a significant portion of wire rod production is protected from subject imports, with that percentage increasing over the POI.

B. <u>Legal and Other Requirements Limit Competition</u>

Further insulating the U.S. producers from import competition is the legal and preferential requirements for purchasers to purchase U.S.-produced product. Page II-23 of the PHR notes that [ ] purchasers reported that U.S.-produced product was required by law for at least some of their wire rod purchases, with percentage requirements as high as [ ] percent of purchases.

An additional factor adding to the insulation from import competition is the U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, as indicated in Table V-2 of the PHR. Furthermore, [ ] of U.S. producers' shipments were sold through short-term or long-term contracts, contrasted with [ ] U.S.

importers selling all of their wire rod from China on the spot market. Page V-4 of the PHR states that [ ] of the U.S. producers reported that their short-term contracts fixed price, did not allow for price renegotiations, and did not contain meet-or-release provisions, thus providing insulation from import competition.

C. U.S. Producers Choose to Sell Higher Priced, Further Processed Products

Bar products command a considerably higher price per ton than does wire rod. Table C-1 below shows the average annual price data for 2013 per the American Metal Market for cold-finished bar, hot-rolled carbon steel bar, and industrial quality low carbon steel rod. Also included is the weighted average of products 1, 2, and 3 from this investigation, all three of which are considered industrial quality grade.

Product	USD/CWT	USD/ST[3]
Steel bar, cold-finished, 1" round, 1018 (carbon)[1]	$59.36	$1,187.20
Steel bar, hot-rolled (special bar quality), 1" round, 1000 series (carbon)[1]	$42.36	$847.20
Steel rod, industrial quality low carbon[1]	$33.29	$665.80
Weighted Average of Products 1-3 per PHR Tables V-3:V-5[2]	N/A	$641.50

[1] "AMM Custom Price Reports." AMM Custom Price Reports. N.p., n.d. Web. 04 Nov. 2014.
[2] Pricing data from Tables V-3:V-5 of the PHR.
[3] Conversion from CWT to ST used the short hundredweight, as is used in the US customary system, for the conversion ratio.

Yet most of the production process of bar products, from melt through hot-rolling, is the same as for rod. Afterward, wire rod is coiled and sold or captively consumed "as is"; but bar products are cut to length, straightened and further processed. From a cost accounting perspective, bar and rod are co-products, which leads to special accounting treatment in the calculation of profit and loss, owing to the degree to which the upstream process is the same.

Unlike bar products, rod is an intermediate product that, in most cases, has no use other than for producers who captively use it to produce downstream items, and purchasers that use it to fabricate steel wire products, fasteners and other items. The American Wire Producers Association, as stated in the PHR at page I-15, fn. 14, emphasized that wire rod is essentially used only to manufacture wire which is either fabricated into downstream wire products or incorporated into finished products.

In sum, wire rod is an intermediate product and such production is directed to and dependent on downstream products and their markets. For the U.S. industry, production that is not internally consumed is priced and sold only for its *incremental* revenue. This condition has important implications regarding the levels of profit for rod that we should expect to find.

Exhibit 2 of this Prehearing Brief presents certain questionnaire data gathered from all Producer's Questionnaires received, as of this writing. The Exhibit calculates the share of sales represented by captive consumption of wire products versus commercial sales of wire rod. The data are presented for nearly all responding producers and for Petitioners versus non-Petitioners. Note that, for nearly all producers, wire rod represents [ ] of total sales. This is further supported by Figure III-2 of the PHR, which shows that the U.S. producers' shifting of production during the POI is towards production of other products.

As a consequence of this commercial reality, the expectations and actual realization of operating profitability are relatively low. Exhibit 1 combines the history of operating profitability published by the Commission since 1990 and continuing through the POI of this final-phase investigation. The exhibit identifies historical periods for which the Commission voted negatively and those receiving affirmative determinations. Several "boom" and "bust" business cycles are incorporated, effectively smoothing out the natural effects of successive business cycles. Over the period as a whole, the weighted average rate of operating income as a percent of sales was only [ ] percent. Equally interesting is that the weighted average for Petitioners versus non-Petitioners was [ ] versus [ ] percent during the POI in this case. Operating income rates reported by U.S. producers in this final-phase investigation in fact were [ ] percentage points greater than the historical weighted average, as shown in Exhibit 1.

D. <u>The Record Shows Why Capacity in the U.S. Industry Has Expanded</u>

In certain cases the Commission might consider profits here relatively low and possibly reflective of import-induced injury. But it should not do so in this case. Over the period surveyed the domestic industry obviously continued to produce and maintain, or even expand, capacity despite the apparently low rate of return. Table III-2 of the PHR notes [ ] separate occasions during the POI in which there was an expansion of capacity. Moreover, Table III-4 of the PHR shows that in each year, including January to June 2013 and 2014 comparisons, the overall capacity of domestic producers increased. Why this apparent anomaly? The explanation is quite straightforward and apparent -- other products (and profits) drive the industry's major investments, not the intermediate rod production. Both rebar and other bar/rod products showed an overall increase over the POI. Most notably, the share of production for rebar and other bar/rod products increased by [ ] percentage points from 2011 to 2013 as shown in Table III-4 of the PHR. Other products clearly drive the industry's major investments.

E. The Profitability of the Wire Rod Industry Has Virtually No Correlation with the Usual Changes in Capacity Utilization

The extended time-series data on the domestic industry's condition also permit the exposure of long-standing arguments of the domestic producers as nothing more than myths. Exhibit 3 of this brief shows a regression analysis of the relationship between U.S. producers' production level, their capacity utilization rate, and apparent U.S. consumption as independent variables influencing operating profitability. The supposed adverse effects of these independent variables on operating profits are all well-trodden arguments by domestic rod producers. But in each case the regression show practically a zero correlation, with R-squares at paltry levels of 0.0493, 0.0432 and 0.0005. The obvious conclusion from this is that operating profitability over the long term is unrelated to changes in the volume of production or apparent consumption.

F. The "Metal Margin" Provides Insight into Price Levels and Absence of Price Depression or Suppression

In its analysis of pricing patterns and trends in this case the Commission should consider the fact that rod prices are very much driven by the price of scrap steel, which accounts for the majority of the industry's variable costs. During the POI in this case, the U.S. price index for carbon steel scrap was extremely volatile. See Exhibit 4. Therefore, an analysis of point-to-points trends in prices for rod provides little insight in this case if one does not take into account scrap costs. Fortunately, there is a long-standing industry practice – reflecting in part the major role of scrap prices in determining rod prices—of monitoring the so-called "metal margin." That margin is simply the difference between the net price of rod versus the cost of scrap per ton.

Exhibit 5 calculates the metal margin for the period beginning in 2012, when subject imports began their expansion, over the POI. The numerator is the weighted average domestic price reported for the Commission's pricing of Products 1 through 5. We expect that Petitioners suggested these Products as those believed to be particularly sensitive to direct competition with subject imports. Note that during the period surveyed, the metal margin for Q2 of 2014 finished [ ] percent [ ] than for Q1 of 2012, despite the increase in subject imports from China, thus effectively negating Petitioners' claims of price depression and suppression.

G. The Analysis of Underselling

Another relevant condition of competition that bears further analysis concerns the issue of underselling and its "significance" in this case. Staff's discussion of lead times on page II-16 of the PHR is instructive in this regard. Rod products primarily are produced to order; there are few sales from inventory. Consequently, the lead times for subject imports are much greater than from domestic producers. (Not mentioned in the PHR is that imports usually must be paid for prior to their exportation from China; no cancellations of orders typically are permitted, although domestic producers typically accommodate order cancellations at least in certain circumstances.) Such different circumstances of sale naturally result in purchasers being willing to pay only a lower price for subject imports, even with all else being equal.

The Commission's task is to determine what level of "underselling" in fact is injurious to the domestic industry. In this case, even the nominal calculations of underselling produced relatively low rates of underselling (see below for further details on this subject). Such nominal rates do not take into account underselling due to differences in sales terms. However, in this case the Commission has the good fortune of having available public data from its recent case of Certain Oil Country Tubular Goods from India, Korea, the Philippines, Taiwan, Thailand, Turkey, Ukraine, and Vietnam, Inv. Nos. 701-TA-499-500 and 731-TA-1215-1217 and 1219-1223 (Final), USITC Pub. 4489 (September 2014) at II-44, in which the Commission asked, and individual domestic producers answered questions, to estimate what they thought this "neutral" level of underselling in fact was. The OCTG case is useful because sales of that product also are produced to order. As the Commission will see, a substantial number of U.S. customers were willing to pay more for U.S. products, indicating that a reliance only on the nominal amount of underselling, without taking into account other differences such as delivery terms and availability, is insufficient. Given the small degree of underselling in the present case, there is every reason to find that the levels are simply insignificant.

As Page II-16 of the PHR states: "Wire rod is primarily produced to order. U.S. producers reported that 97.0 percent of their 2013 U.S. commercial shipments were produced to order, with lead times ranging from 15 to 75 days. The remaining 3.0 percent of their 2013 U.S. commercial shipments came from inventories, with lead times ranging from 3 to 7 days. Importers reported that 99.6 percent of their 2013 U.S. commercial shipments were produced to order, with lead times ranging from 60 to 150 days. Importers reported that 0.3 percent of their 2013 U.S. commercial shipments were from inventory and 0.1 percent was from foreign inventory." These facts show that the great majority of subject imports from China "undersold" the domestic industry by rates that are within this "neutral" range, without adverse price effects, as shown in Exhibit 6.

H. U.S. Purchasers of Wire Rod Do Not Want to be Solely Dependent on their Competitors

Another condition of competition involves the purchasers of wire rod and their competitive relation to the U.S. producers. Page II-12 of the PHR notes that sixteen of 50 purchasers reported that their suppliers also produced the same end-use product. Ten of those sixteen purchasers indicated that this affected up to 15 percent of their 2013 purchases while three firms reported that it affected 75 percent or more of their 2013 purchases. It is only natural that the independent wire rod product producers that are dependent on purchases of wire rod need to diversify and expand their list of wire rod producers from which to purchase so as not to be dependent on a competitor for the supply of wire rod.

I. Changing Mix of Products

Lastly, the Commission should consider the changing mix of subject imports during the POI in this case, as Chinese exporters moved away from the traditional IQ products of which Petitioners complain into other products for which the domestic industry is doing well. Exhibit 2 shows that Low/medium-low carbon industrial/standard quality wire rod makes up [ ] of all U.S. shipments of wire rod for both the petitioners and non-petitioners. Exhibit 2 also lists data from Chinese producers of wire rod that show that the [ ] in Chinese wire rod exports to the United States during the POI was under the Other specialty carbon and alloy quality wire rod category, a category in which the domestic industry is not a large presence. The U.S. shipment data within Exhibit 2 show the domestic industry's quantity of Other specialty carbon and alloy quality wire rod at only [ ] of total U.S. shipments for 2013. The Low/medium-low carbon industrial/standard quality wire rod category showed only a [ ] in Chinese exports to the United States from 2011 to 2013, while that category was responsible for [ ] of total U.S. shipments for the domestic industry. Exhibit 2 shows that the [ ] in Chinese exports over the POI did not fall under the traditional IQ products that the Petitioners complained about, but instead fell under more specialty products.

III. No Adverse Effect of Chinese Imports on U.S. Producers' Volumes

Petitioners have argued, and presumably will continue to argue, that subject imports for China "skyrocketed" from practically zero in 2011 to 619 thousand tons in 2013. In that latter year, their share of apparent consumption stood at 11.7 percent. See Table IV-2 of the PHR. Petitioners argue that China is a new and very disruptive entrant into the U.S. based on those facts.

That impression is false. In January 2006 the Commission published its final negative preliminary determination in the most recent wire rod case, prior to this one. That case involved China, Germany and Turkey. (Pub. 3832) The table below compares the rate of growth, in tons and as a share of apparent consumption in the record of that previous determination and the preliminary report in the instant investigation. (Table C-2):

CURRENT CASE

	2011	2012	2013	Jan-June 2014
China Imports (1000 ST)	0.144	242	619	365
China Market Share	Neg.	4.5%	11.7%	12.7%

PRIOR CASE

	2002	2003	2004	Jan-Sep 2005
China Imports (1000 ST)	411	270	771	593
China Market Share	5.3%	4.1%	9.7%	12.4%
Total Subject Import Market Share	12.3%	12.1%	22.6%	22.1%

These comparisons are very instructive to the Commission's consideration of volume effects in this case. First, they show that China is by no means a new entrant. They also show that China's import volumes and market share in the previous case are very much in line with progression of subject imports in the current investigation. The imports from China simply have reverted back to the position they had earlier, when the Commission did not find present or threatened material injury.

The data also show that cumulated subject import market share in the earlier case was nearly double the Chinese market share in this case. Yet even while cumulating, the

Commission in the previous case voted to terminate the previous case at the preliminary phase because there was not even a reasonable indication of material injury or threat thereof. The Petitioners have not been able to explain how the volume of subject imports is significant here when they were found not to be significant in the past case. In fact, the record shows no significant adverse volume effects on the domestic industry.

Other grounds also indicate the absence of significant volume effects. Turning back to Table IV-2 from the PHR, the net increase in the volume of subject imports was 619 thousand tons. But one-third of that net growth occurred at the expense of non-subject imports, leaving net growth that arguably is at the domestic industry's expense as roughly 400 thousand tons, during a POI when total apparent consumption either remained firm or even increased somewhat. That 400,000 tons represented about 7.5 percent of total apparent consumption in 2013. By the standards of the previous wire rod case (or the standards of any other case of which we are aware) that market share for a single country most likely would not be found to be "significant."

Another indication of the absence of significant volume effects is shown within the Supply Constraints section of the PHR at Page II-7. Eight purchasers reported being refused, declined, or unable to purchase wire rod from a U.S. producer. Three of those U.S. Producers listed within the Supply Constraints section are also listed on Page I-5 of the PHR as being leading domestic producers of wire rod. The three U.S. producers are Nucor, Gerdau, and Charter Steel. Using production data compiled from their questionnaires, these three companies accounted for [ ] of U.S. wire rod production for all years of the POI, as shown in Exhibit 7. Table III-2 of the PHR also notes seven separate production curtailments for five separate companies over the POI.

Exhibit 8 shows that these [ ] accounted for a majority of U.S. production of wire rod for all years of the POI except for January to June of 2014. These [ ] also accounted for nearly [ ] of total U.S. production in every year of the POI, also shown in Exhibit 8. It is natural to reach out to import suppliers to fill these important gaps.

The Commission also should consider the analysis provided above in the discussion of conditions of competition regarding the historical relationship between changes in the domestic industry's production volume and operating profitability. There is no meaningful statistical relationship. Therefore, even if the Commission finds the volume of imports to have had an effect, and that there has been some arguable displacement of the domestic production, the "effects" were inconsequential on the industry's overall condition. The result should be a finding of no significant, adverse "effects" on the domestic industry's volume.

It is unlikely that such displacement was "ton-for-ton." Exhibit 2 shows that Chinese exports of the low-end grade were [ ] in the later years of the POI; the [ ] in higher quality grades. Owing to the major domestic supply disruption as detailed in the PHR at Page II-7, a good portion of the net increase of the subject imports simply filled in gaps left by domestic production and the reduction in non-subject imports of wire rod, rather than displace the domestic product, and lost output owing to various disruptions in domestic supply .

IV. <u>There Are No Adverse Effect on Prices</u>

This analysis is very straightforward in this case. In the discussion above regarding conditions of competition, it was demonstrated that domestic prices for rod are broadly driven by the price of steel scrap. Although it is theoretically possible that imports from one or more countries might disrupt that relationship in a negative way, subject imports in this case demonstrably did not do so.

Exhibit 5 shows that the metal margin remained relatively stable over the POI in this case, even while imports from China grew back to their earlier market share levels. Also, when examining the full record of price comparisons in this case, Respondents' representatives found that on a weighted average basis, even for those "low-end" IQ and other products believed to be most price-sensitive, were well within the non-injurious range. See Exhibit 6.

With non-subject imports in decline over the POI, and with subject imports priced at non-injurious levels, significant adverse price effects on the domestic industry are not present in this case. Any adverse trends in the level of domestic prices and any indications of price suppression in relation to costs must be attributable to changes in the price of scrap, supply disruptions, and intra-industry competition arising from additions to domestic capacity.

V. There Are No Other Indications of Injury to the U.S. Industry

The analysis presented above regarding conditions of competition, no significant volume effects, and no significant price effects leaves little, if any, room for creating the required causal link between the behavior of subject imports and the domestic industry's overall condition in this case. Nevertheless, Respondents' counsel and economic experts anticipated what Petitioners would argue despite these facts.

In these cases, findings of adverse effects on overall condition typically focused on a study of the domestic industry's profitability. In this context, it is useful to refer again to Exhibit 3, which presents the regression results. These results indicate that the domestic industry's operating profitability shows no meaningful correlation to changes in the level of production, capacity utilization, or total apparent consumption. In most cases of this type, profitability is much more related, compelling further analysis of causation. But that is not so in this case and without even meaningful correlation there is no basis for finding a causal link.

We also refer the Commission to Exhibit 1, which calculates the industry's weighted average profitability over a 20+ year period. These results indicate that during the POI the domestic industry's results actually were quite good in absolute terms. Exhibit 1 shows that the weighted-average results segregated between Petitioning firms with captive consumption and independent wire producers were [ ] percent and [ ] percent, notwithstanding the fact that the latter group's shipments are much more concentrated in the most price-sensitive, low end of the U.S. market. This fact, again, demonstrates the absence of a causal link between the behavior of subject imports and the domestic industry's overall condition.

VI. <u>There Is No Basis for Finding Critical Circumstances</u>

In the event that Commerce makes a finding of critical circumstances in its final determination, the Commission must determine "whether the imports subject to the affirmative {Commerce critical circumstances} determination . . . are likely to undermine seriously the remedial effect of the antidumping order to be issued." 19 U.S.C. §1673d(b)(4)(A)(i). The Statement of Administrative Action of the Uruguay Round Agreements Act ("SAA") indicates that the purpose of the Commission determination on critical circumstances is to determine "whether, by massively increasing imports prior to the effective date of relief, the importers have seriously undermined the remedial effect of the order" and, more particularly, "whether the surge in imports prior to the suspension of liquidation, rather than the failure to provide retroactive relief, is likely to seriously undermine the remedial effect of the order." SAA, H.R. Rep. 103-316, vol. 1 at 877 (1994).

The statute provides that, in making this determination, the Commission shall consider, among other factors it considers relevant, the following:

> (I) the timing and the volume of the imports,
> (II) a rapid increase in inventories of the imports, and
> (III) any other circumstances indicating that the remedial effect of the {order} will be seriously undermined.

19 U.S.C. §§ 1671d(b)(4)(A)(ii), 1673d(b)(4)(A)(ii).

The Commission's practice is to compare import volumes prior to the filing of the petition with imports subsequent to the filing, for those firms for which Commerce has made an affirmative critical circumstances determination. See e.g., Certain Lined School Paper Supplies from China, India, and Indonesia, USITC Pub. 3884 at 47; Carbozole Violet Pigment from China and India, Inv. Nos. 701-TA-437 and 731-TA-1060 and 1061 (Final), USITC Pub. 3744 (December 2004) at 26; Certain Frozen Fish Fillets from Vietnam, Inv. No. 731-TA-1012 (Final), USITC Pub. 3617 (August 2003) at 20-22.

In the present case there is absolutely no basis for a finding of critical circumstances in either the dumping or the countervailing duty investigation. The Commission generally compares data for the six months prior to the filing of the petition with the data for the six months following the filing of the petition to determine if there has been a massive increase in imports. Here the petition was filed on January 31, 2014, so the six months before the filing of the case were August 2013 through January 2014. The six months following the filing are February 2014 through July 2014.

The data collected in the PHR (at IV-14 and 15) show that there are no massive increases in imports. Indeed, there is a [ ] from the companies subject to the CVD finding, from [ ] short tons to [ ] short tons, or a [ ]. In the case of the companies subject to the dumping finding, we see [ ] from [ ] short tons to [ ] short tons, or a [ ] percent.

Available inventory data also confirm the absence of any increase in subject imports that could seriously undermine the remedial effect of the order. U.S. importers end-of-period inventories were [ ] short tons in June 2014 compared to [ ] short tons in June 2013. End-of-period inventories as a percentage of imports from China stood at [ ] percent for the January-June 2014 period compared to [ ] percent for the January-June 2013 period. PHR at VII-10. There simply is no indication of an inventory buildup that would undermine the remedial effect of the order.

Examination of a surge in imports and inventories is the key to the Commission's analysis of critical circumstances because the principle at work is whether there has been an increase in imports before the preliminary determinations that resulted in either a build-up (or consumption) in the U.S. that would undermine the remedial effect of the order. H. Rep. No 317, 96^{th} Cong., 1^{st} Sess. 63 (1979).

In past cases, similar facts have led the Commission to make a negative critical circumstances determination. Steel Wire Garment Hangers from Vietnam, Inv. Nos. 701-TA-487 and 731-TA-1198 (Final), USITC Pub. 4371 (January 2013); Certain

Magnesia Carbon Bricks from China and Mexico, Inv. Nos. 701-TA-468 and 731-TA-1166-1167, USITC Pub. 4182 (September 2010) (making a negative critical circumstances where the record reflected no massive increase in the relevant subject imports and U.S. importers' inventories were lower is interim 2010 than in interim 2009); Light-Walled Rectangular Pipe and Tube from China, Korea, and Mexico, Inv. Nos. 701-TA-449 and 731-TA-1118-1120 (Final), USITC Pub. 4024 (July 2008). Here the Commission , based on record evidence, should make a negative determination with regard to critical circumstances.

VII. There Is No Showing of a Threat of Material Injury

The statute directs the Commission to determine whether the domestic industry is threatened with material injury by analyzing whether "further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted." 19 U.S.C. § 1677(7)(F)(ii). The Commission is not to make its determination "on the basis of mere conjecture or supposition" and considers the threat factors "as a whole."

The statute sets forth nine major factors for the Commission to consider in 19 U.S.C. § 1677(7)(F)(i). Eight of them are potentially applicable to this case (the ninth applies only to agricultural products). Below we discuss each of those factors and apply them to the situation of the Chinese industry and its exports. When analyzed in light of the facts of record of this investigation, the evidence shows that there no threat of material injury by reason of subject imports.

1. What is the nature of the countervailable subsidy -- The PHR identifies the programs that Commerce found to be countervailable. PHR at I-11. A

review of the Commerce Department's Decision Memorandum for the Preliminary Determination of June 30, 2014, in this case shows that only two of the programs of significance found to be countervailable for Benxi, the only company to have a calculated rate, were for preferential loans (4.92 percent) and provision of electricity at less than adequate remuneration (4.94 percent). Both of these programs are domestic programs that would benefit all production of the company and not just exports. As a result, there is no indication that there are any programs that would affect or encourage Benxi or any of the other companies to export products to the U.S. (or other export markets for that matter) rather than sell the products in the huge home market.

2. <u>Will the existing or imminent increase in unused capacity, taking into account the availability of other export markets, lead to a threat of injury</u> -- The capacity utilization of the Chinese industry is high and there has been virtually full participation by the Chinese companies exporting to the U.S. in this final investigation phase. Until the filing of this case, the capacity utilization for the seven companies had been between [ ] percent. PHR at VII-8.

There is no doubt that there are numerous alternative markets for the subject merchandise. The PHR at VII-8 shows that in 2013 the home market shipments for the seven exporting companies were over [ ] times greater than their U.S. shipments. Moreover, the companies' shipments to other export markets in 2013 were over [ ] times the shipments to the United States. Put another way, the 2013 combined shipments to the home market and other export markets were about [ ] times larger than the U.S. shipments. Moreover, the fact that the imports from China into the U.S. simply have returned to previous year's levels and not to some extraordinary level, indicates that there is nothing that particularly especially attractive about the U.S. market for Chinese companies.

We note that the PHR report identifies antidumping and CVD orders or cases in third-country markets. PHR at VII-11-12. In theory, these trade actions could lead to a decline in exports to the countries at issue. But in fact, an examination of details of these cases shows that their effects on Chinese exports are extremely limited, as shown below:

EU – It is correct that there is a dumping order on some subject merchandise in the EU since 2009. Clearly, this is not a new development. The home market and other Asian markets have been growing and are the main markets for China so that the effect of EU case has been minimal.

Thailand – The PHR report notes the initiation of an antidumping investigation in November 2012 but does not state the result of that case. In fact, duties were announced on May 16, 2014. http://www.steelfirst.com/Article/3343671/Thailand-levies-anti-dumping-duties-on-high-carbon-wire-rod-from-China.html As the article states, this case is limited to high-carbon wire rod with 0.76%-0.92% carbon content. As a result there is little impact on the ability of Chinese producers to export to Thailand.

Malaysia – As the PHR states, two of the major exporters to Malaysia, Jiangsu Shagang International Trade and Jiangsu Yonggang Group Co., obtained zero dumping margins and thus were excluded from any dumping duties. This fact alone means that the order has minimal impact on exports from China. In addition, the Malaysian case only includes non-alloy wire rod, so its effect also is limited for this reason. See Exhibit 9.

Indonesia – As the PHR notes, Indonesia has undertaken a safeguard case against all countries exporting wire rod. This case has had only some very minimal impact on exports from China. The official Chinese export statistics for wire rod show that in January-September 2013 China exported 401,437 metric tons to Indonesia, while in January-September 2014 the exports were 377,259 metric tons. Thus, the decrease was only 6 percent. Thus, there is no indication that this trade action will have any significant effect on exports from China to Indonesia of wire rod.

To suggest that there is a threat of an imminent increase in volumes from China of any significant proportion flies in the face of these data. The alternative markets for Chinese rod are numerous and far larger than the U.S. market. Capacity utilization for the companies is high. There is no factual basis for concluding that Chinese companies will abandon these other markets and increase their exports to the United States in the foreseeable future.

3. Is there a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports -- As discussed above regarding the absence of a causal connection between imports from China and material injury, the recent increase in the volume and market penetration of Chinese imports simply has restored China's place in the U.S. market to where it was previously. Much of the increase has come at the expense of other imports and there is no causal connection between imports from China and the condition of the domestic industry, as discussed above.

4. Are imports of the subject merchandise entering at prices that are likely to have significant depressing or suppressing effect on domestic prices and are likely to increase demand for further imports – Above we discuss the absence of evidence of price depression or suppression caused by imports of subject merchandise from China.

As shown, the appropriate comparison for this analysis, the ratio of scrap steel costs to prices for rod, remained relatively stable. There is no reason to believe that Chinese imports in the future will affect this trend, and there is no significant price depression or suppression by reason of Chinese imports.

5. Inventories of the subject merchandise – Inventories of both producers and of importers of subject Chinese merchandise are at modest levels. Inventories of Chinese producers stood at 5.6 percent of production in the January- June 2014 period. PHR at VII-8. This is lower than reported inventories of U.S. producers, which were at 8.1 percent of production during the same period. PHR at III-17. Furthermore, end-of-period inventories of importers as a percentage of imports from China stood at [ ] percent for the January-June 2014 period compared to [ ] percent for the January-June 2013 period. PHR at VII-10. Thus, there is no evidence an inventory buildup or high inventories that could lead to a conclusion of a threat of material injury.

6. Is there a potential of product shifting – The Chinese producers have no reason to shift products to sell to the U.S. in light of the fact that they are able to sell rod in the home market and in other markets, and have no reason to shift any production from downstream products to rod.

7. Actual and potential negative effects on the existing development and production efforts of the domestic industry – There is no evidence of any such additional potential negative effects.

8. Other demonstrable adverse trends – As discussed above, there is no causal linkage between imports from China and the condition of the domestic industry.

In light of this fact, and the other facts set forth above, there is no basis for finding a threat of material injury in this investigation.

VIII. Conclusion

For the reasons discussed above, the Commission should find that there is no material injury or threat of material injury, by reason of subject imports from China.

Respectfully submitted,

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Email: Jeffrey.neeley@huschblackwell.com

November 5, 2014

Exhibit List

Exhibit 1

US Producer Weighted Average of Operating Income as Part of Net Sales

Exhibit 1 - US Producer Weighted Average of Operating Income as part of Net Sales

Per ITC Publication Data

	1990	1991	1992	1994	1995	1996	1997	1998	1999	2000
Operating Income	76,865	65,660	54,800	128,731	126,950	(9,913)	48,779	(102,182)	(9,023)	(31,629)
Total Sales (value)	1,524,551	1,487,851	1,488,654	2,063,977	2,068,738	2,001,689	2,139,620	1,942,609	1,465,279	1,523,719

All US Producers

	1990	1991	1992	1994	1995	1996	1997	1998	1999	2000
Operating Income	76,865	65,660	54,800	128,731	126,950	(9,913)	48,779	(102,182)	(9,023)	(31,629)
Total Sales (value)	1,524,551	1,487,851	1,488,654	2,063,977	2,068,738	2,001,689	2,139,620	1,942,609	1,465,279	1,523,719

Petitioners

	1990	1991	1992	1994	1995	1996	1997	1998	1999	2000
Operating Income	76,865	65,660	54,800	128,731	126,950	(9,913)	48,779	(102,182)	(9,023)	(31,629)
Total Sales (value)	1,524,551	1,487,851	1,488,654	2,063,977	2,068,738	2,001,689	2,139,620	1,942,609	1,465,279	1,523,719

All Other US Producers

	1990	1991	1992	1994	1995	1996	1997	1998	1999	2000
Operating Income	76,865	65,660	54,800	128,731	126,950	(9,913)	48,779	(102,182)	(9,023)	(31,629)
Total Sales (value)	1,524,551	1,487,851	1,488,654	2,063,977	2,068,738	2,001,689	2,139,620	1,942,609	1,465,279	1,523,719

Data Source	
Year Range	USITC Publication
1990-1992	USITC Pub. 2761, Table C-1
1994-1996	USITC Pub. 3087, Table C-1
1997-1998	USITC Publication 3207
1999-2001	USITC Pub. 3546, Table C-1
2002-2004	USITC Pub. 3832, Table C-1
2002-2007	USITC Pub. 4014, Table C-1
2011-2013	Per ITC Publication Data : PHR Report
	All other tables: US Producers' Questionnaire Data

Note: 2002-2007 Year Range contains the Sunset Review data for 2002, 2003, and 2004

Previous Investigation Results			
Year Range	Affirmative	Negligible	Negative
1992	8	0	1
1993	1	0	3
1994	1	0	2
1997	0	1	7
2001	9	4	3
2005	0	0	3
Total	**19**	**5**	**19**

Exhibit 1 - US Producer Weighted Average of Operating Income as part of Net Sales

2001	2002	2002 (from '08 SR)	2003	2003 (from '08 SR)	2004	2004 (from '08 SR)	2005	2006	2007
(82,575)	42,371	59,982	(26,776)	(45,952)	293,780	305,241	158,656	85,506	74,869
1,180,358	1,297,634	1,290,111	1,386,830	1,354,900	2,050,640	2,182,163	2,100,194	2,165,513	2,347,208

Operating Income to Net Sales

POI Weighted Average of Operating Income to Net Sales

2001	2002	2002 (from '08 SR)	2003	2003 (from '08 SR)	2004	2004 (from '08 SR)	2005	2006	2007
(82,575)	42,371	59,982	(26,776)	(45,952)	293,780	305,241	158,656	85,506	74,869
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Operating Income to Net Sales

POI Weighted Average of Operating Income to Net Sales

Exhibit 1 - US Producer Weighted Average of Operating Income as part of Net Sales

	2011	2012	2013	PY2014	Sum		Operating Income/Net Sales
[						]	3.79%
[						]	
[				]			
[				]			

	2011	2012	2013	PY2014	Sum		Operating Income/Net Sales
[						]	3.79%
[						]	
[				]			
[				]			

	2011	2012	2013	PY2014	Sum		Operating Income/Net Sales
[						]	3.64%
[						]	
[				]			
[				]			

	2011	2012	2013	PY2014	Sum		Operating Income/Net Sales
[						]	3.66%
[						]	
[				]			
[				]			

Exhibit 2

US Producer Production Mix

Exhibit 2 - US Producer Production Mix

All US Producers

Item	Quantity (in short tons) 2013					
		Commercial shipments	Internal consumption	Transfers	Total U.S. shipments	
U.S. shipments of wire rod (*quantity*):						
Low/medium-low carbon industrial/standard quality wire rod	[					]
High/medium-high carbon industrial/standard quality wire rod	[					]
Tire cord quality wire rod and tire bead quality wire rod	[					]
Welding quality wire rod	[					]
Cold heading quality ("CHQ") wire rod	[					]
Other specialty carbon and alloy quality wire rod	[					]
All other wire rod shipments	[					]
Total	[					]

Note: Data comes from Table III-6 of the PHR

Petitioners

Item	Quantity (in short tons) 2013					
		Commercial shipments	Internal consumption	Transfers	Total U.S. shipments	
U.S. shipments of wire rod (*quantity*):						
Low/medium-low carbon industrial/standard quality wire rod	[					]
High/medium-high carbon industrial/standard quality wire rod	[					]
Tire cord quality wire rod and tire bead quality wire rod	[					]
Welding quality wire rod	[					]
Cold heading quality ("CHQ") wire rod	[					]
Other specialty carbon and alloy quality wire rod	[					]
All other wire rod shipments	[					]
Total	[					]

Note: Data comes from U.S. Producers Questionnaire Data

All Other US Producers

Item	Quantity (in short tons) 2013					
		Commercial shipments	Internal consumption	Transfers	Total U.S. shipments	
U.S. shipments of wire rod (*quantity*):						
Low/medium-low carbon industrial/standard quality wire rod	[					]
High/medium-high carbon industrial/standerd quality wire rod	[					]
Tire cord quality wire rod and tire bead quality wire rod	[					]
Welding quality wire rod	[					]
Cold heading quality ("CHQ") wire rod	[					]
Other specialty carbon and alloy quality wire rod	[					]
All other wire rod shipments	[					]
Total	[					]

Note: Data comes from U.S. Producers Questionnaire Data

Chinese Wire Rod Exported to the United States from Chinese Producers

Item		2011		2012		2013		Import Quantity Increase and Percentage of Total Increase		
Total wire rod quantity exported to the US		Quantity	Δ	Quantity	Δ	Quantity	Δ	Quantity	Percentage	
Low/medium-low carbon industrial/standard quality wire rod	[									]
High/medium-high carbon industrial/standard quality wire rod	[									]
Tire cord quality wire rod and tire bead quality wire rod	[									]
Welding quality wire rod	[									]
Cold heading quality ("CHQ") wire rod	[									]
Other specialty carbon and alloy quality wire rod	[									]
All other wire rod shipments	[									]
Total exports to the United States	[									]

Note: Data comes from a private survey of Chinese Respondents

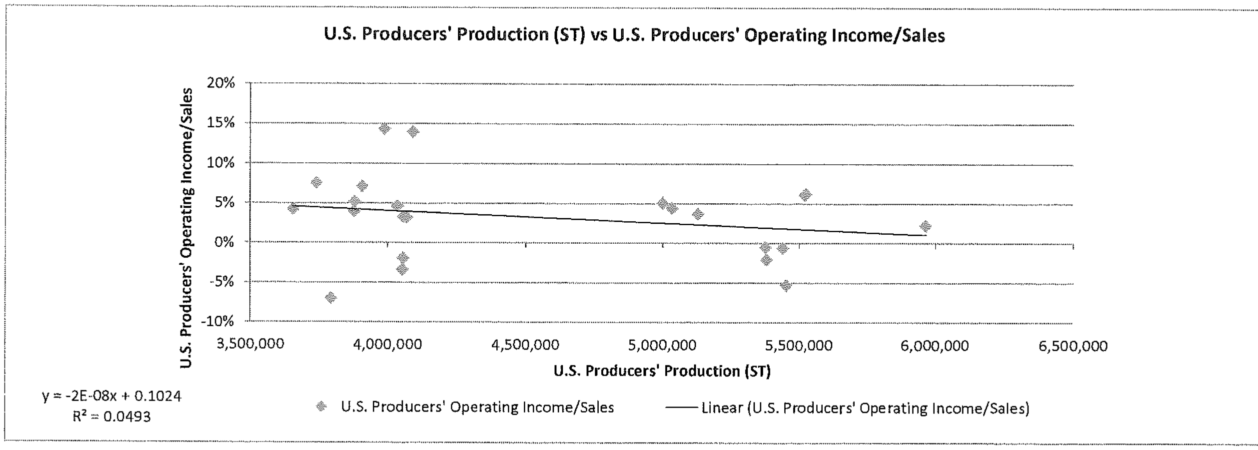
Total wire rod quantity exported to the United States, by type (Total)									
Quantity (in short tons)					Company Name: Benxi Beiying Iron & Steel Group Imp & Exp Corp. Ltd				Company Name:
Item	2011	2012	2013	2014 January-June	2011	2012	2013	2014 January-June	2011
Total wire rod quantity exported to the United States									
Low/medium-low carbon industrial/standard quality wire rod									
High/medium-high carbon industrial/standard quality wire rod									
Tire cord quality wire rod and tire bead quality wire rod									
Welding quality wire rod									
Cold heading quality ("CHQ") wire rod									
Other specialty carbon and alloy quality wire rod									
All other wire rod shipments									
Total exports to the United States									

Qingdao Iron & Steel Co., Ltd			Company Name: Angang Group International Trade Corportion				Company Name: Tangshan Iron and Steel Group Co., Ltd				Company Name:
2012	2013	2014 January-June	2011	2012	2013	2014 January-June	2011	2012	2013	2014 January-June	2011

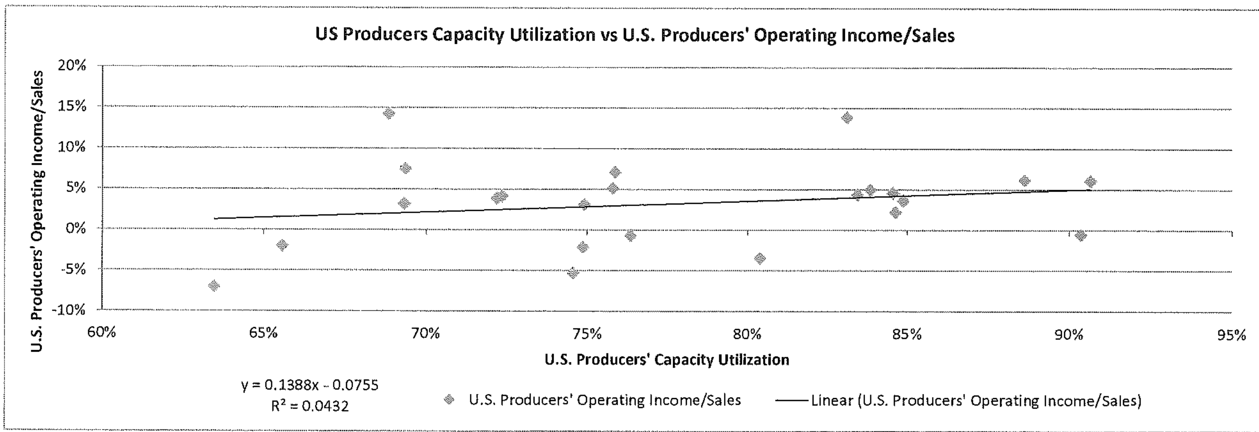
Xuanhua Iron & Steel Group Corp., Ltd			Company Name: Rizhao Steel Holding Group Co., Ltd				Company Name: Jiangsu Shagang International Trade Co., Ltd			
2012	2013	2014 January-June	2011	2012	2013	2014 January-June	2011	2012	2013	2014 January-June

Exhibit 3

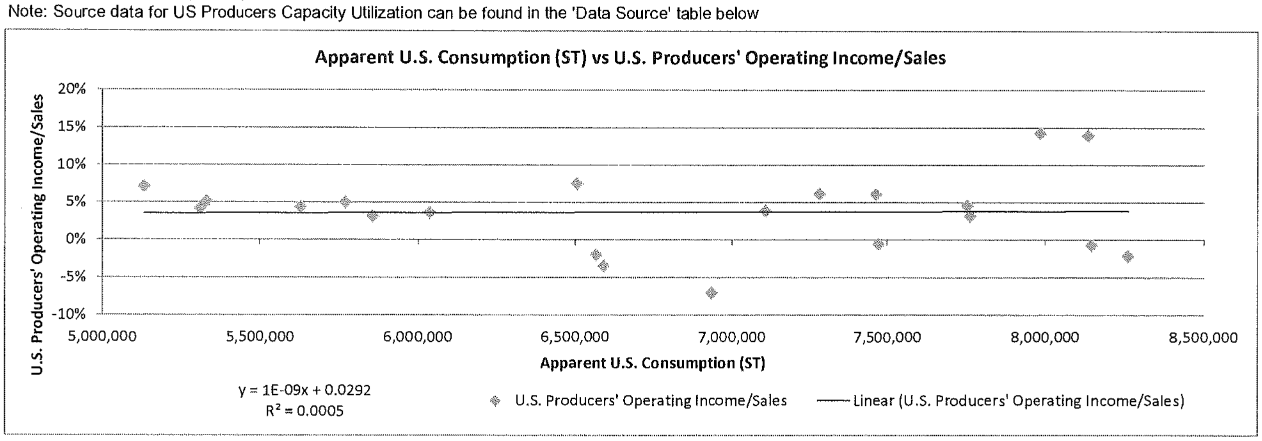
Least Squares Regression



Note: U.S. Producers' Operating Income/Sales data comes from Exhibit 1
Note: Source data for US Producers' Production can be found in the 'Data Source' table below



Note: U.S. Producers' Operating Income/Sales data comes from Exhibit 1
Note: Source data for US Producers Capacity Utilization can be found in the 'Data Source' table below



Note: U.S. Producers' Operating Income/Sales data comes from Exhibit 1
Note: Source data for Apparent U.S. Consumption can be found in the 'Data Source' table below

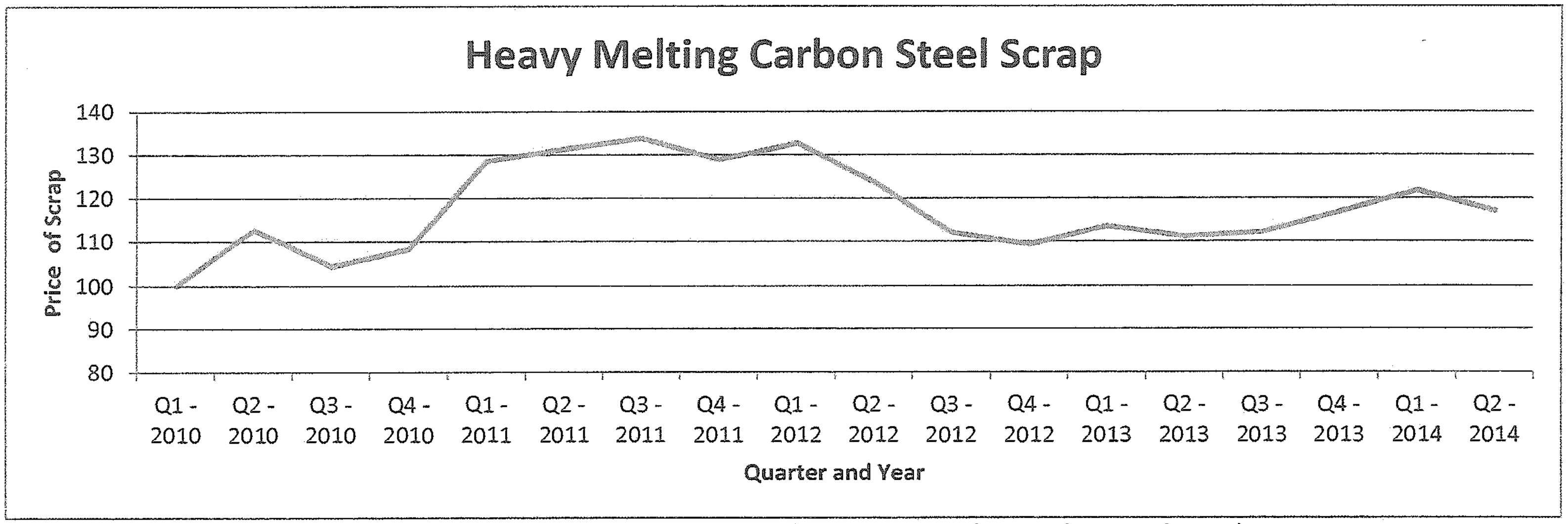
Data Source	
Year Range	USITC Publication
1990-1992	USITC Pub. 2761, Table C-1
1994-1996	USITC Pub. 3087, Table C-1
1997-1998	USITC Publication 3207
1999-2001	USITC Pub. 3546, Table C-1
2002-2004	USITC Pub. 3832, Table C-1
2002-2007	USITC Pub. 4014, Table C-1
2011-2013	USITC Pub. 4458, Table C-1

Note: For Year Range 2002-2007, the Sunset Review data was used for 2002, 2003, and 2004.

Exhibit 4

Carbon Steel Scrap Price over the POI

Exhibit 4 - Carbon Steel Scrap Price over the POI



Source: 'BLS Producer Price Index-Commodities Metal and Metal Products: Heavy melting carbon steel scrap'

Exhibit 5

Metal Margin

Exhibit 5 - Metal Margin

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Metal Margin	Q1 - 2012	Q2 - 2012	Q3 - 2012	Q4 - 2012	Q1 - 2013	Q2 - 2013	Q3 - 2013	Q4 - 2013	Q1 - 2014	Q2 - 2014
[										]
AMM Values (USD/ST)	$ 460.43	$ 434.23	$ 382.07	$ 373.80	$ 393.84	$ 379.53	$ 378.72	$ 393.70	$ 426.28	$ 410.33
[										]
[										]

Note: Net Selling Price is the Weighted Average of Products 1, 2, 3, 4, and 5 from Tables V-3 : V-7 of the PHR

Note: AMM Values come from American Metal Market Custom Price Report: 'CONSUMER, No. 1 heavy melt, Weekly Average / Composites'

Exhibit 6

Underselling Summary

Exhibit 6 - Underselling Summary

Underselling Analysis
Carbon and Certain Alloy Steel Wire Rod from China

Underselling Analysis - per PreHearing Staff Report Tables V-3 : V-7

Products 1 through 5						
	Underselling			Overselling		
Source	# of Instances	Range (Percent)	Avg Margin (percent)	# of Instances	Range (Percent)	Avg Margin (percent)
China	[					]

Weighted Average of Products 1 and 2						
	Underselling			Overselling		
Source	# of Instances	Range (Percent)	Avg Margin (percent)	# of Instances	Range (Percent)	Avg Margin (percent)
China	[					]

Weighted Average of Products 1, 2, and 3						
	Underselling			Overselling		
Source	# of Instances	Range (Percent)	Avg Margin (percent)	# of Instances	Range (Percent)	Avg Margin (percent)
China	[					]

OCTG Investigation Premium Neutral Range						Discount Neutral Range		
Country	Purchasers not willing to pay more	Purchasers willing to pay more	How much more purchasers willing to pay (percent)	Low Range	High Range	Discount Conversion Low Range	Discount Conversion High Range	Discount Neutral Range
India	22	26	6 to 15	6	15	5.66	13.04	5.66 to 13.04
Korea	30	19	6 to 16	6	16	5.66	13.79	5.66 to 13.79
Philippines	22	25	7 to 15	7	15	6.54	13.04	6.54 to 13.04
Saudi Arabia	25	23	5 to 14	5	14	4.76	12.28	4.76 to 12.28
Taiwan	22	24	7 to 15	7	15	6.54	13.04	6.54 to 13.04
Thailand	20	25	7 to 15	7	15	6.54	13.04	6.54 to 13.04
Turkey	25	23	5 to 14	5	14	4.76	12.28	4.76 to 12.28
Ukraine	21	27	11 to 19	11	19	9.91	15.97	9.91 to 15.97
Vietnam	21	26	7 to 15	7	15	6.54	13.04	6.54 to 13.04

Source: Table II-16 from USITC Publication 4489 (Final Public Version)

Exhibit 7

Leading Domestic Producers with Supply Constraints

Exhibit 7 - Leading Domestic Producers with Supply Constraints

Total Production from Leading Domestic Producers with Supply Constraints over the POI (Quantity in short tons)						
		2011	2012	2013	2013	2014
Wire Rod Production						
Nucor Corporation	[					]
Charter Steel	[					]
Gerdau Ameristeel US, Inc.	[					]
Total Wire Rod Production	[					]
Total Production (Includes Nonsubject Merchandise)						
Nucor Corporation	[					]
Charter Steel	[					]
Gerdau Ameristeel US, Inc.	[					]
Total Production	[					]
Total Wire Rod Production (All US Producers)	[					]
Total Production (All US Producers)	[					]
% of Wire Rod Production	[					]
% of Total Production	[					]

Note: Total Production values for All US Producers come from Table III-4 of the PreHearing Staff Report

Note: Production values for the 3 U.S. Producers come from US Producers Questionnaire Data

Exhibit 8

Domestic Producers with Production Curtailment

Exhibit 8 - Domestic Producers with Production Curtailment

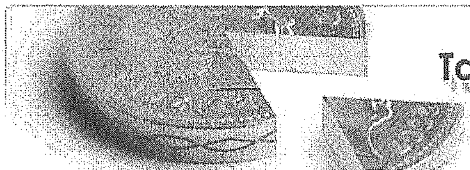
Domestic Producers with Production Curtailments						
(Quantity in short tons)						
		2011	2012	2013	2013	2014
Wire Rod Production						
ArcelorMittal USA	[					]
Cascade Steel Rolling Mills, Inc	[					]
Charter Steel	[					]
Keystone Consolidated Industries, Inc.	[					]
Mid American Steel and Wire	[					]
Total Wire Rod Production	[					]
Total Production (Includes Nonsubject Merchandise)						
ArcelorMittal USA	[					]
Cascade Steel Rolling Mills, Inc	[					]
Charter Steel	[					]
Keystone Consolidated Industries, Inc.	[					]
Mid American Steel and Wire	[					]
Total Production	[					]
Total Wire Rod Production (All US Producers)	[					]
Total Production (All US Producers)	[					]
% of Wire Rod Production	[					]
% of Total Production	[					]

Note: Total Production values for All US Producers come from Table III-4 of the PreHearing Staff Report

Note: Production values for the 5 U.S. Producers come from US Producers Questionnaire Data

Exhibit 9

Malaysia Dumping Duty Information



Malaysia to Impose Anti-dumping Duties on Steel Wire Rods

[2013-02-19 09:51:48]

The Government of Malaysia has proposed to impose anti-dumping duties on steel wire rods from selected companies in China, Taiwan, South Korea and Indonesia, following the completion of a detailed investigation into the import of the commodity.

"The Royal Malaysian Customs will enforce the collection of the anti-dumping duties, and this measure will be effective for five years from Feb 20, 2013," according to a statement from the International Trade and Industry Ministry (Miti) said.

Imports of steel wire rods from Turkey, on the other hand, would not be slapped with any anti-dumping duties due to the dumping margin being below 2%, the ministry said.

The Government began an anti-dumping investigation on June 25, 2012, based on a petition filed by Amsteel Mills Sdn Bhd on behalf of the domestic steel wire rod industry.

The petitioner alleged that the imports of steel wire rods originating in or exported from China, Taiwan, South Korea, Indonesia and Turkey were being imported into Malaysia at a much lower price than in the domestic markets of those countries.

This, the petitioner claimed, was causing material injury to the domestic industry producing the same product in Malaysia.

According to Miti, anti-dumping duties on imports of steel wire rods from Taiwanese companies would be as follows: China Steel Corp 10.98%; Feng Hsin Iron and Steel Co Ltd 9.04%; and others 25.20%. Imports of steel wire rods from China-based companies Jiangsu Shagang International Trade Co Ltd and Jiangsu Yonggang Group Co Ltd would not be slapped with any anti-dumping duties, while imports of steel wire rods from other Chinese companies would be slapped with an anti-dumping duty of 25.20%.

Imports of steel wire rods from companies in Indonesia would also be subject to an anti-dumping duty of 25.20%, except for those sourced from PT Ispat Indo, which would not be imposed with such a levy.

Imports of steel wire rods from companies in South Korea would also be subject to an anti-dumping duty of 25.20%, except for those sourced from Posco, which would be imposed with an anti-dumping duty of

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WARTA KERAJAAN PERSEKUTUAN

FEDERAL GOVERNMENT GAZETTE

19 Februari 2013
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NOTIS PENENTUAN MUKTAMAD AFIRMATIF PENYIASATAN DUTI ANTI-LAMBAKAN MENGENAI IMPORT ROD DAWAI KELULI YANG BERASAL ATAU DIEKSPORT DARI *CHINESE TAIPEI*, REPUBLIK INDONESIA, REPUBLIK KOREA, REPUBLIK RAKYAT CHINA DAN REPUBLIK TURKI

NOTICE OF AFFIRMATIVE FINAL DETERMINATION OF AN ANTI-DUMPING DUTY INVESTIGATION WITH REGARD TO IMPORTS OF STEEL WIRE RODS ORIGINATING OR EXPORTED FROM CHINESE TAIPEI, THE REPUBLIC OF INDONESIA, THE REPUBLIC OF KOREA, THE PEOPLE'S REPUBLIC OF CHINA AND THE REPUBLIC OF TURKEY

DISIARKAN OLEH/
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JABATAN PEGUAM NEGARA/
ATTORNEY GENERAL'S CHAMBERS

AKTA DUTI TIMBAL BALAS DAN ANTI-LAMBAKAN 1993

NOTIS PENENTUAN MUKTAMAD AFIRMATIF PENYIASATAN DUTI ANTI-LAMBAKAN MENGENAI IMPORT ROD DAWAI KELULI YANG BERASAL ATAU DIEKSPORT DARI *CHINESE TAIPEI*, REPUBLIK INDONESIA, REPUBLIK KOREA, REPUBLIK RAKYAT CHINA DAN REPUBLIK TURKI

(AD 01/12)

PADA menjalankan kuasa yang diberikan oleh perenggan 25(4)*(a)* Akta Duti Timbal Balas dan Anti-Lambakan 1993 [*Akta 504*] dan peraturan 15 Peraturan-Peraturan Duti Timbal Balas dan Anti-Lambakan 1994 [*P.U. (A) 233/1994*], Kerajaan telah membuat penentuan muktamad di bawah subseksyen 25(1) bahawa—

(a) suatu margin lambakan wujud berkenaan dengan rod dawai keluli dengan kandungan karbon kurang daripada 0.6% yang dikelaskan di bawah Kod Sistem Yang Diharmonikan (Kod H.S.) 7213.10.000, 7213.20.000, 7213.91.000 dan 7213.99.000 ("dagangan subjek") yang berasal atau dieksport dari *Chinese Taipei*, Republik Indonesia, Republik Korea, Republik Rakyat China dan Republik Turki; dan

(b) kemudaratan didapati wujud kerana industri dalam negeri di Malaysia yang mengeluarkan keluaran serupa telah mengalami kemudaratan material disebabkan oleh pengimportan dagangan subjek itu yang berasal atau dieksport dari *Chinese Taipei*, Republik Indonesia, Republik Korea, Republik Rakyat China dan Republik Turki ke dalam Malaysia.

Sebab-sebab bagi penentuan

2. Sebab-sebab bagi penentuan muktamad afirmatif adalah seperti yang berikut:

(a) harga eksport dagangan subjek yang berasal atau dieksport dari *Chinese Taipei*, Republik Indonesia, Republik Korea, Republik Rakyat China dan Republik Turki ke dalam Malaysia adalah kurang daripada nilai normalnya;

(b) industri dalam negeri di Malaysia yang mengeluarkan keluaran serupa telah

mengalami kemudaratan material yang boleh dengan semunasabahnya dikaitkan dengan pengimportan dagangan subjek itu yang berasal atau dieksport dari *Chinese Taipei*, Republik Indonesia, Republik Korea, Republik Rakyat China dan Republik Turki ke dalam Malaysia; dan

(c) margin lambakan yang didapati wujud melalui kegiatan lambakan oleh pengeluar atau pengeksport dari *Chinese Taipei*, Republik Indonesia, Republik Korea, Republik Rakyat China dan Republik Turki adalah seperti berikut:

	Pengeluar/Pengeksport	Margin lambakan
(i)	*Chinese Taipei*	
	China Steel Corporation	10.83%
	Feng Hsin Iron & Steel Co., Ltd	9.04%
	Lain-lain	25.20%
(ii)	Republik Indonesia	
	P.T. Ispat Indo	-2.91%
	Lain-lain	25.20%
(iii)	Republik Korea	
	POSCO	3.03%
	Lain-lain	25.20%
(iv)	Republik Rakyat China	
	Jiangsu Shagang International Trade Co., Ltd	-3.56%
	Jiangsu Yonggang Group Co., Ltd	-4.65%
	Lain-lain	25.20%
(v)	Republik Turki	
	Diler Dis Ticaret A.S.	-4.43%
	Lain-lain	-4.43%

Duti anti-lambakan

3. Duti anti-lambakan yang dikenakan adalah sebagaimana yang dinyatakan dalam Jadual.

Sebab bagi duti anti-lambakan

4. Sebab bagi duti anti-lambakan di bawah perenggan 3 adalah untuk mencegah berlakunya kemudaratan kepada industri dalam negeri di Malaysia yang mengeluarkan keluaran serupa.

Tempoh pengenaan duti anti-lambakan

5. Duti anti-lambakan yang dikenakan di bawah perenggan 3 hendaklah bagi tempoh 5 tahun dari 20 Februari 2013.

JADUAL

[Perenggan 3]

DUTI ANTI-LAMBAKAN

	Pengeluar/Pengeksport	Kadar duti [% daripada nilai kos, Insurans dan Tambang (KIT)]
(i)	*Chinese Taipei*	
	China Steel Corporation	10.83%
	Feng Hsin Iron & Steel Co., Ltd	9.04%
	Lain-lain	25.20%
(ii)	Republik Indonesia	
	P.T. Ispat Indo	Nil
	Lain-lain	25.20%

(iii) Republik Korea

POSCO	3.03%
Lain-lain	25.20%

(iv) Republik Rakyat China

Jiangsu Shagang International Trade Co., Ltd	Nil
Jiangsu Yonggang Group Co., Ltd	Nil
Lain-lain	25.20%

(v) Republik Turki

Diler Dis Ticaret A.S.	Nil
Lain-lain	Nil

Bertarikh 4 Februari 2013
[MITI:ID/(S)/AP/AD/045/27; PN(PU2)529/XI]

DATO' SRI MUSTAPA BIN MOHAMED
Menteri Perdagangan Antarabangsa dan Industri

COUNTERVAILING AND ANTI-DUMPING DUTIES ACT 1993

NOTICE OF AFFIRMATIVE FINAL DETERMINATION OF AN ANTI-DUMPING DUTY INVESTIGATION WITH REGARD TO IMPORTS OF STEEL WIRE RODS ORIGINATING OR EXPORTED FROM CHINESE TAIPEI, THE REPUBLIC OF INDONESIA, THE REPUBLIC OF KOREA, THE PEOPLE'S REPUBLIC OF CHINA AND THE REPUBLIC OF TURKEY

(AD 01/12)

IN exercise of the powers conferred by paragraph 25(4)*(a)* of the Countervailing and Anti-Dumping Duties Act 1993 [*Act 504*] and regulation 15 of the Countervailing and Anti-Dumping Duties Regulations 1994 [*P.U. (A) 233/1994*], the Government has made a final determination under subsection 25(1) that—

(a) a dumping margin exists with respect to the steel wire rods of carbon content less than 0.6% classified under Harmonised System Code (H.S. Code) 7213.10.000, 7213.20.000, 7213.91.000 and 7213.99.000 ("subject merchandise") originating in or exported from Chinese Taipei, the Republic of Indonesia, the Republic of Korea, the People's Republic of China and the Republic of Turkey; and

(b) injury is found to exist because the domestic industry in Malaysia producing the like product has suffered material injury by reason of the importation of the subject merchandise originating in or exported from Chinese Taipei, the Republic of Indonesia, the Republic of Korea, the People's Republic of China and the Republic of Turkey into Malaysia.

Reasons for determination

2. The reasons for the affirmative final determination are as follows:

(a) the export price of the subject merchandise originating in or exported from Chinese Taipei, the Republic of Indonesia, the Republic of Korea, the People's Republic of China and the Republic of Turkey into Malaysia was less than its normal value;

(b) the domestic industry in Malaysia producing the like product has suffered material injury that can be reasonably linked to the importation of the subject merchandise originating in or exported from Chinese Taipei, the Republic of Indonesia, the Republic of Korea, the People's Republic of China and the Republic of Turkey into Malaysia; and

(c) the dumping margin found to exist through the dumping activities by producers or exporters from Chinese Taipei, the Republic of Indonesia, the Republic of Korea, the People's Republic of China and the Republic of Turkey are as follows:

	Producer/Exporter	Dumping Margin
(i)	*Chinese Taipei*	
	China Steel Corporation	10.83%
	Feng Hsin Iron & Steel Co., Ltd	9.04%
	Others	25.20%
(ii)	Republic of Indonesia	
	P.T. Ispat Indo	-2.91%
	Others	25.20%
(iii)	Republic of Korea	
	POSCO	3.03%
	Others	25.20%
(iv)	People's Republic of China	
	Jiangsu Shagang International Trade Co., Ltd	-3.56%
	Jiangsu Yonggang Group Co., Ltd	-4.65%
	Others	25.20%
(v)	Republic of Turkey	
	Diler Dis Ticaret A.S.	-4.43%

Others	-4.43%

Anti-dumping duties

3. The anti-dumping duties to be imposed shall be as specified in the Schedule.

Reason for anti-dumping duties

4. The reason for the anti-dumping duties under paragraph 3 is to prevent the injury to the domestic industry in Malaysia producing the like product.

Period of imposition of anti-dumping duties

5. The anti-dumping duties imposed under paragraph 3 shall apply for a period of 5 years from 20 February 2013.

SCHEDULE

[Paragraph 3]

ANTI-DUMPING DUTIES

	Producer/Exporter	Rate of duty [% of the Cost, Insurance and Freight (CIF) value]
(i)	*Chinese Taipei*	
	China Steel Corporation	10.83%
	Feng Hsin Iron & Steel Co., Ltd	9.04%
	Others	25.20%
(ii)	Republic of Indonesia	
	P.T. Ispat Indo	Nil
	Others	25.20%

(iii) Republic of Korea

POSCO	3.03%
Others	25.20%

(iv) People's Republic of China

Jiangsu Shagang International Trade Co., Ltd	Nil
Jiangsu Yonggang Group Co., Ltd	Nil
Others	25.20%

(v) Republic of Turkey

Diler Dis Ticaret A.S.	Nil
Others	Nil

Dated 4 February 2013
[MITI:ID/(S)/AP/AD/045/27; PN(PU2)529/XI]

DATO' SRI MUSTAPA BIN MOHAMED
Minister of International Trade and Industry