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May 27, 2014

NONCONFIDENTIAL VERSION

Confidential Business Information Has Been Deleted in the
Table of Contents and on Pages 3 – 8 of the Final Comments.

By Electronic Transmission

The Honorable Lisa R. Barton
Acting Secretary to the Commission
United States International Trade Commission
500 E Street, S.W.
Washington, D.C. 20436

Re: Carbon and Certain Alloy Steel Wire Rod from Brazil, Indonesia, Mexico, Moldova,
Trinidad and Tobago, and Ukraine; Inv. Nos. 701-TA-417 and 731-TA-953, 957-959, 961,
and 962 (Second Review): Final Comments

Dear Secretary Barton:

Enclosed please find the nonconfidential version of the Final Comments submitted on behalf of Deacero S.A.P.I. de C.V. (“Deacero”) and Deacero USA, Inc. (“Deacero USA”) in the above-referenced reviews.

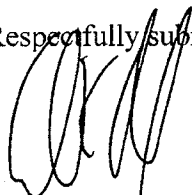
Confidential information enclosed in brackets has been deleted in the attached submission. The bracketed information concerns confidentially submitted data or information from questionnaire responses of domestic producers, foreign producers, importers and purchasers. This information includes confidential production, shipments, and inventory data. The bracketed confidential information was obtained from questionnaire responses filed under

May 23, 2014

Administrative Protective Order. The release of this information would cause substantial harm to the competitive position of parties to this proceeding.

Please contact the undersigned if there are any questions regarding this submission.

Respectfully submitted,




David E. Bond
Jay C. Campbell
White & Case LLP

Counsel for Deacero S.A.P.I. de C.V. and
Deacero USA, Inc.

CERTIFICATION OF FACT

Carbon and Certain Alloy Steel Wire Rod from Brazil, Indonesia,
Mexico, Moldova, Trinidad and Tobago, and Ukraine;
Inv. Nos. 701-TA-417 and 731-TA-953, 957-959, 961, and 962 (Second Review)

I, David E. Bond, of White & Case LLP, certify that (1) I have read the attached submission, (2) the information contained in this submission is, to the best of my knowledge, complete and accurate, and (3) to the best of my knowledge, the confidential information contained in this submission is not available in substantially identical form to the public



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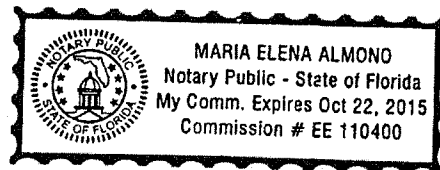
State of Florida
County of Dade

Subscribed and sworn to before me on this 23rd day of May, 2014



Notary Public
My Commission Expires _____

Dated: May 23, 2014



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

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

PUBLIC CERTIFICATE OF SERVICE

I, David E. Bond, of White & Case LLP hereby certify that copies of the attached Final Comments on behalf of Deacero S.A.P.I. de C.V. and Deacero USA, Inc. were served by hand this 27th day of May 2014 on the following parties:

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The Honorable Salvador Behar
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David E. Bond

**BEFORE THE UNITED STATES INTERNATIONAL TRADE COMMISSION
WASHINGTON, D.C.**

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3 – 8 of the Final Comments

IN THE MATTER OF:

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

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

FINAL COMMENTS ON BEHALF OF

DEACERO S.A.P.I. DE C.V. AND DEACERO USA, INC.

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May 23, 2014

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PUBLIC VERSION

I. INTRODUCTION

Since Deacero filed its posthearing brief, statements and data have been placed on the record that are inaccurate, unreliable, and/or non-probative. We identify those statements and data below, so that the Commission may discount them in reaching a final determination for this review. For the reasons discussed herein, in Deacero's prehearing and posthearing briefs, and in testimony during the hearing, the Commission should: (1) decumulate Mexico from the other subject countries; and (2) find that revocation of the antidumping duty order on Mexico would not be likely to result in the continuation or recurrence of material injury to the domestic industry.

II. MEXICO SHOULD NOT BE CUMULATED WITH OTHER SUBJECT COUNTRIES

The Mexican industry is distinct from the other subject countries and should be decumulated. One factor supporting decumulation is the focus on a niche product – 4.75 mm wire rod.¹ Petitioners seek to diminish the commercial significance of the differences between 4.75 mm wire rod and larger diameter wire rod by claiming 4.75 mm wire rod was not “commercially available” before the petition was filed in the original investigation. Petitioners’ unsupported opinion,² which has been repeated in the Final Staff Report,³ is false. Indeed, the U.S. Department of Commerce expressly found that “small diameter wire rod was commercially available prior to the issuance of the Wire Rod Order”.⁴ Petitioners have not appealed that determination.

¹ See Deacero's Prehearing Br. at 8 to 11; Deacero's Posthearing Br. at 3 & 4.

² See Hearing Transcript at 71 (Mr. Luberdá).

³ See PR at I-35.

⁴ Memorandum from Christian Marsh to Ronald Lorentzen, “Initiation of Minor Alteration Circumvention Inquiry on Wire Rod with an Actual Diameter between 4.75 and 5.00 Millimeters” (A-201-830) (May 31, 2011) at 14. A copy of this memorandum was provided in Exhibit 18 of Deacero's Posthearing Brief.

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Furthermore, and more importantly, the Commission has received overwhelming evidence from U.S. purchasers of the benefits of using small diameter wire rod. For some purchasers, the benefits take the form of significant cost savings.⁵ For other purchasers, the benefits take the form of being able to produce additional products on existing equipment.⁶ The importance of these benefits is demonstrated by the fact that Ivaco, a Canadian producer of wire rod that is no longer subject to antidumping duties, continues to produce and sell small diameter wire rod in the United States.⁷ The fact that Ivaco's small diameter wire rod is mainly high carbon, whereas Deacero's small diameter wire rod is low to medium carbon, is immaterial.⁸ Small diameter wire rod, regardless of carbon content, provides the same benefit to purchasers because the smaller diameter rod reduces/eliminates steps in the wire drawing process.

In sum, the focus on 4.75 mm wire rod is an important basis for decumulating Mexico from the other subject countries and, if the order were revoked, this focus would significantly attenuate competition between Mexican and U.S. wire rod. That said, there are other equally compelling bases for decumulating Mexico, including the Mexican industry's high capacity utilization, continued presence in the U.S. market, and proximity to the United States;⁹ and the fact that producers from several of the other subject countries did not respond to the foreign producers' questionnaire, which likely will result in the application of adverse facts available to those countries in the Commission's analysis.¹⁰

⁵ See Deacero's Posthearing Br. at Exhibit 5; see also PR at I-37 to I-38.

⁶ See *id.*

⁷ See PR at I-36 to I-37.

⁸ See *id.* at 37.

⁹ See Deacero's Prehearing Br. at 4-17; Deacero's Posthearing Br. at 3 to 7.

¹⁰ See Deacero's Posthearing Br., Responses to Commissioner Questions at 21 & 22.

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III. CAPACITY UTILIZATION FOR THE MEXICAN INDUSTRY SHOULD BE BASED ON RESPONDENT DATA, NOT [] DATA

Petitioners seek to convince the Commission that this review is simply a repeat of the first review.¹¹ To create that appearance, Petitioners claim that Mexican rebar producers have significant excess capacity, which could be focused on the U.S. market if the antidumping duty order on Mexico were revoked.¹² Because the data collected by the Commission demonstrate that Petitioners' claim is incorrect (in fact, Mexican producers' capacity utilization averaged 92% during the period of review ("POR")),¹³ Petitioners urge the Commission to use alternative capacity data published in [] reports. The [] capacity data have been included in the Final Staff Report.¹⁴

The [] capacity data should not be considered with respect to Mexico because they are not accurate. As discussed in Deacero's Posthearing Brief, the [] data include the capacity of four companies that do not manufacture wire rod and consequently *overstate Mexican capacity* by [] tons:

Aceros Nacionales ("ANSA") was acquired by Deacero in January 1999, and its productive assets were scrapped. In fact, ANSA has []. Siderurgica Tultitlan ("Sidertul") was acquired by Gerdau in 2007, and only makes rebar. Gerdau did not report any related producers in Mexico. Camesa produces wire and wire rope – not wire rod. In fact, Deacero supplies wire rod to Camesa. Lastly, Altos Hornos de Mexico ("AHMSA") does not identify itself as a wire rod producer on its website.¹⁵

¹¹ To the extent the Commission's findings in the first review are relevant to this review, it is the decision in the first review to decumulate Canada and revoke the antidumping duty order with respect to Canadian wire rod that should be considered. See Deacero's Posthearing Br., Responses to Commissioners' Questions at 11 & 12.

¹² See Kelley Drye Posthearing Br. at 1 & 2.

¹³ See PR at Table IV-17.

¹⁴ See CR at IV-41 & Table IV-16.

¹⁵ Deacero's Posthearing Br. at 2 (citations omitted).

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Questionnaire responses recently received by the Commission [] have responded to the foreign producers' questionnaire, indicating that they [].¹⁶

Furthermore, the [] capacity data are not probative of Mexican capacity because it is unclear where the data were obtained, how total capacity was determined, and how capacity was allocated among products. And, unlike the data submitted by the Mexican industry, the [] data have not been certified as accurate, in accordance with Commission requirements.

While the [] capacity data for the Mexican industry are reproduced and discussed in the Final Staff Report, *the fundamental problems with the data are not mentioned*. Because of these problems, the Commission should ignore the [] capacity data and, instead, use the actual data submitted by the Mexican producers that responded to the foreign producers' questionnaire (*i.e.*, Deacero, Ternium, and Arcelor Mittal las Truchas). Aggregate reported production for the responding producers accounted for [] Mexican production in 2013.^{17 18} As demonstrated by the questionnaire response data, unused capacity in Mexico is small and unlikely to result in important increases in exports to the United States because the Mexican industry is heavily focused on its domestic market (in 2013, home-market shipments and internal consumption of wire rod accounted for []% of Mexican producers' shipments);¹⁹ the Mexican market has grown substantially (home-market shipments increased []% over the POR²⁰); the

¹⁶ Foreign Producers' Questionnaire Responses of []

¹⁷ CR at IV-40.

¹⁸ Based on information recently received by the Commission, it appears that Grupo Simec ("Simec") has some capacity to produce wire rod. However, Simec sold, and presumably produced, only about 20,000 tons of wire rod in 2012, all of which was sold in Mexico. Almost 80% of Simec's production is dedicated to rebar. Thus, Simec's wire rod capacity is effectively *nil*. See PR at IV-39, fn 33.

¹⁹ See CR at Table II-4.

²⁰ See CR at Table IV-17.

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Mexican market is expected to grow at a healthy rate,²¹ and Mexican producers are committed to other export markets in Latin America that require imports because domestic production of wire rod is not adequate to meet demand.²² This is not to say that Mexico will not export some wire rod to the United States if the antidumping duty order is revoked. Only that the volume of the exports will not be injurious to the domestic industry.

IV. DEACERO HAS NOT BUILT A WIRE ROD PLANT IN COLOMBIA

In addition to disregarding the [] capacity data with respect to Mexico, the Commission should disregard other inaccurate statements set forth in Petitioners' Posthearing Brief with respect to Deacero's expected capacity utilization. In particular, Petitioners claim that Deacero opened a new wire rod facility in Colombia in the first quarter of 2014 which will cause it to have unused capacity in Mexico, and conclude it is "astounding ... that the company has not once mentioned {it}."²³ Petitioners' claim would indeed be astounding, if it were true. But, it is not. Deacero has not built a wire rod plant in Colombia. [

].

Furthermore, [

]. Contrary to the

statement in the Final Staff Report,²⁴ Colombia has removed its preliminary measures and

²¹ See Deacero's Prehearing Br. at 24 & 25 & Exhibit 14; Deacero's Posthearing Br. at 8 & Exhibits 9 & 10.

²² See CR at Table II-4, showing, for example, that in 2013 exports to other markets in Latin America accounted for []% of Mexican producers' shipments. See also Deacero's Posthearing Br. at 9

²³ Kelley Drye Posthearing Br., Exhibit 1 at 6.

²⁴ See PR at IV-15.

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imposed a tariff rate quota (“TRQ”).²⁵ Under the TRQ, Mexican producers will be able to export historical volumes of wire rod with little or any impact, because only a small portion of the exports might be subject to the out-of-quota duty.²⁶

V. PRICING

Contrary to Petitioners’ statements, there is no evidence that Mexican wire rod had a negative impact during the POR on the domestic industry. To the contrary, the evidence gathered by the Commission demonstrates that the domestic producers’ performance improved significantly at the same time imports of wire rod from Mexico were at their highest levels.²⁷ Therefore, there is no factual basis to conclude that imports of wire rod from Mexico likely would have a negative effect on domestic producers if the antidumping duty order were revoked. Only conjecture supports that conclusion.

Petitioners provided in their posthearing brief []²⁸ Petitioners claim [

].

²⁵ See Deacero’s Prehearing Br. at Exhibit 15.

²⁶ See Deacero’s Posthearing Br. at Exhibit 12.

²⁷ See Deacero’s Prehearing Br. at 32 to 37; Deacero’s Posthearing Br. at 11 to 15.

²⁸ See Kelley Drye’s Posthearing Br., Responses to Commission Questions at 17 and Exhibit 12.

²⁹ *Id.* at 17.

³⁰ See Hearing Transcript at [].

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Indeed, it appears that price competition among U.S. producers is fierce and drives the market. 17 of 21 responding purchasers reported that the prices of Mexican wire rod were *comparable or higher* than the prices of U.S. wire rod, and *that domestic producers (such as Nucor and Gerdau) are the price leaders in the U.S. market.*³¹ Thus, 4.75 mm wire rod imported from Mexico was priced according to the market price established by U.S. producers. It makes no sense to expect Mexican wire rod exporters to lead the U.S. market, when their exports account for only 0.2% of U.S. consumption (in 2013),³² and they are subject to a discount due to the preferences of U.S. purchasers for domestic wire rod.³³

More importantly, imports of 4.75 mm wire rod from Mexico did not actually have *any* depressing or suppressing effects on U.S. producers' prices.³⁴ During 2009-2011, when 4.75 mm wire rod was shipped unconstrained by an antidumping duty order, prices for U.S. products 1-4 increased substantially.³⁵ The prices for Nucor and Gerdau – the only two U.S. producers to complain of negative price effects – also rose during this period.³⁶ There also is no evidence that Nucor or Gerdau lost a significant number of sales: From 2009 to 2011, Nucor's commercial sales volume increased by []%, and Gerdau's increased by []%.³⁷ The imports of 4.75 mm wire rod also did not cause price suppression. From 2009 to 2011, the U.S. industry's COGS/net sales ratio decreased by 8.4 percentage points (from 98.4% to 90.0%), and began to rise as imports of 4.75 mm wire rod exited the market in 2012-2013.³⁸ Nucor's and Gerdau's

³¹ PR at Table II-8 and V-7.

³² PR at Table I-14.

³³ See Deacero's Posthearing Br. at 11.

³⁴ See Deacero's Prehearing Br. at 32-34.

³⁵ See Deacero's Posthearing Br. at 12 and Exhibit 14.

³⁶ See *id.*

³⁷ CR at Table III-13.

³⁸ PR at Table III-11.

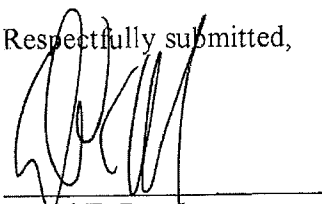
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COGS/net sales ratios [] from 2009 to 2011.³⁹ Based on this evidence, there is no reasonable basis to conclude that imports of wire rod from Mexico would be likely to have significant adverse price effects if the order were revoked.

VI. CONCLUSION

Based on the record evidence, the Commission should determine that revocation of the antidumping duty order on steel wire rod from Mexico would be unlikely to lead to material injury to the domestic industry.

Respectfully submitted,



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Dated: May 23, 2014

³⁹ CR at Table III-13.