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**BEFORE THE  
U.S. INTERNATIONAL TRADE COMMISSION**

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

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**ARCELORMITTAL USA, LLC, GERDAU AMERISTEEL US, INC., EVRAZ PUEBLO,  
AND KEYSTONE CONSOLIDATED INDUSTRIES' PREHEARING BRIEF**

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### DOMESTIC PRODUCERS' PREHEARING BRIEF

Domestic producers ArcelorMittal USA ("AMUSA"), Evraz Pueblo, Gerdau Ameristeel US Inc. and Keystone Consolidated Industries (collectively "Domestic Producers") submit this prehearing brief in support of a finding that revocation of the antidumping duty orders on carbon and alloy steel wire rod ("CASWR") from Brazil, Indonesia, Mexico, Moldova, Trinidad & Tobago and Ukraine, and of the countervailing duty order on Brazil, would likely lead to continued or recurrent material injury to the domestic CASWR industry.<sup>1</sup>

#### **I. OVERVIEW**

Despite the failure of subject producers accounting for about [ ] percent of production of the dumped and subsidized imports to respond to Commission questionnaires, the record evidence demonstrates that the wire rod industries in [ ] of the subject countries have sizeable and increased capacity, substantial idle capacity and a strong incentive to increase exports to the U.S. market absent the orders. Given the vulnerable condition of the domestic industry and the unfairly low prices at which subject imports would compete to gain market share, there is no question that material injury would recur rapidly if the orders are revoked.

Available information on the levels of and increases in capacity in the subject countries, much of which is unused, explains why certain producers are not cooperating here – their data would demonstrate the likelihood of significant increases in subject imports. Cumulative capacity to produce CASWR in the subject countries has [ ] from [ ]

[ ] tons in 2001 (before the orders were imposed), to [ ] tons by 2013. Exhibit ("Exh.") I, Chart 1A. With global wire rod industry overcapacity of over [ ] tons,

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<sup>1</sup> AMUSA has expressed a neutral position as to the order against Trinidad and Tobago and is affirmatively supporting the retention of all of the other orders under review.

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there was [ ] of cumulative idle capacity in the subject countries in 2013 in need of an outlet. Exh. 1, Chart 1B. That level of idle capacity is [ ] domestic apparent domestic consumption of CASWR in 2013 of [ ] tons. ITC Prehrg. Rep. at I-7. Thus, unused capacity in the subject countries in 2013 could [ ]

Unfortunately, while U.S. apparent consumption is large relative to other countries and makes the U.S. market attractive to imports, consumption of 5.3 million tons remains below 2008 pre-recession levels and is nearly 35 percent lower than the 8.1 million ton peak consumption in 2004. ITC Prehearing Report dated Apr. 2, 2014 (“ITC Prehrg. Rep.”) at C-3, App. C at I-6. Prices in the U.S. market, however are higher than those in most of the other major export markets, presenting a magnet for subject imports. Indeed, when subject producers have had the opportunity to export non-subject CASWR to the United States, as in the case of excluded 1080 tire cord and tire bead wire rod from Brazil, or when trying to circumvent the order by selling small-diameter CASWR less than 5 mm wire rod from Mexico, they have been able to ship large quantities. See id. at E-4. Indeed, in the case of Deacero, it was able to ramp up CASWR exports to the United States by [ ]

[ ] Id.

Throwing open the gates of the U.S. market to such a huge volume of idle capacity in the form of unfairly-traded imports comes at a time when the U.S. industry is in a highly vulnerable condition. While the domestic industry was struggling to recover from the recession, dumped and subsidized imports of CASWR from China flooded the U.S. market in 2012 and 2013, reaching over 600,000 tons in 2013. Id. at IV-18. This import surge has done serious injury to the domestic industry, which saw domestic capacity, capacity utilization, production, shipments,



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employment and profitability all decline since 2011. Id. at C-4. The domestic industry's operating profits dropped by \$110 million from 2011 to 2013 and are \$240 million lower than in 2008. Id. The industry's operating profit ratio of 4.2 percent in 2013 is lower than in any year of the period of review ("POR") other than the recession year of 2009. Id.

With the huge oversupply of CASWR facing the world market and the subject producers, absent the orders, the United States once again will become the dumping ground for their CASWR, just as Chinese CASWR has recently flooded this market. Numerous importers and purchasers have indicated the likelihood that revoking the orders will cause subject imports to increase significantly and will cause prices to fall, as was true pre-order, displacing U.S. sales and depressing U.S. prices. The CASWR market remains highly price-sensitive, allowing imports to once again use underselling practices to seize market share. Indeed, for the pricing comparisons that were available during this review period for Mexico, underselling levels in the POR were comparable to the aggressive price levels experienced in the original investigation period. See ITC Prehrg. Rep. at V-18-19, and E-4.

Under these conditions, without the the discipline of the orders, subject import sales will again surge to grab an even higher share of the U.S. market than they did pre-order, and the already weakened U.S. industry will suffer further declines. Based on the record facts, there is strong justification for leaving the orders in place to prevent a continuation or recurrence of material injury caused by unfairly-traded imports.

## **II. LIKE PRODUCT AND DOMESTIC INDUSTRY**

### **A. The Domestic Like Product Should Continue to be Defined as All CASWR**

In the original investigations, the Commission found a single domestic like product consisting of all CASWR, including certain grade 1080 tire cord and grade 1080 tire bead wire

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rod that were excluded from Commerce's scope of the investigations. See Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Germany, Indonesia, Mexico, Moldova, Trinidad and Tobago, Turkey and Ukraine, Inv. Nos. 701-TA-417-421 and 731-TA-953, 954, 956-959, and 961-962 (Final), USITC Pub. 3546 at 7 and 12 (2002) ("Original Injury Determination"). Although the Commission examined whether certain grade 1080 tire cord quality wire rod, cold-heading quality wire rod that meets Industrial Fasteners Institute specification IFI-140, and clean-steel precision bar in coils should be treated as separate domestic like products, it ultimately concluded that there was no clear dividing line between any of these products and other CASWR products. Id. at 12. In particular, the Commission stated:

the wire rod industry is composed of so many different products, used in so many different applications, that the only clear dividing line is between wire rod and other steel products. Many of the products have precise specifications, high quality standards (sometimes for safety reasons) and are expensive to manufacture. A lack of interchangeability between the products at either end of the continuum is not inconsistent with a finding of a single domestic like product when the products are all part of a continuum.

Id. Accordingly, the Commission found one like product consisting of all CASWR, including certain grade 1080 tire cord and grade 1080 tire bead wire rod. Id.

In the first sunset reviews, the Commission found that the record of the reviews indicated "no material changes in pertinent product characteristics from the original investigations or any other reason to revisit the like product definition." See Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine, Inv. Nos. 701-TA-417 and 731-TA-953, 954, 957-959, 961, and 962 (Review), USITC Pub. 4014 at 7-8 (2008) ("First Sunset Review"). Accordingly, the Commission continued to define the domestic like product as it did in the original determination. Id. at 8.

The domestic industry agrees with the domestic like product definition set forth in the original investigations and first sunset reviews. To date, no respondent has challenged that definition. ITC Prehrg. Rep. at 1-40. Given that no facts or evidence have been presented to indicate otherwise, the Commission should continue to find one like product consisting of all CASWR.

**B. The Domestic Industry Consists of All U.S. Producers of CASWR**

Consistent with the single like product definition, the Commission should define the domestic industry as all U.S. producers of CASWR. In the original investigations, the Commission defined the domestic industry to encompass all domestic producers of CASWR. Original Injury Determination, USITC Pub. 3546 at 13. The Commission found that three domestic producers were related parties because they had imported subject merchandise during the period examined, but concluded that appropriate circumstances did not exist to exclude any of those producers from the domestic industry. Id. at 14.

In the first sunset reviews, the Commission similarly found that appropriate circumstances did not exist to exclude any domestic CASWR producer as a related party. First Sunset Review, USITC Pub. 4014 at 8-10. AMUSA was identified as a related party because it had common ownership with ArcelorMittal entities that produced and exported CASWR from Canada, Mexico and Trinidad and Tobago during the POR. Id. at 8. Gerdau Ameristeel was identified as a related party because it was under common control of a company that exported CASWR from Brazil during that POR. Id. The Commission did not exclude either AMUSA or Gerdau Ameristeel as a related party, however, because it found both U.S. companies had substantial domestic production, did not benefit from their affiliates' activities in the import and export of CASWR, and supported the continuation of the orders under review. Id. at 9 and 10

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n.48. Accordingly, the Commission continued to define the domestic industry as encompassing all U.S. producers of CASWR. Id.

In these reviews, the Commission should continue to conclude that no U.S. producers should be excluded as a related party based on the same reasoning adopted in the first review. Gerdau Ameristeel US and AMUSA continue to be affiliated with foreign producers – Gerdau Ameristeel with Gerdau SA of Brazil and AMUSA with CASWR producers in Brazil, Mexico, Trinidad and Tobago, and Ukraine. ITC Prehrg. Rep. at I-43. As the Commission found in the first sunset reviews, however, Gerdau Ameristeel and AMUSA are primarily interested in U.S. production, did not benefit from affiliations with the subject producers or importers of CASWR (and did not import subject merchandise during the POR) and do not support revocation of any of the orders. ITC Prehrg. Rep. at I-42-43 and III-3I (Table III-I3). In addition, [

]; Domestic Industry's Response to the Notice of Institution at I3 and Exh. 9. [

]

Accordingly, appropriate circumstances do not exist to exclude any U.S. producer as a related party.

### III. CUMULATION

By statute, the Commission may cumulatively assess the likely volume and effect of imports in a sunset review under section 752(a)(7) of the Act if: (I) the reviews were initiated simultaneously; and (2) the imports would be likely to compete with one another and with the domestic like product in the U.S. market. 19 U.S.C. § 1675a(a)(7). As the SAA states, the

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cumulation practice “recognizes that a domestic industry can be injured by a particular volume of imports and their effects regardless of whether those imports come from one source or many sources.” Uruguay Round Agreements Act, Statement of Administrative Action, H.R. Rep. No. 103-826 at 847 (1994) (“SAA”).

In the original investigation, the Commission did not cumulate subject imports from Trinidad and Tobago with any other subject imports for its injury determination as to Trinidad and Tobago because the statute bars cumulation of Caribbean Basin Economic Recovery Act (“CBERA”) beneficiary countries, including Trinidad and Tobago, with non-CBERA countries in original investigations. See Original Injury Determination, USITC Pub. 3546 at 18-19; 19 U.S.C. § 1677(7)(G)(ii)(III). Consistent with the statute, however, the Commission cumulated subject imports from Brazil, Canada, Indonesia, Mexico, Moldova and Ukraine with imports from Trinidad and Tobago for purposes of its injury determination for Brazil, Canada, Indonesia, Mexico, Moldova and Ukraine. Id. at 18-19 and 23.

In the first sunset review, the Commission cumulated imports from Trinidad and Tobago with imports from Brazil, Indonesia, Mexico, Moldova, and Ukraine. First Sunset Review, USITC Pub. 4014 at 19. In doing so, the Commission expressly recognized that the CBERA exception to cumulation was applicable only in original investigations. Id. at 12 n.63. In this second sunset review, the statutory CBERA exception is also inapplicable, making imports from Trinidad and Tobago eligible for cumulation.

The facts of record, as discussed below, establish that the statutory criteria are met and there is no evidence that imports from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, or Ukraine are “likely to have no discernible adverse impact on the domestic industry” to prevent cumulation. Id. The common conditions of competition shared by the subject imports

also warrant a cumulative analysis in this case. Thus, the Commission should continue to consider the cumulative effect of subject imports in analyzing the statutory factors at issue in this sunset review, as it did in the first sunset review. See First Sunset Review, USITC Pub. 4014 at 19.

**A. Imports from Each of the Subject Countries Would Have a Discernible Adverse Impact on the U.S. Industry if Revocation Occurred**

In analyzing whether imports are likely to have no discernible adverse impact on the domestic industry, the Commission generally considers the likely volume of subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if revocation occurred. See Steel Concrete Reinforcing Bar from Belarus, China, Indonesia, Korea, Latvia, Moldova, Poland and Ukraine, Inv. Nos. 731-TA-873-875, 877-880, and 882 (Review), USITC Pub. 3933 (2007) at 14. The Court of International Trade has cautioned that this test not be treated as tantamount to a requirement of proving likely significant import volume and effects to support an overall affirmative injury determination on an individual country basis. Usinor Industeel, S.A. v. United States, 27 CIT 1395, 1399 (2003), aff'd without op., 2004 U.S. App. LEXIS 23,940 (Fed. Cir. Nov. 8, 2004) (“Usinor Industeel”). The Usinor Industeel court stated that such a requirement “would defeat the purpose of cumulation, *i.e.*, to guard against the ‘hammering’ effect of imports which, in isolation, do not cause material injury,” and that an adverse impact “can be discernible but not rise to a level sufficient to cause material injury.” Id. at 1399 (citing Neenah Foundry Co. v. United States, 155 F. Supp. 2d 766, 772-73 (Ct. Int’l Trade 2001)).

A review of the Commission’s prehearing report, as well as other publicly-available and proprietary information, indicates producers in [ ] of the subject countries have significant

excess capacity to export substantial volumes of CASWR to the United States without diverting shipments from any other markets. ITC Prehrg. Rep. at IV-14 (Table IV-6); see below. The producers in each of these countries have already demonstrated a strong interest in the U.S. market absent the discipline of the orders. Imports from each subject country were present in the U.S. market in significant quantities prior to the orders and imports from all six subject countries have been unable to maintain pre-order volumes under the discipline of the orders. ITC Prehrg. Rep. at Appendix C, C-4 (Table C-1) and I-7 (Table I-1). Further, significant volumes of subject imports from each country are exported to markets that are smaller and lower-priced than the U.S. market. See section V.F. Thus, CASWR imports from each subject country are likely to have a significant presence in the U.S. market absent orders.

As detailed further in sections V and VI, if the orders are revoked, these imports are expected to increase even further and to undercut U.S. producer prices to an even greater extent than they did before the orders were imposed. Under these circumstances, there is no ground for concluding that subject imports from any of the subject countries would have no discernible adverse impact if revocation occurred. A detailed analysis of each country is provided below.

**1. Brazil**

**a. Past Behavior**

At the time of the original investigation, Brazilian producers demonstrated their ability to increase exports to the United States rapidly. From a level of [

] percent. ITC Prehrg. Rep. at Appendix C, Table I-1.

The unfair trade orders were extremely effective in limiting U.S. imports of CASWR from Brazil in the post-order period. While subject imports from Brazil held at a level of zero

from 2003 through 2007 during the first sunset review, the Commission nevertheless found that subject imports from Brazil would not have no discernible adverse impact on the domestic industry in the event of revocation. First Sunset Review, USITC Pub. 4014 at 14, I-6. This determination was based on the Brazilian industry's substantial export volume and excess capacity, as well as additions to capacity during that period of review. Id. at 14, 29-31.

In the current review, subject imports from Brazil have remained at [ ] levels, while non-subject wire rod imports from Brazil are sizeable. ITC Prehrg. Rep. at IV-17 n.10, IV-24. Indeed, the United States is the largest export market for wire rod produced in Brazil. Id. at IV-24. Further, the Brazilian CASWR industry has grown substantially and currently has [ ] capacity. Absent the order, Brazilian imports are likely to increase and have a substantial adverse impact on the domestic industry.

b. Brazil's CASWR Production Capacity and Excess Capacity is [ ] and Increasing

Brazil is the world's [ ] producer of wire rod, behind [ ]  
[ ] See Exh. 6 ([ ]  
[ ]. As shown in the summary table below, Brazil's wire rod industry has grown [ ] since the time of the original investigation. Despite [ ] overcapacity, the Brazilian industry has continued to expand and is on the verge of a [ ] additional capacity expansion. While just a single Brazilian producer has responded to the Commission's questionnaire, there is ample evidence indicating that the Brazilian wire rod industry has [ ] idle capacity and would likely increase its shipments to the U.S. market in the event of revocation.



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While there are currently seven producers of wire rod in Brazil, just a single producer, ArcelorMittal Brasil S.A., submitted a questionnaire response to the Commission. ITC Prehrg. Rep. at IV-17. In order to develop a full picture of the capabilities of the Brazilian industry, therefore, the domestic industry has combined the questionnaire data with industry data available on non-responding Brazilian producers from [ ] to develop the summary data contained in the table below.

BRAZILIAN INDUSTRY DATA <sup>2</sup>			
Item	2001	2007	2013
Capacity ( <i>short tons</i> )	[ ]	[ ]	[ ]
Production	[ ]	[ ]	[ ]
Capacity utilization ( <i>percent</i> )	[ ]	[ ]	[ ]
Unused Capacity	[ ]	[ ]	[ ]
Imports' Share of Market in 2001 and 2007 and Unused Capacity as % of U.S. Market in 2013	[ ]	0.0	[ ]

As shown, the Brazilian industry's capacity has increased significantly over the course of the period of review and grown dramatically since the time of the original investigation. In the original investigation, responding Brazilian producers reported a total capacity of [ ] short tons in 2001. ITC Prehrg. Rep. at 18. By the end of the first sunset review in 2007, reported industry capacity data reached [ ] short tons. Id. This rate of growth actually accelerated during the current period of review, as the Brazilian industry added roughly [ ]

<sup>2</sup> See Exh. 1 at Charts 1A and 1C; Exh. 2 at Chart 2A.

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] short tons of capacity to reach a level of [ ] short tons in 2013. See Table on Brazilian Industry Data, above; see also Exh. 1, Chart 1A.<sup>3</sup>

Capacity growth in Brazil has [ ] in Brazilian wire rod production during this review period. As a result, excess capacity in Brazil has [ ]

] Brazilian wire rod capacity utilization has fallen from [ ] percent currently. Id. While the Brazilian industry had [ ] short tons of excess capacity in 2001, that figure grew to [ ] short tons in 2007 and then ballooned to [ ] short tons by 2013. Id. Compared to Brazilian imports during the peak year of the original investigation ( [ ] ), Brazil could increase its exports of CASWR to the United States over [ ] simply by using the excess productive capacity it currently has in place. Put another way, if the Brazilian industry's excess capacity was redirected to the United States, it could capture [ ] percent of the total 2013 U.S. market for CASWR. Id.

Nearly [ ] of the Brazilian wire rod industry added capacity during the period of review or are doing so currently. One [ ]

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<sup>3</sup> Table IV-7 in the prehearing report [ ]

] For the final ITC report, the Commission should revise this table to replace the 2013 capacity figure reported by the single producer with the total capacity figure for Brazil, derived by combining the questionnaire response data submitted with [ ] data for non-responding Brazilian producers in 2013 to reflect the actual capacity growth and the level of idle capacity in Brazil in 2013. See Exh. 1, Chart 1C.

]

One of the [

]

CSN has proceeded with these investments despite its own acknowledgment that “{t}he Brazilian steel industry has experienced periods of overcapacity, cyclicalities and intense competition during the last several years. Demand for finished steel products, as measured by domestic apparent consumption, has consistently fallen short of total supply.” See Exh. 5 (CSN Form 20-F, Fiscal Year Ended Dec. 31, 2012 at 56).

Brazilian producer [

]

Producer [

]

Recent expansion of capacity in the Brazilian CASWR industry will only accelerate in the near future. The [

] In sum, the large and increasing capacity in Brazil, the significant unused capacity and the further capacity expansion will provide Brazil with a strong ability and need to export CASWR to fill its mills.

c. **Brazilian CASWR Producers Still Export Large Volumes of Wire Rod to the United States**

The Brazilian wire rod industry exports a significant amount of its CASWR production and has targeted the United States in particular with wire rod exports. During the current period of review, exports of wire rod from Brazil averaged [ ] short tons annually, peaking at [ ] short tons in 2009. ITC Prehrg. Rep. at IV-24. This figure represented [ ] percent of total Brazilian production of wire rod in 2009. Id. and Exh. 6 ([ ]).

The data of [ ]

] of its total open market shipments of subject wire rod were exported. ITC Prehrg. Rep. at IV-19.

Notably, the United States has been Brazil's largest export market for wire rod during the POR, most if not all of which is non-subject rod excluded from the order. Id. at IV-24. Brazilian exports of wire rod to the United States grew from 11.3 percent of all wire rod exports from Brazil in 2009 to 36.2 percent in 2013. Id. The increasing importance of the U.S. market to Brazilian producers of wire rod is an indication of their likely behavior in the absence of the orders. The continued Brazilian exports of non-subject wire rod to the United States in significant quantities during the current period of review indicate that Brazilian producers have pre-existing customer contacts and well-established distribution networks within the U.S.

market. For example, U.S. CASWR purchaser [

J]. Brazil's ability to ship non-subject wire rod to the United States is an indication that it could, and likely would, export subject wire rod to the U.S. market as well in the event of revocation.

Further, as the Chinese wire rod industry has come to take a dominant share of the world market for CASWR, Chinese exports have surged into Brazil and into numerous third country export markets that Brazil supplies. See Exh. 4. Chinese CASWR exports to Brazil rose from 5,517 tons in 2011 to 165,247 tons in 2013. Id. These increased imports from China will displace Brazilian sales and place pressure on Brazil to export CASWR. Further, China is also increasing exports to countries like Korea that are also significant targets of Brazilian exports. Id. and ITC Prehrg. Rep. at IV-24. If the unfair trade orders on wire rod were to be revoked, Brazil would have a huge incentive to redirect its volumes of displaced home market sales and third-country exports directly toward the U.S. market.

**d. Subsidies Bestowed on the Brazilian CASWR Industry Likely Will Lead to Increased Subject Imports**

In five-year reviews concerning countervailing duty ("CVD") orders, the Commission may consider "information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement."<sup>4</sup> 19 U.S.C. §

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<sup>4</sup> Article 6.1 of the WTO Agreement on Subsidies and Countervailing Duty Measures ("ASCM"), available at [www.worldtradelaw.net/uragreements/scmagreement.pdf](http://www.worldtradelaw.net/uragreements/scmagreement.pdf), expired effective January 1, 2000. See Issues and Decision Memorandum for the Final Results of the Expedited Sunset Review of the Countervailing Duty Order on Carbon and Certain Alloy Steel Wire Rod from Brazil (Dep't Commerce Sept. 25, 2013) ("Brazil CVD Sunset IDM") at 9, referenced in 78 Fed. Reg. 60,850 (Dep't Commerce Oct. 2, 2013), appended at Exh. 8.

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1675a(a)(6). Article 3.1 of the WTO's ASCM states that the following subsidies shall be prohibited: (a) subsidies contingent, in law or in fact, whether solely or as one of several other conditions, upon export performance; and (b) subsidies contingent, whether solely or as one of several other conditions, upon the use of domestic over imported goods.

In the expedited second sunset review of the Brazilian CVD order, the Department of Commerce concluded that three Brazilian programs fall within the meaning of Article 3.1 of the ASCM:

- (1) the Programa de Financiamento as Exportacoes ("PROEX program") that involves the direct financing of a company's exports and the reimbursement of certain interest costs to Brazilian exporters;
- (2) "Presumed" Tax Credit for the Program of Social Integration and the Social Contributions of Billings on Inputs Used in Exports; and
- (3) Financing for the Acquisition or Lease of Machinery and Equipment through the Special Agency for Industrial Financiing ("FINAME program").

See Brazil CVD Sunset IDM at 9-10, appended at Exh. 8. Under these prohibited programs, subject producers in Brazil are provided financing for exports, tax credits for the total value of their purchases of raw materials, intermediate products, and packing materials that are used in the production of exports, and capital financing for the acquisition or leasing of new machinery and equipment manufactured in Brazil. Id. These programs, which continue to exist today, provide an additional incentive for Brazilian exporters of CASWR to increase their exports of subject merchandise to the United States.

## **2. Indonesia**

### **a. Past Behavior**

In the original investigation, Indonesian producers demonstrated their ability to increase exports rapidly to the U.S. market. U.S. imports of CASWR from Indonesia jumped from

69,805 tons in 1999 to 86,940 tons in 2000, an increase of 24.5 percent in a single year. ITC Prehrg. Rep. at Appendix C, Table I-1.

The antidumping order was highly effective in constraining U.S. imports of CASWR from Indonesia. After declining in 2002, imports from Indonesia remained at or near zero throughout the first period of review, except for a spike in imports from Indonesia in 2004 of 29,937 tons. Id. Despite the low levels of imports in the first review, the Commission found that subject imports from Indonesia would not have no discernible adverse impact on the domestic industry if the order was revoked, based on the Indonesian industry's substantial export volume, excess capacity, and capacity additions during the period. First Sunset Review, USITC Pub. 4014 at 14.

In the current review, subject imports from Indonesia have remained at zero each year. ITC Prehrg. Rep. at Table C-I. The U.S. market remains extremely large and attractive to Indonesian producers, however, and the Indonesian industry's capacity has grown significantly so that Indonesia now has substantial overcapacity. For these reasons, Indonesian imports are likely to return to the U.S. market at significant volume levels absent the order.

**b. Indonesia's Capacity and Unused Capacity Have I**

The Commission has received just a single questionnaire response from an Indonesian producer (PT Ispat Indo) in this review. ITC Prehrg. Rep. at IV-27. In order to present comprehensive data for the Indonesian industry, therefore, the domestic industry has combined the questionnaire data from Ispat Indo with information available on the capacity of non-



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responding Indonesian producers from [ ] to develop comprehensive industry data.<sup>5</sup> See ITC Prehrg. Rep. at IV-27. The [ ] data, however, do not include one major producer of wire rod in Indonesia, PT The Master Steel Mfg. (see further discussion below).<sup>6</sup> Data for this producer have been added to data for the four other Indonesian producers to create the aggregate industry information contained in the table below. Based on these data, there is ample evidence indicating the imports of wire rod from Indonesia will be significant in the event of revocation.

The Indonesian industry has grown [ ] since the time of the original investigation. As summarized in the table below, Indonesian capacity to produce wire rod grew from [ ] tons in 2001 to [ ] in 2007, the end of the first period of review. Capacity continued to expand in the current POR, reaching [ ] tons in 2013. Thus, Indonesian capacity has more than [ ] from the time of the original investigation and more than [ ] since the last review.

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<sup>5</sup> As was true of Brazil, the data in the prehearing report on capacity and production in Indonesia in 2013, as set forth in Table IV-12, are severely understated because they reflect only data of the lone responding Indonesian producer (which accounted for [ ] and not data for the industry as a whole. ITC Prehrg. Rep. at IV-27-IV-28 (Table IV-12). Comprehensive data for the industry, adding company-specific data from [ ] and [ ] for non-responding producers to the questionnaire data submitted, are set forth in Chart 1C of Exh. 1 and included in the above table on Indonesia. See *infra* n.7. The Domestic Producers request that the staff amend the Indonesian table in the Final Report to replace the understated 2013 data with the above data for a complete capacity and production base and an accurate depiction of the true levels of capacity and unused capacity in Indonesia today.

<sup>6</sup> The Prehearing Report states that “According to [ ], there are four firms in Indonesia that maintain wire rod rolling capacity.” ITC Prehrg. Rep. at IV-27. Given the evidence that PT The Master Steel Mfg. is an Indonesian producer of wire rod, this company should also be considered in the Commission’s analysis. See *infra*.

INDONESIAN INDUSTRY DATA <sup>7</sup>			
Item	2001	2007	2013
Capacity ( <i>short tons</i> )	[ ]	[ ]	[ ]
Production	[ ]	[ ]	[ ]
Capacity utilization ( <i>percent</i> )	[ ]	[ ]	[ ]
Unused Capacity	[ ]	[ ]	[ ]
Imports' Share of Market in 2001 and 2007 and Unused Capacity as % of U.S. Market in 2013	[ ]	0.0	[ ]

As Indonesian capacity has expanded, production has not kept pace, resulting in a decline in capacity utilization. From [ ] percent utilization rate in 2001, Indonesian industry capacity utilization fell to [ ] percent in 2013. See Indonesia Industry Data table and Exh. 1. Excess capacity that could be directed to the U.S. market has increased markedly since the original investigation. From a level of [ ] tons in 2001, excess wire rod capacity in Indonesia has grown to [ ] in 2013, a [ ] increase. Id. While Indonesia held a [ ] percent share of the U.S. market in 2001, if its current excess capacity was redirected toward the United States, it could immediately capture a [ ] percent share of the total U.S. market for wire rod. See Exh. 1, Chart 2A.

Despite overcapacity, Indonesian producers have continued to add wire rod production capacity. The Indonesia industry had [ ]

<sup>7</sup> ITC Prehrg. Rep. at I-7 and IV-28; see Exh. 1, Chart 1C for 2013 capacity calculation.

[ ] Master Steel's website states that it is implementing a modernization and expansion project that will increase its wire rod capacity to 500,000 MT annually in 2014. See Exh. 7 ("Master Steel builds meaningful experiences through content strategy, safety and deployment," Master Steel website materials). [ ]

[ ] The significant increases in capacity, unused capacity in Indonesia, as well as the capacity expansion plans, will force Indonesian producers to seek new outlet markets for CASWR.

c. **Likelihood of Increased Exports to the United States by Indonesia**

The Indonesian wire rod industry has historically exported a significant portion of its production. During the current period of review, exports of wire rod from Indonesia peaked at [ ] short tons in 2008. ITC Prehrg. Rep. at IV-33. Compared to Indonesian production of wire rod in that year, exports accounted for [ ] percent of the total output of the Indonesian industry.<sup>8</sup> Export concentration was [ ]

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<sup>8</sup> Total production of wire rod in Indonesia in 2008 was [ ] metric tons, or [ ] short tons. See Exh. 6 [ ]

] percent of production. ITC Prehrg. Rep. at IV-29.

As is the case with a number of the subject countries in this review, however, exports of wire rod from Indonesia have declined over the course of the POR, as they have been displaced in third-country markets by mushrooming Chinese wire rod output. Indonesian exports fell by 151,573 tons over the 2008-2013 period. *Id.* Given that U.S. imports of wire rod from Indonesia peaked during the original investigation at 86,940 short tons in 2000, the Indonesia industry could immediately increase its exports of subject wire rod to the United States by [ ] percent in relation to the peak year of the POI simply by redirecting the export volume decline that it suffered over the 2008-2012 period. With the huge idle capacity currently existing in Indonesia and the apparent lack of alternate available export markets, Indonesia is highly likely to target the United States and export its increasingly idle capacity if the order is removed.

d. **Other Factors Providing Incentive for Indonesia to Export to the United States**

Another factor acting to motivate future exports of CASWR from Indonesia to the United States is the recent [

] will act as further incentive for Indonesian wire rod to be shipped to the U.S. market in the event of revocation.

3. Mexico

a. Past Behavior

Imports of CASWR from Mexico were significant and increasing during the original period of investigation and were sold at prices that frequently undercut and depressed U.S. prices. ITC Prehrg. Rep., App. C at I-8; First Sunset Review, USITC Pub. 4014 at 12-14 and V-21. As the Commission concluded in the first sunset review, imports of CASWR from Mexico are likely to repeat that behavior if the antidumping duty order is removed. First Sunset Review, USITC Pub. 4014 at 13.

Prior to the imposition of the order, imports of dumped CASWR from Mexico rapidly increased from 122,038 short tons in 1999 to 266,925 short tons in 2001, more than doubling at a time when consumption had declined by nearly [ ] percent. ITC Prehrg. Rep. App. C at I-6 (Table I-1). As a result, Mexican CASWR producers also quickly captured U.S. market share, jumping from [ ] percent to [ ] percent of the U.S. market for CASWR. They did so by underselling domestic producers in over 80 percent of available quarterly comparisons with average underselling margins of [ ] percent in a market in which price was a primary purchasing factor. Id. at V-18 n.11. The rapid increase in subject import volume and market share and the significant incidence of underselling driving that increase in the pre-order period provide compelling evidence that imports of CASWR from Mexico are again likely to increase if the order is removed.

Once the order was in place, the volume of subject imports from Mexico dropped dramatically, falling to 123,380 short tons in 2002, before fluctuating at much lower levels during the rest of the period and averaging under 10,000 tons per year for the 2005-2007 period. Id., App. C at I-7 (Table I-1). Despite the order being in place, Mexican producers continued to

undersell the domestic industry in 48 percent of available quarterly comparisons. ITC Prehrg. Rep. at V-18, n.11. The incidence of underselling decreased later in the period as the volume of CASWR imports from Mexico declined, demonstrating the importance of price underselling to the Mexican producers' ability to increase exports to the U.S. market. ITC Staff Report dated May 15, 2008 in Inv. Nos. 701-TA-417 and 731-TA-953, 954, 957-959, 961 (Review) ("First Sunset Review Final Report").

In the first review, the Commission found that imports of CASWR from Mexico were not likely to have no discernible adverse impact if the order was revoked for a number of reasons including: (1) the availability of significant excess capacity to produce CASWR combined with relatively high inventory levels that would permit the Mexican industry to increase exports to the United States; (2) Mexican producers consistent exports of CASWR to the Americas, including the United States, with "with considerable annual fluctuation in the quantities shipped to individual markets;" and (3) the Mexican industry's focus on producing industrial quality wire rod, which is also the largest product category for the domestic industry. First Sunset Review, USITC Pub. 4014 at 13.

**b. Deacero's Behavior During the Current Review Period Provides a Strong Indication of Its Ability and Intent to Export CASWR to the United States**

The record evidence for the current period of review presents an even more compelling case that subject imports from Mexico would be significant if the order were to be revoked. ITC Prehrg. Rep. at I-7-I-8 and App. C at C-4. The Prehearing Report provides data showing that imports of subject CASWR fluctuated from a low of [ ] net tons in [ ] to a high of [ ] net tons in [ ]. Id. at IV-5. While these data show a continued interest in and ability by Mexico to export CASWR to the United States, they also [ ] understate

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the actual volume of subject imports from Mexico. The data cited in the prehearing report incorrectly treat imports of CASWR that are less than 5.0 mm in diameter as a non-subject product. Id. at IV-40. As detailed below, these imports by Deacero S.A. de C.V. during the review period are subject CASWR that Commerce found was circumventing the antidumping duty order on Mexico and, as a matter of law at this point, should still be treated as subject product.

By way of background, there was no domestic or Mexican production of CASWR in diameters below 5 mm at the time of the 2002 investigations.<sup>9</sup> In late 2006 and early 2007, Deacero upgraded its mill at Celaya, enabling it to hot-roll CASWR in diameters below 5 mm. First Sunset Review Final Report at IV-74. [

] ITC Prehrg. Rep. at E-3. In 2012, Commerce found that Deacero circumvented the antidumping duty order with “wire rod with an actual diameter of 4.75 mm to 5.00 mm” that was “altered in form or appearance in such minor respects that it should be included within the scope of the order” and suspended liquidation of entries back to June 8, 2011.<sup>10</sup> That determination is now on appeal.<sup>11</sup>

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<sup>9</sup> Original Injury Determination, USITC Pub. 3546 at I-6 (noting that 7/32 inch (5.6 mm) wire rod, was “the smallest cross-sectional diameter that was being hot-rolled in significant commercial quantities.”).

<sup>10</sup> Carbon and Certain Alloy Steel Wire Rod from Mexico: Affirmative Final Determination of Circumvention of the Antidumping Duty Order on Wire Rod from Mexico, 77 Fed. Reg. 59,892 (Dep’t Commerce Oct. 1, 2012) and accompanying Decision Memorandum (Dep’t Commerce Sept. 24, 2012) (“DOC Circumvention Decision Memo”), provided at Exh. 10.

<sup>11</sup> The U.S. Court of International Trade remanded the circumvention finding back to Commerce for further analysis and explanation. See Deacero S.A. de C.V. v. United States, 942 F. Supp. 2d 1321 (Ct Int’l Trade Sept. 30, 2013). On January 28, 2014, Commerce filed its Remand Determination with the Court of International Trade, reversing its affirmative determination under protest and stating that it was being forced by the Court to issue a determination with  
(footnote cont’d on next page)

Until a final Court decision is issued, those imports remain subject CASWR and the suspension of liquidation on entries of CASWR less than 5 mm. in diameter from Deacero continues. A similar legal issue of finality arose in the first sunset review of these orders with regard to imports of CASWR from Trinidad and Tobago that were the subject of a negative injury remand determination that was on appeal but had not been finalized. In that review, the Commission found that it was required by 19 U.S.C. § 1516a(c)(3) to treat those CASWR imports as subject imports until a final court decision was issued after all appeals are exhausted.<sup>12</sup> Similarly, the Commission should treat imports from Deacero of CASWR less than 5 mm in diameter as subject imports for purposes of this sunset review, as that is the current legal definition of the scope of the order pending any final determination by the courts.<sup>13</sup>

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which it disagreed. See Final Results of Redetermination Pursuant to Court Remand: Deacero, S.A. de C.V. and Deacero USA Inc., v. United States and ArcelorMittal USA LLC, Gerdau Ameristeel U.S. Inc., Evraz Rocky Mountain Steel, and Nucor Corp., Court No. 12-00345 (Dep't Commerce Jan. 28, 2014). The Commerce Department's Remand Determination is now subject to further review by the Court and possible further remand and/or appeal.

<sup>12</sup> See First Sunset Review, USITC Pub. 4014 at 4-5 & n.15 ("While the litigation is pending, the antidumping duty order on subject imports from Trinidad and Tobago continues to be effective. Thus, notwithstanding the Commission's negative determination on remand – and the CIT's affirmance of that determination – we must render a determination in the review of the antidumping duty order on subject imports from Trinidad and Tobago. . . . The statute requires the Commission to modify any 'final disposition' of an antidumping or countervailing duty investigation or review 'consistent with the final disposition of the court.' 19 U.S.C. § 1516a(c)(3). An appealed CIT judgment is not a 'final disposition' for purposes of this provision. Timken Co. v. United States, 893 F.2d 337, 339-40 (Fed. Cir. 1990). Even a Federal Circuit judgment is not a 'final disposition' until at least the period necessary to file a writ of certiorari to the Supreme Court has expired. Fujitsu General America, Inc. v. United States, 283 F.3d 1364, 1378-79 (Fed. Cir. 2002)").

<sup>13</sup> See also Low Enriched Uranium from France, Inv. No. 731-TA-909 (Review), USITC Pub. 3967 (2007) at 8-9 & n.49 ("We conduct this five-year review consistently with the latest definition of the scope of the antidumping duty order on LEU from France published by Commerce in the Federal Register, 72 Fed. Reg. 26593 (May 10, 2007), consistent with the (footnote cont'd on next page)



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Moreover, whether or not the imports of those smaller diameter products during the POR were legally considered subject CASWR, Deacero's behavior with regard to its exports of CASWR under 5.0 mm to the United States from 2008 through mid-2011 provides direct evidence of its behavior if the antidumping duty order against Mexico were to be revoked. According to Commerce, Deacero sold CASWR with diameters less than 5 mm for the same uses and to some of the same customers as subject CASWR of 5.5 mm in diameter.<sup>14</sup> The product was essentially a nominally out of scope substitute for 5.5 mm CASWR which both (a) allowed Deacero to avoid the antidumping duties and the 20.11 percent duty deposit requirement that should have been applicable to these products at the time, and (b) demonstrated Deacero's continued ability and intent to supply CASWR to U.S. purchasers however possible.

As shown below, imports of CASWR subject to the discipline of the order between 2008 and 2011 averaged [ ] short tons per year and did not exceed [ ] short tons, while

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statutory scheme, controlling case law, and Commission practice. The courts have consistently held that Commerce has exclusive authority to define the scope of an investigation. Consequently, Commerce's definition of the scope of an antidumping duty order dictates the 'subject merchandise' that the Commission must examine in a five-year review of the order and provides the starting point for the Commission's definition of the domestic like product. Commerce establishes the scope of an investigation by publishing a detailed description of subject merchandise in the Federal Register, and the Commission thus defers to that description. Moreover, pursuant to 19 U.S.C. § 1516a(c)(3), Commerce determinations on remand generally do not have legal effect until after the litigation process has concluded.").

<sup>14</sup> As Commerce found, "{r}ecord evidence presented by Deacero and its U.S. customers" to Commerce "indicates that 4.75 mm wire rod and subject wire rod can be manufactured into the same types of products, which include such products as wire mesh and nails." DOC Circumvention Decision Memo at 10 (Exh. 10). Commerce further held that "{b}ut for a 0.25 mm difference in diameter, 4.75 mm wire rod is not distinct from subject wire rod in terms of physical characteristics or use, and there is little evidence of any significant difference in the expectations of ultimate users.'" Id. at 14 (Exh.10).

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U.S. imports of Deacero's CASWR that was evading the discipline of the order during the same period averaged [ ] tons per year.

POR IMPORTS OF CASWR FROM MEXICO BY SIZE						
	2008	2009	2010	2011	2012	2013
≥ 5 mm	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
4.75–5mm	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Total	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]

Source: ITC Prehrg. Rep. at IV-5 and E-3

Deacero was able to rapidly increase its exports of CASWR not subject to the discipline of the order to the United States from less than [ ] short tons in 2008 to over [ ] tons in 2010. ITC Prehrg. Rep. at E-3. That surge only ended in mid-2011, when Commerce found that Deacero was circumventing the dumping order and suspension of liquidation was applied to Deacero's entries of small diameter wire rod. See id. Imports of Deacero's CASWR in the narrow size range between 4.75 mm and 5 mm were enough by themselves to capture [ ] percent of U.S. apparent domestic consumption in 2010, a [

] – the last full year before the antidumping duty order was issued. See ITC Prehrg. Rep. at C-4 and E-3. The [

] See id. at D-24.

Importantly, U.S. shipments of Deacero's [

] 80 percent of comparisons in which Mexico was found to undersell the domestic like product in the original investigation. See ITC Prehrg. Rep. at V-18, n.11, V-19 and E-3. As the table below demonstrates, the prevalence of underselling [

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UNDERSELLING IN POR BY IMPORTS OF < 5mm CASWR FROM MEXICO						
	2008	2009	2010	2011	2012 <sup>15</sup>	2013
Volume <5mm (short tons)	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Undersell Frequency	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Source: ITC Prehrg. Rep. at E-3 and E-4						

These statistics demonstrate the likely result of revoking the order – the volume of subject imports from Mexico will rapidly increase to significant levels on an absolute or market share basis through pervasive underselling.

**c. The Mexican Industry Has A Large Capacity and Significant Excess Capacity to Produce CASWR**

The Mexican CASWR industry is large, growing and has significant excess capacity that could be used to ship additional CASWR to the United States if the order is revoked. With a capacity of [ ] short tons in 2013,<sup>16</sup> based on questionnaire responses for responding producers and [ ] data for non-responding producers, capacity in the Mexican CASWR industry is [ ] See ITC Prehrg. Rep. at I-7, IV-14 and IV-37, Exh. 1, Chart 1C. The record shows Mexican producers having [ ] than in 2001. Over the current review period, responding Mexican

<sup>15</sup> [ ]

].

<sup>16</sup> As explained with regard to Indonesia and Brazil above, use of data for only those producers that chose to respond to questionnaires in this review significantly understates 2013 capacity and production for Mexico, set forth as well in Table IV-16, and should be revised to account for total Mexican capacity and production. See Exh. 1.

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producers alone added a further [ ] tons of capacity. Id. at IV-14. Since the orders were imposed, Mexican CASWR capacity has increased by nearly [ ] percent. Id.

Not only has in capacity Mexico increased to date, but Mexican capacity is projected to continue to grow. Deacero reported [ ]

] ITC

Prehrg. Rep. at IV-43. Deacero [ ]

] Id. at IV-43 n.14. In addition,

[ ]

] See Exh. 9, [ ]

] The company says that it

plans [ ]

] Id.

As shown below, that large and growing capacity has resulted in significant excess capacity as well. Only three of the seven Mexican CASWR producers -- Deacero, Ternium and ArcelorMittal las Truchas -- provided questionnaire responses to the Commission. ITC Prehrg. Rep. at IV-37. Those three producers alone have reported [ ]

] ITC Prehrg. Rep. at IV-

39. This amounts to [ ] percent of U.S. apparent consumption in 2013, [ ]

] the Mexican producers' [ ] percent peak U.S. market share pre-order. See id. at IV-39 and C-4. The below table summarizes the Mexican CASWR industry's total capacity and production data by supplementing CASWR capacity and production reported by responding producers with [ ] capacity and production data for non-responding producers for 2013.

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MEXICAN INDUSTRY DATA			
Item	2001	2007	2013
Capacity ( <i>short tons</i> )	[ ]	[ ]	[ ]
Production	[ ]	[ ]	[ ]
Capacity utilization ( <i>percent</i> )	[ ]	[ ]	[ ]
Unused Capacity	[ ]	[ ]	[ ]
Imports' Share of Market in 2001 and 2007 and Unused Capacity as % of U.S. Market in 2013	[ ]	0.1	[ ]
Source: ITC Prehrg. Rep. at I-7 and IV-38 [ ] [ ] data for production was used for 2013. <u>Id.</u> [ ] See Exh. 1, Chart 1C.			

These data show that the Mexican industry had [ ] tons of excess wire rod production capacity in 2013, and was operating at a capacity utilization rate of only [ ] percent. See Table above and ITC Prehrg. Rep. at IV-42. Accordingly, Mexican producers could use this excess capacity to increase exports to the United States to a level that represented [ ] percent of U.S. apparent consumption in 2013. Id. at I-7, IV-42. Even the three responding Mexican producers alone could capture [ ] percent of the U.S. market from idle 2013 capacity. Exh. 2, Chart 3B.

The allocated excess capacity of the reporting producers is not the only capacity that might be employed to supply the U.S. market from Mexico. Mexican producers have available capacity for export to the United States that includes excess capacity, end-of- period inventories, and exports to other countries that could be diverted to the United States. See First Sunset Review, USITC Pub. 4014 at 17 n.100 (“divertible excess” capacity discussion Commissioners Lane and Pinkert). For example, in this period, Deacero’s shift to export over [ ] tons of

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small diameter CASWR in 2010 is an example of the Mexican industry's ability to rapidly shift between export markets when opportunities present themselves. See ITC Prehrg. Rep. at E-3; see also First Sunset Review, USITC Pub. 4014 at 13 (discussing Mexican industry's fluctuating shipments between export markets). Thus, Commission should consider not just excess capacity but also divertible capacity, including exports to other markets that could be sent to the United States in the event of revocation. Those data, provided below, indicate that just the three reporting Mexican producers could have shipped over [ ] short tons of CASWR to the United States in 2013 to command a [ ] percent U.S. market share.

<b>Mexican Reported Available Capacity to Supply U.S. CASWR Market</b>						
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Excess Capacity	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Inventory	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Exports	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
< 5 mm	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Total Available	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Available Capacity as % of Consumption	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Source: ITC Prehrg. Rep. at IV-39, C-3 and E-3.						

By any measure, Mexican CASWR producers clearly have the capacity to export substantial quantities of CASWR to the United States that would seriously disrupt, and even [ ] the U.S. market. This capacity level is well in excess of the levels needed to

support a finding that such imports are likely to have discernible adverse effect on the domestic industry if the order is revoked.

d. **A Significant and Increasing Amount of CASWR from Mexico is Likely to Be Exported to the United States**

The significant available capacity in Mexico that could be used to supply wire rod to the United States, and the surge in imports of CASWR under 5 mm in diameter from Deacero prior to the circumvention finding, are testament to the desire and ability to significantly increase exports of CASWR from Mexico to the United States if the order is revoked. With underselling by Mexican producers in the current period again reaching levels that were prevalent during the original investigation, such a surge in imports would go well beyond a discernible adverse impact and would be likely to injure the domestic industry.

Deacero [

] Id. at E-3. Further, Ternium has publicly stated that it “plans to continue implementing its business strategy of . . . pursuing strategic growth opportunities . . . and providing services to a wider range of customers in the local and export markets.” See Exh. 9 (Ternium 2012 Annual Report at 11) (emphasis added).

The Mexican industry already has established customer relationships and sales networks in the U.S. market – a point made clear by Deacero’s success in circumventing the order with up to [ ] short tons of small diameter CASWR in 2010. ITC Prehr. Rep. at E-3 (Table E-1). Deacero’s customers provided numerous affidavits in the circumvention case before Commerce attesting to their desire to import CASWR from Mexico. See Exh. 10. A number of

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Mexican producers have affiliated importers with established sales networks in the United States.

See ITC Prehrg. Rep. at I-46 and I-47. [

] Id.

Responses to the Commission's importer and purchaser questionnaires also confirm that revocation of the antidumping duty order against Mexico will likely lead to a significant increase in subject imports from Mexico at prices that are likely to undersell the domestic industry and have a significant injurious impact on the domestic industry. See ITC Prehrg. Rep. at App. D.

[



]

Id.

Importers [

] Under such conditions, Mexican producers' significant excess capacity will need to find alternative markets, and they have already demonstrated their interest in, and ability to, increase exports to the U.S. market if the order is revoked.

**4. Moldova**

In the original investigation, the Commission identified Moldova Steel Works as a producer and exporter of CASWR in Moldova. Original Injury Determination, USITC Pub. 3546 at VII-4. In the first sunset review, the Commission found that subject imports from

Moldova would have a discernible adverse impact on the U.S. industry if the CASWR order was revoked. First Sunset Review, USITC Pub. 4014 at 14. Moldova Steel Works continues to be the sole CASWR producer in Moldova. ITC Prehrg. Rep. at IV-48. As explained below, CASWR imports from Moldova would have a discernible adverse impact if the order was revoked.

a. **Moldova Steel Works' Past Behavior is Indicative of its Likely Future Behavior Absent the Order**

Moldova Steel Works has shown its ability and willingness to ship significant volumes of CASWR to the U.S. market at aggressively low and injurious prices. Shipments of CASWR from Moldova to the U.S. market averaged roughly 190,000 shorts tons per year during the original period of investigation ("POI"). ITC Prehrg. Rep. at Appendix C at I-7 (Table I-1). After the order was imposed in 2002, however, U.S. imports of CASWR from Moldova ceased, indicating that the Moldovan CASWR industry is unable to export pre-order volumes to the United States under the discipline of the order. See id.

U.S. imports from Molodva during the original POI also reflected low and injurious prices that consistently undercut U.S. producer prices. The quarterly pricing data developed by the Commission show that Moldovan CASWR undersold the domestic like product in 19 of 22 price comparisons. Original Injury Determination, USITC Pub. 3546 at V-12 (Table V-10). Absent the order, Moldova Steel Works will likely return to the U.S. market with significant volumes of unfairly-traded CASWR, resulting in a discernible adverse impact on the domestic industry.

b. Moldova Steel Works Failed to Respond to the Commission's Questionnaire in this Review

In the original investigation and first sunset review, Moldova Steel Works, the sole CASWR producer in Moldova, provided data in response to the Commission's questionnaires. ITC Prehrg. Rep. at IV-48. In this second sunset review, however, Moldova Steel Works did not submit a response to the Commission's foreign producer questionnaire. Id.

The law recognizes that companies should not benefit from selectively providing information in the Commission's proceedings or refusing to cooperate. 19 U.S.C. § 1677e(b). The SAA permits the Commission to employ adverse inferences about the missing information of non-cooperating parties to ensure that such parties do not obtain more favorable results by failing to cooperate than by cooperating. SAA, H.R. Doc. No. 103-316(1) at 870 (1994). The Federal Circuit has recognized the propriety of the Commission applying adverse inferences in certain cases.<sup>17</sup> The Commission has also used as facts available information from responding producers to infer actions by non-responding producers as well as relying upon independent secondary data sources.<sup>18</sup>

Here, the Commission should look to independent databases, including the [ ] data referenced in its prehearing report, as well as other, publicly-available information on the non-

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<sup>17</sup> See, e.g., Matsushita Elec. Indus. Co. v. United States, 750 F.2d 927, 930, 933-34 and 937 (Fed. Cir. 1984) (applying adverse inferences in a changed circumstances review when respondents failed to provide requested evidence); Nippon Steel Corp. v. United States, 337 F.3d 1373, 1381 (Fed. Cir. 2003) ("New section {1677e(b)} permits Commerce and the Commission to draw an adverse inference where a party has not cooperated in a proceeding.").

<sup>18</sup> See Certain Pipe and Tube from Argentina, Brazil, India, Korea, Mexico, Taiwan, Thailand, and Turkey, Inv. Nos. 701-TA-253 and 731-TA-132, 252, 271, 273, 409, 410, 532-34 and 536 (Second Review), USITC Pub. 3867 at 13-14 n.66 (2006); Softwood Lumber from Canada, Inv. No. 701-TA-414 and 731-TA-928 (Final), USITC Pub. 3509 (2002) at 20 & n.125 (recognizing propriety of relying on publicly-available data from secondary sources to supplement questionnaire response data).

cooperating Moldovan CASWR industry to fill in the missing information. The Commission should also apply adverse inferences when selecting from available information on Moldovan Steel Works to ensure that its refusal to cooperate does not inure to its benefit and to the disadvantage of the domestic industry in this review.

c. **Moldova Steel Works Has Both Increased CASWR Production Capacity and Significant Excess Capacity**

According to [ ] data, Moldova Steel Works' CASWR production capacity has increased [ ] percent from [ ] short tons in the original investigation to [ ] short tons in 2013. ITC Prehrg. Rep. at IV-48 (Table IV-21). Although capacity for Moldova was reported by [ ] for 2013, production for Moldova was not reported by [ ]. *Id.* at note to Table IV-21. As a result, data from Moldova Steel Works' website's Corporate news section, which lists weekly and monthly CASWR production volumes, have been used as an estimation of Moldovan wire rod production. *See* Exh. 11.<sup>19</sup> Due to an eight-month idling of its EAF mill, Moldova Steel Works operated at only [ ] percent capacity utilization in 2013, producing only 106,751 short tons of CASWR. *See* below table and Exh. 1 (2013 production estimate is a sum of monthly totals in Moldova Steel Works' "Corporate news"). Based on this extreme overcapacity of [ ] short tons, Moldova Steel Works has the ability to ship to the United States [ ] CASWR it exported to the U.S. market during the original POI without diverting one ton of CASWR from other customers or markets. *See* ITC Prehrg. Rep. at Appendix C at 1-7. Moldova's 2013 excess capacity to produce CASWR would allow it to capture [ ] percent of the total U.S. market and [ ] percent of the

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<sup>19</sup> This figure is more recent data on Moldovan production than that included in the Domestic Industry's July 2, 2013 Response to Notice of Institution.

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merchant market. See below table and ITC Prehrg. Rep. at C-3 (Table C-1); Exh. 2 (Charts 2A and 2B).

MOLDOVAN INDUSTRY DATA <sup>20</sup>			
Item	2001	2007	2013
Capacity ( <i>short tons</i> )	[ ]	[ ]	[ ]
Production	[ ]	[ ]	106,751
Capacity utilization ( <i>percent</i> )	[ ]	[ ]	[ ]
Unused Capacity	[ ]	[ ]	[ ]
Imports' Share of Market in 2001 and 2007 and Unused Capacity as % of U.S. Market in 2013	[ ]	0.0	[ ]

As noted above, Moldova Steel Works re-opened its CASWR facilities in August 2013. Moldova Steel Works, however, has projected that it will produce roughly [ ] short tons of CASWR in 2014. See Exh. 11 [ ]

[ ]. Thus, Moldova Steel Works is estimated to be operating at a very low, roughly [ ], capacity utilization level. Id.

**d. Moldova Steel Works is Highly Export-Oriented**

Moldova Steel Works continues to be highly export-oriented, as it is dependent upon export sales for its continued viability. In 2001 and 2007, Moldova Steel Works exported [ ] percent and [ ] percent of its production, respectively. ITC Prehrg. Rep. at IV-48 (Table IV-21). In 2012, Moldova Steel Works exported about [ ]. See Exh. 11 ([ ]

<sup>20</sup> ITC Prehrg. Rep. at I-7 and IV-48 ([ ] data for 2013 capacity) (data from Moldova Steel Work's website's Corporate news for Moldovan wire rod production). See Exh. 1.

]. Last year, Moldova Steel Works exported 101,721 of the 106,751 short tons – or 95 percent – of the CASWR it produced. ITC Prehrg. Rep. at IV-50 (Table IV-22); Exh. 11 (Moldova). Moldova Steel Works’ affiliate Metinvest has a “global distribution network and sales offices in key regions, serving around 100 countries,” including an existing sales office in the United States. See Exh. 11. While Moldova essentially ceased exporting to the United States once it received an antidumping duty rate of 369.10 percent, it has continued to show an interest in and ability to export significant volumes of CASWR and to shift those volumes between third countries based on market conditions. See ITC Prehrg. Rep. at IV-50 (Table IV-22). For example, during the POR, exports of Moldovan CASWR to Romania ranged from 8,338 short tons to 99,901 short tons, while Moldovan CASWR exports Brazil ranged from zero to 75,620 short tons. Id. The Moldovan CASWR industry would inevitably prefer to return to the predictable pattern of consistently large export shipments to the United States it experienced during the period before the order was imposed if revocation occurred.

**5. Trinidad and Tobago**<sup>21</sup>

**a. Past History**

In the original investigation, the Commission analyzed imports from Trinidad & Tobago on an individual-country basis because the statute did not permit cumulation of imports from countries that were beneficiary countries under the CBERA. Original Injury Determination, USITC Pub. 3546 at 18 (citing 19 U.S.C. § 1677(7)(G)(ii)(III)). As noted above, however, that statutory provision does not apply to sunset reviews. See section III. Notably, even though the Commission did not cumulate imports from Trinidad in the underlying investigation, it

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<sup>21</sup> AMUSA does not join this section of the brief.

determined that the sizeable import volumes from Trinidad and significant underselling by such imports on an individual-country basis were a cause of material injury to the U.S. industry. Original Injury Determination, USITC Pub. 3546 at 36-38. The Commission found that Trinidad “was the second or third largest source of subject wire rod imports” into the United States throughout the period of investigation and that the volume of imports from Trinidad increased despite declining U.S. demand. Id. at 36.

Further, the Commission observed that imports from Trinidad were concentrated in the low/medium low carbon industrial/standard quality rod products that competed directly with much U.S. production and that was particularly price sensitive. Id. Underselling by imports from Trinidad was found in 70 percent of the quarterly price comparisons. Id. at 37. The Commission concluded that “lower-priced imports from Trinidad and Tobago increased in volume by 23.5 percent and gained market share at the expense of the domestic industry.” Id. at 38.

Even after the order was imposed against Trinidad & Tobago, imports of subject product continued to enter the U.S. market in significant volumes for a number of years. ITC Prehrg. Rep., Appendix C, Table I-1 at I-7. A Commerce Department annual review of imports from Trinidad during the October 2007 through September 2008 period found a substantial dumping margin of 23.95 percent – much higher than the prior dumping rate of 1.56 percent. ITC Prehrg. Rep. at I-21; see also Exh. 12 ([REDACTED]). No subject imports from Trinidad have entered the United States since 2008, and the 23.95 percent antidumping rate remains in effect today. Id.

b. Trinidad Has [] Volumes of CASWRto the United States

Record information shows that Trinidad and Tobago has a [

] that could be exported to the United States. Information on Trinidad & Tobago's capacity and production is based on the questionnaire response of ArcelorMittal Point Lisas, which reportedly accounts for all Trinidadian production of CASWR. ITC Prehrg. Rep. at IV-52. As shown in the table below, [

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TRINIDAD & TOBAGO INDUSTRY DATA <sup>22</sup>			
Item	2001	2007	2013
Capacity ( <i>short tons</i> )	[ ]	[ ]	[ ]
Production	[ ]	[ ]	[ ]
Capacity utilization ( <i>percent</i> )	[ ]	[ ]	[ ]
Unused Capacity	[ ]	[ ]	[ ]
Imports' Share of U.S. Market in 2001 and 2007 and Unused Capacity as Percentage of U.S. Market in 2013	[ ]	[ ]	[ ]

In 2013, Trinidad and Tobago's CASWR facility was operating at the [

] Id. By

contrast, when the original investigations were brought, Trinidad was operating at a [ ] percent capacity utilization rate. Id. The unused capacity in Trinidad in 2013 could capture [ ] percent of the U.S. market -- a [ ]

<sup>22</sup> ITC Prehrg. Rep. at IV-52 [

]



percent market share that Trinidad held in 2001 before the order was imposed. See also Exh. 1, Chart 3A.

Moreover, ArcelorMittal Point Lisas reported production of another product, rebar in coil, on the same equipment it uses to produce CASWR and [

]

ITC Prehrg. Rep. at II-16, IV-55-IV-56. This product shifting ability provides Trinidad with a further means of increasing U.S. exports of CASWR. Id. at II-14. The combination of [ ] unused capacity, the existence of alternate markets (see id. at IV-58), and the ability to produce alternate products led the Commission to conclude that “Trinidad and Tobago has the ability to respond to changes in demand with ‘large changes’ in the quantity of shipments of wire rod to the U.S. market.” Id. at II-14 (emphasis added).

**c. Trinidad and Tobago Is Heavily Export-Oriented**

Trinidad and Tobago’s CASWR operations have historically been heavily export-oriented—particularly towards the United States. See Exh. 12. As the prehearing report states, export shipments of CASWR accounted for [ ] of total wire rod shipments by the Trinidadian producer during the current review period. ITC Prehrg. Rep. at IV-53. Before the order was imposed, the United States [

] percent of total CASWR exports in 2001. Confidential Final Report in Original Injury Investigation at VII-12. ArcelorMittal’s SEC reports state that between 2007 and 2010, ArcelorMittal Point Lisas “exported substantially all” of its wire rod shipments and identified the United States, as well as South and Central America and the Caribbean, as the target of such exports. See Exh. 12 (ArcelorMittal SEC Form 20-F, 2007-2011). In reporting on 2011 data in its 2012 report, ArcelorMittal ceased identifying the United States as a target export

market for its Trinidad operations, likely due to the effects of the high antidumping rate it faced. See Exh. 12 ([ ]). Global Trade Atlas data show that over the 2008 to 2013 period, exports of CASWR from Trinidad have largely been to nearby regional markets in Central and South America. *Id.* at IV-58. The pattern of exports of CASWR from Trinidad over the years since the order was imposed depicts a ready ability to shift sales between export markets as conditions change. *Id.* at IV-58 and App. C, Table I-1, at I-6. Further, as discussed in section V.G, the prices prevailing in the U.S. market today are generally higher than prices prevailing in other world markets, providing further incentive for Trinidad to export to the United States.

The export markets to which Trinidad currently sells CASWR [ ] capacity utilization rate at which Trinidad is now operating. ITC Prehrg. Rep. at IV-53. Trinidad, thus, is left with [ ]

[ ] As the [ ] the United States would likely again become in quick order the outlet market of choice for the [ ] in Trinidad if the order was revoked. Indeed, [ ]

[ ] Further, U.S. importer [ ] imported CASWR from Trinidad during the POR, despite the existing order.

## **6. Ukraine**

During the original investigation, three producers of CASWR reportedly existed in Ukraine, and data for one of those producers, Krivorozhstal, was provided to the Commission.

Original Injury Determination, USITC Pub. 3546 at VII-5. In the first sunset review, six firms were identified as CASWR producers in Ukraine, and the Commission received a questionnaire response from ArcelorMittal Kryviy Rih (the successor to Krivorozhstal). First Sunset Review, USITC Pub. 4014 at IV-41. For these second sunset reviews, the Commission received questionnaire responses from Yenakieeve Steel Group and ArcelorMittal Kryvyi Rih, accounting for virtually all CASWR production in Ukraine. ITC Prehrg. Rep. at IV-61-62.<sup>23</sup> [ ] data indicate, however, an additional [ ] short tons of CASWR capacity in Ukraine, reflecting the opening of a [ ] short ton Donetsk Electrometallurgical Mill in 2011-12 and a [ ] short ton Euro Finance CASWR facility in 2013. See ITC Prehrg. Rep. at IV-66.

In the first sunset review, the Commission found that subject imports from Ukraine would not have no discernible adverse impact on the U.S. industry if the Ukrainian CASWR order were revoked based on the Ukrainian CASWR industry's substantial exports, production capacity expansions and excess capacity during the review period. First Sunset Review, USITC Pub. 4014 at 14. As explained below, the facts of this review should lead the Commission to the same conclusion it reached in the first review.

a. **Ukrainian CASWR Producers' Past Behavior is Indicative of Their Likely Future Behavior Absent the Order**

Ukrainian CASWR producers have shown their ability to increase shipments dramatically and their willingness to sell their product in the U.S. market at aggressively low and injurious

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<sup>23</sup> Although the domestic industry identified Makiyivka Metallurgical Plant and Yenakiieeve Steel Group as separate Ukrainian CASWR producers in its July 2, 2013 Response to the Notice of Institution, Yenakiieeve Steel explained in its questionnaire response that [ ]

] ITC Prehrg. Rep. at IV-68.

prices to do so. Shipments of CASWR from Ukraine to the U.S. market showed rapid growth during the original POI, surging 90.5 percent from 193,003 short tons in 1999 to 367,712 short tons in 2000. ITC Prehrg. Rep. at Appendix C at I-7 (Table I-1). Even after the antidumping case was filed in 2001, CASWR imports from Ukraine were 258,526 short tons. Id. After the order was imposed in 2002, however, U.S. imports of CASWR from Ukraine virtually ceased, indicating that the Ukrainian CASWR industry is unable to export pre-order volumes to the United States under the discipline of the order. See id.

Pre-order CASWR imports from Ukraine also reflected low and injurious prices. Pricing data developed by the Commission showed that Ukrainian CASWR undersold the domestic like product in 21 of 22 comparisons. Original Injury Determination, USITC Pub. 3546 at V-12 (Table V-10). Absent the order, Ukrainian CASWR products will likely return to the U.S. market with significant volumes of unfairly-traded CASWR, resulting in a discernible adverse impact on the domestic industry.

**b. Ukrainian CASWR Producers Have Increased Their Production Capacity, Leading to Significant Underutilization**

As shown in the table below based on questionnaire responses, the Ukrainian CASWR industry has increased its production capacity by [ ], from [ ] short tons in the original investigation to [ ] short tons in 2013. ITC Prehrg. Rep. at IV-63 (Table IV-28). [ ]

]. Id. at IV-68-69.<sup>24</sup>

According to [ ], Donetsk Electrometallurgical Mill and Euro Finance added [ ] short tons of additional CASWR production capacity in Ukraine, in 2011-12 and 2013, respectively. See ITC Prehrg. Rep. at IV-64 (Table IV-29) and IV-66. The Ukrainian CASWR industry's production, however, has not kept up with its capacity increases, leading to a current capacity utilization rate of [ ] percent and excess capacity of [ ] short tons. Id. Based on this level of overcapacity, the two main Ukrainian CASWR producers have immediate capacity to ship CASWR to the United States in volumes [ ] those shipped in its peak year of the original POI without diverting one ton of CASWR shipments from other customers or markets. See ITC Prehrg. Rep. at Appendix C at I-7. Ukraine's excess capacity to produce CASWR, based on questionnaire responses alone, would allow it to capture [ ] percent of the total U.S. market and [ ] percent of the merchant market. See below table and Exh. 2 (Charts 2A and 2B).

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<sup>24</sup> Although the domestic industry identified Makiyivka Metallurgical Plant and Yenakiieve Steel Group as separate Ukrainian CASWR producers in its July 2, 2013 Response to the Notice of Institution, [ ]

] ITC Prehrg. Rep. at IV-68.

UKRAINIAN INDUSTRY DATA <sup>25</sup>			
Item	2001	2007	2013
Capacity ( <i>short tons</i> )	[ ]	[ ]	[ ]
Production	[ ]	[ ]	[ ]
Capacity utilization ( <i>percent</i> )	[ ]	[ ]	[ ]
Unused Capacity	[ ]	[ ]	[ ]
Imports' Share of Market in 2001 and 2007 and Unused Capacity as % of U.S. Market in 2013	[ ]	0.0	[ ]

Moreover, the above table appears to understate actual Ukrainian CASWR capacity, because it does not include the additional [ ] short tons of CASWR production capacity of Donetsk Electrometallurgical Mill and Euro Finance that [ ] has identified. See ITC Prehrg. Rep. IV-66. Accounting for all known CASWR capacity in Ukraine, the Ukrainian CASWR industry has [ ] short tons in production capacity, a [ ] percent capacity utilization rate, and [ ] short tons in excess capacity. See id. at IV-64 (Table IV-29) and IV-66. Thus, Ukraine's total excess capacity to produce CASWR would allow it to capture [ ] percent of the total market and [ ] percent of the U.S. merchant market. See Exh. 2 (Chart 2B).

c. **The Ukrainian CASWR Industry is Highly Export Oriented and Shifts its Exports Between Markets Rapidly**

Ukrainian CASWR producers and exporters remain highly export-oriented, exporting over [ ] short tons – or [ ] percent of total production – in 2013. ITC Prehrg. Rep.

<sup>25</sup> ITC Prehrg. Rep. at I-7 and IV-63 [ ]

at IV-63 (Table IV-28), IV-64 (Table IV-29) and IV-70 (Table IV-31). Ukrainian producers sold CASWR to 111 countries during the current POR, averaging over 1.7 million short tons a year. See id. at IV-70 (Table IV-31); Domestic Industry's July 2, 2013 Response to Notice of Institution at 29 and Exhibit 6. Yenakii Steel's owner Metinvest has a global distribution network and sales offices in Key regions, serving around 100 countries," including an existing sales office in the United States. See Exh. 13. Further, Ukrainian CASWR producers are able to shift production quickly between markets, as evidenced by significant volume shifts year to year in response to market conditions. Id. at IV-70 (Table IV-31). For example, during this POR, Ukrainian CASWR exports to Israel ranged from 32,721 short tons to 212,862 and exports to Italy ranged from 8,669 short tons to 70,560 short tons. Id. Third country trade barriers to Ukrainian CASWR combined with the large and high-priced U.S. market make it highly likely that CASWR imports from Ukraine would return to the U.S. market at pre-order volumes and low prices upon revocation. See below at Sections V.F (attractive U.S. market) and V.G. (third country trade barriers).

**d. Implications of the Ukrainian-Russian Crisis**

The Russian invasion of Ukraine's Crimea region and the related uncertainty going forward has [

J). Despite the decrease in domestic demand, [

J. Thus, recent developments in Ukraine have only increased Ukrainian CASWR producers' need to export.

**B. There Would Likely Be a Reasonable Overlap in Competition Between Imports from Each Country and Between Subject Imports and the Domestic Like Product if Revocation Occurred**

An analysis of the four factors the Commission typically considers – product fungibility, channels of distribution, geographic overlap, and simultaneous market presence<sup>26</sup> – to determine whether a likely “reasonable overlap” in competition would occur if the orders were revoked supports a cumulative analysis in this case. Due to the prospective nature of a sunset review and in recognition of the effect of an order on subject imports, the Commission has found that there need not be evidence of present competition in the current market, as the relevant inquiry is “whether there likely would be competition even if none currently exists.” See Stainless Steel Wire Rod from Italy, Japan, Korea, Spain, Sweden, and Taiwan, Inv. Nos. 731-TA-770-775 (Review), USITC Pub. 3707 at 8 and nn.35-36 (July 2004), aff’d, Cogne Accia Speciali S.p.A. v. United States, 29 CIT 1168 (2005). Record evidence based on pre-order behavior of subject imports as well as current sales and other factors indicates a likely competitive overlap if revocation occurred.

**1. CASWR Is a Fungible Product**

In the underlying investigations, the Commission found that “{f}oreign-produced subject wire rod generally is interchangeable with U.S.-produced wire rod and competes on the basis of

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<sup>26</sup> Wieland Werks, AG v. United States, 13 CIT 561, 561, 718 F. Supp. 50, 52 (1989) (“completely overlapping markets not required”) (citing Florex v. United States, 13 CIT 28, 37, 705 F. Supp. 582, 592 (1989)).



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the same or similar qualities.” Original Injury Determination, USITC Pub. 3546 at 19. Of the purchasers responding to questionnaires during the investigations, 60 of 66 reported that subject imports could be used in the same applications as U.S. wire rod. Id. The Commission recognized that there was a variance between the types of wire rod produced by different subject countries, however, and examined sales based on types of rod sold by each country as well as by the U.S. industry. Id. at 19-21. Based on this examination, the Commission concluded that although the record indicated varying degrees of overlap in product mix, there was a sufficiently “reasonable level of fungibility” between the products to support cumulation. Id. at 21.

In the first sunset reviews, the Commission found that the “vast majority” of domestic industry shipments and imports from each subject country except for Canada were in the same two CASWR product categories (low carbon industrial quality, and high carbon industrial quality). First Sunset Review, USITC Pub. 4014 at 15. The Commission stated that “the domestic like product and subject imports are considered good substitutes.” Id. at 33. Accordingly, the Commission again found a sufficient overlap between the domestic like product, subject imports, and non-subject imports to support a finding of fungibility and cumulate imports from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine. First Sunset Review, USITC Pub. 4014 at 14-16 and 19.

Information gathered by the Commission in this second sunset review continues to support a finding of fungibility between the products regardless of source. First, as the prehearing report indicates, where identical forms of rod exist, “there is usually a high degree of substitutability between domestically produced wire rod and wire rod imported from subject sources.” ITC Prehrg. Rep. at II-24. Most U.S. producers reported that domestic and foreign CASWR was “always” interchangeable with CASWR from other countries, while 77 percent of

U.S. importers and a majority of U.S. purchasers reported that CASWR was “always” or “frequently” interchangeable with CASWR from other countries. *Id.* at II-36 (Table II-9).<sup>27</sup>

Second, an examination of types of CASWR sold by domestic producers and by subject importers indicates a significant overlap in sales based on type of CASWR sold as well: 77 percent of U.S. producers’ total U.S. shipments were of standard grade CASWR compared to [ ] percent of reported U.S. subject imports of Mexico during the POR. *Id.* at IV-12-14. Responding subject producers’ total shipments of CASWR in 2013 were similarly-focused on standard grade CASWR, with standard grade accounting for [ ] percent of Brazil’s total shipments, [ ] percent of Indonesia’s total shipments, [ ] percent of Mexico’s total shipments, [ ] percent of Trinidad and Tobago’s total shipments, and [ ] percent of Ukraine’s total shipments. ITC Prehrg. Rep. at IV-26 (Table IV-11), IV-35 (Table IV-15), IV-47 (Table IV-20), IV-60 (Table IV-27).

Accordingly, the Commission should continue to find that CASWR is fungible whether sold by subject foreign producers or domestic producers.

## **2. CASWR Has Been and Will Be Sold in Common Geographic Markets**

In the original investigation, the Commission found an overlap in geographic markets for domestic CASWR and imports from each of the subject countries, with subject imports and U.S. –produced CASWR generally marketed throughout the United States. Original Injury Determination, USITC Pub. 3546 at 22. During the first sunset review period, five of ten U.S.

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<sup>27</sup> The Prehearing Report states that “a *plurality* of importers and purchasers reported that wire rod from all country pairs was ‘always’ or ‘frequently’ interchangeable.” ITC Prehrg. Rep at II-34 (emphasis added). Seventy-seven percent of U.S. importers and 59.5 percent of U.S. purchasers, *i.e., a majority*, reported CASWR being “always” or “frequently” interchangeable. *Id.* at II-36 (Table II-9).

producers and seven of fifteen responding importers of subject merchandise reported selling nationwide. First Sunset Review, USITC Pub. 4014 at 15. Further, importers that reported selling nationwide or in multiple geographic regions across the country imported merchandise from each of the subject countries. Id.

In its prehearing report, the Commission stated that CASWR produced in the United States continues to be shipped nationwide. ITC Prehrg Rep. at II-3 and IV-13. Seven of the ten U.S. producers sell CASWR throughout the contiguous United States, and eight U.S. producers sell CASWR in at least four of seven U.S. regional markets. Id. at II-4 (Table II-2). Many responding importers reported selling CASWR nationwide. See U.S. Imp. QRs at III-14. Further, information on ports of entry for subject imports show overlap 2008. ITC Prehrg Rep. at IV-13. Lastly, once imported, CASWR is distributed throughout the United States. See U.S. Imp. QRs at III-13.

Were the orders to be revoked, competition between subject imports and the U.S. product is likely to continue or recur on a nationwide basis as it did before the orders were imposed.

**3. CASWR Has Been and Will Be Sold in Common Channels of Distribution**

The Commission found overlapping channels of distribution in the underlying investigations, with most CASWR sold directly to end users. Original Injury Determination, USITC Pub. 3546 at 22. In the first sunset review, the Commission found that the “overwhelming majority of domestically produced wire rod {was} sold to end users,” and the “majority of wire rod imported from subject sources other than Trinidad and Tobago during the review period was also sold directly to end users.” First Sunset Review, USITC Pub. 4014 at 15 and II-2-3 (Table II-1). This pattern of sales has not changed over this second review period,

with U.S. producers and importers continuing to sell mainly to end users, and relatively small amounts shipped to distributors. Specifically, U.S. producers and importers of CASWR from Trinidad and Tobago and nonsubject countries sold mainly to end users, while importers of CASWR from Mexico sold to end users in 2008-09, to distributors in 2010-11 and then split between both channels in 2012-13. ITC Prehrg Rep. at II-2 and II-3 (Table II-1). Accordingly, the Commission should find that common channels of distribution for all subject imports and the domestic product exist.

4. **CASWR from Domestic and Subject Import Sources Will Be Simultaneously Present in the U.S. Market if Revocation Occurs**

Data gathered by the Commission pre-order showed that domestic shipments and imports from all subject countries were present in the U.S. market throughout the period examined during the investigation. Original Injury Determination, USITC Pub. 3546 at 23. During the first sunset review period, imports from all subject countries were present in the U.S. market during 2002. First Sunset Review, USITC Pub. 4014 at 15; ITC Prehrg. Rep. at Appendix C at I-7 (Table I-1). Thereafter, subject imports from Mexico and Trinidad and Tobago remained in the U.S. market, while subject imports from Brazil, Indonesia, Moldova, and Ukraine have essentially been absent from the U.S. market. Id. Subject imports from Trinidad and Tobago last entered the U.S. market in 2008, while subject imports from Mexico have continued throughout this second sunset review period, albeit at volumes significantly lower than those shipped before the orders were imposed. Id.; ITC Prehrg. Rep. at I-8 (Table I-1) and IV-13. Domestically-produced CASWR continues to be sold throughout this second sunset review period. ITC Prehrg. Rep. at I-9 (Table I-1) and V-9-12. As discussed in section III.A above, irrespective of whether imports from the subject countries are simultaneously present during this

POR, there is evidence that each of the subject countries would likely resume exporting CASWR to the U.S. market as soon as the orders were removed. Accordingly, if revocation occurred, it is likely that subject imports and the domestic product would again be simultaneously present in the U.S. market.

**C. No Other Competitive Differences Warrant Decumulation**

In the first sunset review, the Commission found no significant differences in likely conditions of competition among imports from subject countries other than Canada (which is no longer a subject country). First Sunset Review, USITC Pub. 4014 at 19. Specifically, the Commission found that the CASWR industries in Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine focused heavily on low-carbon and high-carbon industrial grade CASWR, had similar volume trends during the review period, increased or maintained market penetration during the original investigations, and had significant quantities of unused capacity during portions of the review period. Id. The Commission accordingly cumulated imports from the six subject countries in the first sunset review. Id.

The facts of record in this review continue to indicate a lack of significant distinctions in conditions of competition between these subject countries and, instead, common competitive conditions. Each subject country continues to focus on low-carbon and high-carbon industrial grade CASWR. All subject countries have been unable to ship pre-order volumes to the United States under the discipline of the orders. Further, as a result of foreign producer capacity expansions and global overcapacity, a significant amount of unused CASWR production capacity exists [ ] country, encouraging all subject producers to seek new export outlets for their idle capacity. See Section IV.B. Accordingly, the same common competitive

conditions that applied in the last review continue to apply here and justify a cumulative approach in this case.

#### IV. CONDITIONS OF COMPETITION

A. The Domestic CASWR Industry Has Ample Capacity to Supply the Domestic Market, Which is Not Experiencing, Nor Likely to Experience, A Shortage

The record demonstrates that the domestic industry has more than enough capacity to supply current and foreseeable U.S. demand. The data as reported in the Prehearing Report demonstrates that the domestic industry has the ability to readily respond to any increase in demand that may occur in the reasonably foreseeable period, with over 1.4 million tons of excess capacity in 2013 – an amount that was over 26.7 percent of Apparent Domestic Consumption (“ADC”) in 2013.<sup>28</sup> ITC Prehrg. Rep. at C-4.

Moreover, the domestic industry capacity to produce CASWR reported to the Commission is higher than that reported in the Prehearing Report. Although no explanation of any adjustments to the data are detailed in the report, [

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<sup>28</sup> [ ITC Prehrg. Rep. at III-5. Witnesses for AMUSA and Evraz Pueblo both testified at the recent staff conference in the CASWR from China investigation that they could add shifts if demand warranted doing so, and Gerdau Ameristeel’s idled facility at Perth Amboy, New Jersey, could restart if domestic demand justified doing so. See Transcript of ITC Preliminary Staff Conference at 40 and 41 (Feb. 21, 2014) in Carbon and Certain Alloy Steel Wire Rod from China, Inv. Nos. 701-TA-512 and 731-TA-1248 (Prelim.) (Exh. 15).

<sup>29</sup> [ ]

<sup>30</sup> The total domestic industry capacity to produce CASWR as reported in the domestic producer responses was [ ] short tons in 2013, with domestic industry capacity [ ] ADC. See U.S. Prod. QRs at II-6; ITC Prehrg. Rep. at I-7.

While both domestic industry capacity and ADC have declined significantly since [ ] the domestic industry's ability to supply the market is better today than in previous periods. As shown below, domestic capacity to produce wire rod as a percentage of ADC was [ ]

<b>Comparison of Domestic Capacity to Apparent Domestic Consumption (ADC) (short tons)</b>				
	<b>2001</b>	<b>2007</b>	<b>2013 (ITC)</b>	<b>2013 (QRs)</b>
Domestic Capacity	[ ]	5,429,678	5,073,815	[ ]
ADC	[ ]	5,858,981	5,300,139	5,300,139
Capacity Exceeds ADC	[ ]	(429,303)	(226,324)	[ ]
Capacity as % ADC	[ ]	92.7	95.7	[ ]
Source: ITC Prehrg. Rep. at C-4 and Appendix C Table I-1 at I-6.				

<sup>29</sup> [ ]

<sup>30</sup> [ ]

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Moreover, domestic CASWR producers also produce non-subject merchandise such as rebar and other bar and rod products on the same mills as CASWR for a total capacity of 8,918,066 short tons of all products. Of the 3,844,251 tons of capacity allocated to other products, domestic producers had unused capacity of 1,285,228 short tons, much of which could also be shifted to produce CASWR if demand were sufficient. See ITC Prehrg. Rep. at II-6 and III-9.

CASWR is sold to wire drawers for use in manufacturing products drawn from wire. Id. at I-31. CASWR is used in the construction, automotive, energy and other industries. Petitioners estimate that approximately [ ] percent of wire rod sales service the construction market, while roughly [ ] percent serve automotive end uses and the remaining [ ] percent are destined for other energy, agricultural, consumer and industrial end uses. Demand for CASWR generally follows demand trends in those industries. See Carbon and Certain Alloy Steel Wire Rod from China, Inv. Nos. 701-TA-512 and 731-TA-1248 (Preliminary), USITC Pub. 4458 (2014) at 13-14 (“China CASWR Preliminary Determination”). Industry participants predict continued slow but uneven growth in demand for CASWR over the next two years. ITC Prehrg. Rep. at II-21. Unfortunately, this growth will be from a relatively low base, as ADC in 2013 of 5.3 million tons was over 2.8 million tons less than the peak ADC of 8.1 million tons in 2004. Id. at App. C, Table C-1 and Table 1-1.

In addition to the macro ability of the domestic industry to supply the market, there is no indication of any existing deficit in the ability of the domestic CASWR industry to supply the various types and grades of wire rod that are used in the domestic market. The domestic industry produced and shipped significant volumes of CASWR in each of the end-use categories of wire rod identified by the Commission. Id. at III-12. “All U.S. producers produce industrial quality



wire rod; each specialty quality product is made by several different domestic producers.” China CASWR Preliminary Determination, USITC Pub. 4458 at 14. Thus, the domestic industry is capable of making the vast majority of CASWR products demanded in the market, and is capable of making all of the CASWR products produced in the subject countries. Compare id. at III-12 with III-IV-9. Access to unfairly-traded subject CASWR is not necessary to serve the domestic market in any of the end-use categories identified by the Commission, as the record shows there are significant non-subject imports in each such category.

**B. Global Oversupply of CASWR Heightens the Vulnerability of the Domestic Industry to Revocation of the Orders**

The global wire rod industry is in a position of huge oversupply. [ ] show that there is a significant excess capacity [ ] globally.

World Excess Wire Rod Capacity 2013 ( thousands of short tons)			
Region	Capacity	Production	Excess Capacity
North America	[ ]	[ ]	[ ]
Europe	[ ]	[ ]	[ ]
China	[ ]	[ ]	[ ]
Other E. & SE Asia	[ ]	[ ]	[ ]
CIS	[ ]	[ ]	[ ]
Other	[ ]	[ ]	[ ]
Total	[ ]	[ ]	[ ]
Source: [ ] reported in ITC Prehrg. Rep. at IV-74 and IV-87, adjusted for error in reported China capacity data. <sup>31</sup>			

<sup>31</sup> The Prehearing Report [ ]

When the [ ] are adjusted for the obvious discrepancy between reported Chinese production and capacity, world capacity to produce wire rod in 2013 was [ ] short tons, while production totaled only [ ] short tons, or about [ ] See Table above. Excess capacity in markets other than China in 2013 was [ ] short tons, or nearly [ ] U.S. consumption. ITC Prehrg. Rep. at IV-74 (Table IV-33) and IV-87 (Table IV-39).

Continuing global oversupply of wire rod will put pressure on subject producers to seek out additional market opportunities to export CASWR. A significant opportunity to do that will be provided in the United States if the orders are lifted. A resurgence in unfairly-traded imports would erase any improvement the domestic industry hopes to gain from modestly improving demand in 2014 at a time when it is also being injured by dumped and subsidized imports from China.

C. **Imports from China Heighten the Vulnerability of the Domestic Industry to Revocation of the Orders**

The injurious effect of the surge in low-priced dumped and subsidized imports of CASWR from China on the domestic industry both heightens and illustrates the vulnerability of the domestic CASWR industry to revocation of the orders against CASWR imports from the subject countries. In reaching its recent affirmative preliminary determination of material injury

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(cont'd from previous page)

] tons.

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in CASWR from China, the Commission found that “{d}espite modest growth in apparent U.S. consumption from 2011 to 2013” of 3.5 percent, “U.S. shipments declined each year, the domestic industry lost market share,” while CASWR imports from China “experienced significant gains,” increasing from almost nothing in 2011 to 618,818 in 2013 while its market share rose from less than 0.05 percent in 2011 to 11.7 percent in 2013. China CASWR Preliminary Determination, USITC Pub. 4458 at 17. Chinese imports undersold the domestic industry in 87.8 percent of total comparisons, which affected prices for the domestic like product, leading to price suppression and depression as well as lost sales. Id. at 18. As a result, “{d}espite increases in apparent U.S. consumption, the domestic industry’s trade and financial performance declined substantially over the period of investigation” and could not be attributed to other market factors. Id. at 20-21. These findings illustrate that a significant increase in subject imports of CASWR from the six subject countries is likely to have a similar injurious effect on the domestic industry.

The huge CASWR overcapacity that exists in China, along with its significant export orientation, will place increasing pressure on producers in the subject countries to increase exports to other markets as they compete with Chinese wire rod in their current home and export markets. China has estimated capacity of [ ] tons and over-capacity of nearly [ ]

[ ] tons. See section IV.B. China has increased its global exports of wire rod from 3.1 to 8.7 million tons from 2011 to 2013. China CASWR Preliminary Determination, USITC Pub. 4458 at VII-4. Many of these tons were to the subject countries or to the countries to which those subject countries currently export, which makes it more likely that those subject imports will come to the United States. If the case against China is ultimately successful, over 600,000 tons of Chinese wire rod that found a home in the United States in 2013 will be looking for new

markets and competing with the subject producers, making it all the more likely that they will ship to the U.S. ITC Prehrg. Rep. at IV-8.

**D. The Highly Price-Sensitive and Substitutable Nature of CASWR Permits Subject Imports to Rapidly Regain or Increase Market Share**

An important condition of competition that would permit subject imports to quickly increase and regain a sizeable presence in the U.S. market is that CASWR is a highly price-sensitive and substitutable product. In the original investigations, the Commission emphasized the importance of price to purchasing decisions and stated that most purchasers reported “usually” or “always” buying the lowest-priced CASWR. Original Injury Determination, USITC Pub. 3546 at 25 and 28.

In the first sunset review, 21 of 28 responding purchasers that had purchased CASWR from subject countries before 2002 affirmatively acknowledged that they stopped buying or reduced purchases of subject imports as a result of the imposition of duties and/or higher prices. First Sunset Review, USITC Pub. 4014 at II-15-17. The payment of duties and the higher prices charged by imports as a result of the case were cited as the main factors influencing these purchasing shifts. Id. at II-16-17. The Commission confirmed the critical nature of price to CASWR purchasing decisions as follows in the first sunset review:

Price plays an important role in purchasing decisions for wire rod. Purchasers variously listed price as the first, second, or third most important factor in selecting a supplier. It was characterized as a ‘very important’ purchasing factor by 38 out of 41 purchasers. No other factor was characterized as ‘very important’ by as many purchasers.

Two other factors pertinent to the importance of price were discussed in section IV.C.3. above. First, both the domestic like product and the cumulated subject imports tend to be concentrated in the industrial quality grades. Second, particularly for these industrial quality grades, the domestic like product and subject

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imports are considered good substitutes. In light of this and the importance of price in purchasing decisions, the industrial quality grades of wire rod are highly price sensitive.

First Sunset Review, USITC Pub. 4014 at 33.

Information gathered by the Commission in this second sunset review demonstrates that CASWR continues to be highly price-sensitive and substitutable. After quality, price was reported by the largest number of purchasers as the first or second most important factor affecting purchasing decisions. ITC Prehrg. Rep. at II-26. Further, 35 of 36 responding purchasers reported that price “was very important” to purchasing decisions, more than any other factor. *Id.* at II-28. The focus on price in purchasing decisions is consistent with the conclusion that there is “usually a high degree of substitutability between domestically produced wire rod and wire rod imported from subject sources” where there are identical forms of wire rod. *Id.* at II-24; see above at section III.B.1. For common types of wire rod, such as industrial or standard quality, CASWR is typically “highly substitutable with other product of the same specification even when the products are not identical.” *Id.* Under these circumstances, it is not surprising that most purchasers reported that price continues to be critical to their buying decisions and that they look for the lowest-priced product. Just as imposition of duties and resultant higher prices led companies to reduce their purchases of subject imports when the orders were imposed, so too, elimination of duties and resultant lower prices as dumping resumes will lead those same customers to increase their purchases of subject imports if the orders were revoked. Indeed, a number of U.S. purchasers and U.S. importers indicated that removal of the orders would lead to increases in subject imports. See section V.I and ITC Prehrg. Rep. at D-12-13 and D-18-21.

The Commission has recognized that when imports are substitutable from different sources and price is a significant factor in sales, imports released from the restraining effects of

an order are able to quickly regain U.S. sales on the basis of lower prices. See, e.g., Certain Preserved Mushrooms From Chile, China, India and Indonesia, Inv. Nos. 731-TA-766-7 (Review), USITC Pub. 3731 (2004) at 26. In this case, if subject imports are sold without any duties offsetting the unfair trading practices they will be able to undercut domestic industry prices as they did before the orders were imposed and quickly increase U.S. market share at the expense of competing domestic CASWR producers.

**E. The Commission Should Consider Merchant Market Sales as a Relevant Condition of Competition**

Although the statutory captive production provision does not apply to five-year reviews, the Commission has recognized the proportion of domestic industries' captive consumption as a relevant condition of competition in sunset reviews. See, e.g., Hot-Rolled Steel Products from China, India, Indonesia, Taiwan, Thailand, and Ukraine, Inv. Nos. 701-TA-405, 406, and 408 & 731-TA-899-901 and 906-908 (Second Review) (2014) at 27 n.165 and 47. The Commission thus generally considers the likely effects of revocation of orders with respect to both the merchant market and the total market in sunset reviews when there is significant captive consumption. Id. at 47.

Domestic CASWR producers internally transfer significant production of CASWR for the production of downstream articles (various wire products) and sell significant production of the domestic like product in the merchant market as well. In 2013, [ ] percent of domestic CASWR was internally consumed or transferred to related firms and 71.6 percent of domestic CASWR was sold in the merchant market. ITC Prehrg. Rep. at III-10 (Table III-6). As the Commission recognized in looking at these facts in its recent preliminary determination regarding CASWR imports from China, captive production in the CASWR industry is a

significant condition of competition. See China CASWR Preliminary Determination, USITC Pub. 4458 at 13-14. Therefore, the Commission examined both merchant market data and data for the total U.S. market in its China wire rod case analysis. Id.

Consistent with that approach, the Commission should consider the significant amount of captively-consumed CASWR in the U.S. market as a condition of competition in this sunset review and should assess the likely impact of subject imports on the merchant market for CASWR in which they will compete in addition to examining their effect on the total U.S. market.

## **V. LIKELY VOLUME EFFECT OF CUMULATED SUBJECT IMPORTS**

### **A. Surging Volumes of Cumulated Subject Imports Before the Orders Imposed**

In the original investigations, cumulated subject imports from the countries subject to this review rose dramatically on both an absolute and relative basis. The Commission found that “the volume of cumulated subject imports, and the increase in that volume are significant, in absolute terms and relative to production or consumption in the United States.” Original Injury Determination, USITC Pub. 3546 at 28. During the underlying investigation, subject imports surged from [ ] million short tons in 1999 to [ ] million short tons in 2000, before increasing further to [ ] million short tons in 2001. ITC Prehrg. Rep. at Appendix C, Table I-1 at I-7.

On a market share basis, cumulated subject imports rose from [ ] percent in 1999, to [ ] percent in 2000, and then jumped further to [ ] percent in 2001. ITC Prehrg. Rep. at Appendix C, Table I-1 at I-7. Subject imports’ market share rose to nearly [ ] of the U.S. market and gained market share at the direct expense of U.S. producers during the POI. Id. The Commission found that “{t}he cumulated subject imports’ market share increase came at the

expense of the domestic industry,” and that “it was the cumulated subject imports, and not the non-subject imports, that gained significant market share previously held by the domestic industry from 1999 to 2001.” Original Injury Determination, USITC Pub. 3546 at 27.

The Commission concluded that the increasing volumes of low-priced imports had a significant adverse impact on the industry's operating performance and caused a decline in production and sales:

The record shows that the increasing volumes of the subject imports took market share away from the domestic industry at a time of falling consumption, leading to the domestic industry's decreased production and shipments. Because of the subject imports' significant underselling and adverse price effects, the domestic industry could not raise prices to recover increased costs. Accordingly, we find that the subject imports are having a significant adverse impact on the domestic industry.

Original Injury Determination at 32-33 (footnotes omitted). Through the use of unfair trading practices, subject producers were able to increase import volumes over the original period of investigation and capture a significant share of the U.S. market. ITC Prehrg. Rep. at Appendix C, Table I-1 at 1-7. This ability and intent on penetrating the U.S. market with significant and increasing import volumes by subject producers pre-order is an indication of the likely behavior by subject producers if the orders are revoked.

**B. Behavior of Subject Imports Under the Discipline of the Orders**

During the first review, the Commission found that “the orders have had a substantial restraining effect on imports from these subject countries.” First Sunset Review, USITC Pub. 4014 at 28-29. After the orders were imposed in 2002, subject imports from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine declined to [ ] short tons in 2002, and averaged only [ ] short tons per year from 2003 to 2007. ITC Prehrg. Rep. at



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Appendix C, Table I-1 at I-7. Cumulated imports fell from [ ] short tons in 2001, the last full year of the POI, to [ ] short tons in 2007. Id.

The Commission stated that the wire rod industries in the subject countries were “substantial,” with “considerable unused capacity” and total capacity far exceeding U.S. apparent consumption. First Sunset Review, USITC Pub. 4014 at 29. Based on that finding, the Commission determined that producers in the cumulated subject countries “will likely direct substantial quantities of this unused and new capacity to the United States should the pertinent orders be revoked.” Id. at 30. Further, the Commission found that “the United States has been the highest priced market, or among the highest priced markets, for wire rod during most of the period of review.” Id. at 31. The Commission concluded, “{g}iven these producers’ overall export orientation on a cumulated basis and the size and the relative attractiveness of the U.S. market, we conclude that there will be a significant increase in cumulated subject imports to the United States, both in absolute terms and relative to the U.S. consumption, upon revocation.” Id. at 32.

During this second sunset review period, cumulated imports from the subject countries remained at lower levels than were attained during the original period of investigation or first period of review but still accounted for a significant presence in the U.S. market. ITC Prehrg. Rep. at I-8. Imports from Mexico showed significant surges over the current POR in an attempt to circumvent the existing order. See section III.A.3.b. Brazilian producers have continued to sell non-subject product in the United States during the current POR in large volumes and, therefore, have maintained ties with purchasers in the U.S. market. ITC Prehrg. Rep. at IV-22.

[

] See [

] and Exh. 13 (Metinvest's financial report). While subject producers have been unable to ship pre-order volumes to the United States under the discipline of the orders, their massive and increased capacity and unutilized capacity indicates a strong likelihood they would resume selling at significant volumes if the orders were revoked.

**C. Massive and Increased Capacity in Subject Countries**

The six subject countries have significantly increased their capacity to produce CASWR since these orders were imposed. Cumulative capacity to produce CASWR in the subject countries rose from [ ] tons in 2001 (before the orders were imposed), to [ ] tons in 2007 (during the first review), and then to [ ] tons by 2013. Exh. 1, Chart 1A.<sup>32</sup> Since the orders were imposed, therefore, capacity to produce CASWR in the countries subject to the orders here has more than [ ] Id.

While the subject foreign producers have been expanding their capacity, domestic consumption of CASWR has been declining. Demand for CASWR stood at roughly [ ] tons in 2001. ITC Prehrg. Rep. at I-7. By the end of the first review period, U.S. consumption had dropped to 5.9 million tons. Id. In 2013, U.S. demand fell further to 5.3 million tons. Id. The combination of declining U.S. demand and growing foreign capacity enables subject imports to penetrate the U.S. market to a far greater degree today than they did pre-order. See Exh. 2, Chart 3A. The [ ] million tons of foreign CASWR capacity could supply the [ ]

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<sup>32</sup> The figures cited on foreign capacity, production and unused capacity for 2013 reflect a combination of questionnaire response data, where foreign producers responded, and independent ([ ]) data where companies did not respond. See Exh. 1, Charts 1A and 1C.

] of demand in the United States [

] Id.

**D. Subject Countries Also Have Huge and Increasing Idle Capacity**

Of even greater concern than the absolute level of capacity in the subject countries is the huge and growing amount of unused capacity in those countries. Idle capacity in the subject countries in 2013 totaled [ ] Exh. 1, Chart 1B. Domestic consumption of CASWR in 2013 was 5,300,149 tons. ITC Prehrg. Rep. at I-7. Thus, unused capacity in the subject countries in 2013 is more than enough to [

]

The production of CASWR is capital-intensive, requiring a significant investment in fixed assets. As the Commission staff recognized in the last sunset review, the capital-intensive nature of wire rod production requires producers to maintain a large fixed-cost base which, in turn, makes profitability dependent on producing CASWR at a high volume level to spread fixed costs over a larger amount of tons. First Sunset Review, USITC Pub. 4041 at III-15 n.37. Under these circumstances, foreign producers with idle capacity can increase their profits by increasing their production if they can find an outlet for that production. Subject CASWR producers, thus, have an incentive to increase sales and exports to maximize utilization of their idle capacity.

As Charts 2 and 3 show, the level of unused capacity existing in [

] See Exh. 2, Charts 2A-B and 3A-

B. While subject imports captured [ ] percent of the U.S. market in 2001 when they caused injury to the U.S. industry, by 2013 idle capacity in the subject countries would permit them to capture [ ] of the U.S. market. Id., Chart 3A.

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Moreover, the Commission should consider as a condition of competition in this industry the significant volume of wire rod that is captively-consumed by U.S. producers and should also assess the impact of subject imports on U.S. producers' commercial sales alone, as it has in other cases. See section IV.F. As shown in Chart 2B, if the U.S. merchant market – which totaled [ ] in 2013 – is considered, subject imports could capture [ ] of U.S. merchant market demand. See Exh. 2, Chart 2B. Even if the Commission looked only at the unused capacity reported by the few producers who responded to Commission questionnaires here – a very understated subset of actual idle capacity in the subject countries – it would still find that idle capacity is massive. As shown in Chart 3B, idle capacity of responding producers as set forth in their questionnaire responses totals [ ] tons, enough to capture [ ] percent of the U.S. market in 2013. Exh. 2, Chart 3B. Thus, any way the market is considered, the effects of unleashing idle subject capacity on the U.S. CASWR market and U.S. producers would be devastating.

Further, the current level of unused capacity in the subject countries represents a substantial increase from idle capacity existing pre-order or even during the first review period. From a cumulated level of [ ] tons of idle capacity to produce CASWR in the subject countries pre-order, idle capacity rose to [ ] by 2007 and then to [ ] tons by 2013. See Exh. 1, Charts 1A and 1B. Thus, the overhanging capacity problem of the subject countries is becoming increasingly problematic and threatening a U.S. market in which demand has declined and in which the domestic industry is already struggling. See sections VII.C and E.

**E. Likelihood of Increased Exports by Subject Countries**

The [ ] of capacity sitting idle at subject foreign producers' CASWR facilities is a strong indication that identification of a new outlet market for that unused capacity would likely lead to increased exports by subject countries. A new outlet market would present itself if the U.S. market is suddenly unimpeded by antidumping or countervailing duties. There are also other indications that subject countries are likely to increase exports if they are able to do so. [ ] – are heavily export-oriented. Data in the prehearing report shows that [ ]

[ ] These high percentages of exports indicate that each of these countries is intensely export-oriented and likely to take advantage of any new export opportunities presented.

For [ ] the United States is identified in Global Trade Atlas data as the top export market for Brazilian wire rod. *Id.* at IV-24. While most if not all of these exports are 1080 grade wire rod subject to exclusion from the order, that Brazil is actively engaged in exporting other types of wire rod to the U.S. market suggests both ties with U.S. wire rod purchasers and an interest in and ability to export wire rod products to the United States.

Mexico, similarly, has displayed a strong interest in and ability to export wire rod to the United States, as well as an ability to ramp up those exports in a very short period of time. As Global Trade Atlas data show, exports from Mexico surged into the United States in 2010,

reflecting Deacero's sales of below 4.75 mm diameter rod to U.S. purchasers. See section II.A.3.b. These imports from Mexico, regardless of whether they are ultimately considered subject or non-subject product, evince a strong interest in and ability by Mexico to quickly ramp up exports of wire rod to the United States if Mexico can avoid paying dumping duties on those exports.

Finally, while Indonesian exports have shown a decline over the review period, the decline does not appear to be due to any disinterest in or inability to export. As the record data show, Indonesia has [

] including to the United States. Rather, as detailed in section IV.B and shown in Table IV-14 of the Prehearing Report, over-capacity is an issue in the global CASWR market, with China an increasingly competitive problem worldwide through its sales of large volumes of low-priced wire rod. Indonesia appears to be being pushed out of the crowded Southeast Asian steel market to which it has been selling CASWR, likely by increased exports of CASWR from China to those markets. See Exh. 4. These competitive factors will force Indonesia to seek other outlets for its CASWR production, of which the United States would be highly attractive absent the order.

**F. Product-Shifting and Market-Shifting Abilities Enhance the Likelihood of Increased CASWR Exports by Subject Countries**

A further factor the statute requires the Commission to consider in assessing likely import volumes if the order is revoked is the potential for product shifting if facilities in which the subject product is produced are currently being used to produce other products. 19 U.S.C. § 1675a(a)(2)(D). Wire rod is generally produced in facilities that also produce other products, such as rebar or other bar and rod products. [

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I stated that the facilities in which it produces CASWR are being used to produce other products as well. ITC Prehrg. Rep. at IV-22, IV-42, IV-55, and IV-67. The level of capacity allotted to these alternative products was, in some cases, [ ] Id. at IV-22, IV-42 and IV-5. As the Commission recognized in its report, this product-shifting potential provides further reason to project that increased volumes of subject imports are likely absent the orders. Id. at II-18.

Each of the subject countries exports CASWR to a number of third-country markets. Id. at IV-24, IV-45, IV-50, IV-58, and IV-70. A review of export statistics on a country-specific basis from Global Trade Atlas data shows that there has been significant fluctuation from one year to the next in the volume of exports to a particular market by the subject countries as market conditions change. For example, exports of CASWR from Mexico surged into the United States in 2010 when the Mexican producer, Deacero, saw an opportunity to seize market share. ITC Prehrg. Rep. at IV-45. Ukrainian exports to Jordan dropped significantly from 2012 to 2013, while those to Turkey soared. Id. at IV-70. Brazilian exports to “all other” markets showed a pronounced decline from 2009 to 2010 and again from 2011 to 2012, while Brazilian exports to Chile rose rapidly from 2012 to 2013. Id. at IV-24. These fluctuations and many others indicate an ability of subject producers to rapidly shift markets as conditions warrant. Removal of the outstanding orders, coupled with the higher U.S. prices as compared to those in third countries (see section V.F), would provide an incentive for subject producers to shift exports to the United States.

In addition, in the last sunset review, two commissioners’ analysis of the concept of “divertible capacity” in the wire rod case bears emphasis. Commissioners Lanc and Pinkert focused on what they termed the “divertible capacity,” defined as “excess capacity, end-of-

period inventories, and exports.” See First Sunset Review, USITC Pub. 4014 at 17 n.100. The Commission should consider not just excess capacity but also divertible capacity, including exports to other markets that could be sent to the United States in the event of revocation as well as end-of period inventories. An example of such a divertible capacity analysis is set forth in section III.A.3.c regarding Mexico.

**G. The U.S. Market is Attractive Due to Substantial Demand, an Open-Nature and Higher U.S. Prices Relative to Third-Country Markets**

The United States provides a very attractive outlet for the considerable excess capacity of subject producers. Although demand for CASWR has declined since the orders were imposed, with a 5.3 million ton level of consumption, the United States remains a very large consumer of CASWR as well as a large importer. ITC Prehrg. Rep. at IV-88. The large and open nature of the U.S. market as compared to many other third-country markets to which subject producers currently sell CASWR provides further incentive to export to the United States if unencumbered by antidumping or countervailing duties.

An even stronger incentive is provided by current U.S. pricing, which is generally higher than prices in other markets. [ ] pricing data presented in the prehearing report shows that U.S. prices have been higher than prices in [ ] third-country markets for which data are available for [ ] ITC Prehrg. Rep. at IV-82-IV-85. Exhibit 3 contains a summary of these monthly price comparisons for 2013 and the interim 2014 period for the United States as compared to prices in European and Asian markets. As that Exhibit shows, U.S. prices have been [ ] Specifically, U.S. prices were higher than those in [ ] and were higher than prices in [ ]



[ ] Of [ ] totally monthly comparisons, U.S. prices were higher than third-country prices for [ ] comparisons, or [ ] percent of the time.

These higher U.S. prices provide an economic justification for subject producers to shift sales from third-country markets to the United States. This additional pull of the higher prices adds to the incentive already facing subject producers to sell excess capacity to the U.S. market in this capital-intensive industry, leading to a strong likelihood of increased imports of CASWR in the U.S. market if revocation occurs.

**H. Third-Country Barriers Will Also Cause Increases in Subject Import Volumes**

The existence of numerous trade barriers in several important third country markets increases the likelihood that significant volumes of CASWR from subject countries will be exported to the U.S. market if the orders are revoked. In addition to the four third-country trade barriers identified in subject foreign producer questionnaire responses, there are at least two other trade barriers against CASWR imports from subject countries, as discussed below. See ITC Prehrg. Rep. at IV-15. Notably, several trade barriers were renewed during this POR, while others were recently finalized.

In March 2012, Mexico increased the countervailing duty applied to imports of wire rod from [ ]

]

In February 2013, Jordan imposed tariffs on all imports of wire rod in a safeguard case. See Exh. 14 [ ]

I

Following the increased duties, Ukrainian CASWR exports to Jordan decreased 56.8 percent, from 266,120 short tons in 2012 to 114,915 short tons in 2013. See ITC Prehrg. Rep. at IV-70 (Table IV-31).

In February 2013, Malaysia imposed antidumping duties on steel wire rod imports from China, Indonesia, Korea, and Taiwan. See Exh. 14 (“M’sia to impose anti-dumping duties on steel wire rods,” The Star Online (Feb. 19, 2013), and WTO Notifications). Malaysian imports of CASWR from Indonesian producers other than PT Ispat Indo are now subject to a 25.2 percent antidumping duty. Id.

In December 2013, Morocco imposed definitive safeguard duties on imports of wire rods from Ukraine in the form of \$140 per ton duty on imports in excess of the 90,718 ton quota. See Exh. 14 ([

], and WTO Notification). As developing countries, Brazil, Indonesia, Mexico and Moldova are excluded from the safeguard measure. See id. (WTO Notification at 4).

In April 2014, Colombia imposed a definitive safeguard measure in the form of a [

] subject to a 21.29 percent duty. See Exh. 14 ([  
] and WTO Notifications). In 2012, subject CASWR imports from Mexico accounted for roughly [

] Id. In 2013, Colombia was Mexico’s top export destination for CASWR, as Mexican CASWR producers exported 192,108 short tons to

Colombia. See ITC Prehrg. Rep. at IV-45 (Table IV-19). This new safeguard measure by Columbia will force Mexico, Brazil and Trinidad to seek a new outlet market for these sales.

The above trade barriers to imports of CASWR from subject countries act to displace subject imports and channel them to the U.S. market in the event of revocation of the orders.

**I. Importers and Purchasers Commented that the Volume or Subject Imports Will Increase in the Event of Revocation of the Orders**

The questionnaire responses submitted by importers and purchasers in this review confirm that subject wire rod imports declined due to the imposition of the orders and are likely to increase upon revocation of the orders. In response to the Commission's question regarding whether there would be anticipated changes in the event of revocation of the orders, purchasers and importers responded that they will return to purchasing wire rod from subject countries if the orders are revoked, as summarized below:

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## VI. LIKELY PRICE EFFECTS OF SUBJECT IMPORTS

#### A. Injurious Import Pricing Before the Orders Were Imposed

During the original investigation, the Commission found significant price effects caused by subject imports' underselling domestically-produced wire rod. Original Injury Determination,

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USITC Pub. 3546 at 29-30. Specifically, the Commission noted that “cumulative underselling has been significant” and cited “in particular the consistent double-digit margins of underselling of the domestic product by subject imports from Moldova, Ukraine, and Brazil.” Id. at 29.

In the original investigations, (1) imports from Brazil undersold the domestic product in 38 of 47 instances; (2) the Indonesian product undersold the domestic product in all three possible comparisons; (3) CASWR imported from Mexico undersold the domestic product in 37 of 46 possible comparisons; (4) CASWR imports from Moldova undersold the domestic product in 19 of 22 possible price comparisons; (5) imports from Trinidad and Tobago undersold the domestic product in 36 of 52 possible price comparisons; and (6) CASWR imported from Ukraine undersold the domestic product in 21 of 22 possible price comparisons. ITC Prehrg. Rep. at V-18 n.11 (citing Original Injury Determination at V-15-V-29). In total, subject imports undersold the U.S. producers’ prices in 154 of 193, or 80 percent of the time. Id. The Commission also indicated that “[p]urchaser data corroborate the underselling reflected in the pricing data.” Original Injury Determination, USITC Pub. 3546 at 29.

Domestic producers’ prices rose slightly during the original investigation period, as producers were caught in a cost-price squeeze situation with costs rising faster than prices. Id. at 29-30. The Commission found:

{u}nit cost of goods sold also steadily increased over the period examined. These data indicate that as the domestic industry’s costs increased, they were unable to raise their prices to cover them. This cost/price squeeze was exacerbated by the large fixed costs in the industry, the price-based nature of the competition, the decreasing demand in the domestic industry’s market, and the falling rate of its capacity utilization. {W}e conclude that the significantly increasing volume of cumulated subject imports sold at lower prices contributed significantly to the downward pressure on U.S. prices and the domestic industry’s inability to raise prices commensurately with increasing costs. Accordingly, we conclude

that cumulated subject imports had significant price suppressing effects.

Id. at 30 (footnotes omitted). This same pricing behavior and negative impact would likely occur today if the orders were revoked.

**B. Pricing Behavior of Imports Under the Discipline of Orders**

Even with the orders in effect, subject imports continued to undersell the prices of U.S.-produced wire rod. In the first sunset review, the Commission found that underselling by subject imports had continued and that “the cumulated subject imports predominantly undersold the domestic like product during both the original investigations and the period of review.” First Sunset Review, USITC Pub. 4014 at 34. During the first review period, the six subject countries undersold the domestic product in 51 of 85 possible quarterly comparisons.<sup>33</sup> Id. at 34 n.232 and V-19.

The Commission noted subject imports’ history of underselling during the original investigation and stated, “In light of the likely volume of cumulated subject imports and their historic pattern of underselling, we conclude that significant underselling by cumulated subject imports is likely upon revocation.” First Sunset Review at 34. The Commission further noted:

The cumulated subject imports will also have likely significant price-suppressing or -depressing effects. As previously discussed, raw material costs for domestic producers, particularly the price of scrap, generally rose during the latter portion of the period of investigation . . . Significant additional quantities of low-priced

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<sup>33</sup> In the first review, imports from Brazil undersold the U.S. product in all three possible comparisons; Indonesia undersold the U.S. product in all three possible comparisons; imports from Mexico undersold the U.S. product in 26 of 54 possible comparisons; imports from Moldova undersold the U.S. product in all five possible comparisons; imports from Trinidad and Tobago undersold the U.S. product in 8 of 14 price comparisons; CASWR imported from Ukraine undersold the domestic product in all six possible comparisons. ITC Prehrg. Rep. at V-18 n. 11 (citing First Sunset Review at V-26).

subject imports will likely exacerbate the domestic industry's recent inability to raise prices commensurately with increases in costs.

Id.

**C. Underselling by Subject Imports Is Likely if the Orders are Revoked**

Subject imports will likely continue to undersell the U.S. producers' prices if the orders are revoked, given their past behaviors, their current behavior and the continued importance of price in the U.S. market. In the current review, only two importers – both from Mexico – provided usable pricing data for purposes of comparisons with U.S. producers' quarterly pricing data.<sup>34</sup> ITC Prehrg. Rep. at V-8. These data showed underselling by imports from Mexico in 30 of 37 comparisons, or 81 percent of the instances, with underselling margins ranging from [

] Id. at V-19.

Given the importance of price in purchasing decisions, subject producers are likely to revert to underselling as they did before the orders were imposed in order to unload their substantial excess capacity. As discussed in section IV.D, the U.S. CASWR market is a highly price-sensitive. In the original investigations, the Commission emphasized the importance of price to purchasing decisions and stated that most purchasers reported “usually” or “always” buying the lowest-priced wire rod. Original Injury Determination, USITC Pub. 3546 at 25 and 28. The Commission reiterated the significance of price to purchasing decisions in the first sunset review, observing that price was characterized as a “very important” purchasing factor by 38 of 41 purchasers. First Sunset Review, USITC Pub. 4014 at 33. Notably, 21 of 28 responding purchasers remarked that they had purchased CASWR from subject countries before

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<sup>34</sup> There were no possible quarterly pricing comparisons for Brazil, Indonesia, Moldova, Trinidad & Tobago and the Ukraine. ITC Prehrg. Rep. at V-8.

2002, but stopped buying or reduced purchases of these imports as a result of the imposition of duties and resultant higher prices. Id. at II-15-17.

The record in the current review continues to demonstrate that the CASWR market is highly price-sensitive and that underselling by subject imports would allow them to regain market share. All but one responding purchaser (35 of 36) reported that price “was very important” to purchasing decisions, more than any other factor. ITC Prehrg. Rep. at II-28. Next to quality, price was reported by the largest number of purchasers as the first and second most important factor affecting purchasing decisions. Id. at II-26. The underselling behavior by subject imports both pre and post-order is a strong indication that imports from the subject countries, freed from the discipline of the orders, would likely quickly resume their price undercutting practices to increase their U.S. market share.

**D. CASWR Prices Are Already in Decline and Will Likely Fall Further If Unfairly-Priced Imports Return to this Market**

In recent years, the AUVs of commercial sales of wire rod in the U.S. market declined from \$795/ton in 2011 to \$725/ton in 2013, a decline of \$70/ton or 8.8 percent. ITC Prehrg. Rep. at III-22. The \$725/ton AUV in 2013 was the lowest level since 2010 and was \$151/ton, or 17.2 percent, below that shown in 2008. Id.

These price declines are reflected in the data gathered on the four pricing products developed by the Commission as well.<sup>35</sup> Based on annual weighted-average prices, the price for

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<sup>35</sup> The narrative of the staff report states that “Prices for wire rod generally increased during 2008-2013.” ITC Prehrg. Rep. at V-17. This statement is based on a methodology that compares prices in the last quarter of the POR to those in the first quarter of the POR. Id. Given the extremely rapid price increases that occurred over the course of 2008, however, a focus on the first quarter of 2008 is misleading. See ITC Prehrg. Rep. at V-9-12. A methodology that uses a longer-term indication of relative prices (based on annual weighted averages, rather than looking at a single quarter), results in a very different conclusion, as discussed above. The staff  
(footnote cont’d on next page)



Product 1 in 2013 (\$647.77/ton) was 19.7 percent below that in 2008 (\$806.38/ton) and 11.1 percent below that in 2011 (\$728.81/ton). See Exh. 16. In the single year of 2013 alone, the price for Product 1 fell by 5.7 percent between the first and fourth quarter. Id. For Product 2, the average price in 2013 (\$640.96/ton) was 19.0 percent lower than that in 2008 (\$791.55/ton) and 9.9 percent lower than in 2011 (\$711.75/ton). Id. Prices for Product 2 fell by 3.2 percent between the first and fourth quarters of 2013. Id. For Product 3, the average price in 2013 (\$639.04/ton) was 18.5 percent below that in 2008 (\$784.46/ton) and 10.6 percent lower than in 2011 (\$715.19/ton). Id. Between the first and fourth quarters of 2013, prices for Product 3 fell by 3.1 percent. Finally, for Product 4, the average price in 2013 (\$704.62/ton) was 20.8 percent lower than in 2008 (\$889.16/ton) and 9.1 percent lower than that in 2011 (\$775.31/ton). Id. In 2013, the price for Product 4 fell by 2.0 percent between the first and fourth quarters. Id.

The price declines seen during the POR are likely to accelerate in the event of revocation. Prices for wire rod in the U.S. market are set primarily on a transaction-by-transaction basis. ITC Prehrg. Rep. at V-5. Further, long-term contracts account for a very minor element of the U.S. wire rod market (just 3.5 percent of all commercial shipments). Id. at V-6. Importers of wire rod are even less likely to set prices via contracts than are domestic producers. Id. The nature of the U.S. wire rod market, therefore, means that U.S. producers generally are immediately exposed to price-based competition and are not insulated even in the short term from the aggressive price-based competition that would ensue if the current unfair trade orders

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(cont'd from previous page)

report narrative properly notes that after peaking in the third quarter of 2011, “domestic prices generally declined over the following nine quarters.” Id. at V-17.

were revoked. The underselling behavior projected for subject imports will cause already declining U.S. prices to fall even further.

**E. Increasing Costs Coupled With Low-Priced Imports Are Likely to Cause Price Suppression in the U.S. Market As Well**

Available information indicates that costs for wire rod raw materials are likely to increase in the near future. The U.S. economy continues to outpace most major industrialized economies and construction activity shows signs of rebounding. Recent trends in carbon steel raw materials costs indicate that wire rod producers are likely to continue to face cost pressures and that revocation of the existing orders would likely lead to price suppression.

As noted in the Prehearing Report, the majority of domestic wire rod producers expect steel scrap costs to continue to fluctuate, and three such producers expect raw materials costs to show an upward trend. ITC Prehrg. Rep. at V-1-2. Domestic producer [

] increasing electricity and natural gas costs.

Id. at III-38. These cost concerns are borne out in other sources as well. One publication reports that the U.S. domestic scrap market strengthened early in 2014 and that [

] (Exh. 17).

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Available information also indicates that U.S. natural gas prices have shown generally increasing trends recently. ITC Prehrg. Rep. at V-3. The annual average industrial user price for natural gas rose from \$3.89/1000 cubic feet in 2012 to \$4.66/1000 cubic feet in 2013. See U.S. Energy Information Administration, Natural Gas Monthly Table 3 (Exh. 17). In January of 2014, the rising trend in natural gas prices accelerated dramatically, with the average industrial user price rising to \$5.61/1000 cubic feet. Id. This amounts to a 20.4 percent increase in relation to the 2013 average price and a 44.2 percent increase in relation to the 2012 average price.

In the face of increasing costs for major inputs, the domestic industry producing wire rod is in a vulnerable position in the context of the potential revocation of the unfair trade orders. As discussed elsewhere, imports from the subject countries are likely to be sold in the United States at aggressive prices that will undersell domestic producers. Increased raw materials and energy costs, coupled with low-priced imports, will place the domestic industry in a cost-price squeeze and result in price suppression if the orders are revoked.

This impact is all the more likely given that the U.S. wire rod industry does not generally apply surcharges. As noted in the Prehearing Report, [

] on wire rod. ITC Prehrg. Rep. at III-34-35. As noted by

[

]

Id. Producer [

] Id. at III-35. Without a meaningful surcharge mechanism, the

domestic industry will be immediately exposed to the price suppressing effects of the subject imports in the event of revocation.

**F. Purchaser Comments Indicate Likely Injurious Price Effects if the Orders Are Revoked**

The questionnaires submitted by CASWR purchasers in these reviews reinforce the intense price-based competition in the U.S. CASWR market and the likely negative price effects on U.S. producers if the orders are revoked.

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Given the importance of price in purchasing decisions as discussed in section IV.D, it is likely that, as purchasers acknowledge in questionnaire responses, a resurgence of subject imports will lead to a decline in U.S. prices and a resultant injurious impact on the prices and profits of competing U.S. producers.

## VII. LIKELY IMPACT OF SUBJECT IMPORTS

### A. Impact of Imports Before Orders Were Imposed

At the time of the original investigation, subject imports had a significant injurious impact on the domestic wire rod industry. The Commission found that “{f}rom 1999 to 2001, as the volume of subject imports increased in a declining market, and the domestic industry lost significant market share to the subject imports, the condition of the U.S. industry deteriorated markedly.” Original Injury Determination, USITC Pub. 3546 at 31. The Commission also noted that “{s}everal performance indicators for the domestic industry decreased from 1999 to 2000, then fell more sharply from 2000 to 2001. The domestic industry’s production, quantity and value of U.S. shipments, and capacity utilization all followed this trend.” Id. During this period, the U.S. producers experienced numerous plant closures and shutdowns, and resulting layoffs. Original Injury Determination, USITC Pub. 3546 at III-1 to III-3. Specifically, North Star’s Kingman, AZ facility idled its melt shop in December 2000 and ceased wire rod production entirely in May 2001; GS Industries permanently idled its Kansas City, MO rod mill in February

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2001; Northwestern shut down its wire rod operations on May 20, 2001; and Birmingham closed its American Steel and Wire rod plant in Cuyahoga Heights, OH in June 2001. Id.

Moreover, the Commission determined that the increasing volumes of low-priced imports had a significant adverse impact on the industry's profitability:

We conclude from the record evidence that although additional factors may have contributed to certain domestic producers' financial problems, subject imports were a significant cause of material injury to the entire industry, playing a significant role in the adverse market conditions facing the domestic industry, including the loss of sales and market share to lower-priced subject imports. As the cumulated subject imports took sales from the domestic industry, the domestic industry experienced growing operating losses, an increased cost-price squeeze, and cost inefficiencies as production and shipments declined. The record shows that the increasing volumes of the subject imports took market share away from the domestic industry at a time of falling consumption, leading to the domestic industry's decreased production and shipments. Because of the subject imports' significant underselling and adverse price effects, the domestic industry could not raise prices to recover increased costs. Accordingly, we find that the subject imports are having a significant adverse impact on the domestic industry.

Id. at 32-33 (footnotes omitted).

The domestic industry experienced losses during the POI that deepened from 1999-2001. As the Commission noted, "the condition of the domestic industry as a whole became progressively worse from 1999 to 2001 by reason of cumulated subject imports, and almost all producers were experiencing deteriorating performance." Id. at 32. In addition, two U.S. producers filed for bankruptcy during the original investigation. ITC Prehrg. Rep. at Appendix C, Table I-1 at I-9 and Original Injury Determination, USITC Pub. 3546 at III-3-4. The wire rod facilities at Northwestern were operating under Chapter 11 bankruptcy protection since

December 2000. GS Industries' filed for Chapter 11 bankruptcy protection in February 2001. Original Injury Determination, USITC Pub. 3546 at III-3.

**B. Effects of Orders on the Domestic Industry**

The orders have had a positive effect of restraining imports and allowing U.S. producers to regain profitability in most years following the imposition of duties. The Commission specifically noted in the prior review, "the orders have restrained the volume of cumulated subject imports shipped to the U.S. market." First Sunset Review, USITC Pub. 4014 at 36. "By restraining the volume of such imports, the orders contributed to the industry's improved financial performance during the period of review." Id. The industry's profitability rose to 14.0 percent of sales in 2004, displaying significant improvement from an operating loss to sales ratio of [ ] percent in 2001 (the last full year of the POI). ITC Prehrg. Rep. at Appendix C, Table I-1 at I-9. For the remainder of the first review period, the domestic industry maintained a profitable operating margin. Id.

The Commission determined in the first review:

We previously found that a significant volume of additional cumulated subject imports will likely enter the U.S. market if the antidumping and countervailing duty orders are revoked, that these imports will likely significantly undersell the domestic like product, and that these imports will likely have significant price suppressing or -depressing effects. The quantity of additional imports will likely be significantly greater than needed to rectify any current shortages of supply that may exist in the U.S. market. Moreover, given that wire rod demand in the United States was lower in 2007 than in any prior year during the period of review, and is anticipated by many market participants to decline further in the foreseeable future, the additional imports will not simply be absorbed by increased demand. In these circumstances, we find that revocation of the antidumping and countervailing duty orders on the cumulated subject imports would likely have a significant adverse impact on the domestic industry's output, sales, market share, employment, profits, and return on investment.

First Sunset Review, USITC Pub. 4014 at 36.

If the orders against the subject countries were to be revoked, the resumption of increased volumes of low-priced imports would once again cause U.S. producers' declines in key trade indicators and further declines in the financial performance and a continuation or recurrence of material injury. Indeed, as described below, despite the presence of the orders, the industry currently finds itself in a highly vulnerable condition.

**C. The Domestic Industry Is in a Vulnerable Condition Even with Orders in Effect**

Potential revocation of the orders on the subject merchandise comes at a time when the domestic industry is already in a highly-vulnerable condition. As the Commission recently found in its preliminary determination in the China CASWR case, surging imports of CASWR from China have caused material injury to the domestic CASWR industry's trade and financial condition. China CASWR Preliminary Determination, USITC Pub. 4458 at 17. This affirmative determination was based on evidence of a significant level of underselling by imports from China (in over 87 percent of pricing product comparisons) that allowed China to rapidly penetrate the U.S. market, leading to lost market share by U.S. producers, price depression and suppression, and substantial declines in the domestic industry's sales and profits. Id. at 17-21.

Revocation of any or all of the orders subject to this review would therefore come at a time of particular difficulty for the domestic industry when (1) imports of Chinese CASWR have already interrupted the domestic industry's post-recession recovery, driving down domestic production by 6.5 percent, shipments by 7.1 percent, net sales quantity by 7.5 percent, operating income by 50.6 percent and the operating profitability ratio by 3 percentage points between 2011 and 2013; and when (2) demand, though increasing slowly, remains at depressed pre-



recession levels, and was not robust enough to prevent the injurious impact of the Chinese imports. This confluence of events has left the domestic industry very vulnerable to injury from the imports subject to these orders.

**D. Domestic Industry Trade and Financial Condition**

The domestic industry has suffered declines in both its trade and financial condition over the 2008 to 2013 period covered by this review. Domestic production has declined from [

] tons to [ ] million tons over the 2008 to 2013 period same period, leaving significant idle capacity in the industry. ITC Prehrg. Rep. at III-6. Plant closings or prolonged shutdowns were reported by [

] Id. at III-4. [

]

The industry's current capacity utilization rate as set forth in the prehearing report of 72 percent leaves almost 30 percent of U.S. capacity idle at present – even without significant volumes of dumped imports from the subject countries in the U.S. market, as would be the case if revocation occurred. Moreover, this unused capacity note itself is understated, as the figures in the prehearing report do not fully account for all capacity reported by the U.S. producers as set

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forth in questionnaire responses. See U.S. Prod. QRs at II-6. When total U.S. capacity in 2013 of [ ] is considered, the industry's capacity utilization rate falls to only [ ] percent. Id. and ITC Prehrg. Rep. at III-6 and III-7, n.3.

Domestic shipments also fell over the POR, dropping from roughly [ ] tons in 2008 to [ ] tons by 2013. Id. at III-10. Total value and unit values of U.S. shipments also dropped over this period. Id. While U.S. consumption declined over the POR, U.S. shipments fell at an even greater pace, causing the domestic industry to lose market share over the review period. Id. at C-3. The domestic industry's market share dropped from [ ] percent in 2008 to 67.9 percent in 2013. Id. At the same time, U.S. producer inventories increased as other imports (largely from China) supplanted U.S. producer sales. Id. at III-14. Production and related workers in the domestic industry fell from 2,339 in 2008 to 2,192 in 2013. Id. at III-17. [ ] producers reported laying off workers as they were forced to idle mills or take prolonged shutdowns during the period. Id. at III-4.

The domestic industry's financial condition fared no better. Net sales fell from \$3.5 million in 2008 to \$2.6 million in 2013, while commercial sales (merchant market) dropped from \$2.6 million in 2008 to \$1.9 million in 2013. Id. at III-21. The U.S. industry's operating income plummeted from \$347 thousand in 2008 to \$107 million in 2013, and its operating profit to sales ratio dropped from 8.9 percent to 3.8 percent between 2008 and 2013. Id. [ ] producers suffered operating losses in 2013. Id. This weak financial condition of the industry, along with the declines identified above in its trade variables, leaves the industry in a highly vulnerable condition.

**E. Likelihood of Rapid Deterioration of Industry and Recurrence of Injury if Orders Are Revoked**

Under the circumstances presented, the domestic industry is likely to rapidly suffer further deterioration if dumped and subsidized imports from the six subject countries suddenly are allowed to compete in the U.S. market without paying remedial duties. Even with these orders in place, the domestic industry has struggled over the review period, hit by a combination of a recession and then the severely injurious effects of surging, unfairly-traded imports from China. Given the massive level of unused capacity in the subject countries and the continued price-sensitive nature of the CASWR market, removal of the orders would inevitably lead to further material injury to an already battered domestic industry.

As detailed in section V.D and summarized in Chart 2A, unused capacity in the subject countries is enough to [

] See Exh. 2. The U.S. market share that subject producers could seize simply from their idle capacity, therefore, would allow them to capture a [

] than they did before the orders were imposed. Id., Chart 3. Further, most subject producers can further increase production and exports by shifting production from other products produced on shared equipment. ITC Prehrg. Rep. at II-9, II-13, III-16, II-18, IV-22, IV-42, IV-55, and IV-67. All of the subject producers export CASWR to third countries and can also increase U.S. exports by shifting those sales to the United States. Id. at IV-24, IV-33, IV-45, IV-50, IV-58, and IV-70. There is more than sufficient incentive for them to do so based on higher U.S. prices, the open nature of the U.S. market and the higher demand in the United States as compared to most if not all of their current export markets. See section V.F.

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Moreover, price continues to drive sales for CASWR in the United States. See section IV.D. Just as subject imports used pervasive underselling practices and unfair practices to capture U.S. sales pre-order, subject imports would once again revert to underselling as a means of capturing U.S. sales and displacing U.S. market share further. Indeed, record information shows that the only country submitting pricing data in this review is already underselling U.S. producer prices. ITC Prehrg. Rep. at V-8. Given the current, anemic operating profit level of the industry at only 3.8 percent of sales, such underselling behavior will not only lead to lost sales but also to depressed and suppressed prices and lost revenue. The minimal industry profits currently existing will become losses, and the industry shutdowns and layoffs that took place just a few years ago will recur. Given the current onslaught of dumped and subsidized imports from China, the addition of dumped and subsidized imports from six other countries would be devastating to the U.S. CASWR industry.

**VIII. CONCLUSION**

For the foregoing reasons, the Domestic Producers urge the Commission to find that revocation of the outstanding orders against unfairly-traded imports from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago and Ukraine would likely lead to the continuation or recurrence of material injury to the domestic CASWR industry within the reasonably foreseeable future.

Respectfully submitted,



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GEORGETOWN ECONOMIC SERVICES, LLC

April 11, 2014

**CERTIFICATION**

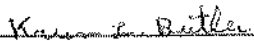
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DISTRICT OF COLUMBIA                )

In accordance with section 201.6(b)(3)(iii) of the Commission's regulations, 19 C.F.R. § 201.6(b)(3)(iii), I, Kathleen W. Cannon, hereby certify on April 11, 2014, that information substantially identical to that for which business proprietary treatment has been requested in this document is not available to the general public.

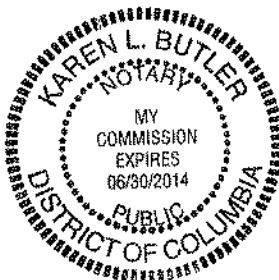
In accordance with section 207.3(a) of the Commission's regulations, 19 C.F.R. § 207.3(a), I, Kathleen W. Cannon, hereby certify on April 11, 2014, that the information contained in this document is accurate and complete to the best of my knowledge.

  
\_\_\_\_\_  
Kathleen W. Cannon

Subscribed and sworn to before me on April 11, 2014.

  
\_\_\_\_\_  
Notary Public for the District of Columbia  
Karen L. Butler

My Commission Expires: June 30, 2014



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**INDEX TO EXHIBITS**

<b>Exhibit No.</b>	<b>Description</b>
1	Subject Capacity, Production, and Unused Capacity
2	Subject Unused Capacity as a Share of the U.S. and Merchant Market and Compared to Subject Import Market Share during Original Investigation
3	U.S. and Third-Country Pricing Tables: 2013 and Interim 2014
4	Chinese Wire Rod Export Table (GTA Data)
5	Information on Brazilian CASWR Industry
6	[ ]
7	Information on Indonesian CASWR Industry
8	Carbon and Certain Alloy Steel Wire Rod from Brazil: Final Results of the Expedited Second Sunset Review of the Countervailing Duty Order, 78 Fed. Reg. 60850 (Dep't Commerce Oct. 2, 2013) and accompanying Decision Memorandum (Dep't Commerce Sept. 25, 2013)
9	Information on Mexican CASWR Industry
10	Carbon and Certain Alloy Steel Wire Rod from Mexico: Affirmative Final Determination of Circumvention of the Antidumping Duty Order on Wire Rod from Mexico, 77 Fed. Reg. 59,892 (Dep't Commerce Oct. 1, 2012) and accompanying Decision Memorandum (Dep't Commerce Sept. 24, 2012)
11	Information on Moldovan CASWR Industry
12	Information on Trinidadian CASWR Industry
13	Information on Ukrainian CASWR Industry
14	Information on Third-Country Barriers

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<b>Exhibit No.</b>	<b>Description</b>
15	Transcript of ITC Preliminary Staff Conference (Feb. 21, 2014) <u>Carbon and Certain Alloy Steel Wire Rod from China</u> , Inv. Nos. 701-TA-512 and 731-TA-1248 (Prelim.) (excerpts)
16	Table of Annual Weighted-Average Pricing Information
17	Materials on Input Costs
18	Chinese Overcapacity Information



# **EXHIBIT 1**

## CHART 1A

**SUBJECT PRODUCERS' CAPACITY, PRODUCTION, AND UNUSED CAPACITY  
BASED ON ITC QRS FOR RESPONDING PRODUCERS AND  
[ ] DATA FOR NON-RESPONDING PRODUCERS**

2001, 2007, and 2013  
(in short tons)

	<u>2001</u>	<u>2007</u>	<u>2013</u>
<b>Capacity</b>			
Brazil	[		]
Indonesia	[		]
Mexico	[		]
Moldova	[		]
Trinidad & Tobago	[		]
<u>Ukraine</u>	[		]
<b>Total</b>	[		]
<b>Production</b>	[		
Brazil	[		]
Indonesia	[		]
Mexico	[		]
Moldova	[	]	106,751
Trinidad & Tobago	[		]
<u>Ukraine</u>	[		]
<b>Total</b>	[		]
<b>Unused Capacity</b>			
Brazil	[		]
Indonesia	[		]
Mexico	[		]
Moldova	[		]
Trinidad & Tobago	[		]
<u>Ukraine</u>	[		]
<b>Total</b>	[		]

## Sources:

2013 capacity and production data for Trinidad and Tobago and Ukraine are based on questionnaire responses.

2013 capacity data for Moldova is based on [ ] data, converted from metric tons to short tons. 2013 production data for Moldova is based on production information on Moldova Steel Works' website.

2013 capacity for Brazil, Mexico and Indonesia reflects a combination of questionnaire responses submitted plus [ ] data for non-responding companies. 2013 production reflects [ ] data, with [ ] data for non-responding companies. [ ] See CHART 1C and attachments for calculations and sources for capacity and production for Brazil, Indonesia, and Mexico.

## CHART 1B

**SUBJECT PRODUCERS' CAPACITY AND UNUSED CAPACITY**  
**BASED ON ITC QRS FOR RESPONDING PRODUCERS AND**  
**[ ] DATA FOR NON-RESPONDING PRODUCERS**

2001 and 2013

*(in short tons)*

		<u>2001</u>	<u>2013</u>	<u>% Change</u> <u>2001 vs. 13</u>
<b>Unused Capacity</b>				
Brazil	[			]
Indonesia	[			]
Mexico	[			]
Moldova	[			]
Trinidad & Tobago	[			]
<u>Ukraine</u>	[			]
<b>Total</b>	[			]

Source: See Chart 1A (source note) and Chart 1C.

## CHART 1C

**CALCULATIONS AND SOURCES FOR 2013 CASWR CAPACITY AND PRODUCTION FOR  
BRAZIL, INDOONESIA AND MEXICO**

BRAZIL		
<u>Capacity by Company</u>	<u>Short Tons</u>	<u>Source</u>
AM Brasil	[	]
Gerdau	[	]
Sinobras	[	]
Villares Metals	[	]
Votorantim Metals	[	]
<b>TOTAL BRAZIL -- CAPACITY</b>	[ ]	
<b>TOTAL BRAZIL -- PRODUCTION</b>	[	]

INDONESIA		
<u>Capacity by Company</u>	<u>Short Tons</u>	<u>Source</u>
PT Ispat	[	]
Gunung Garuda	[	]
Hanil Jaya Metalworks	[	]
Ispat Indo	[	]
[ ]	[	]
[ ]	[	]
PT Krakatau Steel	[	]
PT Master Steel Mfg.	[	]
<b>TOTAL INDONESIA -- CAPACITY</b>	[ ]	
Production (without PT Master)	[	]
PT Master Production *	[	]
<b>TOTAL INDOONESIA -- PRODUCTION</b>	[	]

MEXICO		
<u>Capacity by Company</u>	<u>Short Tons</u>	<u>Source</u>
AM LasTruchas	[	]
Deacero	[	]
Ternium	[	]
Aceros Nacionales	[	]
Altos Hornos de Mexico	[	]
Camesa	[	]
Siderurgica Tultitlan	[	]
<b>TOTAL MEXICO -- CAPACITY</b>	[ ]	
<b>TOTAL MEXICO -- PRODUCTION</b>	[	]

Source: Questionnaire responses were used for responding producers' company-specific capacity. Attached [ ] data, converted to short tons, was used for non-responding producers' capacity and production, with the exception of [ ] which was used for PT Master Steel in Indonesia because [ ] did not include capacity or production for PT Master Steel.

\* [

]



Russian version

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##### 02-04-2014 -

In the period from 24.03.2014 to 31.03.2014 JSC Moldova Steel Works (MMZ) produced 11,229 tonnes of steel and 7,508 tonnes of rolled products, including 5,131 tonnes of reinforcing bars and 2,377 tonnes of wire rod. Shipments in the same period made up 11,825 tonnes of rolled products, up to 6,920 tonnes of reinforcing bars and 4,905 tonnes of wire rod. The total output for the first 30 days of March reached 29,829 tonnes of steel and 33,711 tonnes of rolled products. Shipments of rebars and wire rod made up 13,899 tonnes and 14,473 tonnes respectively and went to Russia, Ukraine, Moldova, Romania and Poland.

##### 25-03-2014 -

In the period from 17.03.2014 to 24.03.2014 JSC Moldova Steel Works (MMZ) produced 10,809 tonnes of steel and 7,901 tonnes of rolled products, including 6,224 tonnes of reinforcing bars and 1,677 tonnes of wire rod. Shipments in the same period made up 6,553 tonnes of rolled products, up to 4,972 tonnes of reinforcing bars and 1,581 tonnes of wire rod. MMZ's rolled products of March production will go to Russia, Ukraine, Moldova, Romania and Poland.

##### 19-03-2014 -

In the period from 11.03.2014 to 17.03.2014 JSC Moldova Steel Works (MMZ) produced 6,991 t of rolled products, including 2,547 t of reinforcing bars and 4,444 t of wire rod. Shipments in the same period made up 3,097 t of rolled products, i.e. 1,013 t of reinforcing bars and 2,084 t of wire rod. MMZ's rolled products of March production will go to Russia, Ukraine, Moldova, Romania and Poland.

##### 13-03-2014 -

In the period from 03.03.2014 to 11.03.2014 JSC Moldova Steel Works (MMZ) produced 7,791 t of steel and 9,019 t of rolled products, including 4,275 t of reinforcing bars and 4,744 t of wire rod. Shipments in the same period made up 6,625 t of rolled products, i.e. 994 t of reinforcing bars and 5,631 t of wire rod. MMZ's rolled products of March production will go to Russia, Ukraine, Moldova, Romania and Poland.

##### 05-03-2014 -

In the period from 24.02.2014 to 03.03.2014 JSC Moldova Steel Works (MMZ) produced 14,145 t of steel and 8,026 t of rolled products, including 4,986 t of reinforcing bars and 3,040 t of wire rod. Shipments in the same period made up 4,615 t of rolled products, i.e. 2,209 t of reinforcing bars and 2,406 t of wire rod. According to the preliminary results, JSC Moldova Steel Works produced 32,271 t of rolled products in February, 2014, including 13,434 t of reinforcing bars and 18,837 t of wire rod. The production program for February, 2014 includes 37,911 t of steel and 36,680 t of rolled products. MMZ's rolled products of March production will go mainly to Russia, Ukraine, Moldova, Romania and Poland.

##### 25-02-2014 -

In the period from 17.02.2014 to 25.02.2014 JSC Moldova Steel Works (MMZ) produced 11,774 tonnes of steel and 8,247 tonnes of wire rod. The total output from the beginning of the month reached 29,005 t of rolled products. Shipments in the same period made up 18,672 tonnes of rolled products, up to 9,913 tonnes of reinforcing bars and 8,759 tonnes of wire rod. MMZ's rolled products of February production go to Moldova, Ukraine, Russia, the EU countries.

##### 10-02-2014 -



In the period from 01.02.2014 to 10.02.2014 JSC Moldova Steel Works (MMZ) produced 7,997 t of steel and 11,677 t of rolled products, including 7,933 t of reinforcing bars and 3,744 t of wire rod.  
Shipments in the same period made up 6,020 t of rolled products, i.e. 2,563 t of reinforcing bars and 3,457 t of wire rod.  
MMZ's rolled products of February production will go to Moldova, Ukraine, Russia, Romania and Poland.

#### **04-02-2014 -**

In the period from 27.01.2014 to 03.02.2014 JSC Moldova Steel Works (MMZ) produced 8,163 t of steel and 7,203 t of rolled products, including 3,899 t of reinforcing bars and 3,304 t of wire rod.  
According to the preliminary results, JSC Moldova Steel Works produced 22,510 t of rolled products in January, 2014, including 9,903 t of reinforcing bars and 12,607 t of wire rod. Shipments in the same period made up 25,728 t of rolled products, i.e. 11,220 t of reinforcing bars and 14,508 t of wire rod.  
The production program for February, 2014 includes 34,500 t of steel and 33,215 t of rolled products.  
MMZ's rolled products of February production will go mainly to Moldova, Ukraine, Russia, Romania and Poland.

#### **22-01-2014 -**

In the period from 13.01.2014 to 20.01.2014 JSC Moldova Steel Works (MMZ) produced 8,017 tonnes of rolled products, including 4,174 tonnes of reinforcing bars and 3,843 tonnes of wire rod.  
Shipments from the beginning of January, 2014 made up 11,944 tonnes of rolled products, up to 5,926 tonnes of reinforcing bars and 6,018 tonnes of wire rod.  
MMZ's rolled products of January production will go mainly to Russia, Ukraine, Moldova and the EU markets.

#### **14-01-2014 -**

According to the latest updates, Moldova Steel Works (MMZ) produced 41,725 tonnes of steel and 38,127 tonnes of rolled products in December, 2013, including 13,514 tonnes of reinforcing bars and 24,614 tonnes of wire rod. Shipments in the same period made up 35,768 tonnes of rolled products, of which up to 5,657 tonnes of reinforcing bars and 1,214 tonnes of wire rod were exported to the CIS countries and 24,758 tonnes of wire rod and 4,139 tonnes of reinforcing bars – to other destinations.  
After resumption of production in August, 2013 the output totaled 190,086 tonnes of steel and 184,676 tonnes of rolled products.  
MMZ plans to produce 20,387 tonnes of rolled products in January, 2014. January shipments are expected to go to Moldova, Ukraine, Romania, Poland and Russia.

#### **03-12-2013 -**

According to the preliminary results, JSC Moldova Steel Works produced 31,567 t of steel and 38,443 t of rolled products in November, 2013, including 11,343 t of reinforcing bars and 27,100 t of wire rod.  
The production program for December, 2013 includes 37,185 t of rolled products.  
Shipments in December, 2013 are expected to go to Russia, Ukraine, Moldova, the EU countries.

#### **26-11-2013 -**

From 18.11.2013 to 25.11.2013 JSC Moldova Steel Works have produced 9 292 tons of steel products, including 2 384 tons of reinforcing steel bars and 6 908 tons of wire rods.  
For the same period the total quantity of 10 949 tons of steel products, including 6 969 tons of reinforcing steel bars and 3 980 tons of wire rods were shipped to the customers.  
Since the beginning of November JSC MSW have produced 24 995 tones of steel and 31 255 tons of steel products.  
All products manufactured in November are supposed to be supplied to the markets of the Russian Federation, Ukraine, Moldova, Romania, and Poland.

#### **19-11-2013 -**

From 11.11.2013 to 18.11.2013 JSC Moldova Steel Works have produced 9 058 tons of steel products, including 2 258 tons of reinforcing steel bars and 6 800 tons of wire rods.  
For the same period the total quantity of 10 913 tons of steel products, including 2 322 tons of reinforcing steel bars and 8 591 tons of wire rods were shipped to the customers.  
Since the beginning of November JSC MSW have produced 13 774 tones of steel and 21 963 tons of steel products.

All products manufactured in November are supposed to be supplied to the markets of the Russian Federation, Ukraine, Moldova, Romania, and Poland.

**12-11-2013 -**

In the period from 04.11.2013 to 11.11.2013 JSC Moldova Steel Works (MMZ) produced 11,410 t of steel and 9,175 t of rolled products, including 3,829 t of reinforcing bars and 5,346 t of wire rod.

Shipments in the same period made up 4,952 t of rolled products, up to 1,565 t of reinforcing bars and 3,387 t of wire rod.

MMZ produced 13,774 t of steel and 12,905 t of rolled products from the beginning of November.

MMZ's shipments in November, 2013 will go mainly to Russia, Ukraine, Moldova, Romania and Poland.

**06-11-2013 -**

According to the preliminary results, JSC Moldova Steel Works produced 40,377 t of steel and 39,270 t of rolled products in October, 2013, including 16,148 t of reinforcing bars and 23,122 t of wire rod.

The production program for November, 2013 includes 36,400 t of rolled products (11,105 t of rebars and 25,295 t of wire rod).

Shipments in November, 2013 are expected to go to Russia, Ukraine, Moldova, Romania, Poland.

**30-10-2013 -**

In the period from 21.10.2013 to 28.10.2013 JSC Moldova Steel Works (MMZ) produced 6,689 t of steel and 8,709 t of rolled products, including 3,585 t of reinforcing bars and 5,124 t of wire rod.

Shipments in that period made up 9,879 t of rolled products, up to 3,788 t of reinforcing bars and 6,091 t of wire rod.

The output of MMZ from the beginning of the month reached 37,901 t of steel and 34,190 t of rolled products.

MMZ's shipments in October, 2013 went mainly to the CIS and EU markets.

**22-10-2013 -**

In the period from 14.10.2013 to 21.10.2013 JSC Moldova Steel Works (MMZ) produced 10,005 t of steel and 8,812 t of rolled products, including 377 t of reinforcing bars and 8,435 t of wire rod.

Shipments in that period made up 12,891 t of rolled products, up to 3,058 t of reinforcing bars and 9,833 t of wire rod.

The output of MMZ from the beginning of the month reached 31,228 t of steel and 25,481 t of rolled products.

MMZ's shipments in October, 2013 will go mainly to the CIS and EU markets.

**17-10-2013 -**

In the period from 07.10.2013 to 14.10.2013 JSC Moldova Steel Works (MMZ) produced 11,368 t of steel and 9,470 t of rolled products, including 7,072 t of reinforcing bars and 2,398 t of wire rod.

Shipments in that period made up 6,834 t of rolled products, up to 4,362 t of reinforcing bars and 2,472 t of wire rod.

The output from the beginning of the month reached 21,223 t of steel and 16,669 t of rolled products.

MMZ's shipments in October, 2013 will go mainly to Russia, Ukraine, Moldova, Romania and Poland.

A surveillance visit of UK CARES auditors to Moldova Steel Works took place on October 1-3, 2013. MMZ's rebars have been certified as the product meeting the requirements of UK BS4449-1997, BS4449-2005. The QMS was reported to be a mature and effective system with evidence of continual improvement, in full compliance with ISO 9001:2008.

**08-10-2013 -**

In the period from 30.09.2013 to 07.10.2013 JSC Moldova Steel Works (MMZ) produced 11,440 t of steel and 8,490 t of rolled products, including 3,269 t of reinforcing bars and 5,221 t of wire rod.

Shipments in that period made up 5,451 t of rolled products, up to 2,586 t of reinforcing bars and 2,865 t of wire rod.

MMZ's shipments in October, 2013 will go mainly to Russia, Ukraine, Moldova, Romania and Poland.

**02-10-2013 -**

Within the period from 03.09.2013 to 29.09.2013 JSC Moldova Steel Works have produced 33 340 tons of liquid steel, and 36 177 tons of steel products, including 16 170 tons of reinforcing steel bars and 20 007 tons of wire rod.

For the same period the company has shipped to its customers 35 484 tons of steel products, including 15 843 tons of reinforcing steel bars

and 19 641 tons of wire rod.

The production program for October, 2013 provides for manufacturing of 39 795 tons of steel and 37 765 tons of steel products. All products to be produced in October are supposed to be delivered to the markets of the Russian Federation, Ukraine, Moldova, Romania, Poland.

**02-10-2013 -**

Within the period from 03.09.2013 to 29.09.2013 JSC Moldova Steel Works have produced 33 340 tons of liquid steel, and 36 177 tons of steel products, including 16 170 tons of reinforcing steel bars and 20 007 tons of wire rod.

For the same period the company has shipped to its customers 35 484 tons of steel products, including 15 843 tons of reinforcing steel bars and 19 641 tons of wire rod.

The production program for October, 2013 provides for manufacturing of 39 795 tons of steel and 37 765 tons of steel products. All products to be produced in October are supposed to be delivered to the markets of the Russian Federation, Ukraine, Moldova, Romania, Poland.

**25-09-2013 -**

Within the period from 16.09.2013 to 23.09.2013 JSC Moldova Steel Works have produced 12129 tons of steel and 9594 tons of steel products, including 2378 tons of reinforcing steel bars and 7216 tons of wire rods. For the said period the Company have shipped to the customers 10205 tons of steel products, namely: 4094 tons of reinforcing steel bars and 6111 tons of wire rods.

Since the beginning of September, 2013 the Company have produced 29504 tons of steel products, including 14876 tons of reinforcing steel bars and 14628 tons of wire rods.

Steel products manufactured in September are delivered to the markets of CIS and EU.

**18-09-2013 -**

From the beginning of September, 2013 JSC Moldova Steel Works produced 19,244 of rolled products, including 12,063 tonnes of reinforcing bars and 7,181 tonnes of wire rod.

In the period from 09.09.2013 to 16.09.2013 JSC Moldova Steel Works produced 7,449 tonnes of steel and 9,300 tonnes of rolled products, including 5,855 tonnes of reinforcing bars and 3,445 tonnes of wire rod.

Shipments of steel products to the customers in that period made up to 8,651 tonnes (5,540 tonnes of reinforcing bars and 3,111 tonnes of wire rod).

September shipments will go mainly to the CIS and EU countries.

**27-08-2013 -**

In the period from 19.08.2013 to 26.08.2013 JSC Moldova Steel Works (MMZ) produced 12,389 t of steel and 8,658 t of rolled products, including 4,399 t of reinforcing bars and 4,259 t of wire rod. The total output from the beginning of August reached 35,531 t of steel. Thus, MMZ fulfilled its crude steel production program for August, 2013. The EAF shop has started scheduled maintenance works upon completion of which it will resume melting according to the steel production program for September, 2013. Meanwhile, up to 6,384 t of rolled products -- 1,855 t of reinforcing bars and 4,529 t of wire rod -- are expected to be produced before the end of the current month.

Shipments in the period from 05.08.2013 to 26.08.2013 totaled to 20,308 t of rolled products, up to 11,126 t of reinforcing bars and 583 t of wire rod were shipped to the CIS countries and up to 8,404 t of wire rod and 195 t of rebars - to other destinations.

MMZ's shipments in August, 2013 go mainly to Russia, Ukraine, Moldova, the EU countries and Africa.

**27-08-2013 -**

In the period from 19.08.2013 to 26.08.2013 JSC Moldova Steel Works (MMZ) produced 12,389 t of steel and 8,658 t of rolled products, including 4,399 t of reinforcing bars and 4,259 t of wire rod. The total output from the beginning of August reached 35,531 t of steel. Thus, MMZ fulfilled its crude steel production program for August, 2013. The EAF shop has started scheduled maintenance works upon completion of which it will resume melting according to the steel production program for September, 2013. Meanwhile, up to 6,384 t of rolled products -- 1,855 t of reinforcing bars and 4,529 t of wire rod -- are expected to be produced before the end of the current month.

Shipments in the period from 05.08.2013 to 26.08.2013 totaled to 20,308 t of rolled products, up to 11,126 t of reinforcing bars and 583 t of wire rod were shipped to the CIS countries and up to 8,404 t of wire rod and 195 t of rebars - to other destinations.

MMZ's shipments in August, 2013 go mainly to Russia, Ukraine, Moldova, the EU countries and Africa.

**19-08-2013 -**

In the period from 12.08.2013 to 19.08.2013 JSC Moldova Steel Works (MMZ) produced 9,229 t of steel and 7,173 t of rolled products,



including 4,599 t of reinforcing bars and 2,574 t of wire rod. The total output from the beginning of August reached 21,529 t of steel. Shipments in the period from 05.08.2013 to 19.08.2013 totaled to 11,427 t of rolled products, up to 6,015 t of reinforcing bars and 326 t of wire rod were shipped to the CIS countries and up to 4,891 t of wire rod and 195 t of rebars - to other destinations. MMZ's shipments in August, 2013 will go mainly to Russia, Ukraine, Moldova, the EU countries and Africa.

#### **13-08-2013 -**

In the period from 05.08.2013 to 12.08.2013 JSC Moldova Steel Works (MMZ) produced 10,837 t of steel and 6,439 t of rolled products, including 2,847 t of reinforcing bars and 3,592 t of wire rod.

Shipments in the same period totaled to 4,523 t of rolled products, up to 2,573 of reinforcing bars and 68 t of wire rod were shipped to the CIS countries and up to 1,882 t of wire rod - to other destinations.

MMZ's shipments in August, 2013 will go mainly to Russia, Ukraine, Moldova, the EU countries and Africa.

#### **08-08-2013 -**

JSC Moldova Steel Works (MMZ) resumed production in its EAF shop on August 05, 2013. The Rolling Mill is expected to start rolling on August 06, 2013.

The production program for August, 2013 includes 34,188 tonnes of steel billets to be rolled internally to produce 30,648 tonnes of rolled products (15,940 tonnes of wire rod and 14,708 tonnes of rebars).


Finished products will go to markets in the CIS, EU and Africa.

#### **23-01-2013 -**

According to the latest updates, Moldova Steel Works (MMZ) produced 35,222 tonnes of steel and 53,872 tonnes of rolled products in December, 2012, including 27,391 tonnes of reinforcing bars and 26,480 tonnes of wire rod. Shipments in the same period reached 62,391 tonnes of rolled products, of which up to 32,289 tonnes of reinforcing bars and 6,734 tonnes of wire rod were exported to the CIS countries and 22,872 tonnes of wire rod and 496 tonnes of reinforcing bars – to other destinations.

The output in 2012 totaled 316,682 tonnes of steel and 356,754 tonnes of rolled products.

MMZ is carrying out scheduled maintenance and repair works in the major and auxiliary shops in January, 2013. The major shops at MMZ are expected to resume production in February, 2013.

 Press about us



**THE REMAINDER OF THIS BUSINESS  
PROPRIETARY EXHIBIT  
IS NOT SUSCEPTIBLE TO SUMMARIZATION  
AND THEREFORE IS NOT PROVIDED  
WITH THIS PUBLIC VERSION**

# **EXHIBIT 2**

## CHART 2A

**SHARE OF U.S. MARKET THAT SUBJECT UNUSED CAPACITY COULD CAPTURE**  
**BASED ON ITC QRS FOR RESPONDING PRODUCERS AND**  
**[ ] DATA FOR NON-RESPONDING PRODUCERS**

	<u>2013</u>	
<b>Unused Capacity (<i>in short tons</i>)</b>		
Brazil	[	]
Indonesia	[	]
Mexico	[	]
Moldova	[	]
Trinidad & Tobago	[	]
<u>Ukraine</u>	[	]
<b>Total</b>	[	]
 <b>U.S. Market (<i>in short tons</i>)</b>		<b>5,300,149</b>
	<b>2013 Unused Capacity as a</b>	
	<b>Share of U.S. Market based on</b>	
	<b>QR and [ ] Data</b>	
Brazil	[	]
Indonesia	[	]
Mexico	[	]
Moldova	[	]
Trinidad & Tobago	[	]
<u>Ukraine</u>	[	]
<b>Total</b>	[	]

Source: See Chart 1A (source note), Chart 1C, and ITC Prehrg. Rep. at I-7.

## CHART 2B

**SHARE OF U.S. MERCHANT MARKET THAT SUBJECT UNUSED CAPACITY COULD CAPTURE**  
**BASED ON ITC QRS FOR RESPONDING PRODUCERS AND**  
**[ ] DATA FOR NON-RESPONDING PRODUCERS**

	<b><u>2013</u></b>	
<b>Unused Capacity (<i>in short tons</i>)</b>		
Brazil	[	]
Indonesia	[	]
Mexico	[	]
Moldova	[	]
Trinidad & Tobago	[	]
<u>Ukraine</u>	[	]
<b>Total</b>	[	]
<b>U.S. Merchant Market (<i>in short tons</i>)</b>	[	]
	<b>2013 Unused Capacity as a Share of U.S. Market based on QR and [ ] Data</b>	
Brazil	[	]
Indonesia	[	]
Mexico	[	]
Moldova	[	]
Trinidad & Tobago	[	]
<u>Ukraine</u>	[	]
<b>Total</b>	[	]

Source: See Chart 1A (source note), Chart 1C, and ITC Prehrg. Rep. at I-54.

## CHART 3A

**MARKET SHARES OF SUBJECT IMPORTS IN ORIGINAL INVESTIGATION COMPARED  
TO MARKET SHARE SUBJECT IMPORTS COULD CAPTURE TODAY  
BASED ON ITC QRS FOR RESPONDING PRODUCERS AND  
[ ] DATA FOR NON-RESPONDING PRODUCERS**

	Imports' Share of U.S. Market in Original Investigation <u>2001</u>	Unused Capacity as Share of U.S. Market based on OR and [ ] Data <u>2013</u>
Brazil	[	]
Indonesia	[	]
Mexico	[	]
Moldova	[	]
Trinidad & Tobago	[	]
<u>Ukraine</u>	[	]
<b>Total</b>	[	]

Source: See Chart 1A (source note), Chart 1C, and ITC Prehrg. Rep. at I-7

## CHART 3B

**MARKET SHARES OF SUBJECT IMPORTS IN ORIGINAL INVESTIGATION COMPARED  
TO MARKET SHARE SUBJECT IMPORTS COULD CAPTURE TODAY  
BASED ON ONLY RESPONDING FOREIGN PRODUCERS' DATA**

	Share of U.S. Market in Original Investigation	Unused Capacity as a Share of U.S. Market Based On Only Responding Foreign Producers
	<u>2001</u>	<u>2013</u>
Brazil	[	]
Indonesia	[	]
Mexico	[	]
Moldova	[	]
Trinidad & Tobago	[	]
<u>Ukraine</u>	[	]
<b>Total</b>	[	]

Source: ITC Prehrg. Rep. at I-7, IV-19, IV-28, IV-39, IV-49, IV-53, and IV-64.

# **EXHIBIT 3**



UNITED STATES PRICES AS COMPARED TO THIRD COUNTRY PRICING

Wire rod: Negotiated transaction prices (ex-mill) for wire rod, by country and by month,  
January 2013-March 2014

Period	Price (per short ton)						
	Canada	China	Japan	Korea	Poland	Czech & Slovak Reps.	EU (average)
2013							
January	[						]
February	[						]
March	[						]
April	[						]
May	[						]
June	[						]
July	[						]
August	[						]
September	[						]
October	[						]
November	[						]
December	[						]
2014							
January	[						]
February	[						]
March	[						]

Source: ITC Prehrg. Rep. at IV-84-85 [

H= U.S. prices are higher than comparable country. L = U.S. prices are lower than comparable country.

Note: Chinese price data for wire rod were not available for January and February 2014.

# **EXHIBIT 4**

**China Wire Rod Export Statistics**  
**Annual 2011-2013**

	Quantity (short tons)		
	2011	2012	2013
Korea South	1,103,899	1,271,045	1,222,055
Thailand	467,374	834,360	1,112,962
Vietnam	250,941	429,744	754,193
United States	93	332,158	691,500
Indonesia	105,206	418,667	609,820
Philippines	170,533	315,040	573,993
Brazil	5,517	72,563	166,247
Colombia	6,769	23,442	51,833
Mexico	5,599	35,449	10,074
Trinidad & Tobago	-	2,567	2,331
Ukraine	-	54	44
Total EU	731	799	49
<i>All Other</i>	1,038,454	2,324,229	3,504,801
<b>Total</b>	<b>3,155,114</b>	<b>6,060,118</b>	<b>8,698,901</b>

	Value (\$)		
	2011	2012	2013
Korea South	720,840,482	737,409,948	631,677,259
Thailand	302,886,611	471,707,929	566,552,003
Vietnam	165,515,956	241,947,342	379,269,155
United States	71,248	177,979,639	340,246,613
Indonesia	70,767,443	237,232,282	316,387,704
Philippines	108,589,482	169,593,051	274,804,853
Brazil	3,556,874	35,240,338	80,572,006
Colombia	4,440,056	12,884,526	25,916,808
Mexico	3,871,123	19,785,309	5,065,183
Trinidad & Tobago	-	1,234,760	1,088,897
Ukraine	-	62,458	53,061
Total EU	748,135	660,661	27,752
<i>All Other</i>	682,455,089	1,279,140,116	1,753,718,383
<b>Total</b>	<b>2,063,742,499</b>	<b>3,384,878,359</b>	<b>4,375,379,677</b>

	AUV (\$/short ton)		
	2011	2012	2013
Korea South	653.00	580.16	516.90
Thailand	648.06	565.35	509.05
Vietnam	659.58	563.00	502.88
United States	767.89	535.83	492.04
Indonesia	672.66	566.64	518.82
Philippines	636.77	538.32	478.76
Brazil	644.70	485.65	487.59
Colombia	655.95	549.63	500.01
Mexico	691.43	558.13	502.81
Trinidad & Tobago	-	480.96	467.07
Ukraine	-	1,166.58	1,202.68
Total EU	1,023.92	826.47	567.33
<i>All Other</i>	657.18	550.35	500.38
<b>Total</b>	<b>654.09</b>	<b>558.55</b>	<b>502.98</b>

Source: GTA China

# **EXHIBIT 5**

As filed with the Securities and Exchange Commission on April 30, 2013

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 20- F**

1 REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934  
OR  
\* ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2012  
OR  
1 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934  
OR  
1 SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number I- 14732

**COMPANHIA SIDERÚRGICA NACIONAL**  
(Exact Name of Registrant as Specified in its Charter)  
**NATIONAL STEEL COMPANY**  
(Translation of Registrant's name into English)  
**THE FEDERATIVE REPUBLIC OF BRAZIL**  
(Jurisdiction of incorporation or organization)

David Moise Salama, Investor Relations Executive Officer  
Phone: +55 11 3049- 7100 Fax: +55 11 3049- 7212  
invrel@csn.com.br  
Av. Brigadeiro Faria Lima, 3,400 – 20<sup>th</sup> floor  
04538- 132, São Paulo- SP, Brazil  
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Common Shares without par value	New York Stock Exchange*
American Depositary Shares, (as evidenced by American Depositary Receipts), each representing one share of Common Stock	New York Stock Exchange

\* Not for trading purposes, but only in connection with the registration of American Depositary Shares pursuant to the requirements of the Securities and Exchange Commission.

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#### *Domestic Demand*

Historically, the Brazilian steel industry has been affected by substantial fluctuations in domestic demand for steel. Although national per capita consumption varies with GDP, fluctuations in steel consumption tend to be more pronounced than changes in economic activity. Crude steel consumption per capita in Brazil has increased from 104 kilograms in 1999 to 147 kilograms in 2010. It is still considered low when compared to the levels of some developed countries, such as the United States and Germany.

From 2005 to 2007, Brazilian GDP grew an average 4.4%. In 2008 and 2009, overall global economic activity slowed significantly and domestic apparent steel consumption amounted to 24.0 million tons and 19.1 million tons, respectively. In 2010, with the recovery of the global economy, domestic demand rose by 38.8% to 26.6 million tons. On the other hand, in 2011, domestic steel demand decreased 1.2% to 26.2 million tons, mainly due to high levels of inventory held by distributors and increased indirect imports. In 2012, the slowdown of the Brazilian economy led to another decrease in steel consumption of 17.6% to 21.6 million tons.

The Brazilian flat steel sector is shifting production to the higher value-added consumer durable sector. This sector is highly dependent on domestic consumer confidence, which, in turn, is affected by economic policies and certain expectations of the current government administration. Over the past years, automobile manufacturers made significant investments in Brazil. In 2009 and 2010, vehicle production recovered from the 2008 financial crisis in response to government incentives such as tax cuts. In 2012, the Brazilian market reached a record 3.8 million vehicles sold, reflecting a specific government measure, which reduced the industrialized products tax. On the other hand, exports decreased by 20.1%.

#### *Market Participants*

According to IABr (Instituto Aço Brasil), the Brazilian steel industry is composed of 28 mills managed by 10 corporate groups, with an installed annual capacity of approximately 45 million tons, producing a full range of flat, long, carbon, stainless and specialty steel.

#### *Capacity Utilization*

There were no changes in Brazilian nominal steel production capacity in 2012 compared to 2011. This capacity was estimated at 49 million tons. The local steel industry operated at approximately 70% utilization in 2012, below the level recorded in 2011.

#### *Exports/Imports*

Brazil has been playing an important role in the export market, primarily as an exporter of semi-finished products. The Brazilian steel industry has taken several steps towards expanding its capacity to produce value-added products. Brazil's exports of slabs and billets reached 5.3 million tons in 2010, which represented 58% of total steel exports. In 2011, the exports of semi-finished products reached 7.2 million tons, representing 66% of total exports. In 2012, exports of semi-finished products were 6.6 million tons, a 7.4% decrease in relation to the previous year, representing 68% of total exports.

In 2012, Brazilian steel exports totaled 9.7 million tons, representing 31% of total Brazilian steelmakers' sales (domestic plus exports) and accounting for US\$7.0 billion in export earnings for Brazil. Over the last 20 years, the Brazilian steel industry has been characterized by a structural need to export, which is demonstrated by the industry's supply demand curve. The Brazilian steel industry has experienced periods of overcapacity, cyclical and intense competition during the past several years. Demand for finished steel products, as measured by domestic apparent consumption, has consistently fallen short of total supply (defined as total production plus imports). In 2012, supply totaled 38.4 million tons, as compared to apparent consumption of 25.4 million tons.

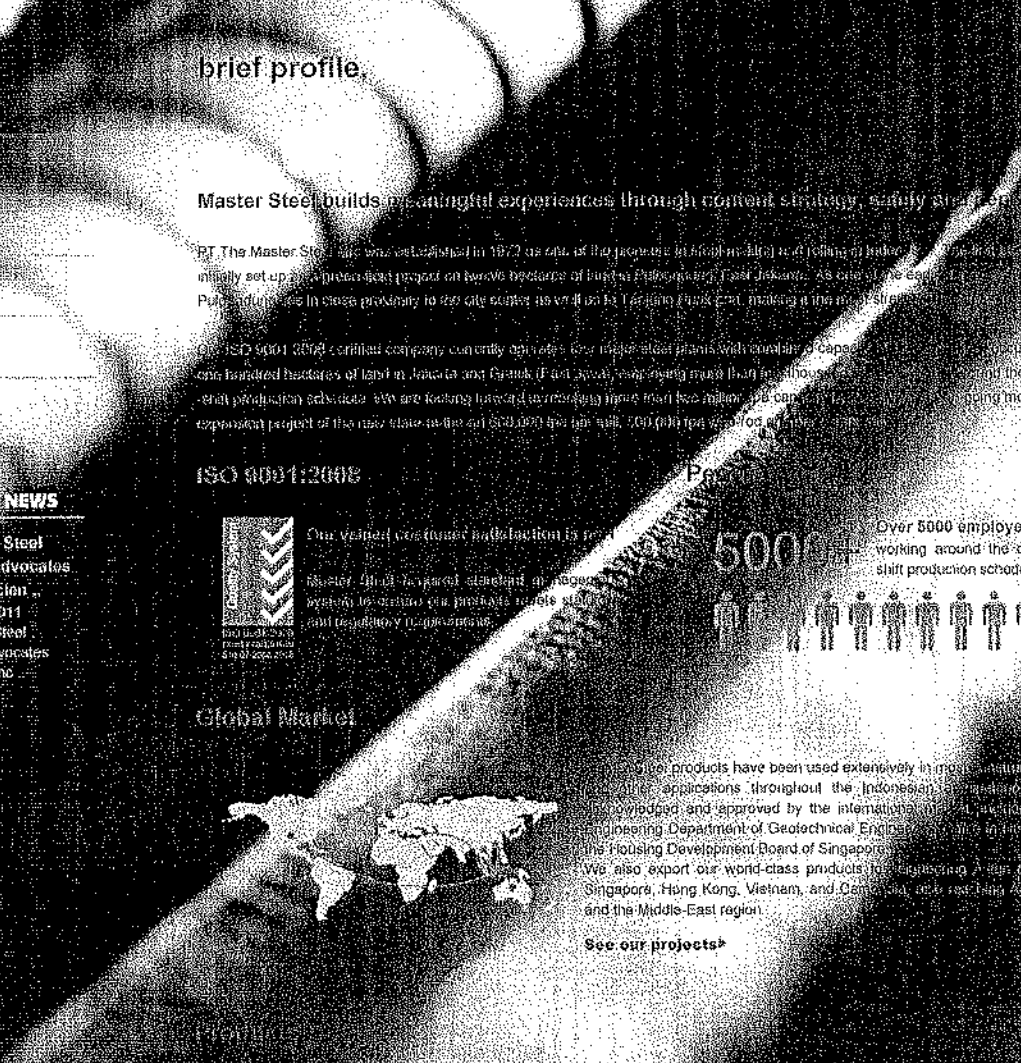
**THE REMAINDER OF THIS BUSINESS  
PROPRIETARY EXHIBIT  
IS NOT SUSCEPTIBLE TO SUMMARIZATION  
AND THEREFORE IS NOT PROVIDED  
WITH THIS PUBLIC VERSION**

# **EXHIBIT 6**



**THE BUSINESS PROPRIETARY  
EXHIBIT IS NOT SUSCEPTIBLE  
TO SUMMARIZATION AND  
THEREFORE IS NOT PROVIDED  
WITH THIS PUBLIC VERSION**

# **EXHIBIT 7**



search here

**brief profile**

**Master Steel builds meaningful experiences through content strategy, quality and innovation**

PT The Master Steel was established in 1972 as one of the pioneers in steel industry in Indonesia. It was initially set up as a precasted project on bridge structure of Bukit-Pulungan and Tami-Jakarta. As one of the early players in the Pulungan, it is close proximity to the site owner as well as the Tami and Tami, making it the most strategic location in Jakarta.

Our ISO 9001:2008 certified company currently operates four master steel plants with combined capacity of producing more than one hundred hectares of land in Jakarta and Gresik (East Java) comprising more than ten thousand square meters and the clock on a three shift production schedule. We are looking forward to increasing more than two million tons capacity in 2012, paving the way for modernization and expansion project of the new state-of-the-art ISO 9001 and ISO 14001 for world-class manufacturing.

**ISO 9001:2008**

**Our vision: customer satisfaction is not a goal, it's a process**

Master Steel has earned a reputation for its commitment to product quality, safety, and regulatory requirements.

**5000+**

Over 5000 employees working around the clock on a 3 shift production schedule

**Global Market**

Our products have been used extensively in major infrastructure projects worldwide, applications throughout the Indonesian archipelago is well known and approved by the international market. We have the Engineering Department of Geotechnical Engineering, the Housing Development Board of Singapore.

We also export our world-class products for engineering projects in Singapore, Hong Kong, Vietnam, and Cambodia, and Southeast Asia, and the Middle-East region.

**See our projects**

**Product**

Our range from concrete-reinforced bar, wire-rod and steel reinforcement products, and hot-rolled steel, cold-rolled steel, U-channel and I-beam.

**IDEAM**

Copy of contents of Master Steel website page:

**Master Steel builds meaningful experiences through content strategy, safety and deployment.**

PT The Master Steel Mfc was established in 1972 as one of the pioneers in steel-making and rolling in Indonesia. The first steel plant was initially set up as a green-field project on twelve hectares of land in Pulogadung, East Jakarta. As one of the earliest industrial estates, Pulogadung lies in close proximity to the city center as well as to Tanjung Priok port, making it the most strategic industrial area in Jakarta.

Our ISO 9001:2008 certified company currently operates four major steel plants with combined capacity of 1.5 million tpa, occupying more than one hundred hectares of land in Jakarta and Gresik (East Java), employing more than five thousand people working around the clock on a three-shift production schedule. We are looking forward to reaching more than two million tpa capacity by 2014 with the on-going modernization and expansion project of the new state-of-the-art 600,000 tpa bar mill, 500,000 tpa wire-rod and bar combi-mill.

<http://themastersteel.com/discover.php?id=1>



## WIRE MESH

SNI 07-0663-1996

Master Steel produces a high quality round bars in different sizes, grades and standards. Wire Mesh primarily used in commercial and residential building structures and warehouses.

Note : Customized sizes based on other international standards available upon request. Minimum order applies.

## CHEMICAL COMPOSITION PROPERTIES

Property	Main Wire		Cross Wire		Area		Mass	
	Diameter (mm)	Spacing (mm)	Diameter (mm)	Spacing (mm)	Main Wire (mm <sup>2</sup> )	Cross Wire (mm <sup>2</sup> )	Pct Steel (kg/m <sup>2</sup> )	Pct Bar (kg/m)
M 12	12	150	12	150	254	254	13.84	139.56
M 10	10	150	10	150	524	524	8.22	96.55
M 9	9	150	9	150	424	424	6.66	78.27
M 8	8	150	8	150	335	335	5.20	61.79
M 7	7	150	7	150	257	257	4.07	47.31
M 6	6	150	6	150	188	188	2.94	34.70
M 5	5	150	5	150	131	131	2.06	24.37
M 4	4	150	4	150	64	64	1.12	13.48

brand    size    per bar    wire

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Resource id #24

**THE REMAINDER OF THIS BUSINESS  
PROPRIETARY EXHIBIT  
IS NOT SUSCEPTIBLE TO SUMMARIZATION  
AND THEREFORE IS NOT PROVIDED  
WITH THIS PUBLIC VERSION**

# **EXHIBIT 8**



We are issuing and publishing the final results and notice in accordance with sections 751(c), 752(b), and 777(i)(1) of the Act.

Dated: September 25, 2013.  
Paul Piquado,  
Assistant Secretary for Import  
Administration.  
(FR Doc. 2013-24129 Filed 10-1-13; 8:45 am)  
BILLING CODE 3510-DS-P

## DEPARTMENT OF COMMERCE

### International Trade Administration

[C-351-833]

#### Carbon and Certain Alloy Steel Wire Rod From Brazil: Final Results of the Expedited Second Sunset Review of the Countervailing Duty Order

**AGENCY:** Import Administration, International Trade Administration, Department of Commerce.  
**DATES:** Effective October 2, 2013.  
**SUMMARY:** The Department of Commerce (Department) finds that revocation of the countervailing duty (CVD) order on carbon and certain alloy steel wire rod (wire rod) from Brazil would be likely to lead to continuation or recurrence of countervailable subsidies.  
**FOR FURTHER INFORMATION CONTACT:** Austin Redington or Nancy Decker, AD/CVD Operations, Office 1, Import Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone (202) 482-1664 or (202) 482-0196, respectively.

#### SUPPLEMENTARY INFORMATION:

##### Background

On June 3, 2013, the Department initiated the second sunset review of the CVD order<sup>1</sup> on wire rod from Brazil pursuant to section 751(c) of the Tariff Act of 1930, as amended (the Act).<sup>2</sup>

On June 18, 2013, the Department received a notice of intent to participate from the following domestic parties: ArcelorMittal USA LLC, Schnitzer Steel Industries, Inc., DBA Cascade Steel Rolling Mills, Inc., Evraz Rocky Mountain Steel, Corbin Ameristeel US Inc., Keystone Consolidated Industries, Inc., and Nucor Corporation (collectively, domestic interested parties), within the deadline specified

in 19 CFR 351.218(d)(1)(i). On July 2, 2013, the Department received an adequate substantive response from the domestic interested parties within the 30-day deadline specified in 19 CFR 351.218(d)(3)(i).

The Department did not receive any submissions from other interested parties. As a result, pursuant to 19 CFR 351.218(n)(1)(ii)(B)-(C), the Department is conducting an expedited (120-day) sunset review of the CVD order on wire rod from Brazil.

#### Scope of the Order

This order covers certain carbon and alloy steel wire rods. A full description of the scope of the order is contained in the Issues and Decision Memorandum,<sup>3</sup> which is hereby adopted by this notice.

The Issues and Decision Memorandum is a public document and is on file electronically via Import Administration's Antidumping and Countervailing Duty Centralized Electronic Service System (IA ACCESS). IA ACCESS is available to registered users at <http://iaaccess.trade.gov> and in the Central Records Unit, room 7046 of the main Department of Commerce building. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly on the Internet at <http://www.trade.gov/ia/>. The signed Issues and Decision Memorandum and the electronic versions of the Issues and Decision Memorandum are identical in content.

#### Analysis of Comments Received

All issues raised in this review are addressed in the Issues and Decision Memorandum. The issues include the likelihood of continuation or recurrence of a countervailable subsidy and the net countervailable subsidy likely to prevail if the order was revoked.

#### Final Results of Review

Pursuant to sections 752(b)(1) and (3) of the Act, we determine that revocation of the CVD order on wire rod from Brazil would be likely to lead to continuation or recurrence of countervailable subsidies at the following net countervailable subsidy rates:

<sup>3</sup> "Issues and Decision Memorandum for the Final Results of the Expedited Sunset Review of the Countervailing Duty Order on Carbon and Certain Alloy Steel Wire Rod from Brazil" from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Paul Piquado, Assistant Secretary for Import Administration, dated October 1, 2013 (Issues and Decision Memorandum).

Manufacturers/producers/ exporters	Net countervailable subsidy (percent)
Companhia Siderurgica Belgo-Mineira (Belgo Mineira) .....	6.74
Gerdau S.A. ....	2.31
All Others .....	4.53

This notice also serves as the only reminder to parties subject to administrative protective order (APO) of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of the return or destruction of APO materials or conversion to judicial protective orders is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

We are issuing and publishing the final results and notice in accordance with sections 751(c), 752(b), and 777(i)(1) of the Act.

Dated: September 25, 2013.  
Paul Piquado,  
Assistant Secretary for Import  
Administration.  
(FR Doc. 2013-24129 Filed 10-1-13; 8:45 am)  
BILLING CODE 3510-DS-P

## DEPARTMENT OF COMMERCE

### National Oceanic and Atmospheric Administration

RIN 0648-XC901

#### Endangered and Threatened Species; Notice of Intent To Prepare a Recovery Plan for Main Hawaiian Islands Insular False Killer Whale Distinct Population Segment

**AGENCY:** National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

**ACTION:** Notice of intent to prepare a recovery plan; request for information.

**SUMMARY:** The National Marine Fisheries Service (NMFS) is announcing its intent to prepare a recovery plan for the Main Hawaiian Islands insular false killer whale (*Pseudorca crassidens*) distinct population segment (MHI Insular FKW) and requests information from the public. NMFS is required by section 4(f) of the Endangered Species Act of 1973 (ESA), as amended, to develop and implement recovery plans for the conservation and survival of federally listed species unless the

<sup>1</sup> See *Final Affirmative Countervailing Duty Determination and Final Negative Critical Circumstances Determination: Carbon and Certain Alloy Steel Wire Rod from Brazil*, 67 FR 55805 (August 30, 2002).

<sup>2</sup> See *Initiation of Five-Year ("Sunset") Review*, 78 FR 33063 (June 3, 2013).



UNITED STATES DEPARTMENT OF COMMERCE  
International Trade Administration  
Washington, D.C. 20533

C-351-833  
2013 Sunset Review  
**Public Document**  
01: AR

DATE: September 25, 2013

MEMORANDUM TO: Paul Piquado  
Assistant Secretary  
for Import Administration

FROM: Christian Marsh *CM*  
Deputy Assistant Secretary  
for Antidumping and Countervailing Duty Operations

SUBJECT: Issues and Decision Memorandum for the Final Results of the  
Expedited Sunset Review of the Countervailing Duty Order on  
Carbon and Certain Alloy Steel Wire Rod from Brazil

#### Summary

We are conducting an expedited sunset review of the countervailing duty (CVD) order covering carbon and certain alloy steel wire rod from Brazil (wire rod) from Brazil.<sup>1</sup> We recommend that you approve the positions described in the "Discussion of the Issues" section of this memorandum. Below is the complete list of the issues raised in the substantive responses:

1. Likelihood of Continuation or Recurrence of a Countervailable Subsidy
2. Net Countervailable Subsidy Likely to Prevail

#### History of the Order

On August 30, 2002, the Department of Commerce ("the Department") published its final determination in the countervailing duty investigation of wire rod from Brazil.<sup>2</sup> On September 27, 2002, the Department published its amended final determination.<sup>3</sup> On October 22, 2002, the Department published the *CVD Order*.

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

1. Financing for the Acquisition or Lease of Machinery and Equipment through the

<sup>1</sup> See *Notice of Countervailing Duty Orders: Carbon and Certain Alloy Steel Wire Rod from Brazil and Canada*, 67 FR 64871 (October 22, 2002) (*CVD Order*).

<sup>2</sup> See *Final Affirmative Countervailing Duty Determination and Final Negative Critical Circumstances Determination: Carbon and Certain Alloy Steel Wire Rod from Brazil*, 67 FR 55803 (August 30, 2002) (*Final Determination*) and accompanying issues and Decision Memorandum.

<sup>3</sup> See *Notice of Amended Final Affirmative Countervailing Duty Determination: Carbon and Certain Alloy Steel Wire Rod from Brazil*, 67 FR 61071 (September 27, 2002) (*Amended Final Determination*).



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

The Department also determined in the investigation that three programs were not countervailable, four programs were not used by the companies under investigation, one program had been terminated, and one program did not exist. For two programs, no determination was made. The list below identifies manufacturers, producers, and/or exporters, and the net subsidies determined by the Department in the original investigation.

Manufacturers/Producers/Exporters	Net Countervailable Subsidy (percent)
Companhia Siderurgica Belgo-Mineira (Belgo Mineira)	6.74
Gerdau S.A.	2.76
All Others	5.64

Following notification of an affirmative injury determination by the U. S. International Trade Commission (ITC), the Department published the *CVD Order*.

On August 21, 2003, in response to a request by the petitioners, the Department initiated a changed circumstances review to clarify the technical descriptions of certain grade 1080 tire cord quality wire rod and certain grade 1080 tire bead quality wire rod that were originally excluded from the scope of the *CVD Order*.<sup>4</sup> In its final results, the Department amended the technical description so that certain grade 1080 tire cord quality steel wire rod and grade 1080 tire bead quality steel wire rod "having no non-deformable inclusions greater than 20 microns and no deformable inclusions greater than 35 microns" rather than just those "having no inclusions greater than 20 microns" were revoked from the *CVD Order* effective July 24, 2003.<sup>5</sup>

On May 11, 2004, the Department initiated a scope inquiry to clarify the exclusion for grade 1080 tire cord quality wire rod and tire bead quality wire rod from the antidumping and

<sup>4</sup> See *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine: Initiation of Changed Circumstances Antidumping Duty Administrative Review and Countervailing Duty Administrative Reviews, and Intent to Revoke Orders in Part*, 68 FR 50513 (August 21, 2003).

<sup>5</sup> See *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine: Final Results of Changed Circumstances Review*, 68 FR 64079 (November 12, 2003).

countervailing duty orders on wire rod from Brazil.<sup>6</sup> On May 9, 2005, the Department issued a final scope ruling and determined that for grade 1080 tire cord quality wire rod and tire bead quality wire rod, the phrase, "having no inclusions greater than 20 microns" means no inclusions greater than 20 microns in any direction.<sup>7</sup>

The Department published its final results of the first sunset review of the *CVD Order*, pursuant to section 751(c) of the Tariff Act of 1930, as amended (the Act).<sup>8</sup> In that review, the Department determined that revocation of the *CVD Order* would be likely to lead to continuation or recurrence of countervailable subsidies at the same rates as found in the amended final determination of the investigation. Based on the Department and the ITC's affirmative findings, the Department published a notice of continuation of the order pursuant to 19 CFR 351.218 (e)(4).<sup>9</sup>

The Department has not conducted any administrative reviews of the *CVD Order*.

### **Background**

On June 3, 2013, the Department published the notice of initiation of the second sunset review of the *CVD Order*, pursuant to section 751(c) of the Act.<sup>10</sup> The Department received notices of intent to participate from the following domestic parties: ArcelorMittal USA LLC, Schnitzer Steel Industries, Inc., DBA Cascade Steel Rolling Mills, Inc., Evraz Rocky Mountain Steel, Gerdau Ameristeel US Inc., Keystone Consolidated Industries, Inc., and Nucor Corporation, within the deadline specified by 19 CFR 351.218(d)(1)(i).<sup>11</sup> The companies claimed interested party status under section 771(9)(C) of the Act as manufacturers of a domestic like product in the United States.<sup>12</sup>

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<sup>6</sup> See Memorandum to Jeffrey May from Carol Henninger, dated May 11, 2004.

<sup>7</sup> See Notice of Scope Rulings, 70 FR 55110 (September 20, 2005).

<sup>8</sup> See *Carbon and Certain Alloy Steel Wire Rod from Brazil: Final Results of Expedited Five-Year Sunset Review of the Countervailing Duty Order*, 73 FR 1323 (January 8, 2008).

<sup>9</sup> See *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine: Continuation of Antidumping and Countervailing Duty Orders*, 73 FR 44218 (July 30, 2008).

<sup>10</sup> See *Initiation of Five-Year ("Sunset") Review*, 78 FR 33063 (June 3, 2013) (*Initiation Notice*).

<sup>11</sup> See letter from Schnitzer Steel Industries, Inc., DBA Cascade Steel Rolling Mills, Inc. "Carbon and Certain Alloy Steel Wire Rod from Brazil: Notice of Intent to Participate in Review and APO Application" (June 13, 2013); letter from Nucor Corporation "Carbon and Certain Alloy Steel Wire Rod from Brazil: Notice of Intent to Participate in Review and APO Application" (June 13, 2013); and letter from ArcelorMittal USA LLC, Evraz Rocky Mountain Steel, Gerdau Ameristeel U.S. Inc., and Keystone Consolidated Industries, Inc. to the Department, "Carbon and Certain Alloy Steel Wire Rod from Brazil - Entry of Appearance, Application for Disclosure of Proprietary Information Subject to Administrative Protective Order, and Notice of Intent to Participate" (June 18, 2013).

<sup>12</sup> Gerdau Ameristeel US Inc. reported that it is related to Gerdau, a producer and exporter of subject merchandise in Brazil. Pursuant to section 771(4)(B) of the Act, a domestic interested party may be excluded from participating as part of the domestic industry if it is related to an exporter of subject merchandise. However, as no parties have questioned Gerdau Ameristeel US Inc.'s participation, we are including it among the domestic interested parties.

The Department received an adequate substantive response from the domestic interested parties within the 30-day deadline specified in 19 CFR 351.218(d)(3)(i).<sup>13</sup> We did not receive substantive responses from the Government of Brazil or any other respondent interested parties. According to the Department's regulations at 19 CFR 351.218(e)(1)(ii)(B)-(C), when there are inadequate responses from the government or from respondent interested parties, we normally will conduct an expedited sunset review and, not later than 120 days after the date of publication in the *Federal Register* of the notice of initiation, issue final results of review based on the facts available. Therefore, we are conducting an expedited (120-day) sunset review of the *CVD Order*.

### **Scope of the Order**

The merchandise subject to this order is certain hot-rolled products of carbon steel and alloy steel, in coils, of approximately round cross section, 5.00 mm or more, but less than 19.00 mm, in solid cross-sectional diameter.

Specifically excluded are steel products possessing the above-noted physical characteristics and meeting the Harmonized Tariff Schedule of the United States ("HTSUS") definitions for (a) stainless steel; (b) tool steel; (c) high nickel steel; (d) ball bearing steel; and (e) concrete reinforcing bars and rods. Also excluded are (f) free machining steel products (i.e., products that contain by weight one or more of the following elements: 0.03 percent or more of lead, 0.05 percent or more of bismuth, 0.08 percent or more of sulfur, more than 0.04 percent of phosphorus, more than 0.05 percent of selenium, or more than 0.01 percent of tellurium).

Also excluded from the scope are 1080 grade tire cord quality wire rod and 1080 grade tire bead quality wire rod. Grade 1080 tire cord quality rod is defined as: (i) grade 1080 tire cord quality wire rod measuring 5.0 mm or more but not more than 6.0 mm in cross-sectional diameter; (ii) with an average partial decarburization of no more than 70 microns in depth (maximum individual 200 microns); (iii) having no non-deformable inclusions greater than 20 microns and no deformable inclusions greater than 35 microns; (iv) having a carbon segregation per heat average of 3.0 or better using European Method NFA 04-114; (v) having a surface quality with no surface defects of a length greater than 0.15 mm; (vi) capable of being drawn to a diameter of 0.30 mm or less with 3 or fewer breaks per ton, and (vii) containing by weight the following elements in the proportions shown: (1) 0.78 percent or more of carbon, (2) less than 0.01 percent of aluminum, (3) 0.040 percent or less, in the aggregate, of phosphorus and sulfur, (4) 0.006 percent or less of nitrogen, and (5) not more than 0.15 percent, in the aggregate, of copper, nickel and chromium.

Grade 1080 tire bead quality rod is defined as: (i) grade 1080 tire bead quality wire rod measuring 5.5 mm or more but not more than 7.0 mm in cross-sectional diameter; (ii) with an average partial decarburization of no more than 70 microns in depth (maximum individual 200 microns); (iii) having no non-deformable inclusions greater than 20 microns and no deformable inclusions greater than 35 microns; (iv) having a carbon segregation per heat average of 3.0 or better using European Method NFA 04-114; (v) having a surface quality with no surface defects

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<sup>13</sup> See letter from domestic interested parties to the Department, "Carbon and Certain Alloy Steel Wire Rod from Brazil" (July 2, 2013) (Substantive Response).

of a length greater than 0.2 mm; (vi) capable of being drawn to a diameter of 0.78 mm or larger with 0.5 or fewer breaks per ton; and (vii) containing by weight the following elements in the proportions shown: (1) 0.78 percent or more of carbon, (2) less than 0.01 percent of soluble aluminum, (3) 0.040 percent or less, in the aggregate, of phosphorus and sulfur, (4) 0.008 percent or less of nitrogen, and (5) either not more than 0.15 percent, in the aggregate, of copper, nickel and chromium (if chromium is not specified), or not more than 0.10 percent in the aggregate of copper and nickel and a chromium content of 0.24 to 0.30 percent (if chromium is specified).

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

The designation of the products as "tire cord quality" or "tire bead quality" indicates the acceptability of the product for use in the production of tire cord, tire bead, or wire for use in other rubber reinforcement applications such as hose wire. These quality designations are presumed to indicate that these products are being used in tire cord, tire bead, and other rubber reinforcement applications, and such merchandise intended for the tire cord, tire bead, or other rubber reinforcement applications is not included in the scope. However, should petitioners or other interested parties provide a reasonable basis to believe or suspect that there exists a pattern of importation of such products for other than those applications, end-use certification for the importation of such products may be required. Under such circumstances, only the importers of record would normally be required to certify the end use of the imported merchandise.

All products meeting the physical description of subject merchandise that are not specifically excluded are included in this scope.

The products under this order are currently classifiable under subheadings 7213.91.3000, 7213.91.3010, 7213.91.3011, 7213.91.3015, 7213.91.3020, 7213.91.3090, 7213.91.3091, 7213.91.3092, 7213.91.3093, 7213.91.4500, 7213.91.4510, 7213.91.4590, 7213.91.6000, 7213.91.6010, 7213.91.6090, 7213.99.0030, 7213.99.0031, 7213.99.0038, 7213.99.0090, 7227.20.0000, 7227.20.0010, 7227.20.0020, 7227.20.0030, 7227.20.0080, 7227.20.0090, 7227.20.0095, 7227.90.6010, 7227.90.6020, 7227.90.6050, 7227.90.6051, 7227.90.6053, 7227.90.6058, 7227.90.6059, 7227.90.6080, and 7227.90.6080 of the HTSUS. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this order is dispositive.

#### **Discussion of the Issues**

In accordance with section 751(c)(1) of the Act, the Department is conducting this review to determine whether revocation of the *CVD Order* would be likely lead to continuation or

recurrence of a countervailable subsidy. Section 752(b) of the Act provides that, in making this determination, the Department shall consider (1) the net countervailable subsidy determined in the investigation and subsequent reviews, and (2) whether any changes in the programs which gave rise to the net countervailable subsidy have occurred that are likely to affect the net countervailable subsidy.

Pursuant to section 752(b)(3) of the Act, the Department shall provide to the ITC the net countervailable subsidy likely to prevail if the *CVD Order* was revoked. In addition, consistent with section 752(a)(6) of the Act, the Department shall provide to the ITC information concerning the nature of the subsidy and whether it is a subsidy described in Article 3 or Article 6.1 of the 1994 World Trade Organization Agreement on Subsidies and Countervailing Measures (SCM Agreement).

Below we address the substantive response of the domestic interested parties.

#### **1. Likelihood of Continuation or Recurrence of a Countervailable Subsidy**

The domestic interested parties claim that, for the below reasons, the Department should determine that subsidies countervailed in the original investigation have continued and would be likely to continue or recur if the *CVD Order* were revoked:

- (1) the subsidies at issue have neither been terminated nor suspended;
- (2) the Department's subsidy enforcement website lists all the countervailable subsidy programs from the original investigation, including those that were "not used" and the presence of "not used" programs is probative of continuation or recurrence of a countervailable subsidy;<sup>14</sup>
- (3) the imposition of the *CVD Order* resulted in imports of subject merchandise declining precipitously (imports decreased from 257,469 tons in 2001 (shortly before the affirmative preliminary determination) to 128,225 in 2003 (the first full year after the imposition of the *CVD Order*) and to 102,517 tons in 2012);<sup>15</sup> and
- (4) most of the imports of wire rod from Brazil are imports of merchandise excluded from the scope of the order, demonstrating that absent the order, Brazilian producers/exporters are likely to receive continued subsidies and imports from Brazil would increase if the order were revoked.

As a result, the domestic interested parties conclude that revocation of the *CVD Order* is likely to lead to a continuation or recurrence of countervailable subsidies.

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<sup>14</sup> See *Final Results of Expedited Sunset Review of Countervailing Duty Order: Sulfanilic Acid from India*, 70 FR 53168 (September 7, 2005).

<sup>15</sup> See Substantive Response at 15-16.

### Department's Position

Section 752(b)(1) of the Act directs the Department in determining the likelihood of continuation or recurrence of a countervailable subsidy to consider the net countervailable subsidy determined in the investigation and subsequent reviews and whether there has been any change in a program found to be countervailable that is likely to affect that net countervailable subsidy. The Statement of Administration (SAA) further advises that the continuation of a program is "highly probative of the likelihood of continuation or recurrence of countervailable subsidies."<sup>16</sup> As explained above, there have been no administrative reviews of the *CVD Order*. Moreover, there is no information indicating any changes in the programs. We note that the benefits Gerda received under "Debt Forgiveness/Equity Infusions Provided to Usina Siderurgica da Bahia S.A. (previously 1988 Equity Infusions/Debt Forgiveness Provided to Usina Siderurgica da Bahia S.A.)" were non-recurring in nature and have been fully allocated over the average useful life of the subject merchandise (*i.e.*, 15 years). However, in order to remove a non-recurring subsidy program, for which the benefit has been fully allocated, from the determination that subsidization is likely to continue or recur, the program also must be terminated.<sup>17</sup> There is no information on the record that this program has been terminated. For more information on this program, *see* the "Net Countervailable Subsidy Likely to Prevail" section, below.

Therefore, consistent with our practice, we find that countervailable programs continue to exist and be used by Brazilian producers and exporters of wire rod.<sup>18</sup> Consequently, given the continued existence of programs found to provide countervailable benefits, the Department finds that a countervailable subsidy is likely to continue or recur if the *CVD Order* was revoked.<sup>19</sup>

## **2. Net Countervailable Subsidy Likely to Prevail**

In determining the net countervailable subsidy likely to prevail in the event of revocation, the domestic interested parties rely on section 752(b)(1) of the Act which specifies that the Department shall consider "the net countervailable subsidy determined in the investigation and subsequent reviews" and "whether any change in the program which gave rise to the net countervailable subsidy" has occurred and is likely to affect the net countervailable subsidy rate.

Domestic interested parties argue that, since there have been no administrative reviews of the *CVD Order*, the only subsidy rates available are those determined in the investigation.

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<sup>16</sup> See *Statement of Administrative Action* (SAA) accompanying the URAA, H.R. Doc. No. 103-316, Vol. I (1994) at 888.

<sup>17</sup> See *Polyethylene Terephthalate (PET) Film, Sheet, and Strip From India: Final Results of the Expedited Second Sunset Review of the Countervailing Duty Order*, 78 FR 47276 (August 5, 2013).

<sup>18</sup> See *Sulfanilic Acid From India: Final Results of Expedited Sunset Review of Countervailing Duty Order*, 76 FR 33243 (June 8, 2011); *see also* *Carbazole Violet Pigment 23 from India: Final Results of the Expedited Five-year (Sunset) Review of the Countervailing Duty Order*, 75 FR 13257 (March 19, 2010).

<sup>19</sup> Although domestic interested parties cite to evidence of a decline in the volume of imports since the investigation, determinations concerning the likelihood of continuation or recurrence of countervailable subsidies -- unlike determinations concerning the likelihood of continuation or recurrence of dumping -- are primarily based upon the continued existence of countervailing duty programs and/or benefits. See *Policies Regarding the Conduct of Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders*; *Policy Bulletin*, 63 FR 18871, 18874-75 (April 16, 1998)(*Sunset Policy Bulletin*).



### Department's Position

Consistent with the SAA and legislative history, the Department normally will provide to the ITC the net countervailable subsidy that was determined in the investigation as the subsidy rate likely to prevail if the order is revoked, because it is the only calculated rate that reflects the behavior of exporters and foreign governments without the discipline of an order in place.<sup>20</sup>

Section 752(b)(1)(B) of the Act provides, however, that the Department will consider whether any change in the program which gave rise to the net countervailable subsidy determination in the investigation or subsequent reviews has occurred that is likely to affect the net countervailable subsidy.

Therefore, although the SAA and House Report provide that the Department normally will select a rate from the investigation, this rate may not be the most appropriate if, for example, the rate was derived (in whole or part) from subsidy programs which were found in subsequent reviews to be terminated, there has been a program-wide change, or the rate ignores a program found to be countervailable in a subsequent administrative review.<sup>21</sup>

In determining company-specific, net countervailable subsidy rates likely to prevail, the Department has started with the rates found in the original investigation. Since the Department has not conducted any administrative reviews of the *CVD Order*, we do not need to adjust the rates from the investigation to account for additional subsidies, program-wide changes or terminated programs.

However, for non-recurring benefits, if the Department can determine from information in the records of the investigation or subsequent administrative reviews that the benefits have been fully allocated prior to the end of the sunset review period, the Department has recognized that the assistance no longer benefits the company and has removed the program-specific rate from the net countervailable subsidy rate likely to prevail.<sup>22</sup> In this regard, we note that Gerdau received non-recurring benefits under "Debt Forgiveness/Equity Infusions Provided to Usina Siderurgica da Bahia S.A. (previously 1988 Equity Infusions/Debt Forgiveness Provided to Usina Siderurgica da Bahia S.A.)" in 1986, 1987, and 1989. These benefits were allocated over the 15 year AUL.<sup>23</sup> Based on the years of receipt, we find that these benefits have been fully allocated and are removing the *ad valorem* subsidy rate attributed to Gerdau, *i.e.*, 0.45 percent, under this program.

Consequently, we are also recalculating the "All Others" rate likely to prevail. For the all others rate, we have assigned the simple average of the rates calculated for Belgo Mineira and Gerdau.<sup>24</sup> As a result, the Department has found that net subsidy levels for Brazilian producers

<sup>20</sup> See SAA at 890 and the House Report, H.R. Rep. No. 103-826 (1994) (House Report) at 64.

<sup>21</sup> See *Stainless Steel Sheet and Strip in Coils From the Republic of Korea: Final Results of Expedited Second Sunset Review*, 75 FR 62101 (October 7, 2010) and accompanying Issues and Decision Memorandum at 4.

<sup>22</sup> See, e.g., *Sunset Policy Bulletin and Polyethylene Terephthalate (PET) Film, Sheet, and Strip From India: Final Results of the Expedited Second Sunset Review of the Countervailing Duty Order*, 78 FR 47276 (August 5, 2013).

<sup>23</sup> See *Final Determination*, and accompanying Issues and Decision Memorandum at 12-13.

<sup>24</sup> Calculating a weighted-average of the net subsidy rates of Belgo Mineira and Gerdau risks disclosing proprietary information.

and exporters of wire rod are above *de minimis*. Consistent with section 752(b)(3) of the Act, the Department will provide to the ITC the net countervailable subsidy rates shown in the section entitled "Final Results of Review."

### **Nature of the Subsidies**

Consistent with section 752(a)(6) of the Act, the Department is providing the following information to the ITC concerning the nature of the subsidies, and whether any of the subsidies are as described in Article 3 or Article 6.1 of the SCM Agreement. Article 6.1 of the SCM Agreement, however, expired effective January 1, 2000.

In the instant review, there are three programs that fall under Article 3.1 of the SCM Agreement, which states that the following subsidies shall be prohibited: (a) subsidies contingent, in law or in fact, whether solely or as one of several other conditions, upon export performance; and (b) subsidies contingent, whether solely or as one of several other conditions, upon the use of domestic over imported goods.

1) **Programa de Financiamento as Exportacoes**

The PROEX program is administered by the Banco do Brasil. PROEX funding is available to Brazilian companies involved in exporting only. PROEX funds are available in two forms:

- (1) PROEX Financing, which involves the direct financing of a company's exports, and
- (2) PROEX Equalization, which reimburses certain interest costs to Brazilian exporters.

2) **"Presumed" Tax Credit for the Program of Social Integration and the Social Contributions of Billings on Inputs Used in Exports**

In 1996, through Law 9363, the Government of Brazil established the PIS and COFINS tax credit program to provide a rebate of PIS and COFINS contributions assessed on the purchase of raw materials, intermediate products, and packing materials used in the production of exports. The PIS and COFINS "presumed" tax credit was established to prevent the cascading effect of these taxes which accrue at each point in the chain of production. A company calculates its own PIS and COFINS credit, on a monthly basis, using a standard formula established by Law 9363, and claims the credit by making deductions from the Industrial Products Tax due.

3) **Financing for the Acquisition or Lease of Machinery and Equipment through the Special Agency for Industrial Financing**

The FINAME program, which is administered through BNDES and agent banks throughout Brazil, was established in 1966 by Decree No. 59.170 of September 2, 1966, and Decree/Law No. 45 of November 18, 1966. FINAME loans provide capital financing to companies located in Brazil for the acquisition or leasing of new machinery and equipment. Although financing is available for both machinery manufactured in

Brazil and non-domestic machinery, almost all FINAME financing is provided for new machinery and equipment manufactured in Brazil. FINAME financing is available for non-Brazilian machinery only when domestically-manufactured machinery is unavailable. FINAME financing for leasing of equipment or machinery is only available for domestic equipment. Under the terms of this program, FINAME loans may be used to finance no more than 80 percent of the purchase price of the machinery.

The following programs do not fall within the meaning of Article 3.1 of the SCM Agreement, but could be subsidies described in Article 6.1 of the SCM Agreement if the amount of the subsidy exceeds five percent, as measured in accordance with Annex IV of the SCM Agreement. They also could fall within the meaning of Article 6.1 if they constitute debt forgiveness, grants to cover debt repayment, or are subsidies to cover operating losses sustained by an industry or enterprise. However, there is insufficient information on the record of this review in order for the Department to make such a determination. We are providing the ITC with the following program descriptions:

- 1) Tax Incentives Provided by the Amazon Region Development Authority ("SUDAM") and the Northeast Region Development Authority ("SUDENE")

The SUDENE program was created under Law No. 3692 to promote the development of the Northeast Region of Brazil. The SUDAM program is a similar program that promotes the development of the Amazonia Region of Brazil. Both programs are administered by the Brazilian federal government, and are linked to the Ministry of National Integration. Under these programs, companies can receive either a partial or complete tax exemption from the Brazilian corporate income tax, which is assessed at a rate of 25 percent. The tax exemption applies only to income from facilities operating in the designated regions. Both programs allow companies a 100 percent exemption if the company (1) makes an initial investment in the region involved, (2) increases capacity in the applicable region, or (3) modernizes its facilities in the specific region. If a company does not meet these three criteria, it is permitted to exempt 37.5 percent of its income from facilities operating in that region from taxation.

- 2) Debt Forgiveness/Equity Infusions Provided to Usina Siderurgica da Bahia S.A. (previously 1988 Equity Infusions/Debt Forgiveness Provided to Usina Siderurgica da Bahia S.A.)

Prior to 1989, Usiba was owned by Siderurgica Brasileira S.A.- SIDERBRAS ("SIDERBRAS"), the Brazilian government entity responsible for all state-owned steel companies. As part of the first phase of Brazilian privatizations carried out under the auspices of Decree 95.886, SIDERBRAS, through BNDES Participacoes S.A.- BNDESPAR ("BNDESPAR"), sold Usiba to Gerdau in a privatization auction in October 1989.

In order to restructure Usiba and to restore its operational viability, as well as to prepare Usiba for privatization, SIDERBRAS made several investments in the company. First, in 1988, SIDERBRAS restructured some Usiba debt in a debt-for-equity swap. As part of

this arrangement, according to Usiba's 1988 Financial Statement, SIDERBRAS "cleans{ed}" past due debt of 58,888,558,000 Cruzados in exchange for increased equity in Usiba. In addition to this debt restructuring, SIDERBRAS also made equity infusions into Usiba of 101,243,000 Cruzados in 1986; 13,182,699,000 Cruzados in 1987; and 8,204,000 Cruzados in 1989.

- 3) National Bank for Economic and Social Development Financing for the Acquisition of Dedini Siderurgica de Piracicaba

Until 1997, Belgo Mineira was involved in a partnership with the Dedini Group, a consortium of companies with operations in numerous sectors, through Belgo Mineira's 49 percent ownership of the Dedini Group's steel operations. Due to economic problems, the Dedini Group decided to restructure its operations and sell some of its assets, including its steel operations.

After several rounds of negotiations between Belgo Mineira and Dedini, Belgo Mineira agreed to take over certain of Dedini's debts as recorded in Dedini's books, including debt owed to BNDES and another government creditor, in exchange for the remaining 51 percent of the Dedini Group's steel operations and three Dedini properties. Once Belgo Mineira and Dedini reached an agreement on this issue, the two companies approached the creditors involved, including BNDES, to receive approval in order to complete the transactions. In giving its approval in late 1997, BNDES agreed that Belgo Mineira would assume the amount of the Dedini debt agreed upon by Belgo Mineira and Dedini, and that BNDES would write off any remaining debt in its books as a loss. Separate negotiations took place between Belgo Mineira and the other government creditor to which Dedini was indebted.

- 4) National Bank for Economic and Social Development Financing for the Acquisition of Mendes Junior Siderurgica ("MJS") S.A.

MJS operated a steel mill in the state of Minas Gerais. In 1995, because MJS could no longer service its existing debt obligations, it entered into negotiations with Belgo Mineira. MJS and Belgo Mineira reached an agreement in which Belgo Mineira would lease MJS' facility in the state of Minas Gerais. In 1998, Belgo Mineira negotiated an agreement with BNDES in which BNDES transferred MJS' outstanding debt, exclusive of any late fees and penalties, to Belgo Mineira in exchange for R\$98 million in debentures and certain other rights, the details of which are proprietary. At the time of the BNDES negotiation, MJS' debt was categorized by BNDES as a non-performing loan and any outstanding late fees and penalties in excess of the original debt amount were written off by BNDES.

The debentures issued by Belgo Mineira to BNDES in this transaction are for a term of 12 years and pay the Brazilian Long Term Interest Rate ("TJLP") plus three percent (the TJLP is the Brazilian long-term interest rate, a rate set periodically by the Brazilian Central Bank). Furthermore, the agreement between BNDES and Belgo Mineira was structured such that, if Belgo Mineira had reached agreement with other creditors of MJS

on terms more favorable than those in the BNDES-Belgo Mineira agreement, then Belgo Mineira would compensate BNDES in the amount of the difference.

#### Final Results of Review

Based on the analysis above, the Department finds that revocation of the *CVD Order* would likely lead to continuation or recurrence of net countervailable subsidies at the rates listed below:

Manufacturers/Producers/Exporters	Net Countervailable Subsidy (percent)
Companhia Siderurgica Belgo-Mineira (Belgo Mineira)	6.74
Gerdau S.A.	2.31
All Others	4.53

#### Recommendation

We recommend adopting all of the above positions. If these recommendations are accepted, we will publish the final results of review in the *Federal Register* and notify the ITC of our findings.

AGREE ✓

DISAGREE \_\_\_\_\_

Paul Piquado  
Paul Piquado  
Assistant Secretary  
for Import Administration  
25 SEPTEMBER 2013  
Date

# **EXHIBIT 9**

## *Fabricating & Metalworking*

### **Deacero Steel Long Products Output to Reach 4 Million Tons Per Year By 2011**

Available at: <http://www.fabricatingandmetalworking.com/2010/01/deacero-steel-long-products-output-to-reach-4-million-tons-per-year-by-2011/>

Deacero S.A. de C.V. (Monterrey, Mexico), Mexico's largest steel-maker, is setting up a wire rod and rebar production facility at Saltillo, which will increase its long products output to 4 million tons per year. According to a report by Industrial Info Resources (Sugar Land, TX), the new mini-mill will have a rolling capacity of 800,000 to 1 million tons per year of long products, and a crude steel production capacity of 1.5 million tons per year. The facility is likely to be commissioned by 2011. Danieli SpA (Buttrio, Italy) has been awarded supply contracts for the plant and machinery required to set up the production facility.

Danieli also will deliver a 6-strand continuous casting machine (CCM) and a 150-ton electric arc furnace (EAF). Sources indicate that Deacero's 21-strand rolling facility will use feed from the 120 ton-per-hour walking beam reheating furnace system. The furnace will be directly linked to a continuous casting system, which will take care of the hot-charging of billets. Danieli also will supply equipment to set up a micro profiles mill, which will receive feed in the form of round rebar coils. The new wire production unit will produce the rebar coils. Deacero's facilities produce long products that are widely used in industrial applications, construction, infrastructure and other products.

In a related development, U.S. Shredder and Castings Group (Trussville, Alabama) completed installation of a state-of-the-art shredder unit at Deacero's facility in Mexicali. The system, which includes a sorting system, will process and separate non-ferrous and ferrous metals. The system consists of a metals recovery unit, an air sensory system, and magnetic drums. In 2006, the company commissioned its third wire rod-rolling unit at its facility in Celaya at a cost of \$220 million. The expansion, which increased Deacero's production capability from 1.7 million tons per year to 2.7 million tons per year, also was supplied by Danieli.

Danieli ranks among the top global suppliers of plant and machinery to the metals industry. Recently, the company signed an agreement with Vietnam Steel Corporation (Hanoi, Vietnam) to form a \$550 million joint venture that will manufacture 2 million tons per year of steel sheets. The project site is at Phay My, near Ho Chi Minh City, and is expected to begin operations in 2011. Vietnam Steel will hold an 80 percent stake in the venture, while Danieli will hold the remainder.

Recently, Raul Gutierrez, chief executive officer of Deacero, indicated that the company will take stock of the global economy and the recovery of the steel industry before going ahead with its planned investments or restarting its operations. In October 2008, Gutierrez had stated that the economic downturn would not dampen Deacero's proposed investments in 2009-10. The company had been carrying implementing projects with an investment of \$120 million; the projects included galvanizing plants, a new reheating facility at Saltillo, and maintenance facilities at Celaya. Deacero also had announced a \$600 million short- and medium-term investment plan. Deacero operates 10 production facilities and 13 distribution hubs across 20 countries, and serves about 8,000 customers.

**THE REMAINDER OF THIS BUSINESS  
PROPRIETARY EXHIBIT  
IS NOT SUSCEPTIBLE TO SUMMARIZATION  
AND THEREFORE IS NOT PROVIDED  
WITH THIS PUBLIC VERSION**



# **EXHIBIT 10**

## I. Abstract

The Chemical Weapons Convention Implementation Act of 1998 and Commerce Chemical Weapons Convention Regulations (CWCRC) specify the rights, responsibilities and obligations for submission of declarations, reports and inspections. This information is required for the United States to comply with the Chemical Weapons Convention (CWC), an international arms control treaty.

## II. Method of Collection

Submitted electronically or on paper.

## III. Data

OMB Control Number: 0694-0091.

Form Number(s): Form 1-1; Form 1-2; Form 1-2A; Form 1-2B; etc.

Type of Review: Regular submission (extension of a currently approved information collection).

Affected Public: Business or other for-profit organizations.

Estimated Number of Respondents: 816.

Estimated Time per Response: 10 minutes—12 hours per response.

Estimated Total Annual Burden Hours: 16,047.

Estimated Total Annual Cost to Public: \$41,740.

## IV. Request for Comments

Comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden (including hours and cost) of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval of this information collection; they also will become a matter of public record.

Dated: September 26, 2012.

Gwellnar Banks,

Management Analyst, Office of the Chief Information Officer.

[FR Doc. 2012-24063 Filed 9-28-12; 8:45 am]

BILLING CODE 3510-33-P

## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-201-830]

#### Carbon and Certain Alloy Steel Wire Rod From Mexico: Affirmative Final Determination of Circumvention of the Antidumping Duty Order

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

SUMMARY: On December 20, 2011, the Department of Commerce (the Department) published in the *Federal Register* its notice of affirmative preliminary determination of circumvention.<sup>1</sup> We gave interested parties an opportunity to comment on the *Preliminary Determination*, and received briefs and rebuttal briefs from interested parties. After evaluating the comments submitted by parties, we find no basis for altering the Department's preliminary findings. Accordingly, pursuant to section 781(c) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.225(i), we continue to determine that shipments of wire rod with an actual diameter of 4.75 mm to 5.00 mm by Deacero S.A. de C.V. (Deacero) constitutes merchandise altered in form or appearance in such minor respects that it should be included within the scope of the order on wire rod from Mexico. Further, we continue to determine that Ternium Mexico S.A. de C.V. (Ternium) is not covered by this affirmative anti-circumvention inquiry because information on the record indicates that Ternium has not shipped wire rod with diameters of 4.75 mm to 5.0 mm.

DATES: Effective Date: October 1, 2012.

FOR FURTHER INFORMATION CONTACT: Eric B. Greynolds, Program Manager, or Jolanta Lawska, Trade Analyst, Office 3, Antidumping and Countervailing Duty Operations, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 482-6071 or (202) 482-8362, respectively.

#### SUPPLEMENTARY INFORMATION:

##### Background

On June 8, 2011, the Department initiated a circumvention inquiry into whether Deacero and Ternium shipped wire rod with an actual diameter measuring 4.75 mm to 5.00 mm in a

manner that constitutes merchandise altered in form or appearance in such minor respects that it should be included within the scope.<sup>2</sup> On December 20, 2011, the Department published its notice of affirmative preliminary determination of circumvention.<sup>3</sup> The Department determined that wire rod with an actual diameter of 4.75 mm to 5.00 mm produced in Mexico and exported to the United States by Deacero is circumventing the antidumping duty order on wire rod from Mexico. The Department also directed U.S. Customs and Border Protection (CBP) to suspend liquidation of entries of such merchandise and require case deposits on said entries.<sup>4</sup>

In accordance with 19 CFR 351.225(f)(3), interested parties were invited to submit comments on the *Preliminary Determination*. On January 12, 2012, Deacero submitted a case brief. On January 23, 2012, ArcelorMittal USA LLC, Gerdau Ameristeel U.S. Inc., Rocky Mountain Steel, and Members of the Wire Rod Producers Coalition (collectively, the Coalition) and Nucor Corporation (Nucor) submitted rebuttal briefs. The Department considered these submissions for the final determination of this circumvention inquiry. No party requested a hearing.

##### Scope of the Order

The merchandise subject to this order is carbon and certain alloy steel wire rod. The product is currently classified under the Harmonized Tariff Schedule of the United States (HTSUS) item numbers 7213.91.3010, 7213.91.3090, 7213.91.4510, 7213.91.4590, 7213.91.6010, 7213.91.6090, 7213.99.0031, 7213.99.0038, 7213.99.0090, 7227.20.0010, 7227.20.0020, 7227.20.0090, 7227.20.0095, 7227.90.6051, 7227.90.6053, 7227.90.6058, and 7227.90.6059. Although the HTS numbers are provided for convenience and customs purposes, the written product description, available in *Notice of Antidumping Duty Orders: Carbon and Certain Alloy Steel Wire Rod from Brazil, Indonesia, Mexico, Moldova, and Trinidad and Tobago, and Ukraine*, 67 FR 65945 (October 29, 2002), remains dispositive.

<sup>2</sup> See *Carbon and Certain Alloy Steel Wire Rod from Mexico: Initiation of Anti-Circumvention Inquiry of Antidumping Duty Order*, 76 FR 33218 (June 8, 2011) (*Initiation*). The Department is using slightly different wording in this *Federal Register* notice from the wording in the *Initiation* notice and *Preliminary Determination* to clarify that Deacero's shipments of 4.75 mm wire rod are covered by this circumvention inquiry.

<sup>3</sup> See *Preliminary Determination*.

<sup>4</sup> See *Id.*, 76 FR at 78884.

<sup>1</sup> See *Carbon and Certain Alloy Steel Wire Rod from Mexico: Affirmative Preliminary Determination of Circumvention of the Antidumping Duty Order*, 76 FR 78882 (December 20, 2011) (*Preliminary Determination*).

### Scope of the Circumvention Inquiry

The merchandise subject to this circumvention inquiry consists of wire rod with an actual diameter of 4.75 mm to 5.00 mm. This merchandise, produced by Deacero, entered the United States under Harmonized Tariff Schedule (HTS) classification 7213.91.3093.

### Affirmative Final Determination of Circumvention

The Department conducted this circumvention inquiry in accordance with section 781(c) of the Act, which deals with minor alterations of merchandise. The Department explained in the *Preliminary Determination* the criteria typically used by the Department to make determinations in such inquiries (*i.e.*, the overall physical characteristics of the merchandise, the expectations of the ultimate users, the use of the merchandise, the channels of marketing, and the cost of any modification relative to the total value of the imported products). See *Preliminary Determination*, 76 FR at 78884.

In the *Preliminary Determination*, the Department found that wire rod with an actual diameter of 4.75 mm to 5.0 mm and subject wire rod are indistinguishable in any meaningful sense in terms of overall physical characteristics of the merchandise. Our preliminary analysis indicated that other physical characteristics, such as tensile strength, ductility, and chemical content (which determines product grade), do not vary by diameter. In addition, we preliminarily determined that the 0.25 mm difference between the wire rod products at issue and subject wire rod do not alter the expectations of the ultimate users, the use of the merchandise, and the channels of marketing in any meaningful way. We further determined that the costs incurred to produce wire rod with a 0.25 mm smaller diameter are not significant. Accordingly, pursuant to section 781(c) of the Act and 19 CFR 351.225(i) we preliminarily determined that shipments of wire rod with an actual diameter of 4.75 mm to 5.00 mm by Deacero constitutes merchandise altered in form or appearance in such minor respects that it should be included within the scope of the order on wire rod from Mexico.

The Department has analyzed the comments submitted by interested parties in the accompanying issues and decision memorandum. See the Memorandum from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty

Operations, to Paul Piquado, Assistant Secretary for Import Administration, "Final Results of Minor Alteration Circumvention Inquiry on Carbon and Certain Alloy Steel Wire Rod with an Actual Diameter of 4.75 Millimeters (mm) to 5.00 mm," a proprietary document dated concurrently with this notice of which the public version, as well as all other public documents and public versions of documents filed on the record of this proceeding, is available electronically via Import Administration's Antidumping and Countervailing Duty Centralized Electronic Service System (IA ACCESS). Access to IA ACCESS is available to registered users at <http://iaaccess.trade.gov> and in the Central Records Unit, room 7046 of the main Department of Commerce building. In addition, the public version of the memorandum can be accessed directly on the internet at <http://www.trade.gov/ia/>. The signed memorandum and the electronic versions of the memorandum are identical in content.

In these final results, the Department continues to find that wire rod with an actual diameter of 4.75 mm to 5.00 mm produced in Mexico and exported to the United States by Deacero is circumventing the antidumping duty order on wire rod from Mexico. Therefore, the Department finds that it is appropriate to consider that shipments of wire rod with an actual diameter of 4.75 mm to 5.00 mm produced in Mexico and exported to the United States by Deacero constitutes merchandise altered in form or appearance in such minor respects that it should be included within the scope of the order on wire rod from Mexico.

This affirmative finding applies solely to Deacero because information supplied by Ternium indicates that it did not produce or sell merchandise subject to this circumvention inquiry.

### Continuation of Suspension of Liquidation

In accordance with section 351.225(l)(3) of the Department's regulations, we are directing CBP to continue to suspend liquidation of wire rod with an actual diameter of 4.75 mm to 5.00 mm produced and/or exported by Deacero that are entered, or withdrawn from warehouse, for consumption on or after June 8, 2011, the publication date of the *Initiation* in the *Federal Register*. Pursuant to 19 CFR 351.225(l)(2), we are also instructing CBP to continue to require a cash deposit of estimated duties equal to the all others rate of 20.11 percent *ad valorem* for each unliquidated entry of wire rod with an actual diameter of 4.75

mm to 5.00 mm produced and/or exported by Deacero entered, or withdrawn from warehouse, for consumption on or after June 8, 2011.<sup>5</sup>

### Notification to Interested Parties

This notice also serves as a reminder to parties subject to administrative protective orders (APO) of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3), which continues to govern business proprietary information in this segment of the proceeding. Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

This affirmative final circumvention determination is in accordance with section 781(c) of the Act and 19 CFR 351.225.

Dated: September 24, 2012.

Paul Piquado,

Assistant Secretary for Import Administration.

### Appendix—List of Comments and Issues in the Decision Memorandum

- Comment 1: Whether Initiation of a Minor Alteration Inquiry is Contingent Upon Whether the Products at Issue Existed Prior to the Investigation
- Comment 2: Whether the Products at Issue Were Commercially Available Prior to the Investigation
- Comment 3: Whether the Department Should Perform the Minor Alteration Five-Prong Analysis by Comparing 4.75 mm Wire Rod to All Wire Rod Listed in the Scope
- Comment 4: First Prong of the Minor Alteration Analysis—Physical Characteristics
- Comment 5: Second Prong of the Minor Alteration Analysis—Expectations of the Ultimate Users
- Comment 6: Third Prong of the Minor Alteration—End Use of Products at Issue
- Comment 7: Fourth Prong of the Minor Alteration Analysis—Channels of Trade and Advertising
- Comment 8: Fifth Prong of the Minor Alteration Analysis—Cost of Any Modification Relative to the Total Value of the Products at Issue

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<sup>5</sup> Deacero has never been individually examined by the Department during the history of the Order. For this reason Deacero's shipments of subject merchandise are subject to the all others rate.



A-201-830  
Circumvention Inquiry  
Public Version  
Office 3; Operations: JL; EBG

**DATE:** September 24, 2012

**MEMORANDUM TO:** Paul Piquado  
Assistant Secretary  
for Import Administration

**FROM:** Christian Marsh  
Deputy Assistant Secretary  
for Antidumping and Countervailing Duty Operations

**RE:** Antidumping Duty (AD) Order on Carbon and Certain Alloy Steel Wire Rod from Mexico

**SUBJECT:** Final Results of Minor Alteration Circumvention Inquiry on Carbon and Certain Alloy Steel Wire Rod with an Actual Diameter of 4.75 Millimeters (mm) to 5.00 mm

#### Background

On December 20, 2011, the Department of Commerce (the Department) issued the Preliminary Determination in the above-mentioned AD circumvention inquiry. See Carbon and Certain Alloy Steel Wire Rod from Mexico: Affirmative Preliminary Determination of Circumvention of the Antidumping Duty Order, 76 FR 78882 (December 20, 2011) (Preliminary Determination), and accompanying Issues and Decision Memorandum (Preliminary Decision Memorandum). On January 12, 2012, Deacero S.A. de C.V. (Deacero) submitted its case brief. On January 23, 2012, ArcelorMittal USA LLC, Gerdau Ameristeel U.S. Inc, Rocky Mountain Steel, and Members of the Wire Rod Producers Coalition (collectively, the Coalition) and Nucor Corporation (Nucor) submitted rebuttal briefs.<sup>1</sup> No party requested a hearing.

As discussed below, we continue to find that Deacero's shipments of certain alloy steel wire rod (wire rod) with an actual diameter of 4.75 mm to 5.00 mm produced in Mexico and exported to the United States by Deacero are circumventing the Order.<sup>2</sup> In addition, we continue to find that our affirmative final determination applies solely to Deacero because information supplied by Ternium Mexico S.A. de C.V. (Ternium), the other respondent included in petitioners' initial circumvention filing, indicates that it did not produce or sell merchandise subject to this circumvention inquiry. We recommend that you approve the positions described in the "Discussion of the Issues" section of this memorandum. Below is the complete list of the issues for which we received comments from parties.

<sup>1</sup> The Department refers to the Coalition and Nucor collectively as petitioners.

<sup>2</sup> See Notice of Antidumping Duty Orders: Carbon and Certain Alloy Steel Wire Rod from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine, 67 FR 65945 (October 29, 2002) (Order).



**Comment 1:** Whether Initiation of a Minor Alteration Inquiry is Contingent Upon Whether the Products at Issue Existed Prior to the Investigation

**Comment 2:** Whether the Products at Issue Were Commercially Available Prior to the Investigation

**Comment 3:** Whether the Department Should Perform the Minor Alteration Five-Prong Analysis by Comparing 4.75 mm Wire Rod to All Wire Rod Listed in the Scope

**Comment 4:** First Prong of the Minor Alteration Analysis – Physical Characteristics

**Comment 5:** Second Prong of the Minor Alteration Analysis - Expectations of the Ultimate Users

**Comment 6:** Third Prong of the Minor Alteration - End Use of Products at Issue

**Comment 7:** Fourth Prong of the Minor Alteration Analysis - Channels of Trade and Advertising

**Comment 8:** Fifth Prong of the Minor Alteration Analysis - Cost of Any Modification Relative to the Total Value of the Products at Issue

#### Scope of the Circumvention Inquiry

The merchandise subject to this circumvention inquiry consists of wire rod with an actual diameter of 4.75 mm to 5.00 mm. This merchandise, produced by Deacero, entered the United States under Harmonized Tariff Schedule (HTS) classification 7213.91.3093.

#### Discussion of the Issues:

**Comment 1:** Whether Initiation of a Minor Alteration Inquiry is Contingent Upon Whether the Products at Issue Existed Prior to the Investigation

Deacero argues that as an initial matter, the Tariff Act of 1930, as amended (the Act), clearly requires that there must have been an alteration of the subject merchandise. Deacero contends that it therefore follows that a product that existed prior to an original investigation and that petitioners did not include within the scope cannot be considered an alteration of the subject merchandise. Deacero argues that the mere fact that there may be a minor difference between a product and subject merchandise cannot, on its own, serve as the basis for finding the product within the scope.

Deacero further argues that this conclusion is supported by the Court of International Trade's (CIT) ruling in Hylsa, which in turn relied upon the Court's findings in Wheatland. See Hylsa S.A. de C.V. v. United States, 22 CIT 44 (1998) (Hylsa); see also Wheatland Tube Co. v. United States, 973 F. Supp. 149 (CIT 1997) (Wheatland). Deacero argues that in Hylsa, the CIT determined that the Department could not treat line pipe as a minor alteration of the subject merchandise (standard pipe) because line pipe existed in the U.S. market at the time of the

investigation. Deacero argues that in Hylsa the CIT therefore ordered the Department to terminate the minor alteration inquiry and, in doing so, noted that petitioners should not be relieved of the legal consequences of failing to include a particular product within their scope definition. See Hylsa, 22 CIT at 49.

Deacero argues that in Nippon Steel, the Court of Appeals for the Federal Circuit (CAFC) confirmed the approach taken in Hylsa when it ruled that the Department is not prohibited from conducting a minor alteration inquiry simply because the product at issue falls outside the scope of the order. Deacero argues that the CAFC distinguished the product at issue in Nippon Steel from those addressed in Hylsa and Wheatland on the basis that the products in the two latter cases were well known at the time the orders were issued and did not involve products produced by means of insignificant alternations. See Nippon Steel v. United States, 219 F.3d. 1348, 1356 (Nippon Steel). Thus, Deacero argues that these three cases, when read together, establish that the Department may not treat a product that existed before the original investigation and that was not included in the scope of the order as an alternation of subject merchandise.

Deacero claims that this principle (i.e., that the Department must consider whether a product is, in fact, an alteration of subject merchandise before conducting the five-prong analysis), is reflected in the Department's approach in later-developed merchandise inquiries. See Carbon and Certain Alloy Steel Wire Rod From Mexico: Initiation of Anti-Circumvention Inquiry of Antidumping Duty Order, 76 FR 33218 (June 8, 2011) (Initiation) and accompanying Issues and Decisions Memorandum (Initiation Memorandum) at 13 – 17: "The examination of the five factors enumerated under section 781(d)(1) of the Act are predicated on the Department determining that the product at issue constitutes a later-developed product." Deacero contends that the Department must likewise determine whether a product existed prior to the original investigation, and therefore can be considered an alteration of the subject merchandise, before applying the five-prong circumvention analysis.

Petitioners dispute Deacero's arguments and contend that the minor alteration statute, section 781(c) of the Act, does not require that the altered product has been developed after the investigation. According to petitioners, section 781(c) of the Act indicates Congress' concern that foreign producers were making minor changes, subsequent to the issuance of AD orders, in an effort to bring products outside the literal scope of the orders. Petitioners further argue that the legislative history concerning section 781(c) of the Act instructs the Department to apply the five-prong test when conducting a minor alteration inquiry. See Omnibus Trade Act, Report of the Senate Finance Committee, S. Rep. No. 71, 100<sup>th</sup> Cong., 1<sup>st</sup> Sess. 100 (1987). Petitioners argue that the five-prong test does not involve making any determination that the product at issue existed at the time of the investigation.

Petitioners note that section 781(d) of the Act contains a circumvention provision involving later-developed merchandise. Petitioners explain that sub-paragraph (d) directs the Department not only to apply the five-prong test but also examine whether the products at issue were developed after the investigation. Petitioners contend that reading this last provision into the minor alteration analysis would render that analysis superfluous as it would do nothing not already done by the later-developed product analysis. Petitioners argue that the Supreme Court has stated that a statute should be construed to give effect to all its provisions, so that no part will be inoperative or superfluous, void or insignificant. See Corley v. United States, 129 S. Ct. 1558, 1560 (2009) (Corley).

Petitioners argue that the cases cited by Deacero to support its views concerning the

minor alteration analysis are not relevant to facts of the instant proceeding. Petitioners contend that Hylsa and Wheatland dealt with the “propriety of Commerce’s conducting a scope rather than a minor alteration inquiry.” See Target Corp. v. United States, 609 F.3d 1352, 1362 (Federal Circuit 2010) (Target Corp.), in which petitioners claim the CAFC explained that reliance on cases addressing conventional scope inquiries is misplaced. Petitioners further argue that the CAFC has repeatedly explained that Wheatland’s “broad language . . . must be interpreted in light of the issue before the court.” See Nippon Steel, 219 F.3d at 1352. Petitioners contend that, while the Wheatland Court found that the minor alteration provision of the Act “does not apply to products unequivocally excluded from the order in the first place,” the Court did so in the context of addressing whether it was arbitrary for the Department to conduct a scope inquiry. See Wheatland, 161 F.3d at 1370.

Petitioners further assert that the CAFC has determined that Wheatland held that the Department justifiably had decided to conduct a scope investigation but that Wheatland did not hold that the Department had no authority to conduct a minor alteration inquiry. See Nippon Steel, 219 F.3d at 1355. On this basis, petitioners argue that Wheatland is not relevant to the instant proceeding because it did not involve a minor alteration inquiry. See Nippon Steel, 219 F.3d at 1356.

In addition, petitioners cite to several past decisions to argue that the Department’s long-standing practice in minor alteration inquiries does not involving determining whether the products at issue existed at the time of the investigation. See, e.g., Affirmative Final Determination of Circumvention of the Antidumping Duty Order on Certain Cut-to-Length Carbon Steel Plate from the People’s Republic of China, 76 FR 50996 (August 17, 2011).

**Department’s Position:** We disagree with Deacero’s argument that the existence of the products at issue prior to the initiation of an investigation precludes the Department from conducting a minor alterations analysis. Section 781(c)(1) of the Act states that the class or kind of merchandise subject to an AD order shall include articles altered in form or appearance in minor respects whether or not included in the same tariff classification. As evidenced by the legislative history, when conducting a minor alteration inquiry, section 781(c) of the Act instructs the Department to examine the following five criteria: 1. overall physical characteristics; 2. expectations of the ultimate user; 3. end-use; 4. channels of trade and advertising; and 5. cost of any modification relative to the total value of the products at issue. See Omnibus Trade Act, Report of the Senate Finance Committee, S. Rep. No. 71, 100<sup>th</sup> Cong., 1<sup>st</sup> Sess. 100 (1987). The Department’s practice reflects the legislative intent. See, e.g., Affirmative Preliminary Determination of Circumvention of the Antidumping Duty Order on Certain Cut-to-Length Carbon Steel Plate from the People’s Republic of China, 74 FR 33991, 33992 (July 14, 2009), unchanged in Affirmative Final Determination of Circumvention of the Antidumping Duty Order on Certain Cut-to-Length Carbon Steel Plate From the People’s Republic of China, 74 FR 40565 (August 12, 2009).

In addition to the criteria above, the Department has in prior anticircumvention proceedings considered other factors as relevant to the circumvention allegation. These factors include: (i) the circumstances under which the subject products entered the United States, (ii) the timing of these entries during the circumvention review period, and (iii) the total quantity of the merchandise entered during this period. See Brass Sheet and Strip from Germany: Negative Preliminary Determination of Circumvention of Antidumping Duty Order, 55 FR 32655 (August 10, 1990); see also Preliminary Determination of Circumvention of Antidumping Order: Cut-to-

Length Carbon Steel Plate From Canada, 65 FR 64926 (October 31, 2000). We disagree with Deacero's claim that Hylsa, Wheatland, and Nippon Steel preclude the Department from conducting a minor alteration analysis in instances in which the products at issue existed prior to the initiation of an investigation. In Nippon Steel, the Court explained that Wheatland differed from the facts of Nippon Steel in "critical respects," namely that Wheatland:

... involved a scope determination (whether the antidumping duty order covered a particular product) rather than, as here, a minor alterations inquiry into whether alterations in a product took it outside the scope of the order.

See Nippon Steel, 219 F.3d at 1356. The Nippon Steel Court further stated that, "Although (in Wheatland) the Court held that Commerce justifiably had decided to conduct a scope investigation, it did not hold that Commerce had no authority to conduct a minor alterations inquiry." See Nippon Steel, 219 F.3d at 1356. In addition, the Nippon Steel Court held that Wheatland:

... does not cover Commerce's decision to institute a minor alterations inquiry in the present case since, as (Wheatland) stated, such an inquiry properly covers products that are so insignificantly changed from a covered product that they should be considered within the scope of the order even though the alterations remove them from the order's literal scope.<sup>3</sup>

See Nippon Steel, 219 F.3d at 1357, citing Wheatland, 973 F. Supp. 149 at 1371. Thus, based on the above, we reject Deacero's claims that Wheatland and Nippon Steel stand for the proposition that the existence of a product prior to the initiation of an investigation precludes the Department from conducting a minor alterations analysis of said product.<sup>3</sup> In light of our finding in this regard, we determine that the initiation of a minor alteration inquiry is not contingent upon whether the product at issue existed prior to the investigation.

#### **Comment 2: Whether the Products at Issue Were Commercially Available Prior to the Investigation**

Deacero notes that the Department has found that 4.75 mm wire rod was commercially available prior to the investigation. See Initiation Memorandum at 14. Deacero further argues that petitioners' own past statements indicate they understood that the product was excluded from the scope of the Order, despite their earlier claims that the scope of the order was ambiguous. Deacero cites to the 2005 petition in which petitioners included 4.75 mm wire rod and specifically distinguished the scope of the 2005 petition from the scope of the Order. See Antidumping Duty Petition, Volume I, Carbon and Certain Alloy Steel Wire Rod from the People's Republic of China, Germany, and Turkey, (November 10, 2005) at 8, "Note that the scope of this investigation differs from previous investigations in that the lower diameter limit of the previous investigation was 5.0 mm while this case covers CASWR products beginning at 4.75 mm." Deacero further argues that industry reports support the finding that 4.75 mm wire rod was commercially available in the United States prior to the imposition of the Order. See the

<sup>3</sup> Our determination in this regard applies with equal measure to Hylsa, the findings of which were based upon those of Wheatland.



Kawasaki Steel Technical Report No. 47 (Kawasaki Report), which was included in Deacero's March 21, 2011, submission; see also Certain Steel Wire Rod from Brazil and Japan, Investigation Numbers 731-TA-646 and 648 (March 1994) (ITC 1994 Final Determination), United States International Trade Commission (ITC) Pub. 2761 at 162-163, which according to Deacero demonstrates that the firm Charter Rolling produced 4.75 mm wire rod in the United States in the 1990s.

Thus, argues Deacero, because a minor alteration inquiry cannot be initiated if the product at issue existed prior to the investigation and because record evidence demonstrates that 4.75 mm wire rod was commercially available in the United States at the time of the investigation, the Department is compelled to issue a negative final determination.

Petitioners argue that the Kawasaki Report was not released until 2002, long after the commencement of the wire rod investigation and that the report does not indicate whether small diameter wire rod was commercially available outside of Japan, if at all. Though the Kawasaki Report mentions that it developed and introduced 4-roll mills capable of producing small diameter wire rod in 1998, petitioners argue that the report does not provide information on the period in which Kawasaki began commercial production of small diameter wire rod. Petitioners therefore argue that it was incorrect for the Department to determine in the Initiation Memorandum that 4.75 mm wire rod was commercially available before or during the investigation.

Petitioners further argue that an accurate reading of the ITC 1994 Final Determination indicates that it does not provide any information on the alleged sale of 4.00 mm to 5.00 mm wire rod by Charter Rolling. Petitioners further argue that information from Deacero indicates that Charter Rolling [

]. See Deacero's July 22, 2011, (Questionnaire Response (First QNR Response) at Exhibit 18. Thus, petitioners argue that to the extent that Charter Rolling produced small diameter wire rod, it did so well before the filing of the wire rod petition.

On this basis, petitioners argue that, even if the Department improperly hinges its ability to conduct a minor alteration analysis on whether 4.75 mm wire rod was commercially available, record evidence clearly demonstrates that such products were not commercially available in the United States at the time the wire rod petition was filed.

**Department's Position:** As explained above, we reject the notion that the existence of the products at issue prior to the initiation of an investigation precludes the Department from conducting a minor alterations analysis of said product. For the same reasons, we have reached the same conclusion with regard to commercial viability.

**Comment 3:** Whether the Department Should Perform the Minor Alteration Five-Prong Analysis by Comparing 4.75 mm Wire Rod to All Wire Rod Listed in the Scope

Deacero argues that in the Preliminary Determination the Department adopted a biased approach in which it compared the attributes of 4.75 mm wire rod to subject wire rod, namely 5.5 mm wire rod.<sup>4</sup> Deacero asserts the Department should have based its analysis of physical characteristics by comparing 4.75 mm wire rod to the full spectrum of subject wire rod.

<sup>4</sup> We use the term subject wire rod to refer to diameters of wire rod listed in the scope of the Order, e.g., wire rod with diameters ranging from 5.00 mm to 19.00 mm wire rod.

Petitioners counter that in conducting the five-prong analysis, the Department relied on comparisons of 4.75 mm to 5.00 mm as well as all other diameters of subject wire rod. Petitioners note that the Department supported its findings in the Preliminary Determination by noting that the ITC found that "all categories" of wire rod are hot-rolled products that are sold in irregularly wound coils "spanning at least 11 major categories of products" and that the Department concluded "... that both subject wire rod and wire rod with a diameter of 4.75 mm to 5.00 mm are hot-rolled intermediate steel products." See Preliminary Determination Memorandum at 7.

**Department's Position:** We disagree with Deacero that it is improper to compare the products at issue (i.e., wire rod with a diameter of 4.75 mm to 5.0 mm) to wire rod with a diameter of 5.5 mm for purposes of conducting a minor alteration inquiry under section 781(c) of the Act. As an initial matter, we note that the minor alteration analysis requires a comparison of the products at issue to subject merchandise. Wire rod with a diameter of 5.5 mm is listed in the scope of the Order and; therefore, we find that comparing 5.5 mm wire rod to the products at issue is appropriate.

Deacero's argument implies that the Department should have instead based its minor alteration analysis on a comparison of the products at issue to larger diameter wire rod listed in the Order (e.g., wire rod with a diameter of 19 mm). Such an argument assumes that a distinction exists in the scope of the Order between smaller and larger diameter wire rod products. We find that no such distinction exists. Rather, information on record characterizes subject wire rod as a single product. For example, the ITC described wire rod as a "product" that is "typically produced in fractional diameters from 7/32 inch (5.6 mm) to 47/64 inch (18.7 mm). See Preliminary Decision Memorandum at 7, citing to Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Germany, Indonesia, Mexico, Moldova, Trinidad and Tobago, Turkey, and Ukraine, Pub. 3546 (October 2002) (ITC Report) at I-5. The ITC further determined that:

all categories of wire rod are intermediate circular, hot-rolled products that are sold in irregularly wound coils . . . comprising a continuum spanning at least 11 major categories of products, defined by end-use ranging from low-carbon wire rod . . . to highest-end products.

Id., emphasis added. On this basis, we determine that it is appropriate for the Department to compare the products at issue to subject wire rod with a diameter of 5.5 mm when conducting its minor alteration analysis.

Notwithstanding our finding in this regard, Deacero incorrectly asserts that in the Preliminary Determination the Department conducted the minor alteration analysis by exclusively comparing the products at issue (i.e., wire rod with a diameter of 4.75 mm to 5.0 mm) to wire rod with a diameter of 5.5 mm. In the Preliminary Determination, the Department compared the products at issue to a variety of subject wire rod. For example, in the Preliminary Determination the Department determined that wire rod of grade [ ] with a [ ] diameter has the same minimum and maximum tensile strength as 4.75 mm wire rod of the same grade. See Preliminary Decision Memorandum at 4. The Department further found that the chemical content of Deacero's wire rod varied solely by grade, not by diameter. Id. The Department similarly noted that the ITC Report demonstrates that it is chemical content (such as carbon content), and not diameter, that distinguishes one wire rod product from another in terms of such

characteristics as ductility. *Id.*

Therefore, as reflected in the Preliminary Determination, in conducting its analysis, the Department plainly relied on various comparisons. Based on this analysis, we reject Deacero's claims that the Department's comparisons were somehow improper or biased.

**Comment 4: First Prong of the Minor Alteration Analysis – Physical Characteristics**

Deacero argues that industry data confirm that there is a cut off between large diameter wire rod and small diameter wire rod, which it defines as less than 5.5 mm. See Kawasaki Report at 44-45. Deacero further contends that ignoring the diameter difference of 4.75 mm wire rod to 5.5 mm wire rod due to the lack of differences in chemical properties and tensile strength would lead to absurd results in that the chemical content and tensile strength for any steel products are primarily a function of grade. Thus, argues Deacero, under such a flawed approach, products such as billets, 4.00 mm wire rod, 19.5 mm wire rod, and 0.69 mm wire would be considered minor alterations of subject merchandise.

Deacero explains that in the Preliminary Determination the Department, as part of its physical characteristics analysis, concluded that subject wire rod, such as rod with a diameter of 5.5 mm, can be drawn into the same products as 4.75 mm wire rod, provided that additional steps, such as cold-drawing, are employed. See Preliminary Decision Memorandum at 6-7. Deacero argues the Department's conclusion fails to consider the competitive advantages of 4.75 mm wire rod. Deacero argues that the Department ignored the costs associated with the extra processing required on larger diameter wire rod products compared to 4.75 mm wire rod. Deacero cites to previously submitted affidavits from its customers attesting to the cost savings associated with using 4.75 mm wire rod in its wire drawing production processes. It adds that the Kawasaki Report also mentions the secondary processing steps that can be eliminated through the use of 4.75 mm wire rod.

Deacero further argues that it is the Department's practice to find that product alterations that are beneficial to the overall physical characteristics are a factor that favors a negative circumvention finding. See Preliminary Results of Anti-Circumvention Review of Antidumping Order: Corrosion-Resistant Steel Flat Products from Japan, 68 FR 19499, 19503 (April 21, 2003) (Preliminary Results of CORE from Japan), which states "The information on the record demonstrates that boron is beneficial to the overall physical characteristics of the final product." Thus, asserts Deacero, in the final determination the Department should address the advantages to customers of using 4.75 mm wire rod rather than subject merchandise.

Deacero argues that in the Preliminary Determination the Department failed to address evidence that 4.75 mm wire rod requires more precise adjustments to the production process than subject merchandise. Specifically, Deacero claims that the Department ignored the fact that the [ ] is [ ] for [ ] mm wire rod than for larger diameters and that the [ ] are [ ] during much of the production process for 4.75 mm wire rod than for other diameters. Deacero asserts that information in the Kawasaki Report supports its claims in this regard. In addition, Deacero asserts that the [ ] is unique for 4.75 mm wire rod. Further, Deacero argues that the Department failed to properly consider that Deacero was unable to produce 4.75 mm wire rod at one of its mills on a commercially viable basis due to the technical difficulties encountered during production.

Petitioners argue that the Department properly examined the diameter, the chemical content, and the minimum and maximum tensile strengths of all diameters of wire rod at issue

and concluded that difference in diameter did not, by itself, constitute a meaningful difference in physical characteristics. See Preliminary Determination Memorandum at 4-5. Petitioners further argue that wire rod is produced in a range of different diameters and that Deacero provide no evidence of a bright line distinction between wire rod with diameters of 4.75 mm to 5.00 mm and subject wire rod.

Petitioners contest the notion that the Department's approach in the Preliminary Determination would result in a finding of insignificant differences for the same grades of billets, wire rod, and wire. Petitioners assert such a claim is absurd as each product type is produced by different industries. Petitioners argue that the Department provided Deacero with several opportunities to submit information to support its claims that the physical characteristics of wire rod with diameters of 4.75 mm to 5.00 mm differ significantly from subject wire rod but that Deacero itself acknowledged that diameter was the only difference. See Preliminary Determination Memorandum at 5.

Petitioners argue that the Department correctly focused its analysis in the Preliminary Determination on the extent to which 4.75 mm wire rod differs from subject wire rod and not on the purported differences in downstream products. Petitioners claim that in CORE from Japan, the Department determined that there were "commercially and metallurgically viable reasons" for the producers to add boron to the CORE steel. See Preliminary Results of CORE from Japan, 68 FR at 19502, unchanged in Final Results of Anti-Circumvention Review of Antidumping Order: Corrosion-Resistant Carbon Steel Flat Products From Japan, 68 FR 33676 (June 5, 2003) (CORE from Japan). Thus, argue petitioners, in CORE from Japan, as in the instant proceeding, the Department focused on the physical characteristics of the subject merchandise and not, as Deacero claims, on the physical differences of the downstream products produced from subject merchandise. Id. Petitioners further argue that the Department has already dismissed Deacero's argument that the Department must assess the physical characteristics of the downstream product. See Preliminary Decision Memorandum at 6.

Petitioners contend that, contrary to Deacero's claims, the Department performed a detailed examination of the information on the record concerning the production process and concluded that this information failed to distinguish the production process for wire rod with diameters of 4.75 mm to 5.00 mm from that of subject wire rod. See Preliminary Decision Memorandum at 6, in which the Department discusses the [ ], [ ]

[ ], and number of stands utilized to produce 4.75 mm wire rod and subject wire rod. Petitioners also contend that the Kawasaki Report fails to identify any significant physical differences between 4.75 mm wire rod and subject wire rod. In addition, petitioners argue that in the Preliminary Determination the Department properly rejected Deacero's claims that an internal study demonstrated the physical differences between 4.75 mm wire rod and subject wire rod. See Preliminary Decision Memorandum at 5. Petitioners argue that the purported physical differences mentioned in the internal report are not mentioned in Deacero's mill certificates or even in the Department's matching criteria.

Petitioners state that information from Deacero indicates that its Saltillo mill, in fact, has the capability to produce 4.75 mm wire rod but that Deacero chose to concentrate its production at the Celaya mill. See Deacero's October 5, 2011, submission at 1 (Second QNR Response). Petitioners further state that information from Deacero indicates that the Celaya mill [ ] as the Saltillo Mill and, thus, Deacero's decision to produce 4.75 mm wire rod exclusively at its Celaya mill is a business decision and does not reflect any heightened difficulty or special production process for 4.75 mm wire rod. See Deacero's July

22, 2011, submission at Exhibit 8.

**Department's Position:** We continue to find that the products at issue and subject wire rod are indistinguishable in any meaningful sense in terms of overall physical characteristics. Deacero claims that diameter is the "key physical difference between 4.75 mm wire rod and subject wire rod." See Deacero's July 22, 2011, Questionnaire Response (First QNR Response). However, as noted in the Preliminary Determination, data submitted by Deacero indicate that the minimum and maximum tensile strength of its wire rod products vary by grade and not by diameter. See Preliminary Decision Memorandum at 4. In addition, data from Deacero indicate that chemical content also varies solely by grade and not by diameter. Id. at 5. Thus, the data from Deacero indicate that wire rod products of the same grade will not vary in terms of tensile strength and chemical content, even where the products are of different diameters. Id. \*

A metallurgical analysis submitted by Deacero confirms this conclusion. See Second QNR Response at Exhibit S-6 containing a study that compares the metallurgical properties of 4.75 mm and 5.50 mm wire rod. Regarding the study, Deacero acknowledges that within each grade, "all characteristics of the rod, besides diameter, were identical." Id. Further, information from the ITC indicates that it is carbon content, as opposed to diameter that distinguishes one wire rod product from another in terms of such physical characteristics as ductility. See Preliminary Decision Memorandum at 5. \*

We disagree with Deacero's claim that in the Preliminary Determination the Department failed to address evidence that 4.75 mm wire rod requires more precise adjustments to the production process than subject wire rod. In the Preliminary Determination, the Department provided a detailed analysis of Deacero's claim. See Preliminary Decision Memorandum at 6, in which the Department discusses the [ ] and [ ] used to produce 4.75 mm wire rod and subject wire rod. Based on this information, the Department concluded that rather than distinguish 4.75 mm wire rod from subject wire rod, the production data supplied by Deacero "merely reflect a constant series of adjustments to production equipment that are employed to produce each of the various diameters of wire rod." Id. The arguments of Deacero have not led us to reconsider our conclusion from the Preliminary Determination.

We disagree with Deacero that the Department must consider competitive advantages when determining whether the overall physical characteristics of 4.75 mm wire rod are distinct from subject wire rod. The proper focus of this prong is on the extent to which 4.75 mm wire rod is distinct from subject wire rod. The first prong of the minor alterations analysis contains no requirement to examine the overall physical characteristics of the downstream product.

We also disagree with Deacero that CORE from Japan should compel the Department to reach a negative circumvention finding. In CORE from Japan, the Department examined whether the respondent circumvented the order by means of adding boron to CORE steel in a manner that constituted a minor alteration under section 781(c) of the Act. See Preliminary Results of CORE from Japan, 68 FR at 19503, unchanged in CORE from Japan, 68 FR at 33676. In that proceeding, the Department ultimately determined that there were "metallurgically viable reasons for the addition of boron" and that the addition of boron was "beneficial to the overall physical characteristics of the product." Id. On this basis, in CORE from Japan the Department determined that the product at issue did not constitute a minor alteration and, thus, was outside the scope of the order. Therefore, in CORE from Japan the Department focused on the extent to which boron altered the physical characteristics of the product at issue. As discussed above, we

find that the 0.25 mm difference in diameter between 4.75 mm wire rod and subject wire rod does not constitute a meaningful difference in terms of overall physical characteristics for purposes of our minor alterations inquiry. As such, the facts of the instant proceeding are distinct from those of CORE from Japan.

Regarding Deacero's Saltillo mill, the extent to which the mill is unable to produce 4.75 mm wire rod on a commercially viable basis does not alter the fact that there are no meaningful physical differences between 4.75 mm wire rod and wire rod listed in the scope of the Order (e.g., 5.5 mm wire rod).

We further disagree with the presumption that an affirmative finding would lead to results in which such products as billets, 4.00 mm wire rod, 19.5 mm wire rod, and 0.69 mm wire would be considered minor alterations of subject wire rod. As petitioners point out, the examples cited by Deacero represent products produced by different industries, e.g., wire producers, wire rod producers, and billet producers. Further, Deacero's hypothetical examples ignore the fact that overall physical characteristics comprise only one of five factors that the Department examines as part of its minor alteration analysis. Thus, it is incorrect to assume that in the context of a proceeding conducted under section 781(c) of the Act, the Department would refuse to distinguish between wire, billet, and wire rod products simply because they share physical similarities in terms of chemical content and tensile strength.

Lastly, we acknowledge that it may be less costly to draw 4.75 mm wire rod down to narrower gauges of wire compared to larger diameters of subject wire rod, but such impacts on the cost of production are properly evaluated under the fifth criterion of the minor alteration analysis and not under the criterion that deals with overall physical characteristics.

#### **Comment 5: Second Prong of the Minor Alteration Analysis - Expectations of the Ultimate Users**

Deacero argues that the Department failed to provide an adequate explanation to support its findings in the Preliminary Determination that the expectations of end users do not differ with regard to wire rod with diameters of 4.75 mm and subject wire rod (e.g., 5.5 mm wire rod). On this point, Deacero asserts that it began producing 4.75 mm wire rod [

] over 5.5 mm wire rod, thereby demonstrating that the expectations of its customers differed with regard to 4.75 mm wire rod compared to subject wire rod.

Deacero also argues that the Department did not give proper consideration to customer affidavits related to benefits of using 4.75 mm wire rod rather than using 5.5 mm wire rod. According to Deacero, the record evidence shows that "customers have very different expectations for 4.75 mm wire rod versus 5.5 wire rod" and that the use of 4.75 mm wire rod provides significant benefits to its customers. See Deacero's January 13, 2012, case brief at 15; see also id. at 17 – 18, in which Deacero cites to previously filed customer affidavits that state that the use of 4.75 mm wire rod leads to fewer breakages, eliminates the number of times that [ ], and results in cost savings.

Further demonstrating how the expectations of ultimate users differ with regard to 4.75 mm wire rod, argues Deacero, is the fact that customers purchase 4.75 mm wire rod when AD considerations are not an issue. Deacero argues that the Canadian producer Ivaco, which is not subject to an AD order, continues to produce and sell 4.75 mm wire rod to customers in the U.S. market. See Deacero's March 14, 2011, submission. Deacero also states that it sells 4.75 mm

wire rod in countries other than the United States. Thus, Deacero argues that ultimate users' demand for 4.75 mm wire rod demonstrates the benefits of the product.

Moreover, Deacero urges the Department to follow its approach in CORE from Japan, where Deacero claims the Department's negative determination was based, in part, on giving proper consideration to customers' statements and on the fact that the product at issue, CORE to which boron was added, "was better able to meet specific expectations of the ultimate user." See 68 FR at 19503.

Petitioners argue that the Department addressed the issue of the expectation of the ultimate users in the Preliminary Determination and properly concluded that Deacero failed to demonstrate that the expectations of such users are different with respect to 4.75 mm wire rod versus subject wire rod (e.g., 5.5 mm wire rod). According to petitioners, the Department concluded that "5.5 mm wire rod can be drawn into the same products as 4.75 mm wire rod, provided that additional steps (such as cold-drawing) are employed. See Preliminary Decision Memorandum at 6 – 7.

Petitioners argue that Deacero fails to address the Department's basis for its decision in CORE from Japan. According to petitioners, in CORE from Japan the Department based its findings on the fact that there were "commercially and metallurgically viable reasons for the addition of boron in the context of the Continuous Annealing Process" and that "the addition of boron is not immaterial to the performance characteristics of the final product." See 68 FR at 19502.

Petitioners further argue that the customer affidavits submitted by Deacero failed to demonstrate that the use of 4.75 mm wire rod results in fewer conversion costs than the use of larger diameter wire rod. Specifically, petitioners assert that the evidence provided by Deacero demonstrates that most of Deacero's customers testimonials do not identify cost saving of more than the current 20 percent AD deposit rate, thereby suggesting that Deacero's customers use 4.75 wire rod merely as a substitute for 5.5 mm wire rod. Petitioners further argue that Deacero's sales of 4.75 mm wire rod to countries other than the United States were [ ] and, thus, fail to demonstrate the existence of a demand for 4.75 mm wire rod in markets where no AD duties on larger gauge wire rod are in place.

**Department's Position:** We find that there is little record evidence of any significant difference in the expectations of ultimate users; however, record evidence demonstrates that 4.75 mm wire rod and subject wire rod (such as 5.5 mm wire rod) are manufactured into the same types of products (e.g., wire mesh, nails, etc.) and, therefore, have the same end uses. We find this similarity in end use engenders similar expectations among ultimate users. In its Section 204 Investigation, the ITC stated that "wire rod is primarily intended for drawing into industrial or standard quality wire that, in turn, is used for the manufacture of such products as coat hangers, wire mesh, and chain link fences." See Memorandum to the File from Eric B. Greynolds, Program Manager, Office 3, AD/CVD Operations, "Excerpts from Petition," (May 16, 2011) (Petition Memorandum), quoting Certain Steel Wire Rod Investigation No. TA-20406, USITC Pub. 3451 at I-3, August 2001 (Section 204 Investigation). In the underlying investigation of the instant proceeding, the ITC similarly found that standard industrial quality wire rod is drawn into nails, coat hangers, mesh for concrete reinforcement bar, and fencing. See ITC Report at I-7. The ITC further determined that "all categories of wire rod are intermediate circular, hot-rolled products that are sold in irregularly wound coils . . . comprising a continuum spanning at least 11

\*

major categories of products, defined by end-use ranging from low-carbon wire rod . . . to highest-end products.” See ITC Report at 9, emphasis added.

Information from Deacero and its customers also indicates that the ultimate uses of 4.75 mm wire rod do not differ from subject wire rod. In its submissions, Deacero initially claimed that 4.75 mm wire rod can be used to produce downstream wire products that cannot be made using subject wire rod (e.g., 5.5 mm wire rod). See, e.g., First QNR Response at 25. However, in response to supplemental questions from the Department, Deacero revised its prior statement stating that larger diameter wire rod cannot [

] See Second QNR Response at 9, emphasis added. Thus, rather than contend that it is not possible to draw 5.5 mm wire down to the same gauge as 4.75 mm wire rod, Deacero merely states that 5.5 mm wire rod cannot be [

] provided that additional production steps are applied. Our conclusion in this regard is supported by statements from Deacero’s customers. In affidavits, customers of Deacero state that [

] See Second QNR Response at 9, footnote 12. In a separate affidavit, a customer acknowledges that it could produce [ ] from 5.5 mm wire rod with the [ ]. See First QNR Response at 27. Moreover, we find that there is no information on the record demonstrating that 5.5 mm wire rod that has been drawn down to 4.75 mm wire cannot be made into the same products as wire rod that was initially drawn down to 4.75 mm.

Further, we find Deacero’s arguments that its sales of 4.75 mm wire rod to countries other than the United States demonstrates differences in the expectations of ultimate users are not persuasive given that such sales are [ ] (e.g., [ ] percent in 2008, [ ] percent in 2009, and [ ] percent in 2010) relative to Deacero’s U.S. sales of 4.75 mm wire rod. See First QNR Response at Exhibits 9 and 16.

To the extent that use of 4.75 mm wire rod results in variable cost savings in end-users’ production of downstream products relative to subject wire rod, we find that these cost savings have not been demonstrated to be significant enough to outweigh the fact that 4.75 mm wire rod and subject wire rod are used to produce the same products and thus, create similar expectations among ultimate users. See Section 204 Investigation at I-3, ITC Report at I-7, and Second QNR Response at 9, footnote 12.

Moreover, the process of drawing wire rod down to various different diameters involves drawing the rod through different sized dies to get the desired diameter. See First QNR Response at customer affidavit from [ ], Exhibit 18, paragraph 5. Wire rods can only be drawn down so far before heating is required to permit additional drawing. *Id.* If drawn too far without heating, the wire rod will become brittle and break. The drawing and heating steps are essentially the same for larger diameters and smaller diameters. *Id.* at Exhibit 18, paragraph 6. Deacero argues that the 4.75 mm wire rod is so different from 5.5 mm wire rod that it should not be treated the same. However, we find that the differences between 4.75 mm wire rod and 5.5 mm wire rod, are really no different than the differences between, for example, 5.5 mm wire rod and 6 mm wire rod or 6 mm wire rod and 6.5 mm rod, up to 19 mm wire rod, the largest diameter wire rod covered by the Order. Wire rod of a 4.75mm diameter is merely on the low end of the spectrum of wire rod. While the number of heatings required may vary depending on what gauge of steel rod one starts with and how many times and how far it has been drawn, we find that these differences are not significant such that 4.75 mm wire rod

✕  
U.S.  
customer  
interest  
in imports  
from  
Mexico



qualifies as a different product than that covered by the order.

Concerning CORE from Japan, as explained above, we find the facts of that case are distinct from those of the instant proceeding. In CORE from Japan, the Department determined that there were "commercially and metallurgically viable reasons for the addition of boron in the context of the Continuous Annealing Process." In the instant proceeding, we have not reached such a conclusion. Rather, we find that there is not sufficient evidence of a commercially viable reason for the small reduction in the diameter of the wire rod. But for a 0.25 mm difference in diameter, 4.75 mm wire rod is not distinct from subject wire rod in terms of physical characteristics or use, and there is little evidence of any significant difference in the expectations of ultimate users.

**Comment 6: Third Prong of the Minor Alteration - End Use of Products at Issue**

Deacero disputes the Department's finding in the Preliminary Determination that end use does not differ between 4.75 mm wire rod and subject wire rod, such as 5.5 mm wire rod. In particular, Deacero argues that the Department inappropriately relied on portions of the ITC's Section 204 Investigation for its Preliminary Determination because, according to Deacero, the Section 204 investigation covered only wire rod with diameters between 5 mm and 19 mm. See Petition Memorandum.

Further, Deacero notes that in assessing the use of 4.75 mm wire rod, the Department has inappropriately considered whether the product is substitutable for the same uses as subject wire rod. Deacero contends that the Department's analysis about the end uses for 4.75 mm wire rod is too broad. Citing to customer affidavits, Deacero argues the record evidence clearly demonstrates that its customers use 4.75 mm wire rod to produce specific products that cannot be made using 5.5 mm wire rod and, therefore, the two products are not substitutable.

Petitioners support the Department's finding in the Preliminary Determination that Deacero did not demonstrate that the end use differs with regard to 4.75 mm wire rod and subject wire rod. Petitioners claim that Deacero's argument that 4.75 mm wire rod can be drawn to narrower gauges and, thus, make smaller products than 5.5 mm wire rod is without merit because the record evidence indicates that many of the smaller end products noted by Deacero can be produced using 5.5 mm wire rod.

Petitioners explain that the fact that the Section 204 Investigation focused on wire rod with diameters of 5.00 mm to 19 mm indicates that 4.75 mm wire rod was not commercially available at the time of this investigation. Therefore, petitioners argue that the Department's finding that the uses for 4.75 mm wire rod are not distinct in the manner in which subject wire rod is used is consistent with the Department's regulations and supported by record evidence.

Therefore, petitioners argue that Deacero's claim that the Department should consider substitution for specific products is without basis. According to petitioners, 19 CFR 351.225(k)(2)(iii) states that the Department should consider the ultimate use of the product, therefore there is no requirement that the Department must include every possible gauge of every possible product produced on every machine at each of the downstream products.

**Department's Position:** As discussed above, record evidence from Deacero and its customers indicates that 4.75 mm wire rod and subject wire rod can be manufactured into the same types of products, which include such products as wire mesh and nails. The Section 204 Investigation states that wire rod is "primarily intended" to be drawn in to wire that is "... in turn ... used for

the manufacture of such products as coat hangers, wire mesh, and chain link fences.” See Petition Memorandum. The ITC reached the same conclusion in the underlying investigation when it found that standard industrial quality wire rod is drawn into nails, coat hangers, mesh for concrete reinforcement bar, and fencing. See ITC Report at I-7. Thus, the determinations reached by the ITC concerning the end uses of wire rod are no different from the end uses for 4.75 mm and subject wire rod as described by Deacero and its customers. Therefore, we disagree with Deacero’s claim that information from the ITC, such as the Section 204 Investigation, is irrelevant to our analysis of end use. Moreover, as noted above with respect to Comment 5, Deacero has not demonstrated the 4.75 mm wire rod can be used to produce products that 5.5 mm wire rod cannot be used to make. On this basis, we continue to find that 4.75 mm wire rod and subject wire rod are not distinct in term of their end use.

**Comment 7: Fourth Prong of the Minor Alteration Analysis - Channels of Trade and Advertising**

Deacero disputes the Department’s finding in the Preliminary Determination that Deacero has not provided any basis to conclude that the channels of trade and advertising differ with regard to 4.75 mm wire rod and subject wire rod. Deacero contends that in prior cases, the Department has determined that, even where respondents use the same channels of marketing to sell the product at issue as the products subject to the order, this factor does not support an affirmative determination. See CORE from Japan, 68 FR at 19503: “In this case, showing the same channels of marketing were used does not support a finding of circumvention,” see also Brass Sheet and Strip From West Germany: Negative Preliminary Determination of Circumvention of Antidumping Duty Order, (Brass Sheet from Germany) 55 FR 32655, 32657-58 (August 10, 1990). Deacero further argues that it has not sold other wire rod products in the United States since it started selling 4.75 mm wire rod and, therefore, it is not possible to apply the fourth prong of the minor alterations analysis to its operations.

Petitioners argue that the Department correctly found in the Preliminary Determination that Deacero used the same channels of trade and advertising to sell 4.75 mm and subject wire rod, such as 5.5 mm wire rod. Petitioners state that Deacero’s arguments are without merit because Deacero’s organization chart indicates that the firm uses the same channels of distribution to market 4.75 mm wire rod and subject wire rod. Therefore, petitioners argue that these similarities in terms of marketing and channels of trade support an affirmative final determination.

Further, petitioners claim that the cases cited to by Deacero are not relevant to the facts of this case. According to petitioners, in CORE from Japan the Department repeatedly stated that the decision was based on the specific facts of the case. See 68 FR at 19499. As to Brass Sheet from Germany, according to petitioners, the Department based its negative determination on other facts that outweigh the similarities in advertising and channels of trade. See 55 FR at 32655.

**Department’s Position:** As explained in the Preliminary Determination, Deacero has acknowledged that it does not advertise or market its wire rod products. See Preliminary Decision Memorandum at 7 – 8, referencing First QNR Response at 33. This acknowledgement is supported in an affidavit from Deacero’s sales staff. See First QNR Response at Exhibit 11, in which the Vice President of Industrial Sales for Deacero states that the firm “does not really

[ ]” Further, information from Deacero indicates that it uses the same personnel to sell wire rod with diameters between 4.75 mm and subject wire rod (e.g., 5.5 mm and wire rod). See id. at Exhibit 5, which lists Deacero industry sales and export sales staff. Thus, we continue to find that Deacero has not provided any basis to conclude that the channels of trade and advertising differ with regard to the products at issue and subject wire rod. \*

We disagree with Deacero that the similarity between 4.75 mm and subject wire rod in terms of marketing and channels of distribution is irrelevant due to the fact that Deacero does not sell wire rod with a diameter larger than 5.00 mm in the United States since it began selling 4.75 mm wire rod in the market. As noted above, Deacero conducts no marketing whatsoever of its wire rod products, including other non-U.S. markets in which Deacero sells 4.75 mm wire rod. Thus, rather than being irrelevant, this information demonstrates the lack of a distinction between 4.75 mm wire rod and subject wire rod in terms of marketing and channels of distribution.

We also disagree with the notion that CORE from Japan and Brass Sheet from Germany should lead the Department to ignore these similarities in marketing and channels of trade. Though the Department issued negative determinations in those proceedings based on the totality of evidence examined under the minor alterations analysis, the Department did not ignore the fourth prong of the analysis dealing with marketing and channels of trade, as suggested by Deacero. Rather, the Department conducted an analysis of the fourth prong and found that the marketing and channels of distribution of the products at issue and subject merchandise were the same. See CORE from Japan, 68 FR at 19503; see also Brass Sheet from Germany, 55 FR at 32655.

**Comment 8: Fifth Prong of the Minor Alteration Analysis - Cost of Any Modification Relative to the Total Value of the Products at Issue**

According to Deacero, the Department compared Deacero’s research and development (R&D) costs at the Celaya and Saltillo mills ([ ]) to Deacero’s exports of 4.75 mm wire rod for the years 2008-2011 ([ ]) to yield a ratio of [ ] percent. See Preliminary Decision Memorandum at 8. Deacero asserts that this calculation provides an artificial comparison that is merely designed to obtain the lowest possible cost ratio. It argues that the arbitrary nature of this comparison is illustrated by a simple example. Deacero adds that if petitioners had filed the request for a scope inquiry as soon as Deacero began exporting 4.75 mm wire rod at the end of 2008, the ratio would be a significant [ ] percent instead of [ ] percent. First QNR Response at Exhibit 9.

Deacero argues that the Department previously has considered the cost of modification and R&D expended (in absolute terms) as evidence to support a finding that the overall cost was significant. See CORE from Japan, 68 FR at 19503. Deacero argues that the fabrication cost of producing 4.75 mm wire rod is higher than the cost of producing subject wire rod (e.g., 5.5 mm wire rod). Deacero claims that it demonstrated that the cost of production at the wire rod rolling stage was higher for 4.75 mm wire rod than 5.5 mm wire rod by [ ] percent in 2008, [ ] percent in 2009, and [ ] percent in 2010. See Second QNR Response at 5 and Exhibit S-3. Deacero further argues that, in order to produce 4.75 mm wire rod at the Celaya and Saltillo mills, it made significant investments ([ ] USD for Celaya and [ ] USD for Saltillo. Deacero argues that its experience developing and funding the production of 4.75 mm wire rod is

consistent with statements made by U.S. producers, such as [ ], to Deacero's U.S. customers that they cannot produce 4.75 mm "without substantial investments to upgrade their mills." See First QNR Response at Exhibit 18.

According to petitioners, evidence on the record demonstrates that the costs Deacero claims it incurred to begin production of 4.75 mm to 5.00 mm wire rod were not significant either in absolute terms or by comparison to the value of its sales of 4.75 mm to 5.00 mm wire rod. Petitioners argue that Deacero reported making total investments of US\$ [ ] from 2001 to the present and that its submissions to the Department "lists the main investments Deacero has made, including the investments in important assets (e.g., machinery, land and buildings) during the last 10 years" and that "all of the investments that correspond directly to the production of wire rod are identified in the exhibit." See First QNR Response at 12 and Exhibit 10. Yet, argue petitioners, Deacero's ten-year list of "main investments" in "important assets" fails to include the [ ]

[ ] See First QNR Response at Exhibit 10. Thus, assert petitioners, Deacero did not separately record the expenses it claims it incurred to set-up the production of 4.75 mm to 5.00 mm wire rod as "main investments" or as "important assets" in its accounting records. See *id.*

Petitioners further argue that the absolute amount Deacero claims it spent to set-up production of 4.75 mm to 5.00 mm wire rod of US\$ [ ] represents [ ] percent (i.e., just over [ ] of the US\$ [ ] Deacero invested in its plant and equipment from 2001 to the present, and represents a little more than [ ] percent (i.e., a little more than [ ] of Deacero's average annual investment expenditures of US\$ [ ] since 2001. See Deacero's January 23, 2012, Case Brief at 23. Petitioners further argue that the miniscule absolute value of the total expenditures claimed by Deacero for 4.75 mm to 5.00 mm wire rod is artificially inflated because it includes amounts for [ ] and also includes costs Deacero claims it incurred at its Saltillo Mill where it does not produce 4.75 mm to 5.00 mm wire rod. See First QNR Response at 18 and Exhibit 12.

Finally, petitioners disagree with the notion that the Department should determine that Deacero's cost of modifications relative to the value of the imported product is significant because Deacero reported it costs [ ] percent to [ ] percent more per-ton to produce 4.75 mm to 5.00 mm wire rod than for 5.5 mm wire rod. See Deacero's January 23, 2012, Case Brief at 23. Petitioners argue that Deacero did not, provide any information on the per ton prices Deacero charged its U.S. customers for 4.75mm to 5.00mm wire rod. *Id.*

**Department's Position:** We continue to find that the costs incurred to develop and produce 4.75 mm wire rod are not sufficiently large to distinguish it from subject wire rod or persuade the Department to issue a negative final determination. Data from Deacero indicate that the cost to modify its production facilities to produce wire rod with diameters of 4.75 mm to 5.0 mm were [ ] percent of the value of U.S. sales of such wire rod products. See First QNR Response at Exhibit 9; see also Second QNR Response at 7.

However, even without reference to this ratio, available information on the record dispels the notion that the R&D expenses Deacero incurred to develop 4.75 mm wire rod were significant. For example, as petitioners point out, Deacero's ten-year list of "main investments" in "important assets" fails to include the expenditures Deacero incurred at the Celaya and Saltillo

production during 2008. Id. Further, we find that the absolute amount Deacero spent to develop and produce 4.75 mm wire rod is miniscule compared to the average annual plant and equipment investments made by the firm since 2001. See Deacero's January 23, 2012, Case Brief at 23.

### Conclusion

We determine that wire rod with actual diameters of 4.75 mm to 5.0 mm and subject wire rod are indistinguishable in any meaningful sense in terms of overall physical characteristics of the merchandise, the expectations of the ultimate users, the use of the merchandise, and the channels of marketing. Further, we determine that the costs incurred to produce wire rod with actual diameters of 4.75 mm to 5.0 mm are insignificant relative to the total value of Deacero's U.S. sales of such wire rod products during the same period of time. Accordingly, we determine that shipments, by Deacero, of wire rod with an actual diameter of 4.75 mm to 5.00 mm constitutes merchandise altered in form or appearance in such minor respects that it should be included within the scope of the Order.

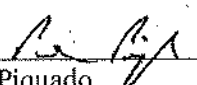
We further find that our affirmative final determination applies solely to Deacero because information supplied by Ternium indicates that it did not produce or sell merchandise subject to this circumvention inquiry.

### Recommendation

On this basis, we recommend that, pursuant to section 781(c) of the Act and 19 CFR 351.225, the Department issue an affirmative final circumvention determination in which it finds that Deacero's shipments of wire rod with an actual diameter of 4.75 mm to 5.0 mm constitute circumvention of the Order. If this recommendation is accepted, we will continue to instruct U.S. Customs and Border Protection to suspend liquidation and collect cash deposits equal to the all others rate of 20.11 percent ad valorem for all entries of wire rod with an actual diameter of 4.75 mm to 5.00 mm, produced and/or exported by Deacero that are entered or withdrawn from warehouse on or after June 8, 2011, the publication date of the Initiation in the Federal Register.<sup>5</sup>

✓  
\_\_\_\_\_  
Agree

\_\_\_\_\_  
Disagree

  
\_\_\_\_\_  
Paul Piquado  
Assistant Secretary  
for Import Administration

24 SEPTEMBER 2012  
\_\_\_\_\_  
Date

<sup>5</sup> Deacero has never been individually examined by the Department during the history of the Order. For this reason Deacero's shipments of subject merchandise are subject to the all others rate.

# **EXHIBIT 11**



Russian version

April 07 2014, Monday

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#### Corporate news

##### 02-04-2014 -

In the period from 24.03.2014 to 31.03.2014 JSC Moldova Steel Works (MMZ) produced 11,229 tonnes of steel and 7,508 tonnes of rolled products, including 5,131 tonnes of reinforcing bars and 2,377 tonnes of wire rod. Shipments in the same period made up 11,825 tonnes of rolled products, up to 6,920 tonnes of reinforcing bars and 4,905 tonnes of wire rod. The total output for the first 30 days of March reached 29,829 tonnes of steel and 33,711 tonnes of rolled products. Shipments of rebars and wire rod made up 13,899 tonnes and 14,473 tonnes respectively and went to Russia, Ukraine, Moldova, Romania and Poland.

##### 25-03-2014 -

In the period from 17.03.2014 to 24.03.2014 JSC Moldova Steel Works (MMZ) produced 10,809 tonnes of steel and 7,901 tonnes of rolled products, including 6,224 tonnes of reinforcing bars and 1,677 tonnes of wire rod. Shipments in the same period made up 6,553 tonnes of rolled products, up to 4,972 tonnes of reinforcing bars and 1,581 tonnes of wire rod. MMZ's rolled products of March production will go to Russia, Ukraine, Moldova, Romania and Poland.

##### 19-03-2014 -

In the period from 11.03.2014 to 17.03.2014 JSC Moldova Steel Works (MMZ) produced 6,991 t of rolled products, including 2,547 t of reinforcing bars and 4,444 t of wire rod. Shipments in the same period made up 3,097 t of rolled products, i.e. 1,013 t of reinforcing bars and 2,084 t of wire rod. MMZ's rolled products of March production will go to Russia, Ukraine, Moldova, Romania and Poland.

##### 13-03-2014 -

In the period from 03.03.2014 to 11.03.2014 JSC Moldova Steel Works (MMZ) produced 7,791 t of steel and 9,019 t of rolled products, including 4,275 t of reinforcing bars and 4,744 t of wire rod. Shipments in the same period made up 6,625 t of rolled products, i.e. 994 t of reinforcing bars and 5,631 t of wire rod. MMZ's rolled products of March production will go to Russia, Ukraine, Moldova, Romania and Poland.

##### 05-03-2014 -

In the period from 24.02.2014 to 03.03.2014 JSC Moldova Steel Works (MMZ) produced 14,145 t of steel and 8,026 t of rolled products, including 4,986 t of reinforcing bars and 3,040 t of wire rod. Shipments in the same period made up 4,615 t of rolled products, i.e. 2,209 t of reinforcing bars and 2,406 t of wire rod. According to the preliminary results, JSC Moldova Steel Works produced 32,271 t of rolled products in February, 2014, including 13,434 t of reinforcing bars and 18,837 t of wire rod. The production program for February, 2014 includes 37,911 t of steel and 36,680 t of rolled products. MMZ's rolled products of March production will go mainly to Russia, Ukraine, Moldova, Romania and Poland.

##### 25-02-2014 -

In the period from 17.02.2014 to 25.02.2014 JSC Moldova Steel Works (MMZ) produced 11,774 tonnes of steel and 8,247 tonnes of wire rod. The total output from the beginning of the month reached 29,005 t of rolled products. Shipments in the same period made up 18,672 tonnes of rolled products, up to 9,913 tonnes of reinforcing bars and 8,759 tonnes of wire rod. MMZ's rolled products of February production go to Moldova, Ukraine, Russia, the EU countries.

##### 10-02-2014 -



In the period from 01.02.2014 to 10.02.2014 JSC Moldova Steel Works (MMZ) produced 7,997 t of steel and 11,677 t of rolled products, including 7,933 t of reinforcing bars and 3,744 t of wire rod.  
Shipments in the same period made up 6,020 t of rolled products, i.e. 2,563 t of reinforcing bars and 3,457 t of wire rod.  
MMZ's rolled products of February production will go to Moldova, Ukraine, Russia, Romania and Poland.

#### **04-02-2014 -**

In the period from 27.01.2014 to 03.02.2014 JSC Moldova Steel Works (MMZ) produced 8,163 t of steel and 7,203 t of rolled products, including 3,899 t of reinforcing bars and 3,304 t of wire rod.  
According to the preliminary results, JSC Moldova Steel Works produced 22,510 t of rolled products in January, 2014, including 9,903 t of reinforcing bars and 12,607 t of wire rod. Shipments in the same period made up 25,728 t of rolled products, i.e. 11,220 t of reinforcing bars and 14,508 t of wire rod.  
The production program for February, 2014 includes 34,500 t of steel and 33,215 t of rolled products.  
MMZ's rolled products of February production will go mainly to Moldova, Ukraine, Russia, Romania and Poland.

#### **22-01-2014 -**

In the period from 13.01.2014 to 20.01.2014 JSC Moldova Steel Works (MMZ) produced 8,017 tonnes of rolled products, including 4,174 tonnes of reinforcing bars and 3,843 tonnes of wire rod.  
Shipments from the beginning of January, 2014 made up 11,944 tonnes of rolled products, up to 5,926 tonnes of reinforcing bars and 6,018 tonnes of wire rod.  
MMZ's rolled products of January production will go mainly to Russia, Ukraine, Moldova and the EU markets.

#### **14-01-2014 -**

According to the latest updates, Moldova Steel Works (MMZ) produced 41,725 tonnes of steel and 38,127 tonnes of rolled products in December, 2013, including 13,514 tonnes of reinforcing bars and 24,614 tonnes of wire rod. Shipments in the same period made up 35,768 tonnes of rolled products, of which up to 5,657 tonnes of reinforcing bars and 1,214 tonnes of wire rod were exported to the CIS countries and 24,758 tonnes of wire rod and 4,139 tonnes of reinforcing bars – to other destinations.  
After resumption of production in August, 2013 the output totaled 190,086 tonnes of steel and 184,676 tonnes of rolled products.  
MMZ plans to produce 20,387 tonnes of rolled products in January, 2014. January shipments are expected to go to Moldova, Ukraine, Romania, Poland and Russia.

#### **03-12-2013 -**

According to the preliminary results, JSC Moldova Steel Works produced 31,567 t of steel and 38,443 t of rolled products in November, 2013, including 11,343 t of reinforcing bars and 27,100 t of wire rod.  
The production program for December, 2013 includes 37,185 t of rolled products.  
Shipments in December, 2013 are expected to go to Russia, Ukraine, Moldova, the EU countries.

#### **26-11-2013 -**

From 18.11.2013 to 25.11.2013 JSC Moldova Steel Works have produced 9 292 tons of steel products, including 2 384 tons of reinforcing steel bars and 6 908 tons of wire rods.  
For the same period the total quantity of 10 949 tons of steel products, including 6 969 tons of reinforcing steel bars and 3 980 tons of wire rods were shipped to the customers.  
Since the beginning of November JSC MSW have produced 24 995 tones of steel and 31 255 tons of steel products.  
All products manufactured in November are supposed to be supplied to the markets of the Russian Federation, Ukraine, Moldova, Romania, and Poland.

#### **19-11-2013 -**

From 11.11.2013 to 18.11.2013 JSC Moldova Steel Works have produced 9 058 tons of steel products, including 2 258 tons of reinforcing steel bars and 6 800 tons of wire rods.  
For the same period the total quantity of 10 913 tons of steel products, including 2 322 tons of reinforcing steel bars and 8 591 tons of wire rods were shipped to the customers.  
Since the beginning of November JSC MSW have produced 13 774 tones of steel and 21 963 tons of steel products.



All products manufactured in November are supposed to be supplied to the markets of the Russian Federation, Ukraine, Moldova, Romania, and Poland.

**12-11-2013 -**

In the period from 04.11.2013 to 11.11.2013 JSC Moldova Steel Works (MMZ) produced 11,410 t of steel and 9,175 t of rolled products, including 3,829 t of reinforcing bars and 5,346 t of wire rod.

Shipments in the same period made up 4,952 t of rolled products, up to 1,565 t of reinforcing bars and 3,387 t of wire rod.

MMZ produced 13,774 t of steel and 12,905 t of rolled products from the beginning of November.

MMZ's shipments in November, 2013 will go mainly to Russia, Ukraine, Moldova, Romania and Poland.

**06-11-2013 -**

According to the preliminary results, JSC Moldova Steel Works produced 40,377 t of steel and 39,270 t of rolled products in October, 2013, including 16,148 t of reinforcing bars and 23,122 t of wire rod.

The production program for November, 2013 includes 36,400 t of rolled products (11,105 t of rebars and 25,295 t of wire rod).

Shipments in November, 2013 are expected to go to Russia, Ukraine, Moldova, Romania, Poland.

**30-10-2013 -**

In the period from 21.10.2013 to 28.10.2013 JSC Moldova Steel Works (MMZ) produced 6,689 t of steel and 8,709 t of rolled products, including 3,585 t of reinforcing bars and 5,124 t of wire rod.

Shipments in that period made up 9,879 t of rolled products, up to 3,788 t of reinforcing bars and 6,091 t of wire rod.

The output of MMZ from the beginning of the month reached 37,901 t of steel and 34,190 t of rolled products.

MMZ's shipments in October, 2013 went mainly to the CIS and EU markets.

**22-10-2013 -**

In the period from 14.10.2013 to 21.10.2013 JSC Moldova Steel Works (MMZ) produced 10,005 t of steel and 8,812 t of rolled products, including 377 t of reinforcing bars and 8,435 t of wire rod.

Shipments in that period made up 12,891 t of rolled products, up to 3,058 t of reinforcing bars and 9,833 t of wire rod.

The output of MMZ from the beginning of the month reached 31,228 t of steel and 25,481 t of rolled products.

MMZ's shipments in October, 2013 will go mainly to the CIS and EU markets.

**17-10-2013 -**

In the period from 07.10.2013 to 14.10.2013 JSC Moldova Steel Works (MMZ) produced 11,368 t of steel and 9,470 t of rolled products, including 7,072 t of reinforcing bars and 2,398 t of wire rod.

Shipments in that period made up 6,834 t of rolled products, up to 4,362 t of reinforcing bars and 2,472 t of wire rod.

The output from the beginning of the month reached 21,223 t of steel and 16,669 t of rolled products.

MMZ's shipments in October, 2013 will go mainly to Russia, Ukraine, Moldova, Romania and Poland.

A surveillance visit of UK CARES auditors to Moldova Steel Works took place on October 1-3, 2013. MMZ's rebars have been certified as the product meeting the requirements of UK BS4449-1997, BS4449-2005. The QMS was reported to be a mature and effective system with evidence of continual improvement, in full compliance with ISO 9001:2008.

**08-10-2013 -**

In the period from 30.09.2013 to 07.10.2013 JSC Moldova Steel Works (MMZ) produced 11,440 t of steel and 8,490 t of rolled products, including 3,269 t of reinforcing bars and 5,221 t of wire rod.

Shipments in that period made up 5,451 t of rolled products, up to 2,586 t of reinforcing bars and 2,865 t of wire rod.

MMZ's shipments in October, 2013 will go mainly to Russia, Ukraine, Moldova, Romania and Poland.

**02-10-2013 -**

Within the period from 03.09.2013 to 29.09.2013 JSC Moldova Steel Works have produced 33 340 tons of liquid steel, and 36 177 tons of steel products, including 16 170 tons of reinforcing steel bars and 20 007 tons of wire rod.

For the same period the company has shipped to its customers 35 484 tons of steel products, including 15 843 tons of reinforcing steel bars

and 19 641 tons of wire rod.

The production program for October, 2013 provides for manufacturing of 39 795 tons of steel and 37 765 tons of steel products. All products to be produced in October are supposed to be delivered to the markets of the Russian Federation, Ukraine, Moldova, Romania, Poland.

#### **02-10-2013 -**

Within the period from 03.09.2013 to 29.09.2013 JSC Moldova Steel Works have produced 33 340 tons of liquid steel, and 36 177 tons of steel products, including 16 170 tons of reinforcing steel bars and 20 007 tons of wire rod.

For the same period the company has shipped to its customers 35 484 tons of steel products, including 15 843 tons of reinforcing steel bars and 19 641 tons of wire rod.

The production program for October, 2013 provides for manufacturing of 39 795 tons of steel and 37 765 tons of steel products. All products to be produced in October are supposed to be delivered to the markets of the Russian Federation, Ukraine, Moldova, Romania, Poland.

#### **25-09-2013 -**

Within the period from 16.09.2013 to 23.09.2013 JSC Moldova Steel Works have produced 12129 tons of steel and 9594 tons of steel products, including 2378 tons of reinforcing steel bars and 7216 tons of wire rods. For the said period the Company have shipped to the customers 10205 tons of steel products, namely: 4094 tons of reinforcing steel bars and 6111 tons of wire rods.

Since the beginning of September, 2013 the Company have produced 29504 tons of steel products, including 14876 tons of reinforcing steel bars and 14628 tons of wire rods.

Steel products manufactured in September are delivered to the markets of CIS and EU.

#### **18-09-2013 -**

From the beginning of September, 2013 JSC Moldova Steel Works produced 19,244 of rolled products, including 12,063 tonnes of reinforcing bars and 7,181 tonnes of wire rod.

In the period from 09.09.2013 to 16.09.2013 JSC Moldova Steel Works produced 7,449 tonnes of steel and 9,300 tonnes of rolled products, including 5,855 tonnes of reinforcing bars and 3,445 tonnes of wire rod.

Shipments of steel products to the customers in that period made up to 8,651 tonnes (5,540 tonnes of reinforcing bars and 3,111 tonnes of wire rod).

September shipments will go mainly to the CIS and EU countries.

#### **27-08-2013 -**

In the period from 19.08.2013 to 26.08.2013 JSC Moldova Steel Works (MMZ) produced 12,389 t of steel and 8,658 t of rolled products, including 4,399 t of reinforcing bars and 4,259 t of wire rod. The total output from the beginning of August reached 35,531 t of steel. Thus, MMZ fulfilled its crude steel production program for August, 2013. The EAF shop has started scheduled maintenance works upon completion of which it will resume melting according to the steel production program for September, 2013. Meanwhile, up to 6,384 t of rolled products – 1,855 t of reinforcing bars and 4,529 t of wire rod – are expected to be produced before the end of the current month.

Shipments in the period from 05.08.2013 to 26.08.2013 totaled to 20,308 t of rolled products, up to 11,126 t of reinforcing bars and 583 t of wire rod were shipped to the CIS countries and up to 8,404 t of wire rod and 195 t of rebars - to other destinations.

MMZ's shipments in August, 2013 go mainly to Russia, Ukraine, Moldova, the EU countries and Africa.

#### **27-08-2013 -**

In the period from 19.08.2013 to 26.08.2013 JSC Moldova Steel Works (MMZ) produced 12,389 t of steel and 8,658 t of rolled products, including 4,399 t of reinforcing bars and 4,259 t of wire rod. The total output from the beginning of August reached 35,531 t of steel. Thus, MMZ fulfilled its crude steel production program for August, 2013. The EAF shop has started scheduled maintenance works upon completion of which it will resume melting according to the steel production program for September, 2013. Meanwhile, up to 6,384 t of rolled products – 1,855 t of reinforcing bars and 4,529 t of wire rod – are expected to be produced before the end of the current month.

Shipments in the period from 05.08.2013 to 26.08.2013 totaled to 20,308 t of rolled products, up to 11,126 t of reinforcing bars and 583 t of wire rod were shipped to the CIS countries and up to 8,404 t of wire rod and 195 t of rebars - to other destinations.

MMZ's shipments in August, 2013 go mainly to Russia, Ukraine, Moldova, the EU countries and Africa.

#### **19-08-2013 -**

In the period from 12.08.2013 to 19.08.2013 JSC Moldova Steel Works (MMZ) produced 9,229 t of steel and 7,173 t of rolled products,

including 4,599 t of reinforcing bars and 2,574 t of wire rod. The total output from the beginning of August reached 21,529 t of steel. Shipments in the period from 05.08.2013 to 19.08.2013 totaled to 11,427 t of rolled products, up to 6,015 t of reinforcing bars and 326 t of wire rod were shipped to the CIS countries and up to 4,891 t of wire rod and 195 t of rebars - to other destinations. MMZ's shipments in August, 2013 will go mainly to Russia, Ukraine, Moldova, the EU countries and Africa.

#### **13-08-2013 -**

In the period from 05.08.2013 to 12.08.2013 JSC Moldova Steel Works (MMZ) produced 10,837 t of steel and 6,439 t of rolled products, including 2,847 t of reinforcing bars and 3,592 t of wire rod.

Shipments in the same period totaled to 4,523 t of rolled products, up to 2,573 of reinforcing bars and 68 t of wire rod were shipped to the CIS countries and up to 1,882 t of wire rod - to other destinations.

MMZ's shipments in August, 2013 will go mainly to Russia, Ukraine, Moldova, the EU countries and Africa.

#### **08-08-2013 -**

JSC Moldova Steel Works (MMZ) resumed production in its EAF shop on August 05, 2013. The Rolling Mill is expected to start rolling on August 06, 2013.

The production program for August, 2013 includes 34,188 tonnes of steel billets to be rolled internally to produce 30,648 tonnes of rolled products (15,940 tonnes of wire rod and 14,708 tonnes of rebars).

Finished products will go to markets in the CIS, EU and Africa.

#### **23-01-2013 -**

According to the latest updates, Moldova Steel Works (MMZ) produced 35,222 tonnes of steel and 53,872 tonnes of rolled products in December, 2012, including 27,391 tonnes of reinforcing bars and 26,480 tonnes of wire rod. Shipments in the same period reached 62,391 tonnes of rolled products, of which up to 32,289 tonnes of reinforcing bars and 6,734 tonnes of wire rod were exported to the CIS countries and 22,872 tonnes of wire rod and 496 tonnes of reinforcing bars – to other destinations.

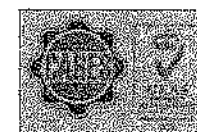
The output in 2012 totaled 316,682 tonnes of steel and 356,754 tonnes of rolled products.

MMZ is carrying out scheduled maintenance and repair works in the major and auxiliary shops in January, 2013. The major shops at MMZ are expected to resume production in February, 2013.



[Press about us](#)



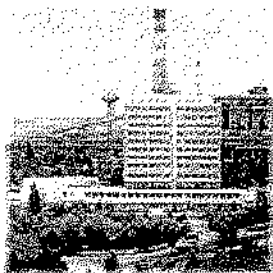


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## About us



Moldova Steel Works was founded in 1985 and in 1998 it was transformed into Joint Stock Close Company "Moldova Steel Works".

**JSC Moldova Steel Works** is a modern highly productive steel company with world-class production processes and technologies. We produce continuous cast steel billets, light sections and wire rod of low carbon, high carbon and low alloyed grades to CIS and major international standards (DIN, ASTM, BS, EU etc.).

[Read more about it...](#)

## Product

### JSC Moldova Steel Works offers

- plain and deformed reinforcing bars, heat treated bars in coils (diam. 6-12mm) and cut lengths (diam. 8,0 – 32,0 mm);
- wire rod of 5,5 – 14,0 mm in diam., including mesh wire rod; deep drawing quality (including welding quality) low carbon wire rod; high carbon wire rod – spring quality, rope quality, prestressed concrete quality, cord quality, piston ring quality; medium carbon wire rod for nails and construction fabrics;
- equal angle bars (25 mm; 32 mm; 35 mm; 40 mm; 45 mm; 50 mm;
- steel channel № 5.

[Read more about it...](#)

## Quality system

In 1995 JSC MSW certified its Quality System with **LRQA (L'loyds Register Quality Assurance) (UK)** against the requirements of **ISO 9002:1994**.

In 1998 and 2001 **LRQA** extended the period of the Certificate of Approval for another three-year term.

Since June, 2000 our Quality System and production of hot rolled steel bars have been annually reassessed by **UK CARES** with issuing respective Certificates of Approval.

[Read more about it...](#)

## Contact details

**JSC Moldova Steel Works**

## News

### 02-04-2014 -

In the period from 24.03.2014 to 31.03.2014 JSC Moldova Steel Works (MMZ) produced 11,229 tonnes of steel and 7,508 tonnes of rolled products, including 5,131 tonnes of reinforcing bars and 2,377 tonnes of wire rod.

### 25-03-2014 -

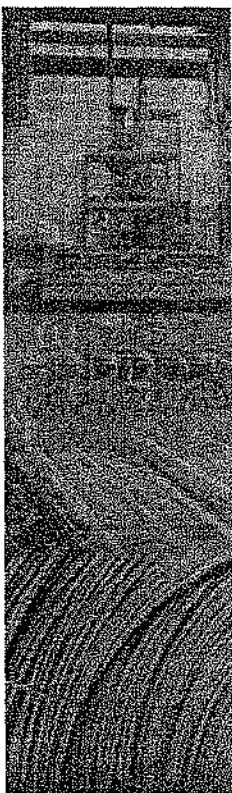
In the period from 17.03.2014 to 24.03.2014 JSC Moldova Steel Works (MMZ) produced 10,809 tonnes of steel and 7,901 tonnes of rolled products, including 6,224 tonnes of reinforcing bars and 1,677 tonnes of wire rod

### 19-03-2014 -

In the period from 11.03.2014 to 17.03.2014 JSC Moldova Steel Works (MMZ) produced 6,991 t of rolled products, including 2,547 t of reinforcing bars and 4,444 t of wire rod.

### 13-03-2014 -

In the period from 03.03.2014 to 11.03.2014 JSC Moldova Steel Works (MMZ) produced 7,791 t of steel and 9,019 t of rolled products, including 4,275 t of reinforcing bars and 4,744 t



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Address: Industrialnaya 1, Rybnitsa, 5500, Moldova

*We highly appreciate your interest to us and hope to establish mutually successful and rewarding business relationship.*

Read more about it...

of wire rod.

**05-03-2014 -**

In the period from  
24.02.2014 to 03.03.2014  
JSC Moldova Steel Works  
(MMZ) produced 14,145 t of  
steel and 8,026 t of rolled  
products, including 4,986 t of  
reinforcing bars and 3,040 t  
of wire rod.

**25-02-2014 -**

In the period from  
17.02.2014 to 25.02.2014  
JSC Moldova Steel Works  
(MMZ) produced 11,774  
tonnes of steel and 8,247  
tonnes of wire rod.

**10-02-2014 -**

In the period from  
01.02.2014 to 10.02.2014  
JSC Moldova Steel Works  
(MMZ) produced 7,997 t of  
steel and 11,677 t of rolled  
products, including 7,933 t of  
reinforcing bars and 3,744 t  
of wire rod.

**04-02-2014 -**

In the period from  
27.01.2014 to 03.02.2014  
JSC Moldova Steel Works  
(MMZ) produced 8,163 t of  
steel and 7,203 t of rolled  
products

**22-01-2014 -**

In the period from  
13.01.2014 to 20.01.2014  
JSC Moldova Steel Works  
(MMZ) produced 8,017  
tonnes of rolled products,  
including 4,174 tonnes of  
reinforcing bars and 3,843  
tonnes of wire rod



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#### Corporate information

**Moldova Steel Works (MMZ)** was set up in 1985 following the Order of the USSR Iron and Steel Ministry.

In 1990, Moldova Steel Works was transformed into a lease enterprise based on the Lease Contract dd. 24.05.1990.

Operation under conditions of market economy and tough competition in the global steel market required MMZ to find new ways of integration into the global system of steel producers, and changing the ownership type was one of preconditions.

The lack of relevant legal framework and mechanisms to transform state enterprises into public companies in the Pridnestrovian Moldavian Republic impeded transformation of MMZ into a joint stock company. MMZ's senior executives carried out a great deal of work involving members of the PMR Supreme Council, government, ministries and agencies to transform MMZ into a joint stock company, to attract foreign investments into the company located in the region with an unrecognized political status and faltering economy in order to save production capacities of the largest employer in the region.

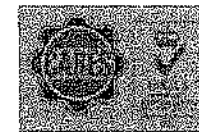
On March 19, 1998, based on the Regulation of the TMR Supreme Council about the state privatisation of LH MMZ, No. 159 dd.22.10.1997, the plant was registered as a Close Joint Stock Company, with 100% of shares being owned by the state.

On April 7, 1998, following the Regulation of the TMR Supreme Council about the size of the employees' block of shares in CJSC "MMZ", No.181, the employees received 28,8% block of the authorised capital. The working and retired employees became shareholders of CJSC Moldova Steel Works.

On the basis of the PMR Act about joint stock companies, dd.10.01.2004, the annual general meeting of shareholders of MMZ held on 30.05.2008 took a decision to change the legal form of Moldova Steel Works from Close Joint Stock Company to Joint Stock Company.

#### Shareholders of JSC Moldova Steel Works:

"EIM Energy Investment & Management Corporation"	45,6%
"RUMNEY TRUST REG."	45%
DECAGON AVIONICS LIMITED	8,23%
Employees	1,17%



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About the plant

**MMZ – a modern competitive plant producing high quality steel products.**

Moldova Steel Works (MMZ) is one of three steel plants built in the USSR in the mid 80's. Its construction started in August, 1981, and in October, 1984 the plant produced its first heat of steel.

The plant has two major production shops: **the Melting Shop (the EAF shop) and the Rolling Mill.**

According to the design, the melting shop consisted of two electric arc furnaces (the 100t EAF) and two billet continuous casting machines (the CCM), all designed to produce about 700,000 tonnes of steel per year. The total output in the first year of operation was as low as 206,000 tonnes of steel billets. The installed metallurgical equipment appeared to be inoperative. Both the EAFs and the CCMs revealed certain deficiencies in the design that prevented the efficient operation of the units.

In 1985, the EAF shop started its modernisation to redesign and up-grade its production line No. 2 (the EAF-2 and the CCM-2). The work involved many foreign engineering companies and equipment suppliers.

**As a result, the EAF shop shifted to the operation based on only one production line (the EAF-2, the Ladle Furnace, the CCM-2) in 1998. All further modernizations and fine-tuning of production technologies that took place in 1997-2003 were carried out using in-house forces.** Having completed another stage of modernization in 1999, MMZ achieved the capacity of 1,000,000 tpy at its EAF and CCM line.

#### Technical data, the EAF-2:

Average tap weight	120 t
Liquid steel weight, max.	140 t
Transformer (rated power)	95 MVA
Secondary voltage, max.	951 V
Electrodes, dia.	600 mm

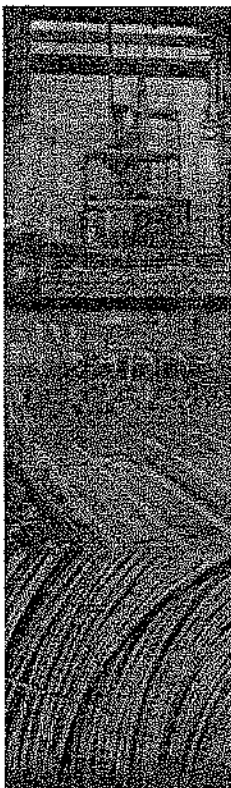
#### Performance data, the EAF-2:

With 95 MVA transformer, 31 heats	3,805.4 tpd
Average tap-to-tap time	47.0 min.
Power On time	39.4 min.
With 80 MVA transformer, 26 heats	3,153 tpd
Average tap-to-tap time	55 min.
Power On time	46 min.

**The maximum monthly output was 92,090 tonnes in May, 2004.**

The secondary metallurgy area comprises the Ladle Furnace (LF) and the VD/VOD degassing unit.

#### Technical data, the LF:



Transformer (rated power)

25 MVA

Electrodes, dia.

400 mm

The LF unit is equipped with silos system for ferroalloys storage, weighing and dosing, with powder wire feeding units, and carbon and lime injecting units.

**The VD/VOD degassing unit installed at MMZ uses a dry mechanical vacuum system that ensures reliable degassing of high steel grades at minimum costs.**

The VD/VOD unit reaches high vacuum within 7-8 minutes.

MMZ operates one 6-strand Continuous Casting Machine with a capacity of more than 1,000,000 tpa. The unit is equipped with the EMS system and the strand shrouding system.

#### **Technical data, the CCM:**

Billet sizes

125 x 125 mm ± 3 mm

Billet length

8,000 – 12,000 mm ± 100 mm

#### **The Rolling Mill Shop (RMS)**

The light-section/rod mill 320/150 (capacity: 500,000 tpa) was designed by UKRGIPROMEZ (Ukraine), the rolling equipment was manufactured and installed by SKET (Magdeburg, Germany).

The Rolling Mill reached its designed capacity in 1988, and in 1990 the output was 540,000 tonnes of rolled products.

According to the design, the 320/150 Rolling Mill was a combined mill that was able to roll billets either on the bar line or on the rod line. In 1997, the Rolling Mill was re-designed into a two-line rolling mill to roll bars and rods of different steel grades and sizes simultaneously.

In 1999, the STELMOR air cooling line in the Rolling Mill Shop was extended up to 147 m (covered section - 120 m) to produce new types of steel wire rod, including deep drawing wire rod, low alloyed wire rod of welding quality, wire rod for springs, high strength ropes and cables, cold heading wire rod. The unique air cooling conditions achievable on the STELMOR line are advantageous for the improved formation of wire rod microstructure and guarantee production of wire rod in strict conformity with national and international standards.

A new high-speed wire block with rolling speed of 110 m/s was commissioned in 2001 that raised the total output of rebar and wire rod lines from 850,000 tpa to 900,000 tpa.

**The maximum monthly output was 81,080 tonnes in October, 2005.**

#### **Mix of steel rolled products:**

Reinforcing bar

from 6 mm to 40 mm

Wire rod

dia. from 5.5 mm to 14 mm

Angle bars

wing length 25-50 mm, thickness 3-5 mm

Channel

No. 5

Modernisations in the EAF shop and the Rolling Mill Shop allowed to improve greatly quality of steel products and to diversify the product mix. MMZ's steel products have Certificates of Approval from Germany Certification body PRUFSTELLE FUR BETONSTAHL., Munich, UK Certification Authority for Reinforcing Steels "CARES", Australian Certification Authority for Reinforcing Steels "ACRS". MMZ's Quality Management System has been approved by Lloyd's Register Quality Assurance (UK) and CARES (UK) to ISO 9001-2008. Many times Moldova Steel Works was recognized as a prize winner by international organizations for its achievements in the area of product quality.







METINVEST

# RISING TO THE CHALLENGE

ANNUAL REPORT AND FINANCIAL STATEMENTS 2012

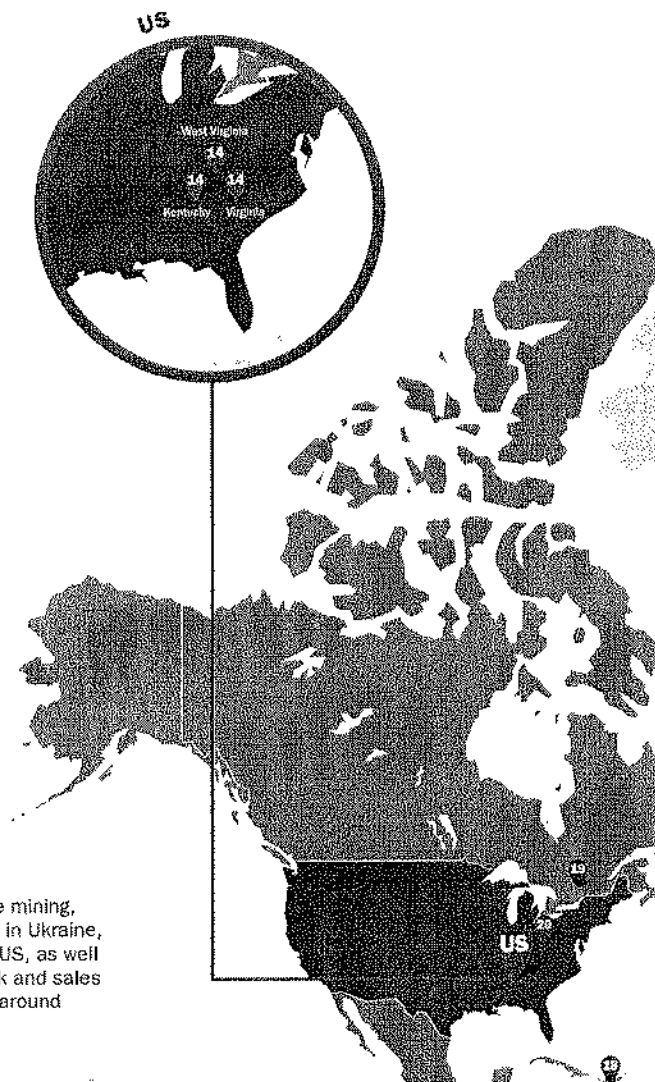
## GLOBAL PRESENCE

# WE ARE WELL POSITIONED TO MEET OUR CLIENTS' NEEDS WORLDWIDE

OUR NETWORK, PRODUCT MIX AND QUALITY, AND CUSTOMER SERVICE REFLECT OUR MISSION TO BE A EUROPEAN LEADER SERVING A GLOBAL MARKET.

We are a leading steel company in the CIS and one of the top 30 steelmakers and top 10 iron ore producers in the world. Most of our assets are located in a low-cost production region, while our unique geographic position ensures access to key markets in Europe, the CIS and the Middle

East and North Africa. We have mining, steelmaking and rolling assets in Ukraine, Italy, Bulgaria, the UK and the US, as well as a global distribution network and sales offices in key regions, serving around 100 countries.



### PRODUCTION ASSETS

METALLURGICAL DIVISION	Output In 2012
<b>1 ILYICH STEEL</b>	
Crude steel	5,138KT
<b>2 AZOVSTAL</b>	
Crude steel	4,589KT
<b>3 YENAKIIEVE STEEL</b>	
Crude steel	2,732KT
<b>4 KHARTSYZK PIPE</b>	
Large-diameter pipes	384KT
<b>5 FERRIERA VALSIDER</b>	
Hot-rolled plates and coils	630KT
<b>6 METINVEST TRAMETAL</b>	
Hot-rolled plates	495KT
<b>7 SPARTAN UK</b>	
Hot-rolled plates	147KT
<b>8 PROMET STEEL</b>	
Shapes and bars	236KT
<b>9 AVDIIVKA COKE</b>	
Metallurgical coke (dry)	3,665KT

MINING DIVISION	Output in 2012
<b>10 INGULETS GOK</b>	
Iron ore concentrate	15,277KT
<b>11 NORTHERN GOK</b>	
Iron ore concentrate	14,558KT
<b>12 CENTRAL GOK</b>	
Iron ore concentrate	6,389KT
<b>13 KRASNODON COAL</b>	
Coking coal (raw)	5,394KT
<b>14 UNITED COAL</b>	
Coking coal (raw)	6,229KT
Steam coal (raw)	507KT

### SALES OFFICES

- 1 CHINA
- 2 SINGAPORE
- 3 TURKMENISTAN
- 4 UNITED ARAB EMIRATES
- 5 RUSSIA (13 OFFICES)
- 6 LEBANON
- 7 UKRAINE (24 OFFICES)
- 8 TURKEY
- 9 BULGARIA (2 OFFICES)
- 10 LITHUANIA
- 11 SERBIA
- 12 ITALY (2 OFFICES)
- 13 TUNISIA
- 14 GERMANY (2 OFFICES)
- 15 SWITZERLAND
- 16 BELGIUM
- 17 UNITED KINGDOM
- 18 DOMINICAN REPUBLIC
- 19 CANADA
- 20 UNITED STATES

**THE REMAINDER OF THIS BUSINESS  
PROPRIETARY EXHIBIT  
IS NOT SUSCEPTIBLE TO SUMMARIZATION  
AND THEREFORE IS NOT PROVIDED  
WITH THIS PUBLIC VERSION**

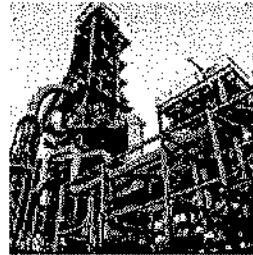
# **EXHIBIT 12**



Mittal Steel Point Lisas  
Mediterranean Drive  
Point Lisas, Couvas  
Republic of Trinidad and Tobago  
West Indies

Tel: +1 868 636 2211

Fax: +1 868 636 5696



### Overview

ArcelorMittal Point Lisas is the largest steelmaker in the Caribbean and the largest non-oil industrial complex in Trinidad and Tobago. It is a fully integrated mini-mill, using internally produced high-quality direct reduced iron (DRI) to manufacture billets and a wide range of medium to high quality grades of wire rods. ArcelorMittal Point Lisas uses approximately 90 per cent DRI and 10 per cent scrap as its metallic input.

The company benefits from reasonably priced, locally available natural gas and has a modern, captive marine terminal that handles cargo on a 24-hour basis. More than 90 per cent of its output is exported – to the Caribbean, Central and South America, Canada, the USA and the Far East.

Since its acquisition by ArcelorMittal in 1989, ArcelorMittal Point Lisas has made extensive environmental and other plant improvements. These have upgraded and increased its capacity by more than 100 per cent, enabling it to become one of the world's lowest-cost producers of wire rod.

In 1999, the company completed construction of a 1.4 million tonne DRI Midrex™ Megamod, the largest of its kind in the world. The company's total DRI production capacity is now 2.7 million tonnes, enabling it to supply DRI internally to other ArcelorMittal subsidiaries and help meet growing world demand for DRI as a higher quality metallic input for the production of value-added products.

### Quality

ArcelorMittal Point Lisas is currently certified to ISO 9001:2000 by TUV UK QA

### Facilities

- 1.3 million tpa DRI Midrex™ plants
- 1.4 million tpa DRI Midrex™ Megamod plant
- Two 120-ton modern electric arc furnaces with a capacity of 1 million tons of liquid steel
- Two 120-ton ladle furnaces
- Two four-strand continuous casting machines
- 154-ton/hour reheating furnace
- 700,000 tpa wire rod mill

(3119/2008)

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 20- F**

- ☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934  
OR
- ☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2007  
OR
- ☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
OR
- ☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
Commission file number 333- 146371

**ARCELORMITTAL**

(Exact name of Registrant as specified in its charter)

**ARCELORMITTAL**

(Translation of Registrant's name into English)

(Jurisdiction of incorporation or organization)

19, Avenue de la Liberté, L- 2930 Luxembourg,  
Grand Duchy of Luxembourg

(Address of Registrant's principal executive offices)

Henk Scheffer, 19, Avenue de la Liberté, L- 2930 Luxembourg, Grand Duchy of Luxembourg. Fax: 011 352 4792 2675  
(Name, Telephone, E- mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class  
Common Shares

Name of each exchange on which registered  
New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is reporting obligation pursuant to Section 15(d) of the Act:

None

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## **Table of Contents**

produce wire products such as barbed and fence wire, welding wire, fasteners and steel cords. In addition, ArcelorMittal Brasil uses wire rods (mostly low carbon wire rods) to manufacture transformed steel products, such as welded mesh, trusses, pre-stressed wires, annealed wires and nails sold to construction companies, as well as drawn bars for the automotive industry.

ArcelorMittal Brasil's wire steel products are value-added products with higher margins and are manufactured by the cold drawing of low- and high-carbon wire rods into various shapes and sizes. ArcelorMittal Brasil's subsidiary BBA- Belgo Bekaert Arames Ltda. and the wire steel division of Acindar manufacture wire products that are consumed mainly by agricultural and industrial end-users and are sold at retail stores. These wire steel products include barbed and fence wire, welding wire and fasteners. Wire products produced by ArcelorMittal Brasil's subsidiary BMB- Belgo-Mineira Bekaert Artefatos de Arame Ltda., consist of steel cords that are consumed by the tire industry and hose wire that is used to reinforce hoses. ArcelorMittal Brasil's transformed steel products are produced mainly by the cold drawing of low-carbon wire rods. ArcelorMittal Brasil's transformed steel products for the civil sector include welded mesh, trusses, annealed and nails. In addition, ArcelorMittal Brasil also processes wire rods to produce drawn bars at its Sabará facility sold to customers in the automotive industrial sector.

### ***Acindar***

Acindar is the largest long steel maker in Argentina. Its main facilities are located in Villa Constitución in Santa Fe province, Argentina. They include a direct reduction plant, an electric arc furnace, a ladle furnace and continuous casting, rolling mills, wires production and construction service facilities. The Acindar plant covers an area of approximately 2.8 square kilometers. Acindar sells products to the construction, industrial, and agricultural sectors in Argentina, and principally exports to the South American and U.S. markets. It produces rebars, wire rod, merchant bars, SBQ, wires, wire mesh, cut and bend and drawn bars. Acindar's own distribution network can service end users. In 2007, Acindar implemented an investment plan to increase the capacity of its direct reduction and melt shop facilities, investing as well in a new SBQ rolling mill at the Villa Constitución plant with an estimated investment amount of \$120 million.

### ***ArcelorMittal Point Lisas***

ArcelorMittal Point Lisas, located in Trinidad, is the largest steelmaker in the Caribbean, based on 2007 shipments. Its facilities are located on approximately 1.1 square kilometers at the Point Lisas Industrial Complex in Point Lisas.

ArcelorMittal Point Lisas' principal production facilities are three direct reduced iron plants, two electric arc furnaces, two continuous casters for billets and one wire rod mill. ArcelorMittal Point Lisas receives its raw material imports and ships its steel products through a dedicated deep-water port facility within its production complex near the waterfront of the Gulf of Paria.

In 2007, ArcelorMittal Point Lisas exported substantially all of its wire rod shipments, primarily to steel manufacturers in South and Central America, the Caribbean and the United States. ArcelorMittal Point Lisas is also a significant producer, exporter, and user of DRI. ]←

### ***ArcelorMittal USA***

See Flat Carbon Americas.

### ***Mittal Canada***

Mittal Canada is the largest mini-mill in Canada with 2.5 million tons of crude steel capacity. With eight major production facilities, Mittal Canada offers flexibility in production and product offering.

(2/20/2009)

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Commission file number 333- 146371

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(Jurisdiction of incorporation or organization)  
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Grand Duchy of Luxembourg  
(Address of Registrant's principal executive offices)

Henk Scheffer, Company Secretary, 19, Avenue de la Liberté, L- 2930 Luxembourg, Grand Duchy of Luxembourg. Fax: 011 352 4792 89  
3769

(Name, Telephone, E- mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class  
Common Shares

Name of each exchange on which registered  
New York Stock Exchange



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## **Table of Contents**

### ***ArcelorMittal Point Lisas***

ArcelorMittal Point Lisas, located in Trinidad, is the largest steelmaker in the Caribbean, based on 2008 shipments. Its facilities cover approximately 1.1 square kilometers at the Point Lisas Industrial Complex in Point Lisas. ArcelorMittal Point Lisas' principal production facilities comprise three direct reduced iron plants, two electric arc furnaces, two continuous casters for billets and one wire rod mill. In 2008, ArcelorMittal Point Lisas produced 0.49 million tonnes of crude steel. ArcelorMittal Point Lisas receives its raw material imports and ships its steel products through a dedicated deep- water port facility within its production complex near the waterfront of the Gulf of Paria.

In 2008, ArcelorMittal Point Lisas exported substantially all of its wire rod shipments, primarily to steel manufacturers in South and Central America, the Caribbean and the United States. ArcelorMittal Point Lisas is also a significant producer, exporter, and user of direct reduced iron.

### ***ArcelorMittal USA***

ArcelorMittal USA produces both flat and long carbon products. The flat carbon- related facilities and the mining operations associated with ArcelorMittal USA are described under "- Flat Carbon Americas- ArcelorMittal USA".

ArcelorMittal USA's long carbon facilities, located at Indiana Harbor in East Chicago, Illinois, consist of an electric arc furnace, continuous billet caster, and bar mill. (Indiana Harbor's flat carbon facilities are described above under "- Flat Carbon Americas- ArcelorMittal USA").

ArcelorMittal USA's Steelton, Pennsylvania plant produces railroad mills, specialty blooms and flat bars for use in railroad and forging markets. Principal facilities consist of an electric arc furnace, vacuum degasser, bloom caster, and an ingot teeming facility. Finishing operations include a blooming mill, rail mill and bar mill. ArcelorMittal USA's Georgetown, South Carolina plant produces high- quality wire rod products, which are used to make low carbon fine wire drawing, wire rope, tire cord, high- carbon machinery and upholstery springs. Principal facilities consist of two electric arc furnaces, two ladle metallurgy stations, a billet caster and a wire rod rolling mill.

ArcelorMittal USA's Vinton plant, located in El Paso, Texas, produces reinforcing bar. Vinton's operations include two electric arc furnaces, a continuous caster and a rolling mill.

In June 2008, ArcelorMittal USA acquired Bayou Steel, a structural steel producer located in LaPlace, Louisiana and Harriman, Tennessee. The facilities in LaPlace consist of one electric arc furnace, a continuous caster and a rolling mill. Harriman consists of a rolling mill that is supplied with billets from LaPlace.

### ***ArcelorMittal Montreal***

ArcelorMittal Montreal (f/k/a Mittal Canada) is the largest mini- mill in Canada with 2.5 million tonnes of crude steel capacity. In 2008, ArcelorMittal Montreal produced 1.8 million tonnes of crude steel. With eight major production facilities, ArcelorMittal Montreal offers flexibility in production and product offering.

ArcelorMittal Montreal's main operations include the semi- integrated Contrecoeur East site with two DRI plants, one steel plant operating two electric arc furnaces and a rod mill. It is the only site in Canada to make steel with self- manufactured DRI. The Contrecoeur East site has the flexibility in metallic management and it can use either DRI or scrap, depending on their respective economies. The Contrecoeur West mini- mill site operates one steel plant with one electric arc furnace and a bar mill. Its steel production is made out of recycled scrap.

ArcelorMittal Montreal also operates a second bar mill in the Montreal area. It is engaged in further downstream production with two wire drawing mills, one in the Montreal area and one in Hamilton, Ontario. ArcelorMittal Montreal produces a wide range of products with a focus on niche and value- added products. These products include wire rods, wire products and bars primarily sold in Canada and the United States. ArcelorMittal Montreal principally serves the automotive, appliance, transportation, machinery and construction industries. The Contrecoeur East site also produces slabs that are resold within ArcelorMittal to the Flat Carbon segment and to external clients.

(2/12/2010)

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Commission file number 333- 146371

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Henk Scheffer, Company Secretary, 19, Avenue de la Liberté, L- 2930 Luxembourg,

Grand Duchy of Luxembourg, Fax: 011 352 4792 89 3937

(Name, Telephone, E- mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class

Common Shares

Name of each exchange on which registered

New York Stock Exchange

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## Table of Contents

### *Acindar Industria Argentina de Aceros S.A.*

Acindar Industria Argentina de Aceros S.A. (Acindar) is the largest long steel maker in Argentina. Its main facilities, located in Villa Constitución in the Santa Fe province of Argentina, comprise a direct reduction iron plant, three electric arc furnaces, a ladle furnace and continuous casting, rolling mills, wire production and construction service facilities. The Acindar plant covers an area of approximately 2.8 square kilometers. In 2009, Acindar produced 1.0 million tonnes of crude steel. Acindar sells products to the construction, industrial, and agricultural sectors in Argentina, and exports to the South American and U.S. markets. It produces rebars, wire rod, merchant bars, special bar quality (SBQ), wires, wire mesh, cut and bend and drawn bars. Acindar's own distribution network can also service end- users.

### *ArcelorMittal Point Lisas*

ArcelorMittal Point Lisas, located in Trinidad, is the largest steelmaker in the Caribbean, based on 2008 shipments. Its facilities cover approximately 1.1 square kilometers at the Point Lisas Industrial Complex in Point Lisas. ArcelorMittal Point Lisas' principal production facilities comprise three direct reduced iron plants, two electric arc furnaces, two continuous casters for billets and one wire rod mill. In 2009, ArcelorMittal Point Lisas produced 0.4 million tonnes of crude steel. ArcelorMittal Point Lisas receives its raw material imports and ships its steel products through a dedicated deep- water port facility within its production complex near the waterfront of the Gulf of Paria.

In 2009, ArcelorMittal Point Lisas exported substantially all of its wire rod shipments, primarily to steel manufacturers in South and Central America, the Caribbean and the United States. ArcelorMittal Point Lisas is also a significant producer, exporter, and user of direct reduced iron.

### *ArcelorMittal USA*

ArcelorMittal USA produces both flat and long carbon products. The flat carbon- related facilities and the mining operations associated with ArcelorMittal USA are described under "- Flat Carbon Americas- ArcelorMittal USA".

ArcelorMittal USA's long carbon facilities, located at Indiana Harbor in East Chicago, Illinois, consist of an electric arc furnace, continuous billet caster, and bar mill. In 2009, the Indiana Harbor bars facility did not have any production. (Indiana Harbor's flat carbon facilities are described above under "- Flat Carbon Americas- ArcelorMittal USA").

ArcelorMittal USA's Steelton, Pennsylvania plant produces railroad rails, specialty blooms and flat bars for use in railroad and forging markets. Principal facilities consist of an electric arc furnace, vacuum degusser, bloom caster, and an ingot teeming facility. Finishing operations include a blooming mill, rail mill and bar mill. In 2009, the Steelton facility produced 0.3 million tonnes of crude steel. ArcelorMittal USA's Georgetown, South Carolina plant produces high- quality wire rod products, which are used to make low carbon fine wire drawing, wire rope, tire cord, high- carbon machinery and upholstery springs. Principal facilities consist of one electric arc furnaces, two ladle metallurgy stations, a billet caster and a wire rod rolling mill. In 2009, the Georgetown facility did not have any production.

ArcelorMittal USA's Vinton plant, located in El Paso, Texas, produces rebar and grinding balls, with an annual production capacity of 240,000 tonnes of liquid steel and 235,000 tonnes of finished products. Its steel making facility includes two electric arc furnaces, two continuous caster and a rolling mill. It services markets in the northern states of Mexico and the southwest of the United States. In 2009, the Vinton facility produced 0.1 million tonnes of crude steel.

ArcelorMittal LaPlace is a structural steel producer located in LaPlace, Louisiana and Harriman, Tennessee. The facilities in LaPlace consist of one electric arc furnace, two continuous casters and a rolling mill. Harriman consists of a rolling mill that is supplied with billets from LaPlace. In 2009, the LaPlace facilities produced 0.4 million tonnes of crude steel.

### *ArcelorMittal Montreal*

ArcelorMittal Montreal is the largest mini- mill in Canada with 2.3 million tonnes of crude steel capacity. In 2009, ArcelorMittal Montreal produced 1.3 million tonnes of crude steel. With eight major production facilities, ArcelorMittal Montreal offers flexibility in production and product offering. ArcelorMittal Montreal's main operations include the semi- integrated Contrecoeur East site with two DRI plants, one steel plant operating two electric arc furnaces and a rod mill. It is the only site in Canada to make steel with self- manufactured DRI. The Contrecoeur East site has the flexibility in metallic management and it can use either DRI or scrap, depending on their respective economies. The Contrecoeur West mini- mill site operates one steel plant with one electric arc furnace and a bar mill. Its steel production is made out of recycled scrap.

ArcelorMittal Montreal also operates a second bar mill in the Montreal area. It is engaged in further downstream production with two wire drawing mills, one in the Montreal area and one in Hamilton, Ontario. ArcelorMittal Montreal produces a wide range of products with a focus on niche and value- added products. These products include wire rods, wire products and bars primarily sold in Canada and the United States. ArcelorMittal Montreal principally serves the automotive, appliance, transportation, machinery and construction industries. The Contrecoeur East site also produces slabs that are resold within ArcelorMittal to the Flat Carbon segment and to external clients.

ArcelorMittal Montreal owns Bakermat, a scrap recycling business located in Ottawa, Ontario and also owns interests in Dietcher, a scrap processing business located in Montreal. These are an important source of scrap supply.

(2/22/2011)

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D. C. 20549

**FORM 20- F**

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ACT OF 1934**

For the fiscal year ended December 31, 2010

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OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

Commission file number 333- 146371

**ARCELORMITTAL**

(Exact name of Registrant as specified in its charter)

**ARCELORMITTAL**

(Translation of Registrant's name into English)

Grand Duchy of Luxembourg  
(Jurisdiction of incorporation or organization)  
19, Avenue de la Liberté, L- 2930 Luxembourg,  
Grand Duchy of Luxembourg  
(Address of Registrant's principal executive offices)  
Henk Scheffer, Company Secretary, 19, Avenue de la Liberté, L- 2930 Luxembourg,  
Grand Duchy of Luxembourg. Fax: 011 352 4792 89 3937  
(Name, Telephone, E- mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class  
Common Shares

Name of each exchange on which registered  
New York Stock Exchange

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## Table of Contents

ArcelorMittal Brasil's wire steel products are value-added products with higher margins and are manufactured by the cold drawing of low- and high-carbon wire rods into various shapes and sizes. ArcelorMittal Brasil's subsidiary BBA- Belgo Bekaert Arames Ltda. and the wire steel division of Acindar manufacture wire products that are consumed mainly by agricultural and industrial end-users and are sold at retail stores. These wire steel products include barbed and fence wire, welding wire and fasteners. Wire products produced by ArcelorMittal Brasil's subsidiary BMB- Belgo-Mineira Bekaert Artefatos de Arame Ltda., consist of steel cords that are consumed by the tire industry and hose wire that is used to reinforce hoses. ArcelorMittal Brasil's transformed steel products are produced mainly by the cold drawing of low-carbon wire rods. ArcelorMittal Brasil's transformed steel products for the civil sector include welded mesh, trusses, annealed wire and nails. In addition, ArcelorMittal Brasil also processes wire rods to produce drawn bars at its Sabará facility, which are sold to customers in the automotive industrial sector.

### ***ArcelorMittal Brasil- Andrade Mine***

Andrade Mine is an iron ore producer located in the Minas Gerais state of Brazil, about 120 kilometers east of Belo Horizonte, in the iron ore quadrangle. It supplies sinter feed to ArcelorMittal Long Carbon Joao Monlevade integrated plant through an internal railway of 11 km. In 2010, Andrade Mine produced 1.6 million tonnes of iron ore. Following the ongoing expansion of the ArcelorMittal Long Carbon Joao Monlevade integrated plant ongoing expansion, implementation of Andrade mine's expansion plan to increase production to 3.5 million tonnes of sinter feed was started in 2010 with a target to complete by 2012.

### ***ArcelorMittal Mineração Serra Azul***

ArcelorMittal Serra Azul is an iron ore producer located in the Minas Gerais state of Brazil, about 60 kilometers south of Belo Horizonte, in the iron ore quadrangle. It supplies sinter feed to ArcelorMittal plants in Europe and domestic market and also lump ore for local pig iron producers and certain ArcelorMittal Brasil integrated plants.

Mineral production is transported either by truck to lump clients, or by truck and railway up to third-party port facilities located in the Rio de Janeiro state, where it is exported. In 2010, ArcelorMittal Serra Azul produced 3.3 million tonnes of iron ore.

### ***Acindar Industria Argentina de Aceros S.A.***

ArcelorMittal Acindar is the largest long steel maker in Argentina. The main facilities are located in Villa Constitución, in the Santa Fe Province. They include direct reduction plant, a melt shop (an electric arc furnace, ladle furnace and continuous casting), rolling mills, wire production and construction service facilities. The ArcelorMittal Acindar plant covers an area of approximately 2.8 square kilometers. In 2010, Acindar produced 1.3 million tonnes of crude steel. Acindar sells products to the construction, industrial, and agricultural sectors in Argentina, and exports to the South American and U.S. markets. It produces rebars, wire rod, merchant bars, special bar quality (SBQ), wires, wire mesh, cut and bend and drawn bars. Acindar's own distribution network can also service end-users.

### ***ArcelorMittal Point Lisas***

ArcelorMittal Point Lisas, located in Trinidad, is one of the largest steelmaker in the Caribbean. Its facilities cover approximately 1.1 square kilometers at the Point Lisas Industrial Complex in Point Lisas. ArcelorMittal Point Lisas' principal production facilities comprise three direct reduced iron plants, two electric arc furnaces, two continuous casters for billets and one wire rod mill. In 2010, ArcelorMittal Point Lisas produced 0.6 million tonnes of crude steel. ArcelorMittal Point Lisas receives its raw material imports and ships its steel products through a dedicated deep-water port facility within its production complex near the waterfront of the Gulf of Paria.

In 2010, ArcelorMittal Point Lisas exported substantially all of its wire rod shipments, primarily to steel manufacturers in South and Central America, the Caribbean and the United States. ArcelorMittal Point Lisas is also a significant producer, exporter, and user of direct reduced iron. It also sells billets in the domestic and export markets. Jc

(2/22/2012)

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 20- F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934  
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(Address of Registrant's principal executive offices)

Henk Scheffer, Company Secretary, 19, Avenue de la Liberté, L- 2930 Luxembourg,  
Grand Duchy of Luxembourg. Fax: +352 4792 89 3937

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class  
Common Shares

Name of each exchange on which registered  
New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

Common Shares  
1,560,914,610

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☒ No ☐

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards

Board ☒ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

further used by ArcelorMittal Brasil to produce wire products such as barbed and fence wire, welding wire, fasteners and steel cords. In addition, ArcelorMittal Brasil uses wire rods (mostly low carbon wire rods) to manufacture transformed steel products, such as welded mesh, trusses, pre-stressed wires, annealed wires and nails sold to construction companies, as well as drawn bars for the automotive industry. ArcelorMittal Brasil's wire steel products are value-added products with higher margins and are manufactured by the cold drawing of low- and high-carbon wire rods into various shapes and sizes. ArcelorMittal Brasil's subsidiary BBA—Belgo Bekaert Arames Ltda. and the wire steel division of Acindar manufacture wire products that are consumed mainly by agricultural and industrial end-users and are sold at retail stores. These wire steel products include barbed and fence wire, welding wire and fasteners. Wire products produced by ArcelorMittal Brasil's subsidiary BMB—Belgo-Mineira Bekaert Artefatos de Arame Ltda., consist of steel cords that are consumed by the tire industry and hose wire that is used to reinforce hoses. ArcelorMittal Brasil's transformed steel products are produced mainly by the cold drawing of low-carbon wire rods. ArcelorMittal Brasil's transformed steel products for the civil sector include welded mesh, trusses, annealed wire and nails. In addition, ArcelorMittal Brasil also processes wire rods to produce drawn bars at its Sabará facility, which are sold to customers in the automotive industrial sector.

#### ***Acindar Industria Argentina de Aceros S.A.***

ArcelorMittal Acindar is the largest long steel maker in Argentina. The main facilities are located in Villa Constitución, in the Santa Fe Province. They include a direct reduction plant, a melt shop (three electric arc furnaces, two ladle furnaces and continuous casting), rolling mills, wire production and construction service facilities. The ArcelorMittal Acindar plant covers an area of approximately 2.8 square kilometers. In 2011, Acindar produced 1.4 million tonnes of crude steel. Acindar sells products to the construction, industrial, and agricultural sectors in Argentina, and exports to the South American and U.S. markets. It produces rebars, wire rod, merchant bars, special bar quality (SBQ), wires, wire mesh, cut and bend and drawn bars. Acindar's own distribution network can also service end-users.

#### ***ArcelorMittal Point Lisas***

ArcelorMittal Point Lisas, located in Trinidad, is one of the largest steelmakers in the Caribbean. Its facilities cover approximately 1.1 square kilometers at the Point Lisas Industrial Complex in Point Lisas. ArcelorMittal Point Lisas' principal production facilities comprise three direct reduced iron plants, two electric arc furnaces, two continuous casters for billets and one wire rod mill. In 2011, ArcelorMittal Point Lisas produced 0.6 million tonnes of crude steel. ArcelorMittal Point Lisas receives its raw material imports and ships its steel products through a dedicated deep-water port facility within its production complex near the waterfront of the Gulf of Paria.

In 2011, ArcelorMittal Point Lisas exported substantially all of its wire rod shipments, primarily to steel manufacturers in South and Central America and the Caribbean. ArcelorMittal Point Lisas is also a significant producer, exporter, and user of direct reduced iron. It also sells billets in the domestic and export markets.

#### ***ArcelorMittal USA***

ArcelorMittal USA produces both flat and long carbon products. The flat carbon-related facilities associated with ArcelorMittal USA are described under "—Flat Carbon Americas—ArcelorMittal USA".

ArcelorMittal USA's long carbon facilities, located at Indiana Harbor in East Chicago, Illinois, consist of an electric arc furnace, a continuous billet caster and a bar mill. In 2011, the Indiana Harbor bars facility was restarted and produced 0.2 million tonnes of crude steel. (Indiana Harbor's flat carbon facilities are described above under "—Flat Carbon Americas—ArcelorMittal USA".)

ArcelorMittal USA's Steelton, Pennsylvania plant produces railroad rails, specialty blooms and flat bars for use in railroad and forging markets. Principal facilities consist of an electric arc furnace, a vacuum degasser, a bloom caster, and an ingot teeming facility. Finishing operations include a blooming mill, rail mill and bar mill. In 2011, the Steelton facility produced 0.5 million tonnes of crude steel. ArcelorMittal USA's Georgetown, South Carolina plant produces high-quality wire rod products, which are used to make low carbon fine wire drawing, wire rope, tire cord, high-carbon machinery and upholstery springs. Principal facilities consist of one electric arc furnace, two ladle metallurgy stations, a billet caster and a wire rod rolling mill. In 2011, the Georgetown facility was restarted and produced 0.3 million tonnes of crude steel.

ArcelorMittal USA's Vinton plant, located in El Paso, Texas, produces rebar and grinding balls, with an annual production capacity of 240,000 tonnes of liquid steel and 235,000 tonnes of finished products. Its steel making facility includes two electric arc furnaces, one continuous caster and a rolling mill. It services markets in the northern states of Mexico and the southwest of the United States. In 2011, the Vinton facility produced 0.2 million tonnes of crude steel.

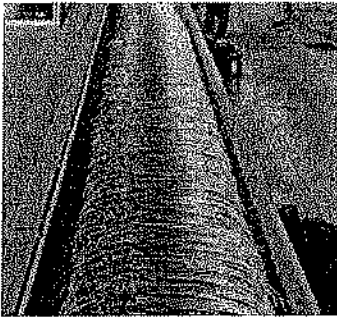
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# **EXHIBIT 13**

14 March 2014



EMZ's Makiivka branch completed a major overhaul of its 150 Continuous Wire Rod Mill. The estimated cost of the work was UAH 15 million.

During planned the repairs, the mill's reheating furnace was renovated and roughing train equipment and intermediate modules were checked. This will improve product quality and decrease the mill's downtime by 2%.

**Aleksandr Podkorytov, Yenakiieve Steel's general director:**

*"The equipment is strategically important not only for the shop, but for the mill as a whole. It is mainly for the production of wire rod with diameters of 5.5-13.0 mm and rolled stock that are in high demand in domestic and external markets. In one year the enterprise can produce up to 900,000 tons of these products."*

For editors:

**Yenakiieve Iron & Steel Works** is one of the world's leaders in square billet production. It produces cast billet, rod, and various sections (beams, channels, angles, etc.).

**Metinvest Group** is a vertically integrated group of steel and mining companies that manages every link of the value chain, from mining and processing iron ore and coal to making and selling semi-finished and finished steel products. It has steel and mining production facilities in Ukraine, Europe and the US, as well as a sales network covering all key global markets. Its strategic vision to become the leading vertically integrated steel producer in Europe, delivering sustainable growth and profitability resilient to business cycles and providing investors with returns above industry benchmarks. The Group reported revenue of USD 3.1 billion and an EBITDA margin of 15% in the first quarter of 2013. The major shareholders of Metinvest B.V. (the holding company for Metinvest Group) are SCM Group (71.25%) and Smart-Holding (23.75%), which partner in the Group's management. Metinvest Holding, LLC is the management company of Metinvest Group.



METINVEST

# RISING TO THE CHALLENGE

ANNUAL REPORT AND FINANCIAL STATEMENTS 2012

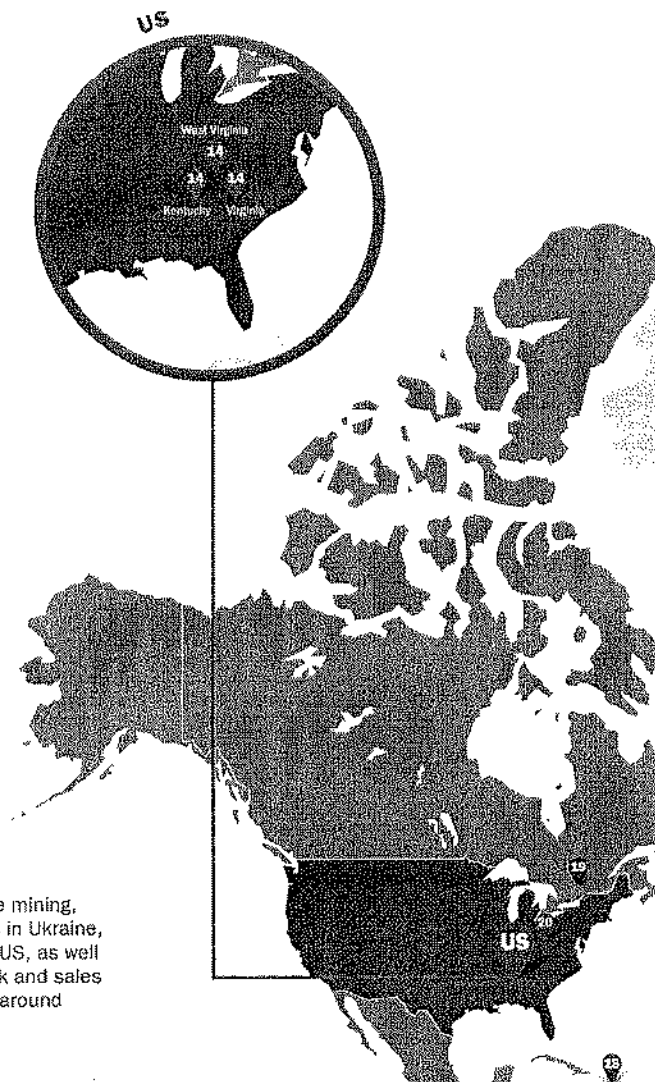
## GLOBAL PRESENCE

# WE ARE WELL POSITIONED TO MEET OUR CLIENTS' NEEDS WORLDWIDE

OUR NETWORK, PRODUCT MIX AND QUALITY, AND CUSTOMER SERVICE REFLECT OUR MISSION TO BE A EUROPEAN LEADER SERVING A GLOBAL MARKET.

We are a leading steel company in the CIS and one of the top 30 steelmakers and top 10 iron ore producers in the world. Most of our assets are located in a low-cost production region, while our unique geographic position ensures access to key markets in Europe, the CIS and the Middle

East and North Africa. We have mining, steelmaking and rolling assets in Ukraine, Italy, Bulgaria, the UK and the US, as well as a global distribution network and sales offices in key regions, serving around 100 countries.



### PRODUCTION ASSETS

METALLURGICAL DIVISION	Output in 2012
<b>1 ILYICH STEEL</b>	
Crude steel	5,138KT
<b>2 AZOVSTAL</b>	
Crude steel	4,589KT
<b>3 YENAKHEVE STEEL</b>	
Crude steel	2,732KT
<b>4 KHARTSYZK PIPE</b>	
Large-diameter pipes	384KT
<b>5 FERRIERA VALSIDER</b>	
Hot-rolled plates and coils	630KT
<b>6 METINVEST TRAMETAL</b>	
Hot-rolled plates	495KT
<b>7 SPARTAN UK</b>	
Hot-rolled plates	147KT
<b>8 PROMET STEEL</b>	
Shapes and bars	236KT
<b>9 AVDIIVKA COKE</b>	
Metallurgical coke (dry)	3,665KT

MINING DIVISION	Output in 2012
<b>10 INGULETS GOK</b>	
Iron ore concentrate	15,277KT
<b>11 NORTHERN GOK</b>	
Iron ore concentrate	14,558KT
<b>12 CENTRAL GOK</b>	
Iron ore concentrate	6,389KT
<b>13 KRASNODON COAL</b>	
Coking coal (raw)	5,394KT
<b>14 UNITED COAL</b>	
Coking coal (raw)	6,229KT
Steam coal (raw)	507KT

### SALES OFFICES

- 1 CHINA
- 2 SINGAPORE
- 3 TURKMENISTAN
- 4 UNITED ARAB EMIRATES
- 5 RUSSIA (13 OFFICES)
- 6 LEBANON
- 7 UKRAINE (24 OFFICES)
- 8 TURKEY
- 9 BULGARIA (2 OFFICES)
- 10 LITHUANIA
- 11 SERBIA
- 12 ITALY (2 OFFICES)
- 13 TUNISIA
- 14 GERMANY (2 OFFICES)
- 15 SWITZERLAND
- 16 BELGIUM
- 17 UNITED KINGDOM
- 18 DOMINICAN REPUBLIC
- 19 CANADA
- 20 UNITED STATES

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# **EXHIBIT 14**

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## Business News

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Subscri

Published: Tuesday February 19, 2013 MYT 12:00:00 AM

Updated: Wednesday April 17, 2013 MYT 12:32:22 AM

# M'sia to impose anti-dumping duties on steel wire rods

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PETALING JAYA: The Government 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 yesterday.

What are your worst customer service experiences?



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.

#### ADVERTISEMENT

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 3.03%.

**THHN Wire - Lowest Price**

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1 thru 14 awg, 250 thru 1000 mmcm. No cut charges and fast delivery

**What are your worst customer service experiences?**



WORLD TRADE  
ORGANIZATION

G/ADP/N/252/MYS

23 January 2014

(L4-0353)

Page: 1/6

**Committee on Anti-Dumping Practices**

Original: English

**SEMI-ANNUAL REPORT UNDER  
ARTICLE 16.4 OF THE AGREEMENT**

MALAYSIA

Reproduced herewith is the semi-annual report for the period 1 July-31 December 2013  
from **Malaysia**.

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Reporting Member: MALAYSIA<sup>1</sup>

# SEMI-ANNUAL REPORT OF ANTI-DUMPING ACTIONS<sup>2</sup>

FOR THE PERIOD 1 JULY-31 DECEMBER 2013

## Original Investigations

Country or customs territory	Product	Initiation	Provisional measures and preliminary determinations	Final measures		No final measures / termination	Other	Trade data (from published report(s))		Basis for normal value determination
				Definitive duty	Price undertaking			Import volume or value (units / currency); product coverage, period, if different from cols. 2 / 3	Import volume as % of apparent domestic consumption or as % of total imports	
1	2	3	4	5	6	7	8	9	10	11
Belgium	Newsprint in rolls (4801.00.10) AD02/13/BEL	05.04.2013 D: 01/07/11-30/09/12 I: 01/07/09-30/09/12				02.08.2013 Terminated (Public Interest)				
China	Electrolytic tinplate (7210.12.200) AD01/13/CHN	20.02.2013 D: 01/10/11-30/09/12 I: 01/10/09-30/09/12	20.07.2013 Nil to 16.00%	16.11.2013 Nil - 9.78%						
	Stranded wire (7312.10.00) AD03/13/CHN	10.04.2013 D: 01/07/11-30/09/12 I: 01/01/09-30/09/12	06.09.2013 Nil to 12.39% Affirmative PD. No provisional measure been imposed							
Germany	Newsprint in rolls (4801.00.10) AD02/13/GER	05.04.2013 D: 01/07/11-30/09/12 I: 01/07/09-30/09/12				02.08.2013 Terminated (Public Interest)				
Korea, Rep. of	Electrolytic tinplate (7210.12.200) AD01/13/KOR	20.02.2013 D: 01/10/11-30/09/12 I: 01/10/09-30/09/12	20.07.2013 3.31% to 25.00%	16.11.2013 3.46% - 9.78%						

<sup>1</sup> Website address where published reports on investigations are available: [www.miti.gov.my](http://www.miti.gov.my)

<sup>2</sup> All terms and column headings used in this format have the meanings assigned to them in the instructions.

<sup>3</sup> For reference purposes only.

1	2	3	4	5	6	7	8	9	10	11
Sweden	Newsprint in rolls (4801.00.10) AD02/13/SWE	05.04.2013 D: 01/07/11- 30/09/12 I: 01/07/09- 30/09/12				02.08.2013 Terminated (Public Interest)				
Thailand	Fibre cement board (6811.82.100, 6811.82.900) AD04/13/THAI	02.07.2013 D: 01/01/12- 31/12/12 I: 01/07/09- 30/09/12	30.11.2013 13.96% to 63.10%							
United Kingdom	Newsprint in rolls (4801.00.10) AD02/13/GBR	05.04.2013 D: 01/07/11- 30/09/12 I: 01/07/09- 30/09/12				02.08.2013 Terminated (Public Interest)				

## Reviews / Other subsequent proceedings

Country or customs territory	Product	Initiation	Preliminary results / determination	Final results		Revocation of Measures	Other (e.g., procedures not affecting the duty level)	Trade Data (if available from published report(s) on proceeding)		Basis for normal value determination
				Definitive duty	Price undertaking					
	Description; HS 6-digit category covering investigated product; ID number; (*) if investigation of >1 country	Date, Type of Review or Procedure (code), Period Covered	Effective date; range of individual dumping margins; "other" rates; [range of applied rates if different, reason]	Effective date; range of individual dumping margins; "other" rates; [range of applied rates if different, reason]	Effective date; range of individual dumping margins or minimum prices; or other outcome (code)	Date Reason	Date, explanation	Import volume or value (units /currency); product coverage, period, if different from cols. 2 / 3	Import volume as % of apparent domestic consumption or as % of total imports	Codes for all bases used in proceeding
1	2	3	4	5	6	7	8	9	10	11
NIL										

## ANNEXES

DEFINITIVE ANTI-DUMPING MEASURES IN FORCE  
AS OF 31 DECEMBER 2013

Country/ Customs Territory	Product, Investigation ID number	Measure(s)	Date of original imposition; publication reference	Date(s) of extension; publication reference(s)
Canada	Newsprint AD 01/03/CAN	Duties	27.09.2003 Gazette, P.U. (A) 370	21.03.2009 Gazette, P.U. (A) 125
China	Steel Wire Rod AD01/12/CHN	Duties	20.02.2013 Gazette, P.U. (A) 53	
	Biaxially oriented polypropylene film AD03/12/PRC	Duties	23.04.2013 Gazette, P.U. (A) 146	
	Electrolytic Tinplate AD01/13/CHN	Duties	16.11.2013 Gazette, P.U. (A) 339	
Indonesia	Newsprint AD 01/03/IDN	Duties	27.09.2003 Gazette, P.U. (A) 370	21.03.2009 Gazette, P.U. (A) 125
	<del>Steel Wire Rod</del> AD01/12/IDN	Duties	20.02.2013 Gazette, P.U. (A) 53	
	Biaxially oriented polypropylene film AD03/12/IDN	Duties	23.04.2013 Gazette, P.U. (A) 146	
Korea, Rep. of	Newsprint AD 01/03/KOR	Duties	27.09.2003 Gazette, P.U. (A) 370	21.03.2009 Gazette, P.U. (A) 125
	Steel Wire Rod AD01/12/KOR	Duties	20.02.2013 Gazette, P.U. (A) 53	
	Electrolytic Tinplate AD01/13/KOR	Duties	16.11.2013 Gazette, P.U. (A) 339	
Philippines	Newsprint AD01/03/PHL	Duties	27.09.2003 Gazette, P.U. (A) 370	21.03.2009 Gazette, P.U. (A) 125
Chinese Taipei	Steel Wire Rod AD01/12/TPKM	Duties	20.02.2013 Gazette, P.U. (A) 53	
	Biaxially oriented polypropylene film AD03/12/TPKM	Duties	23.04.2013 Gazette, P.U. (A) 146	
Thailand	Polyethylene Terephthalate AD 01/05/THA	Duties	23.10.2005 Gazette, P.U. (A) 414	21.04.2011 Gazette, P.U. (A) 142
	Biaxially oriented polypropylene film AD03/12/THAI	Duties	23.04.2013 Gazette, P.U. (A) 146	
United States	Newsprint AD 01/03/USA	Duties	27.09.2003 Gazette, P.U. (A) 370	21.03.2009 Gazette, P.U. (A) 125
Viet Nam	Biaxially oriented polypropylene film AD03/12/Viet Nam	Duties	23.04.2013 Gazette, P.U. (A) 146	

REFUND REQUESTS UNDER ARTICLE 9.3 DURING THE PERIOD  
1 JULY THROUGH 31 DECEMBER 2013

Country/Customs Territory	Product, Investigation ID number	Original effective date; date of most recent extension	Number of refund requests received	Number of refund reviews commenced, completed
NIL				

TERMINATION OF MEASURES DURING THE PERIOD  
1 JULY THROUGH 31 DECEMBER 2013

Country/Customs Territory	Product, investigation ID number	Date of termination	Reason for termination
NIL			

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16 September 2013

(13-4887)

Page: 1/3

Committee on Safeguards

Original: Spanish

NOTIFICATION UNDER ARTICLE 12.4 OF THE AGREEMENT ON SAFEGUARDS  
BEFORE TAKING A PROVISIONAL SAFEGUARD MEASURE  
REFERRED TO IN ARTICLE 6

NOTIFICATION PURSUANT TO ARTICLE 9, FOOTNOTE 2  
OF THE AGREEMENT ON SAFEGUARDS

COLOMBIA

(Steel Wire Rod)

The following communication, dated 12 September 2013, is being circulated at the request of the delegation of Colombia.

Pursuant to Article 12.4 of the WTO Agreement on Safeguards, Colombia hereby notifies the adoption of a provisional safeguard measure on imports of steel wire rod in accordance with the regulations established in its domestic legislation – Decree No. 152 of 1998.

The initiation of this investigation was notified in document G/SG/N/6/COL/4 of 26 July 2013.

**1. Product involved**

Steel wire rod, commercially known as *alambrón trefilable* (drawable wire rod), which is classified in the National Customs Tariff (Decree No. 4927 of 2011) under the following subheadings:

PRODUCT	SUBHEADING	DESCRIPTION (ADAPTED TEXT)
Steel wire rod	7213.20.00.00	Bars and rods, hot-rolled, in irregularly wound coils, of non-alloy free-cutting steel.
	7213.91.10.00	Bars and rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel, of circular cross-section measuring less than 14 mm in diameter, containing by weight less than 0.12% of chromium, nickel, copper and molybdenum taken together.
	7213.91.90.00	Other bars and rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel, of circular cross-section measuring less than 14 mm in diameter.
	7213.99.00.10	Other bars and rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel, containing by weight less than 0.12% of chromium, nickel, copper and molybdenum taken together.
	7213.99.00.90	Other bars and rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel.
	7227.90.00.10	Other bars and rods, hot-rolled, in irregularly wound coils, of boron alloy steel.

**2. Proposed measure**

Customs duty of 21.29%.

### **3. Proposed date of introduction of the measure**

In the coming days.

### **4. Grounds for application of the measure**

#### **(a) Evidence of critical circumstances**

Pursuant to domestic legislation (Article 33 of Decree No. 152 of 1998), and in accordance with Article 6 of the WTO Agreement on Safeguards, a study was conducted in order to analyse the behaviour of indicators of critical circumstances. The study focused on variables in respect of inventories, domestic sales, and gross and operating profit, which were taken from the economic and financial information, by line of production, provided by ACERÍAS PAZ DEL RÍO S.A. The study compared the performance of each of these indicators between the first and the second half of 2012, in the light of the Increase in imports in that year.

The six-monthly analysis of imports that took place during the investigation period shows steady growth between the first half of 2010 and the first half of 2011, with increases of 62.46% and 12.95% respectively. In the first and the second half of 2012, total imports continued to rise by 13.68% and 2.24%, reaching 100,359,828 kg, a volume higher than that recorded in 2010 and 2011.

Between the first and the second half of 2012, the volume of total imports rose from 98,165,361 kg to 100,359,829 kg.

In any case, between the reference period and the two halves of 2012, average imports rose by 33.35%, from 74,435 tonnes to 99,262 tonnes, an increase of 24,826 tonnes.

Per unit import prices in the two halves of 2012 fell by 6.62% from US\$0.73/kg to US\$0.68/kg, which amounts to US\$730/tonne.

During the critical period, the countries accounting for the largest share of imports were Mexico (49.98%), Trinidad and Tobago (22.81%), Brazil (9.43%) and the Bolivarian Republic of Venezuela (9.46%).

The comparison showed evidence of critical circumstances: a decline of 27.29% in domestic sales indicators, an increase of 396% in the final inventory of the finished product, a drop of 12.30 percentage points in the gross profit margin, and a reduction of 15.33 percentage points in the operating profit margin.

### **5. Major exporting Members of imports of the product involved**

Mexico, Brazil, Trinidad and Tobago, Bolivarian Republic of Venezuela, and Spain.

### **6. Countries not subject to the measure**

Imports originating in the United States and Canada are excluded from the measure under the free trade agreements in force between Colombia and those countries. These agreements provide for the maintenance of WTO rights and obligations as regards the application of general safeguard measures, but include an exclusion clause when the imports of the Parties are not a substantial cause of injury.

Thus, imports originating in the United States and Canada must be excluded from the measure, since the relevant analyses reveal that their share in total imports was 0.02% in the case of the United States and 0% in the case of Canada. Consequently, these imports do not constitute a substantial cause of the serious injury determined in the investigation.

### **7. Offer of consultations under Article 12.4**

In accordance with Article 12.4 of the Agreement on Safeguards, Colombia is prepared to hold consultations on the provisional safeguard measure, once the measure has been adopted, with those Members that have a substantial interest as exporters of the subject product.

**NOTIFICATION PURSUANT TO ARTICLE 9, FOOTNOTE 2  
OF THE AGREEMENT ON SAFEGUARDS**

In accordance with Article 9 of the WTO Agreement on Safeguards, "[s]afeguard measures shall not be applied against a product originating in a developing country Member as long as its share of imports of the product concerned in the importing Member does not exceed 3%, provided that developing country Members with less than 3% import share collectively account for not more than 9% of total imports of the product concerned".

Pursuant to Article 9.1 of the WTO Agreement on Safeguards, and looking at the import statistics for the period analysed, the individual shares of imports from Argentina, Chile and Ecuador were less than 3%, and collectively do not account for more than 9% of total Imports of the product concerned.

Thus, the provisional safeguard measure against imports of steel wire rod would not apply to imports from the aforementioned countries, since they comply with the conditions set forth in Article 9 of the Agreement on Safeguards.

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12 November 2013

(13-6265)

Page: 1/1

Committee on Safeguards

Original: Spanish

NOTIFICATION UNDER ARTICLE 12.4 OF THE AGREEMENT ON SAFEGUARDS  
BEFORE TAKING A PROVISIONAL SAFEGUARD MEASURE  
REFERRED TO IN ARTICLE 6

NOTIFICATION PURSUANT TO ARTICLE 9, FOOTNOTE 2,  
OF THE AGREEMENT ON SAFEGUARDS

COLOMBIA

*(Steel Wire Rod)*

*Supplement*

The following communication, dated 8 November 2013, is being circulated at the request of the delegation of Colombia.

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Colombia hereby notifies the Committee on Safeguards that the customs duty of 21.29% envisaged as a provisional safeguard measure on imports of steel wire rod, which was notified in WTO document G/SG/N/7/COL/1-G/SG/N/11/COL/1, was adopted by Decree No. 2213 of 8 October 2013 and entered into effect on 9 October 2013.<sup>1</sup>

The initiation of this investigation was notified in document G/SG/N/6/COL/4 of 26 July 2013.

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<sup>1</sup> Decree No. 2213 of 2013 was published in Official Journal (*Diario Oficial*) No. 48.938 of 9 October 2013. Available at: <http://www.imprenta.gov.co>.

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20 December 2013

(13-7008)

Page: 1/4

Committee on Safeguards

Original: French

**NOTIFICATION UNDER ARTICLE 12.1(B) OF THE AGREEMENT ON  
SAFEGUARDS ON FINDING A SERIOUS INJURY OR THREAT  
THEREOF CAUSED BY INCREASED IMPORTS**

**NOTIFICATION UNDER ARTICLE 12.1(C)  
OF THE AGREEMENT ON SAFEGUARDS**

**NOTIFICATION UNDER ARTICLE 9, FOOTNOTE 2,  
OF THE AGREEMENT ON SAFEGUARDS**

*(Wire rods and reinforcing bars)*

MOROCCO

The following communication, dated 19 December 2013, has been received from the Permanent Mission of Morocco,

Morocco hereby confirms the results of the preliminary determination in the safeguards investigation on imports of wire rods and reinforcing bars, as notified in document G/SG/N/7/MAR/2 - G/SG/N/8/MAR/3 - G/SG/N/11/MAR/2 concerning the application of a provisional safeguard measure.

In the light of the foregoing, Morocco hereby submits its notification concerning the application of a definitive safeguard measure to imports of wire rods classified under heading 7213.91.90.00 and reinforcing bars classified under headings 7214.20.90.00 and 7214.99.91.00, in accordance with Article 12.1(c) of the Agreement on Safeguards.

The above-mentioned provisional safeguard measure was published in Official Journal (*Bulletin Officiel*) No. 6156 of 30 May 2013 in the form of a joint order of the Minister of Industry, Trade and New Technologies and the Minister of the Economy and Finance.

**1 DESCRIPTION OF THE PRODUCTS SUBJECT TO THE INVESTIGATION**

The products subject to the investigation are reinforcing bars with a diameter ranging from 5.5 to 40 millimetres and wire rods with a diameter of 5.5 to 14 millimetres. These products are imported under Moroccan Harmonized System customs headings 7213.91.90.00 (wire rods) and 7214.20.90.00 and 7214.99.9100 (reinforcing bars).

**2 DATA RELATING TO INCREASED IMPORTS**

The import analysis section of the preliminary report shows that according to data from the Foreign Exchange Board, wire rod imports rose by 196% and reinforcing bar imports by 117% between January and September 2012 compared with the same period in 2011.

In relative terms, the index of the ratio of imports to domestic production of wire rods reached 164 in 2011 and then rose sharply to 424 in the first nine months of 2012. The index for reinforcing bars reached 220 in the first nine months of 2012.

Imports of wire rods and reinforcing bars, which doubled in 2012 in relation to 2011, continued to increase in 2013. In the first half of 2013, imports of wire rods amounted to 126,503 tonnes - an increase of 84% in relation to the same period in 2012; Imports of reinforcing bars stood at 122,047 tonnes, having risen sharply by 232.5% in relation to the first half of 2012.

Table 1: Imports\* of wire rods and reinforcing bars

Imports (tonnes)	2011	2012	2012 (First half)	2013 (First half)
Wire rods	72,846	134,146	68,695	126,503
Variation	--	84.15%	--	84%
Reinforcing bars	32,973	65,480	36,699	122,047
Variation	--	98.59%	--	232.56%

\*Source: Foreign Exchange Board

From the evidence above, it was concluded that the volume of imports had increased significantly in absolute and relative terms.

#### Unforeseen developments

Taking into account the verification and examination of the available data, the Moroccan Ministry of Foreign Trade confirms the data in the preliminary determination according to which the increase in imports of wire rod and reinforcing bars may be qualified as a massive increase resulting from unforeseen developments within the meaning of Article XIX of the GATT 1994 and the Agreement on Safeguards.

### 3 EVIDENCE OF INJURY CAUSED BY INCREASED IMPORTS

Table 2: Overview of indicators\* of serious injury suffered by the domestic wire rod and reinforcing bar industry

Index: 2008 = 100 ; 2001 (Jan-Sept)=100

Indicators		2008	2009	2010	2011	2011 (Jan-Sept)	2012 (Jan-Sept)
Volume of imports (tonnes)	Wire rods	42,780	93,155	55,947	72,846	35,887	106,360
	Reinforcing bars	24,682	12,103	16,863	32,973	25,615	55,490
Imports/Production (%)	Wire rods	100	219	100	164	100	424
	Reinforcing bars	100	45	59	104	100	220
Market share of imports (%)	Wire rods	100	172	104	139	100	227
	Reinforcing bars	100	42	62	111	100	219
Sales (tonne)	Wire rods	100	105	135	113	100	64
	Reinforcing bars	100	116	111	119	100	99
Sales (DH million)	Wire rods	100	67	88	90	100	61
	Reinforcing bars	100	78	75	96	100	97
Market share of domestic industry (%)	Wire rods	100	82.96	107.46	92.25	100	49.23
	Reinforcing bars	100	99.61	99.96	98.17	100	99.40
Production (tonnes)	Wire rods	100	99	130	104	100	70
	Reinforcing bars	100	119	115	128	100	99
Productivity (tonnes/person)		100	96	76	79	100	104
Employment		100	122	154	159	100	92

Indicators		2008	2009	2010	2011	2011 (Jan- Sept)	2012 (Jan- Sept)
Number of hours worked		100	123	163	167	100	92
Productivity (tonnes/hour)		100	94	71	74	100	104
Production capacity (tonnes)	Wire rods	100	304	350	296	100	100
	Reinforcing bars	100	149	148	164	100	100
Rate of capacity utilization (%)	Wire rods	100	32.73	37.19	35.01	100	70.09
	Reinforcing bars	100	79.63	77.84	78.38	100	98.75
Final inventories (tonnes)	Wire rods	100	64	92	74	100	123
	Reinforcing bars	100	129	172	200	100	116
Production costs (DH/tonne)	Wire rods	100	69	80	90	100	103
	Reinforcing bars	100	69	81	90	100	103
Ex-factory price (DH/tonne)	Wire rods	100	64	65	80	100	95
	Reinforcing bars	100	67	67	80	100	98
Profit (thousand DH)	Wire rods	100	32	-4	24	100	-4
	Reinforcing bars	100	39	-8	22	100	-84
Profitability (%)	Wire rods	100	25	-3	27	100	-7
	Reinforcing bars	100	50	-11	23	100	-87

\*Source: Data compiled from Foreign Exchange Board statistics and verified results of a survey for domestic producers.

Following the examination of the injury indicators listed in the above table, and the verification visits conducted by the Ministry of Foreign Trade, the preliminary results<sup>1</sup> of the investigation were confirmed as regards the existence of serious injury to the domestic wire rod and reinforcing bar industry.

#### 4 CAUSAL LINK

In accordance with the requirements of Article 54 of Law No. 15-09 and Article 46 of its implementing decree, the Ministry of Foreign Trade examined the correlation between the increased imports and the injury suffered, as well as the effects of factors other than increased imports which may cause injury to the domestic industry. It confirmed the conclusions of the preliminary determination according to which the injury to the Moroccan industry is caused by massive imports of wire rods and reinforcing bars and cannot be attributed to other factors, most notably trends in domestic consumption, competition between producers or the definitive elimination of customs duties on the products concerned.

#### 5 PRECISE DESCRIPTION OF THE PROPOSED DEFINITIVE MEASURE

The proposed definitive safeguard measure entails the application of an additional specific duty of 0.55DH/kg to imports in excess of the quotas of 100,000 tonnes for wire rods and 28,000 tonnes for reinforcing bars.

#### 6 EXPECTED TIMETABLE FOR PROGRESSIVE LIBERALIZATION OF THE DEFINITIVE MEASURE

For the purposes of liberalizing the proposed definitive safeguard measure, the quota will be increased by 5% each year during the period of application of the safeguard measure.

#### 7 DATE OF APPLICATION OF THE DEFINITIVE SAFEGUARD MEASURE

The definitive safeguard measure will enter into force on the date of publication, in Morocco's Official Journal, of the joint order imposing the measure.

<sup>1</sup> G/SG/N/7/MAR/2 - G/SG/N/8/MAR/3 - G/SG/N/11/MAR/2.



## 8 DOMESTIC INDUSTRY ADJUSTMENT PLAN

The principal measures set forth by the domestic industry to be implemented during the period of application of the safeguard measure are the following:

- Upstream integration of the collection and processing of ferrous waste and scrap (Procurement centre);
- Review of the relationship with Moroccan ports through which ferrous waste and scrap transits (conditions of passage, unloading times, etc.);
- Optimization of current energy use (electricity, LPG, fuel oil, etc.) for energy efficiency purposes;
- Review and adjustment of the entire wire rod and reinforcing bar manufacturing chain;
- Creation of a training centre in coordination with the Metal, Metallurgical and Electrical Industry Federation (FIMME);
- Introduction of a product traceability system to improve quality standards.

## 9 DEVELOPING MEMBERS EXEMPT FROM THE MEASURE IN ACCORDANCE WITH ARTICLE 9.1 OF THE AGREEMENT ON SAFEGUARDS

The following developing countries are exempt from the definitive measure:

*Albania; Angola; Antigua and Barbuda; Argentina; Kingdom of Bahrain; Bangladesh; Barbados; Belize; Benin; Bolivia; Botswana; Brazil; Brunei Darussalam; Burkina Faso; Burundi; Cambodia; Cameroon; Cabo Verde; Central African Republic; Chad; Chile; China; Chinese Taipei; Colombia; Congo; Costa Rica; Croatia; Cuba; Djibouti; Democratic Republic of the Congo; Dominica; Dominican Republic; Ecuador; El Salvador; Fiji; Former Yugoslav Republic of Macedonia (FYROM); Gabon; the Gambia; Georgia; Ghana; Grenada; Guatemala; Guinea; Guinea-Bissau; Guyana; Haiti; Honduras; Hong Kong, China; India; Indonesia; Ivory Coast; Jamaica; Jordan; Kenya; Republic of Korea; Kyrgyz Republic; Lao People's Democratic Republic; Lesotho; Macao, China; Madagascar; Malaysia; Malawi; Maldives; Mali; Mauritius; Mauritania; Mexico; Republic of Moldova; Mongolia; Montenegro; Mozambique; Myanmar; Namibia; Nepal; Nicaragua; Niger; Nigeria; Oman; Pakistan; Panama; Papua New Guinea; Paraguay; Peru; Philippines; Qatar; Rwanda; Saint-Lucia; Saint Kitts and Nevis; Saint Vincent and the Grenadines; Samoa; Kingdom of Saudi Arabia; Senegal; Sierra Leone; Singapore; Solomon Islands; South Africa; Sri Lanka; Suriname; Swaziland; Tajikistan; Tanzania; Thailand; Togo; Tonga; Trinity and Tobago; Tunisia; Turkey; Uganda; United Arab Emirates; Uruguay; Vanuatu; Bolivarian Republic of Venezuela; Vietnam; Zambia; Zimbabwe.*

## 10 OFFER OF CONSULTATIONS UNDER ARTICLE 12.4

In accordance with Article 12.3 of the Agreement on Safeguards, Morocco is ready to consult on the definitive safeguard measure with those Members having a substantial interest as exporters of the products concerned.

## Active Foreign Safeguard Activity\*

Table is organized by country, year of initiation of investigation then product name.  
(Last changes made March 11, 2014)

Country/Product	Initiation	Provisional Measures	Final Measures	Notes
<b>Australia</b>				Safeguard Legislation
Canned Tomatoes <b>Investigation terminated</b>	June 21, 2013 (Investigation)		December 20, 2013 Investigation terminated with no application of measures	
Certain Processed Fruit Products <b>Investigation terminated</b>	June 21, 2013 (Investigation)		December 20, 2013 Investigation terminated with no application of measures	
<b>Brazil</b>				Safeguard Legislation
No current investigations or measures				
<b>Chile</b>				Safeguard Legislation
Frozen Pork	May 31, 2013 (Investigation)			
Maize <b>(Investigation terminated)</b>	April 9, 2013 (Investigation)	April 24, 2013 9.7% <i>ad valorem</i>	July 31, 2013 Investigation terminated	
Maize Otherwise Worked <b>(Measure expired)</b>	April 27, 2012 (Investigation)	April 27, 2012 10.8% <i>ad valorem</i> proposed tariff for 200 days	September 3, 2012 10.8% <i>ad valorem</i> for a period of five months beginning April 27, 2012	
<b>Colombia</b>				Safeguard Legislation
Bars of Iron or Non-alloy Steel (Rebar) and Wire of Iron or Non-alloy Steel (Corrugated wire rods)	August 5, 2013 (Investigation)	October 8, 2013 Rebar: 25.6% Rods: 21.96%		
Sections of iron or non-alloy steel (squares) and rods of iron or non-alloy steel (Plates)	August 1, 2013 (Investigation)			
Steel Angles	August 6, 2013 (Investigation)			
Steel Wire Rod	July 22, 2013 (Investigation)	November 9, 2013 21.29%		

\*

	Review)			
N1,3-dimethyl butyl-N'Phenylenediamine (PX-13 also known as 6PPD)	December 27, 2010 (Investigation)		August 30, 2011 Ad valorem tariff: Year 1: 30% minus AD duty payable Year 2: 25% minus AD duty payable	Measures imposed for two years
	August 29, 2013 (Extension review)			
Dimethoate Technical	January 21, 2009 (Investigation)	March 23 2009 28% ad valorem tariff 03/23/09-10/08/09	August 27, 2009 Ad valorem tariff: Year 1: 28% Year 2: 23% Year 3: 18%	
<b>Indonesia</b>				
				Safeguard Legislation
Bars and rods, hot-rolled, in irregularity [sic] wound coils	January 17, 2014 (Investigation)			
I and H sections of other alloy steel	February 12, 2014 (Investigation)			
D-glucitol (Sorbitol) <b>Investigation terminated</b>	December 13, 2012 (Investigation)		March 28, 2013 Investigation terminated	Application for investigation withdrawn;
Flat-Rolled Product of Iron or Non-Alloy Steel	December 20, 2012 (Investigation)			
Finished Casing and Tubing	January 20, 2012 (Investigation)	March 19, 2013 Proposed measures under consideration	August 6, 2013 (Rupiah/kg) 08/06/13-08/05/14: 28.439 08/06/14-08/05/15: 28.001 08/06/15-08/05/16: 27.564 08/06/16-08/05/17: 27.126	Final measures imposed for four years August 6, 2013 - August 5, 2017
Kilowatt Hours Meters Including Relevant Parts and Accessories <b>No measures</b>	December 28, 2012 (Investigation)		November 25, 2013  Investigation terminated without imposition of measures	
Mackerel <b>No measures</b>	January 27, 2012 (Investigation)	March 1, 2012 Proposed measures under consideration	December 2, 2013 Investigation terminated without imposition of measures	

\*

	(Investigation)		Year 1: Rp. 6.658/kg Year 2: Rp. 5.643/kg Year 3: Rp. 4.629/kg	
Wire of Iron/Non-Alloy Steel, Not Plated/Coated, Containing Carbon <0.25% by Weight	January 19, 2010 (Investigation)		March 23, 2011 Tariffs (Indonesia Rupiah/kg) Year 1: 7.767/kg Year 2: 7.216/kg Year 3: 6.665/kg	Measures imposed for three years
Dextrose Monohydrate (Measures expired)	May 14, 2008 (Investigation)		August 24, 2009 Tariffs (Indonesian Rupiah) Year 1: IDR 2,700/kg Year 2: IDR 2,400/kg Year 3: IDR 2,100/kg	Measures imposed for three years, August 24, 2009 - August 23, 2012
	October 22, 2012 (Extension review)		July 31, 2013 Review terminated, measures allowed to expire	
Israel				Safeguard Legislation
Glass Wool and Rock Wool No Measures Imposed	January 11, 2011 (Investigation)	January 4, 2012 Proposed Duties Glass Wool: \$0.92/kg Rock Wool: \$0.99/kg	September 15, 2013 Proposed measures not approved by Minister of Finance	January 2012 - Measures proposed for two years
Jordan				Safeguard Legislation
Bars and Rods of Iron and Steel	April 4, 2012 (Investigation)	February 8, 2013 Proposed - For the HS codes of 7213.105, 7214.105, 7214.205, 7214.305, 7214.915, 7214.995, 7215.105, 7215.505, and 7215.905: imposing, in addition to the applied tariff duty, a specific surcharge of JD 80 per ton for a period of three years and subject to annual liberalization of JD 10. - Imposing on all HS codes within 7213 imported as "steel", in addition to the applied tariff duty, a specific surcharge of JD 80	June 16, 2013 06/16/2013-06/15/2014: 80JD/ton 06/16/2014-06/15/2015: 70 JD/ton 06/16/2015-16/12/2016: 60 JD/ton	Measures imposed for one and a half years



Morocco				Safeguard Legislation
Reinforcing Bars and Wire Rods	September 25, 2012 (Investigation)	May 30, 2013 Specific duty of 0.55MAD/kg, on imports in excess of the quota of 37,000 tonnes for wire rods and 10,500 tonnes for reinforcing bars	December 19, 2013 Additional specific duty of 0.55DH/kg to imports in excess of the quotas of 100,000 tonnes for wire rods and 28,000 tonnes for reinforcing bars. Measure will be liberalized 5% per year	
Philippines				Safeguard Legislation
Galvanized Iron and Pre-painted Sheets & Coils	September 27, 2013 (Investigation)			
Newsprint	September 20, 2013 (Investigation)			
Testliner Board	November 16, 2009 (Investigation)	May 26, 2010 PH Pesos 1,480/MT for 200 days as of May 26, 2010	July 15, 2011 (PH Pesos/ton) Year 1: 1,342 Year 2: 1,274.90 Year 3: 1,211.15	Measures imposed for three years
	Extension review date not notified		Date not notified (PH Pesos/ton) Year 1: 1,156.60 Year 2: 1,093.07 Year 3: 1,038.42	Measures extended for three years according to notification to the WTO in January 2014 but actual dates not notified
Steel Angle Bars	August 11, 2008 (Investigation)	January 20, 2009	July 27, 2009 (PH Pesos/ton) Year 1: 7,700 Year 2: 5,133 Year 3: 4,106.40	Measures imposed for three years
			April 16, 2012 Measures extended for three years (PH Pesos/ton) Year 1: 3,901.08 Year 2: 3,706.03 Year 3: 3,520.73	Measures extended for three years. No notification of extension review made
Float Glass	May 21, 2003 (Investigation)	October 13, 2003 PH Pesos 2, 650/MT for 200 days	April 14, 2004 (PH Pesos/MT) Tinted Float Glass Year 1: 5,850 Year 2: 5,560 Year 3: 5,280	Measures imposed for three years



# **EXHIBIT 15**

# UNITED STATES INTERNATIONAL TRADE COMMISSION

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In the Matter of:	)	Investigation No.
CARBON AND CERTAIN ALLOY	)	701-TA-512
STEEL WIRE ROD FROM CHINA	)	731-TA-1248 (Preliminary)
CONTAINING SAME	)	

## REVISED AND CORRECTED TRANSCRIPT

Pages: 1 - 137  
Place: Washington, D.C.  
Date: Friday, February 21, 2014

ORIGINAL



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MAR 26 2014

1 MS. SHERMAN: Good morning, thank you all for  
2 being here this morning. My first question I believe you  
3 have addressed already but I wanted to follow up a little  
4 bit more on it, concerning, if the domestic wire rod  
5 industry has the capacity to supply the entire U.S. market,  
6 I believe many of you this morning said that you did but for  
7 all end uses do you have the capacity to supply wire rod  
8 specifications for all different types of end uses?

9 MR. NYSTROM: Certainly for all of the product  
10 coming in from China we have the capacity to be able to  
11 supply all of that product.

12 MR. KERKVLIJET: This is Jim Kerkvliet from  
13 Gerdau and building on Eric's comments the thing that I  
14 would say is as an industry we are operating between a 60  
15 and 65 percent capacity utilization so it is a clear  
16 indication that there is enough capacity from which to serve  
17 the market.

18 I would also say that during the period of review  
19 the domestic market share has dropped precipitously because  
20 of the imports that are coming in from unfairly traded  
21 imports from China.

22 MR. ASHBY: Steve Ashby from Evraz we are on  
23 three crews, we could add the fourth crew very easily.  
24 Everything that comes in from China we can produce, we think  
25 we would produce better than the Chinese, so our only issue



1 has been really what's happening with regard to Chinese  
2 prices and how low they have come in for the country.

3 MS. SHERMAN: Thank you and also concerning the  
4 plant that was idled for Gerdau, excuse me, in New Jersey,  
5 how long has that plant been idled and do you anticipate it  
6 being started again in the immediate future?

7 MR. KERKVLiet: Thanks for the question, Jim  
8 Kerkvliet again. The melt shop was idled in the latter part  
9 of 2007 and the rolling was idled in the later part of 2009.  
10 As I said in my statement we could re-open that facility but  
11 only if market conditions warrant. We have been making sure  
12 to do the maintenance that is required on the facility but  
13 if the market conditions are not there just as discussions  
14 have been made from our friends from ArcelorMittal in  
15 Georgetown, who made the studious decision about restarting  
16 the Georgetown only to have the imports from China come in  
17 and hurt their market.

18 MS. SHERMAN: Is there significant capacity for  
19 wire rod production at this facility or do you produce other  
20 products also at this facility?

21 MR. KERKVLiet: The Perth Amboy facility has  
22 about 750 thousand tons of capacity and it is almost 100  
23 percent wire rod.

24 MS. SHERMAN: Okay thank you. Another question  
25 -- actually for ArcelorMittal regarding your Georgetown,

# **EXHIBIT 16**

## Annual Weighted Average Pricing, Products 1 - 4

### Product 1

Q1 2008	\$ 629.93	66,223	\$ 41,715,854		
Q2 2008	\$ 832.84	80,992	\$ 67,453,377		
Q3 2008	\$ 968.10	67,422	\$ 65,271,238		
Q4 2008	\$ 765.95	33,674	\$ 25,792,600		
Ann. Average	\$ 806.38	248,311	200,233,070		
Q1 2011	\$ 696.23	52,619	\$ 36,634,926		
Q2 2011	\$ 744.55	52,991	\$ 39,454,449		
Q3 2011	\$ 746.72	55,490	\$ 41,435,493		
Q4 2011	\$ 726.84	57,352	\$ 41,685,728		
Ann. Average	\$ 728.81	218,452	159,210,596		
Q1 2013	\$ 661.33	52,525	\$ 34,736,358	<u>% Decline</u>	
Q2 2013	\$ 661.06	57,184	\$ 37,802,055	2008-2013	-19.7%
Q3 2013	\$ 647.37	39,538	\$ 25,595,715	2011-2013	-11.1%
Q4 2013	\$ 623.74	60,619	\$ 37,810,495	Q1-Q4 2013	-5.7%
Ann. Average	\$ 647.77	209,866	135,944,623		

### Product 2

Q1 2008	\$ 608.01	112,341	\$ 68,304,451		
Q2 2008	\$ 803.18	104,554	\$ 83,975,682		
Q3 2008	\$ 983.72	96,361	\$ 94,792,243		
Q4 2008	\$ 827.86	24,431	\$ 20,225,448		
Ann. Average	\$ 791.55	337,687	267,297,824		
Q1 2011	\$ 682.67	124,344	\$ 84,885,918		
Q2 2011	\$ 725.59	147,345	\$ 106,912,059		
Q3 2011	\$ 725.42	124,031	\$ 89,974,568		
Q4 2011	\$ 710.89	136,296	\$ 96,891,463		
Ann. Average	\$ 711.75	532,016	378,664,008		
Q1 2013	\$ 644.23	109,879	\$ 70,787,348	<u>% Decline</u>	
Q2 2013	\$ 661.44	96,010	\$ 63,504,854	2008-2013	-19.0%
Q3 2013	\$ 630.02	82,624	\$ 52,054,772	2011-2013	-9.9%
Q4 2013	\$ 623.65	82,123	\$ 51,216,009	Q1-Q4 2013	-3.2%
Ann. Average	\$ 640.96	370,636	237,562,984		

## Annual Weighted Average Pricing, Products 1 - 4

### Product 3

Q1 2008	\$ 600.10	157,970	\$ 94,797,797		
Q2 2008	\$ 793.82	145,963	\$ 115,868,349		
Q3 2008	\$ 999.38	123,287	\$ 123,210,562		
Q4 2008	\$ 807.31	55,134	\$ 44,510,230		
Ann. Average	\$ 784.46	482,354	378,386,937		
Q1 2011	\$ 681.09	108,039	\$ 73,584,283		
Q2 2011	\$ 731.76	102,588	\$ 75,069,795		
Q3 2011	\$ 737.61	101,646	\$ 74,975,106		
Q4 2011	\$ 712.69	117,620	\$ 83,826,598		
Ann. Average	\$ 715.19	429,893	307,455,781		
Q1 2013	\$ 641.09	122,648	\$ 78,628,406	<u>% Decline</u>	
Q2 2013	\$ 657.91	125,272	\$ 82,417,702	2008-2013	-18.5%
Q3 2013	\$ 630.92	109,866	\$ 69,316,657	2011-2013	-10.6%
Q4 2013	\$ 621.26	96,799	\$ 60,137,347	Q1-Q4 2013	-3.1%
Ann. Average	\$ 639.04	454,585	290,500,111		

### Product 4

Q1 2008	\$ 627.11	17,631	\$ 11,056,576		
Q2 2008	\$ 887.76	22,243	\$ 19,746,446		
Q3 2008	\$ 1,104.35	19,659	\$ 21,710,417		
Q4 2008	\$ 923.51	12,244	\$ 11,307,456		
Ann. Average	\$ 889.16	71,777	63,820,895		
Q1 2011	\$ 745.64	22,551	\$ 16,814,928		
Q2 2011	\$ 791.11	28,115	\$ 22,242,058		
Q3 2011	\$ 794.67	19,343	\$ 15,371,302		
Q4 2011	\$ 767.57	19,378	\$ 14,873,971		
Ann. Average	\$ 775.31	89,387	69,302,259		
Q1 2013	\$ 715.71	19,751	\$ 14,135,988	<u>% Decline</u>	
Q2 2013	\$ 710.42	22,564	\$ 16,029,917	2008-2013	-20.8%
Q3 2013	\$ 687.67	18,132	\$ 12,468,832	2011-2013	-9.1%
Q4 2013	\$ 701.67	14,469	\$ 10,152,463	Q1-Q4 2013	-2.0%
Ann. Average	\$ 704.62	74,916	52,787,201		

Source: Prehearing Report at V-9-12.

# **EXHIBIT 17**

Table 3. Selected national average natural gas prices, 2009-2014  
(dollars per thousand cubic feet, except where noted)

Year and Month	NGPL Composite Spot Price <sup>a</sup>	Natural Gas Spot Price <sup>b</sup>	Citygate Price	Delivered to Consumers						
				Residential Price	% of Total <sup>c</sup>	Commercial Price	% of Total <sup>c</sup>	Industrial Price	% of Total <sup>c</sup>	Electric Power Price <sup>d</sup>
2009 Annual Average	8.99	3.94	6.48	12.14	97.4	10.06	77.8	5.33	18.8	4.93
2010 Annual Average	11.83	4.37	6.18	11.39	97.4	9.47	77.5	5.49	18.0	5.27
2011 Annual Average	15.12	4.00	5.63	11.03	96.2	8.91	67.3	5.13	16.3	4.89
2012										
January	13.82	2.67	4.85	9.67	95.8	8.06	71.5	4.59	16.0	3.82
February	12.47	2.51	4.73	9.52	95.8	7.77	70.1	4.19	16.2	3.46
March	13.13	2.17	4.84	10.45	95.8	8.16	68.2	3.71	15.9	3.09
April	12.72	1.95	4.19	11.01	94.8	8.00	62.9	3.21	15.5	2.81
May	10.83	2.43	4.30	12.66	95.0	8.12	59.2	3.02	15.5	3.05
June	8.70	2.46	4.63	14.25	95.1	8.40	59.2	3.34	15.5	3.21
July	9.66	2.95	4.88	15.20	95.1	8.49	58.0	3.60	16.0	3.54
August	10.18	2.84	5.13	15.89	94.5	8.65	56.0	3.83	16.5	3.61
September	10.04	2.85	4.76	14.81	94.4	8.32	56.5	3.56	16.4	3.54
October	10.35	3.32	4.65	11.78	94.4	8.03	59.8	3.95	16.3	4.00
November	10.16	3.54	4.79	10.06	94.7	8.01	65.1	4.46	16.8	4.43
December	9.73	3.34	4.79	9.75	95.8	8.11	68.6	4.72	17.3	4.35
Annual Average	10.98	2.75	4.73	10.71	95.3	8.10	65.2	3.89	16.2	3.54
2013										
January	9.84	3.33	4.52	9.17	96.0	7.81	70.8	4.58	17.3	4.56
February	9.91	3.33	4.56	9.24	95.6	7.85	70.2	4.54	*17.2	4.59
March	9.57	3.81	4.75	9.34	95.5	7.82	69.3	4.60	17.0	4.50
April	9.64	4.17	5.16	10.41	95.1	8.23	66.6	4.97	16.9	4.84
May	9.48	4.04	5.54	12.61	95.2	8.77	63.1	5.03	16.4	4.79
June	9.06	3.83	5.74	14.97	94.9	9.10	59.1	*4.92	16.3	4.56
July	9.56	3.62	*5.51	16.31	94.8	9.02	57.6	4.50	16.0	4.34
August	10.21	3.43	5.23	16.44	94.8	9.08	56.9	*4.35	*16.1	4.03
September	10.26	3.62	5.20	15.69	94.9	*8.82	*57.3	4.38	16.6	4.19
October	10.41	3.68	4.87	12.48	95.2	8.35	61.2	4.39	16.9	4.26
November	10.42	3.64	4.77	10.10	95.5	7.96	66.1	4.63	17.2	4.36
December	10.76	4.24	4.91	9.15	95.7	7.86	69.8	4.97	*17.4	5.11
Annual Average	9.94	3.73	4.88	10.33	95.5	8.13	66.4	4.66	16.8	*4.49
2014										
January	11.61	4.71	5.58	9.24	95.7	8.09	71.1	5.61	16.5	7.46

<sup>a</sup> The natural gas plant liquid (NGL) composite spot price, shown in dollars per million Btu (\$/MMBtu), is derived from daily Bloomberg spot price data for natural gas plant liquids at Mont Belvieu, Texas, weighted by gas processing plant production volumes of each product as reported on Form EIA-816, "Monthly Natural Gas Liquids Report." See Appendix A, Explanatory Note 9, for full discussion.

<sup>b</sup> The natural gas spot price, shown in \$/MMBtu, represents the average of the daily closing spot prices for natural gas at the Henry Hub in Louisiana, taken from Thompson Reuters. See Appendix A, Explanatory Note 9, for full discussion.

<sup>c</sup> Percentage of total deliveries represented by onsystem sales (see Figure 6). See Table 24 for State data.

<sup>d</sup> The electric power sector comprises electricity-only and combined-heat-and-power plants within the NAICS 22 category whose primary business is to sell electricity, or electricity and heat, to the public. Data include nonregulated members of the electric power sector.

<sup>e</sup> Revised data.

Notes: Prices are in nominal dollars. Data for 2008 through 2011 are final. All other data are preliminary unless otherwise indicated. Geographic coverage is the 50 States and the District of Columbia. Published residential, commercial, and industrial prices are considered to be total prices paid by end-users per thousand cubic feet of natural gas in the respective sectors, inclusive of all tax, delivery, commodity, demand and other charges.

Sources: 2008-2011: Energy Information Administration (EIA), *Natural Gas Annual 2012*. January 2012 through current month: Form EIA-857, "Monthly Report of Natural Gas Purchases and Deliveries to Consumers"; Form EIA-910, "Monthly Natural Gas Marketer Survey"; Form EIA-923, "Power Plant Operations Report"; Form EIA-816; Bloomberg; Thompson Reuters; and EIA estimates.

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# **EXHIBIT 18**





## China

### Giant steel firm grapples with toughest times in five years

English.news.cn 2013-07-20 08:13:15



By Kang Bing and Chen Jia

BEIJING, July 20 (Xinhuanet) -- China's largest iron and steel group is determined to cut output and upgrade production as it copes with the toughest market conditions since 2008, said Kong Ping, the vice-president of Hebei Iron & Steel Group Co Ltd.

The iron and steel industry is in much worse shape than it was a year ago, with more excess capacity and bleaker financial conditions, he said.

A high debt ratio is also a threat for State-owned Hebei Iron and Steel, because the central bank may keep liquidity tight in the short term, according to Kong.

"The bottom line is to ensure our capital chain doesn't break in the short term," said Kong. "In order to maintain normal production, we will try any method to control costs."

The iron and steel giant, which was created through the June 2008 merger of Handan Iron & Steel Co Ltd and Tangshan Iron & Steel Co Ltd, said revenue fell 7.83 percent in the first quarter to 26.86 billion yuan (\$4.38 billion). Net profit slid 87.82 percent to 43.8 million yuan.

Kong said there will soon be "a new round of mergers and acquisitions in the iron and steel industry".

Iron and steel supplies far outweigh demand. The industry's capacity utilization ratio is only 72 percent, said Kong. The global rule of thumb is that any industry with a capacity utilization ratio below 78 percent has excess capacity.

Ding Yue, an analyst at China International Capital Corp Ltd, said the industry's profitability in the second quarter probably worsened. Ding said losses will widen further in the third quarter, because the supply-demand gap is expanding.

Zhu Haibin, the chief China economist at JPMorgan Chase & Co, said that excess capacity and weak investment activity in the manufacturing sector contributed to the nation's first-half economic slowdown.

"Decelerating economic growth can cut enterprises' income, which is expected to increase the risks associated with corporate debt, especially for highly leveraged companies," Zhu said.

A report from the China Iron and Steel Association said that price declines for iron ore and other raw materials used by the steel industry accelerated in May. These conditions indicate weak support for steel prices.

"As excess supply is difficult to reduce and increasing international trade friction may lower exports, steel prices are likely to be at a low level this year," the CISA report said.

The United States decided on June 13 to retain anti-dumping duties on imported concrete reinforced bars from China. The US also started anti-dumping investigations into imports of Chinese-produced PC steel wire on May 14.

Separately, Australia launched anti-dumping and anti-subsidy investigations into China's exports of galvanized products; and some Southeast Asian countries also imposed restrictions on imports of Chinese steel products.

CISA said Chinese iron and steel exporters will find conditions becoming more difficult. It suggested that these manufacturers should curb production capacity and adjust their product structure.

"We will focus on the domestic market in the near future, and promote profitability that depends on improved quality. Blind pursuit of size will put more pressure on profits," Kong said.

The group plans to double annual revenue by the end of 2015 without adding any production capacity.

"The restructuring will be based on product upgrades targeting the high-end market," Kong said.

Hebei Iron and Steel's new product range includes vehicle steel plates, steel for nuclear power plants and large items for marine equipment.

"The market requires high-strength, long-life new products that resist corrosion, pushing us to improve our technology and increase the ranks of skilled employees," Kong said.

To reduce raw material costs, the group is constantly looking for opportunities to invest in overseas mines.

"We prefer equity investment when we are talking about cross-border cooperation," said Kong. "The investment proportion may not be large, but we target raw material prices to be 5 to 10 percent lower than the market level."

Overseas products should yield at least 12 percent return on equity, he added.

Hebei Iron and Steel has invested in mines in countries including Brazil, Canada, Australia and the Republic of Congo.

(Source: China Daily)

Editor: Zhu Ningzhu

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

**USITC Investigation No. 701-TA-417 and 731-TA-953, 957-959, 961 and 962  
(Second Review)**

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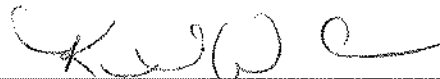
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