THE UNITED STATES INTERNATIONAL TRADE COMMISSION

IN THE MATTER OF: ) Investigation Nos.:
CARBON AND CERTAIN ALLOY STEEL WIRE ) 701-TA-417 AND
ROD FROM BRAZIL, INDONESIA, MEXICO, ) 731-TA-953, 957-959,
MOLDOVA, TRINIDAD AND TOBAGO, AND ) 961 and 962
UKRAINE )(Second Review)

Tuesday, April 22, 2014
Main Hearing Room (Room 101)
U.S. International Trade
Commission
500 E. Street, S.W.
Washington, D.C.

The meeting commenced, pursuant to notice at 9:32 a.m., Chairman Irving A. Williamson (presiding).

Commissioners Present:
Chairman Irving A. Williamson (presiding)
Commissioner Dean A. Pinkert
Commissioner David S. Johanson
Commissioner Meredith M. Broadbent
Commissioner F. Scott Kieff

Staff Present:

Bill Bishop, Supervisory Hearings and Information Officer

Sharon D. Bellamy, Program Support Specialist

Mary Messer, Investigator

Karl Tsuji, International Trade Analyst

Aimee Larsen, Economist

David Boyland, Accountant/Auditor

David Fishberg, Attorney

Douglas Corkran, Supervisory Investigator

Panel:

Embassy of Ukraine

Washington, D.C.

Ihor Baranetskyi, Acting Head of the Economic Division

Embassy of Mexico

Washington, D.C.

Salvador Behar, Legal Counsel for International Trade

Kathleen W. Cannon, Kelley Drye & Warren LLP

Jay C. Campbell, White & Case LLP

Craig A. Lewis, Hogan Lovells US LLP

James Kerkvliet, Vice President of Sales and Marketing, Gerdau Ameristeel US

Edward Goettl, Manager of Wire Rod Sales, Gerdau Ameristeel US

Vic Stirnaman, President, Keystone Consolidated Industries, Inc.

Stephen Ashby, Director of Rod and Bar Sales, Evraz Pueblo

James Sanderson, President, USW Local 7898

Michael Kerwin, Director, Georgetown Economic Services

Gina E. Beck, Economist, Georgetown Economic Services

Sergio Guiterrez, Chief Executive Officer, Deacerok

Eugenio Gutierrez, Vice President of Finance & International Trade, Deacero

Daniel Gutierrez, Vice President of Industrial Sales, Deacero

Luis Leal, International Trade Manager, Deacero

Charles Spittler, Chief Operating Officer, Cavert Wire Company, Inc.

Bill Heileg, Co-Owner and Member, G3 Steel Group LLC

Elena Dimitrova, Head of Marketing, Commercial Service, Sales Directorate, Metinvest Holding, LLC

Paul C. Rosenthal, Kelley Drye Warren LLP

Daniel B. Pickard, Wiley Rein LLP

Jay C. Campbell, White & Case LLP

Craig A. Lewis, Hogan Lovells US LLP

INDEX

INDEX

INDEX

P R O C E E D I N G S

(9:32 a.m.)

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

CHAIRMAN WILLIAMSON: Good morning. On behalf of the U.S. International Trade Commission, I welcome you to this hearing on Investigations No. 701-TA-417 and 731-TA-953, 957-959, 961 and 962 (Second Review) involving Carbon and Certain Alloy Steel Wire Rod from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine.

The purpose of these five-year review investigations is to determine whether revocation of the countervailing duty on carbon and certain alloy steel wire rod from Brazil and the antidumping duty orders on carbon and certain alloy steel wire rod from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine would be likely to lead to continuation or recurrence or material injury within a reasonably foreseeable time.

The schedule setting forth the presentation of this hearing, notices of investigation and transcript order forms are available at the public distribution table.

All prepared testimony should be given to the Secretary. Please do not place testimony directly on the public distribution table. All witnesses must be sworn in by the Secretary before presenting testimony.

I understand the parties are aware of the time allocations. Any questions regarding the time allocation should be directed to the Secretary.

Speakers are reminded not to refer in their remarks or answers to questions to business proprietary information. Please speak clearly into the microphone and state you name for the record for the benefit of the court reporter.

If you will be submitting documents that contain information you wish classified as business confidential, your request should comply with Commission Rule 201.6.

Mr. Secretary, are there any preliminary matters?

MR. BISHOP: Mr. Chairman, I would note that all witnesses for today's hearing have been sworn in with the exception of our representatives from the Embassy of Ukraine. I will swear them in when they arrive. There are no other preliminary matters.

CHAIRMAN WILLIAMSON: Very well. Will you please announce our first embassy witness?

MR. BISHOP: Salvador Behar, Legal Counsel for International Trade from the Embassy of Mexico.

CHAIRMAN WILLIAMSON: Welcome, Mr. Behar, you may begin when you're ready.

OPENING REMARKS ON BEHALF OF THE EMBASSY OF MEXICO

MR. BEHAR: Thank you, again for the opportunity to testify before the Commission.

For the record, my name is Salvador Behar. I'm the Legal Counsel for International Trade at the Embassy of Mexico. I will address for you two topics: The positive impact that the North American Fair Trade Agreement has had on trade between Mexico and the U.S., and the steel trade -- trade in steel in particular and the ways in which recent Mexican Government actions are boosting demand for wire rod in Mexico.

NAFTA has created economic growth and opportunity for both countries. Since NAFTA's implementation in 1994, the trade value of non-oil related goods between the U.S. and Mexico has tripled: From 1999, $99 billion to more than $400 billion in 2013. Steel trade between Mexico and the U.S. has also benefitted under NAFTA -- growing by $3 billion in the past decade. The U.S. steel sector, in particular had reaped the rewards of free trade with Mexico. In 2013, the U.S. has a net surplus of 1 million tons of steel in trade with Mexico -- which had a value of $2.2 billion.

Since NAFTA was implemented, we have continued to work together to advance our shared economic interests. In 2002, for example, the NAFTA countries created the North American Steel Trade Committee, a forum through which our steel industries and governments work together to develop strategies to enhance the competitiveness of North American Steel sector and respond to international challenges. This is a permanent and constant effort from both, governments and industries to address common concerns and enhance integration and collaboration among the NAFTA region in the steel sector.

The special relationship that the U.S. has -- we have with the U.S. under NAFTA distinguishes Mexico from the other subject countries in this sunset review, and we believe the Commission should consider this and exercise its discretion not to cumulate Mexico with other subject countries in its analysis.

The special relationship continues to grow. This past February, Mexico hosted the Seventh Annual North American Leaders Summit -- at which the NAFTA governments reaffirmed their commitment to free trade and economic growth in the region. President Obama said that trade between NAFTA partners "supports millions of American jobs," and President Pena Nieto noted the summit's objective "to faster shared and inclusive prosperity."

We hope the Commission will agree that revoking the other on Mexico will not harm the U.S. Industry. The Mexican economy is improving. The Mexican government is increasing expenditures, in fact, federal expenditures for this year will reach an historical high, which will likely increase demand for wire rod in Mexico.

Construction activity in Mexico is also rebounding due to President Pena Nieto's investment in infrastructure of more than $300 billion. This includes Transport and Communications Infrastructure Investment Program 2013-2018 and various investments in other departments and agencies. These investments aim to upgrade Mexico's infrastructure by modernizing roads and highways, building rails -- rail lines, building and expanding the country's seaports and airports, providing universal access to telecommunications and boosting the energy sector, all of which will require wire rod and downstream products. President Pena Nieto's plan includes 50 percent more money for infrastructure investment than the previous administration's six-year plan. Moreover, annual investment under the plan is expected to equal approximately 5 percent of Mexico's gross domestic product.

As an example of the immediate effects of the investment plan, the Ministry of Communication and Transportation's budget for infrastructure increased by 40 percent from 2013 to 2014. Also, several highway projects in the national infrastructure plan have been funded by the Appropriations Bill for 2014. Also, 845 million pesos are budgeted for the construction of bridges, which use important amounts of wire rod downstream-products.

Demand of wire rod in Mexico will also increase in the automotive sector. As provided by forecasts from ProMexico by 2016 production of light vehicles will reach 3.7 million units, and the production of heavy vehicles will reach 180,078 units. In addition, Mexico's automotive industry manufactures 2.9 million engines annually. Recent investment in the auto sector include a $550 million investment by Volkswagen in 2012 in a plant in Guanajuato; an $800 million investment by Ford for an engine in Chihuahua; and a $500 million investment by Mazda to construct a plant to manufacture vehicles. As a result of these and other investments, automobile production is expected to go from $75 billion in 2012 to exceed $80 billion in 2014.

Mexico's recently approved energy reform will also bolster demand for wire rod. The reform is expected to increase private investment in infrastructure because private entities will be able to participate in the country's oil refining operations. With local demand for wire rod and downstream products increasing, Mexican producers will continue to focus on supplying the wire rod to Mexico even if the antidumping order is revoked.

In addition to increasing demand, Mexico's exports of wire rod to the U.S. have been stable over the past five years, and have not been shipped in a manner that disrupts the U.S. market. Mexican exports during the 2013 period were only 10 thousand short tons, representing only 0.2 percent of the U.S. consumption of subject products, whereas total nonsubject U.S. (primarily wire rod from China, Canada and Japan) totaled 31.9 percent of the apparent consumption.

Finally, I note that the U.S. industry has an important layer of protection through Buy American provisions that require purchasers to buy domestic product exclusively, as mentioned by 19 of the 34 responding purchasers. Thus, the domestic industry's sales are ensured. U.S. producers hold almost 70 percent of total reported purchases of wire rod. In view of that, it is very difficult to ascertain how could Mexican exports cause injury to the U.S. producers in absence of the order.

To conclude, the Commission should find that revocation of the antidumping duty on wire rod from Mexico will not injure the U.S. wire rod industry in the foreseeable future. Because Mexican exports to the U.S. are not likely to increase, they cannot be considered as a potential cause of injury or threat thereof in the foreseeable future. This conclusion is supported by the facts of this case, and is consistent with our countries' special trade relationship and efforts to promote shared economic interests.

Thank you again for the opportunity to address you today.

CHAIRMAN WILLIAMSON: Thank you.

MR. BISHOP: Mr. Chairman, that concludes our embassy witnesses at this time.

Opening remarks on behalf of those in support of continuation of the orders will be by Kathleen W. Cannon, Kelly Drye.

CHAIRMAN WILLIAMSON: Welcome, Ms. Cannon, you may begin when you are ready.

OPENING REMARKS IN SUPPORT OF CONTINUATION

MS. CANNON: Good morning, Mr. Chairman, and members of the Commission. I can sum up the crux of this case with just three words, massive idle capacity.

The six subject countries at issue here today have significant capacity sitting unused that they would like to put to use producing wire rod if only they could find an outlet market.

The U.S. market, if unencumbered by dumping duties is a highly attractive target for that capacity. Unleashing this idle capacity on the domestic wire rod industry in its present highly vulnerable condition would quickly lead to facility shutdowns, worker layoffs and financial deterioration.

The orders under review here were imposed in response to surging volumes of unfairly traded imports. These six countries took U.S. producer market share by pervasive price undercutting. Once the orders were imposed, none of the countries demonstrated an ability to sell into the United States at the same volumes by pricing fairly. Instead, when faced with duties to offset dumping practices, the import volumes plummeted. But the absence of the subject imports from this market does not indicate a lack of interest or ability to sell here. Quite the opposite, in fact, capacity to produce wire rod and more importantly unused capacity in the subject countries is huge. Their home markets and current third-country export markets are clearly unable to absorb this increased capacity leaving much of it idle.

Amazingly, subject producers are continuing to add even more capacity. As a result they are desperately in need of a new market in which to sell wire rod so they can put their capacity to use.

The United States with its large size and open nature would be highly attractive to the subject producers if the dumping duties are eliminated. As a further incentive to sell here, U.S. prices for wire rod are currently higher than prices in most third countries. Commerce has already found that every one of the six countries would resume dumping if the orders are taken away and if that the Brazilian product will be subsidized as well.

The record evidence provides a strong indication of likely increases in dumped imports if the orders are revoked. So how do the subject producers respond to this compelling evidence? They point to affiliations between domestic producers and foreign producers that they allege will prevent such imports. This argument fails to recognize that these facts were equally true in the last review. There the Commission found likely increased imports from all six subject countries despite these affiliations.

The Ukrainian respondent predicates its arguments on selective database revisions that exclude certain foreign and U.S. companies, but there's no legal justification for those exclusions.

Mexican producer Deacero points to its own behavior during the review period in actively selling wire rod into the U.S. market when it could evade the duties as the basis for claiming it won't sell dumped product if the order is removed. In fact, Deacero's behavior is a very telling indication of likely increased imports from Mexico. Once Deacero found a way to avoid paying dumping duties by selling a slightly reduced diameter wire rod to the same U.S. purchasers for the same uses imports of wire rod from Mexico surged.

Those Deacero sales took U.S. producer sales and undercut U.S. prices hurting U.S. producers. Elimination of duties would allow an even greater increase in those imports.

If you have any doubt what will occur absent the orders, look at the information you have received from the importers and the purchasers in questionnaire responses. Both of them told you they would resume buying dumped imports at lower prices absent the orders. And make no mistake, the reason purchasers want to buy dumped imports is price. Imports from all six countries undersold U.S. prices, most of the time preorder, and continue to do so even with the orders in place, although at much lower volume levels. Without the remedial duties foreign producers would use unfair prices to regain market share.

Price underselling will depress and suppress U.S. producer prices that are already suffering the effects of low-priced imports from China. While China is not subject to this review, it's effects are very relevant to your analysis here. Surging imports from China at low prices took market share from the U.S. industry, depressing U.S. prices, and causing the industry's profits to decline to anemic levels. Those imports came on the heels of an economic recession that had already caused idling of numerous wire rod plants and layoffs of workers.

Demand for wire rod has declined significantly since the orders were imposed as well as over this review period. The combination of these factors has left the domestic industry in a highly vulnerable condition.

With the industry reeling from the effects of dumped imports from China at present, now is not the time to unleash imports from six additional countries that have a proven record of dumping and underselling on the domestic industry.

Thank you very much.

CHAIRMAN WILLIAMSON: Thank you.

MR. BISHOP: Opening remarks on behalf of those in opposition to continuation of the orders will be by J.C. Campbell, White and Case and Craig A. Lewis, Hogan Lovells.

CHAIRMAN WILLIAMSON: Welcome Mr. Campbell and welcome Mr. Lewis. And begin when you're ready.

OPENING REMARKS IN OPPOSITION OF CONTINUATION

MR. CAMPBELL: Good morning. I'm Jay Campbell of White and Case representing Deacero.

We agree with the U.S. producers on a key point, Deacero's shipments of 4.75 millimeter wire rod provide direct evidence of the likely result of revoking the order on Mexico.

As U.S. producers note in their prehearing brief, 4.75 millimeter rod is a substitute for 5.5 millimeter rod, the most common size sold in the U.S. market. And Deacero shipped 4.75 to the U.S. without the discipline of an antidumping order.

Thus, unlike a typical sunset review in which the Commission has to figure out what would likely happen here you can see what did happen when Mexican wire rod was shipped to the U.S. without an order. What happened? Nothing. The U.S. industry's performance improved in key indicators across the board while imports of 4.75 wire rod were increasing, an increase U.S. producers characterize as a surge. Don't take my word for it, take theirs. In their briefs, the U.S. producers cite only two causes of harm during the POR, the financial crisis and the imports of Chinese wire rod.

In contrast they describe 2009 to 2011, the years in which Deacero was shipping 475 as years of recovery and improvement in the U.S. industry.

Here is something else to consider; 475 rod could be confirmed in the current litigation addressing the scope issue to be non-subject merchandise. 475 is a good product that customers want and U.S. producers don't offer. So Deacero would focus on selling 475 in the U.S. even if the order is revoked. If the outcome of the litigation confirms that 475 is non-subject, then material harm by reason of subject Mexican imports is even less likely.

Of course, we still need to connect a couple dots. We need to establish that Mexico should be decumulated and that Deacero is the most relevant exporter for the Commission's analysis, and we'll address these points in our panel presentation. We will also explain why the excess capacity figure, the petitioner's claim for Mexico is false.

For now I'll stick with the crux of the argument and that's this, the record contains affirmative evidence that revoking the order on Mexico would not be likely to harm the U.S. industry. This order has been in place for nearly 12 years; it's time to revoke it.

Thank you.

CHAIRMAN WILLIAMSON: Thank you.

MR. LEWIS: Good morning, Chairman Williamson and Commissioners, Commission staff. My name is Craig Lewis of the law firm, Hogan, Lovells and I'm here today on behalf of the Ukrainian producer Yenakiieve Iron and Steel Works.

It's a pleasure to be back in front of you today.

Sunset reviews are in certain respects about reevaluating the Commission's original determination. The statute directs the Commission to consider the original determination and the conditions that led the Commission to reach an affirmative determination.

A fundamental question before the Commission in all sunset reviews is whether conditions have changed. Has the U.S. industry restructured and become more competitive? Are demand and supply conditions different? And perhaps most importantly is the foreign industry the Commission looked at nearly 15 years ago the same industry that exists today?

We invite the Commission to focus on these questions. As our witnesses will explain the wire rod industry in Ukraine is fundamentally transformed and is very different from the Ukraine industry that was examined by the Commission nearly 15 years ago.

Since 2001 the Ukraine industry has been privatized, transitioning from a Soviet-era state ownership to modern, private business management. The industry has consolidated and decommissioned inefficient capacity. And the industry today is busy and profitable.

Indeed, as we will discuss, there's very little relevant available capacity and little incentive for Ukraine producers to target the United States.

While the petitioners will urge you to ignore these facts and simply reaffirm the original determination, we urge you to approach this case with an open mind and consider these changes and how current circumstances of the Ukraine industry over the last decade and a half point to only one reasonable conclusion. If the order is revoked for

Ukraine, the volumes of subject imports from Ukraine, if any, would be very small and would be made at non-injurious market prices.

Thank you very much.

CHAIRMAN WILLIAMSON: Okay. Thank you.

MR. BISHOP: Would the first panel, those in support of continuation of the antidumping and countervailing duty orders please come forward and be seated.

(The panel is seated.)

In Support of the Continuation

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

MR. ROSENTHAL: Thank you, Mr. Chairman, members of the Commission, and Commission staff. We have a great line up of industry witnesses this morning. We want to get right to those facts that they're about to present. And our first witness will be Mr. Jim Kerkvliet from Gerdau Ameristeel.

MR. KERKVLIET: Good morning. I am Jim Kerkvliet, Vice President of sales and marketing for Gerdau Ameristeel U.S. I have been in my current position for seven years and been involved in the wire rod industry for nearly 30 years.

Gerdau produces wire rod in Beaumont, Texas and

Jacksonville, Florida.  We also have a facility in Perth Amboy, New Jersey that was idled in 2009 but could be brought back on stream if market conditions warranted.

Gerdau Ameristeel is a world-class operation with skilled employees.  We produce a high-quality product in a wide variety of types ranging from low to high carbon, welding, cold-head in quality, and many other special types of wire rod.  Our commitment to quality and service to our customers is second to none. But despite these commitments we face an extremely difficult environment.

CHAIRMAN WILLIAMSON:  Mr. Kerkvliet, I'm sorry, I don't want you to get too far in background the Ukrainian representative is here.  And I'm reluctant -- I don't want to stop you in the middle, but stop now and you can re-begin and we can -- adjust time.  My apologies.

MR. KERKVLIET:   Of course.

CHAIRMAN WILLIAMSON:  I was afraid this was going to happen.

Okay.

MR. ROSENTHAL:  Shall we stay here and have the representative go to the podium?

CHAIRMAN WILLIAMSON:  I think that would be the best thing.  Yeah.

MR. ROSENTHAL:  Okay.

Yeah, we'll start all over.

I didn't even have a chance to welcome all of you to the panel. We appreciate you coming and taking time from your businesses.

MR. BISHOP: Mr. Chairman, I am pleased to announce Ihor Baranetskyi from the Embassy of the Ukraine to the United States of America.

CHAIRMAN WILLIAMSON: Welcome Mr. Baranetskyi, you may begin when you're ready.

ON BEHALF OF THE UKRAINE EMBASSY

MR. BARANETSKYI: Thank you all very much. Commission Williamson, Commissioners, and staff, good morning. My name is Ihor Baranetskyi and I am head of the Economic Department of the Embassy of Ukraine to the United States of America.

I thank you very much for this opportunity to speak with you today about this important review of the antidumping duty order on steel wire rod from Ukraine. Your consideration for the antidumping duty order on wire rod comes at a time of serious political changes in Ukraine. Hard times for our economy extend challenges to our national security.

We hope that the Commission's examination of the facts in this proceeding and your final decision will serve to promote further development of trade and fruitful economic relations between the United States and Ukraine.

It is -- it has been nearly 15 years since the regional investigation period for this order on wire rod exports from Ukraine. Since that time, Ukraine's economy and its steel industry have change drastically. Our economy has transitioned from state-ownership to private market economy. Ukraine has implemented important market reforms, has joined the WTO, and has committed to deepening its trade relations with all countries, including the United States.

We have already signed political part of Association Agreement with the EU and plan to sign Deep and Comprehensive Free Trade Agreement with the EU this year as well. It is especially in these difficult political times and hard times for economy that Ukraine needs open trade with the United States consistent with the rules agreed upon at the WTO.

As you may know, the European Union has recently responded to the situation in Ukraine by reducing tariffs on nearly all industrial products, and has demonstrated a commitment to helping Ukraine through greater integration to our economies.

The United States is likewise an important trading partner for Ukraine. We hope that your consideration of this order in Ukraine wire rod will likewise result in open trade between our countries for these products consistent with the applicable WTO rules, rather than continuation of an outdated and unnecessary antidumping order.

I understand that you will hear detailed testimony today from the Ukrainian producer, Yenakiieve Iron and Steel Works about why this order is no longer needed. And I respectfully request that you carefully consider this testimony. So dear Commissioner, Commissioners, I thank you again for this opportunity to appear before you and I thank you for your hard work and consideration of these important matters between our two countries.

So, thank you very much.

CHAIRMAN WILLIAMSON: Thank you very much, Mr. Baranetskyi.

MR. BARANETSKYI: Thank you.

CHAIRMAN WILLIAMSON: Excuse me, Mr. Baranetskyi?

MR. BARANETSKYI: Yes.

CHAIRMAN WILLIAMSON: I'm sorry. I forgot to ask if any commissioners had questions.

COMMISSIONER BROADBENT: No problem.

CHAIRMAN WILLIAMSON: Go ahead.

COMMISSIONER PINKERT: Thank you, Mr. Baranetskyi, for your testimony. I don't know if you're prepared to answer questions, but if you could answer this either here or after the hearing in writing, I think that would be helpful. Do you have any information on how the political situation in Ukraine is affecting demand in Ukraine for the wire rod that we're looking at in this investigation?

MR. BARANETSKYI: Of course I can't answer you right now, but I can give you some definite figures. I think we will provide some figures to you lately in writing. But definitely this situation impacted our economy deeply and you know that because of external pressure from our neighbor, we artificially losing our markets and of course it's very artificial pressure to our economy.

So in this regard we need to really need support from our partners and from the United States as well. But regarding figures, some definite figures as I told -- I can provide them to you later.

COMMISSIONER PINKERT: Thank you very much.

CHAIRMAN WILLIAMSON: Thank you. Does any other Commission have questions? Commissioner Broadbent?

COMMISSIONER BROADBENT: Yeah. Thank you, sir.

Could you speak a little bit to your experience having joined the WTO? Was this beneficial for Ukraine's economy?

MR. BARANETSKYI: So, thank you much for this question. You know, I would like to admit that right now we have very good dialogue with the U.S. Tariff, for example, and we are discussing -- I would say, new approach of

Ukraine to cooperation with our partners inside the WTO. Of course, Ukraine is very happy to be one of the members from WTO organization and we are going to prove that we -- we are very friendly, open, and concerned in this regard. So, I would like to say that as far as we are members of the WTO, we would like other partners, other members to respect Ukraine and to proceed according to the rules of the WTO. So, definitely, yes.

COMMISSIONER BROADBENT: Thank you very much.

CHAIRMAN WILLIAMSON: Any other questions?

(No response.)

CHAIRMAN WILLIAMSON: Mr. Baranetskyi, thank you very much for coming.

MR. BARANETSKYI: Thank you very much once again. Thank you for your attention and for your hard work. Thank you.

CHAIRMAN WILLIAMSON: Thank you. Good.

Okay. We're going to start the time over. So, Mr. Kerkvliet, if you want to start over again, you can.

MR. KERKVLIET: Thank you.

CHAIRMAN WILLIAMSON: Thank you.

MR. KERKVLIET: Good morning. I am Jim Kerkvliet, Vice President of sales and marketing for Gerdau Ameristeel U.S. I have been in my current position for seven years and been involved in the wire rod industry for nearly 30 years.

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The domestic wire rod industry has been battered since the last sunset review of these orders. We endured historically low demand, crashing prices, and operating losses in 2009. In 2010, as the economy and wire rod consumption went into a halting recovery, a circumvention scheme by Mexican producer, Deacero sent a huge influx of low-priced wire rod into the U.S. market. That gamut by Deacero cost us significant sales and kept downward pressure on prices hurting our recovery.

Just as the Commerce Department stopped that circumvented effort in 2011, we faced a huge surge in dumped and subsidized imports from China at extremely low prices causing injury to our industry once again.

The domestic wire rod industry before you today faces consumption levels that remain below pre-recession levels and were flat in 2013. Prices have remained weak and have actually fallen over the last several years despite recent increases in costs for steel scrap and natural gas.

Our industry has yet to have a strong financial year since the recession and our performance has weakened significantly over the last three years. In this weakened and vulnerable condition we now face the potential revocation of the orders subject to this review.

I recently testified before the Commission staff in the preliminary investigation on wire rod from China. Stopping the unfair trade from China is critical to the domestic industry. But preventing the producers in the six countries subject to this review from returning to trading unfairly is no less important.

Low-priced imports from wire rod producers in the six countries under review had a major impact on our industry at the time of the original investigation. We lost substantial sales volume and market share, saw significant price erosion and suffered a huge decline in profitability.

The injury these six countries are capable of inflicting on an industry is, if anything, greater today. The U.S. market for wire rod is much smaller today than it was at the time of the original investigation while the capacities and the subject producers are now larger, making them more motivated to ship to the United States. The world faces significant over capacity for wire rod production so there is a lot of wire rod that is looking for an outlet.

China has now become the world's largest producer of wire rod by far and its growing exports are putting pressure on both home and export markets for the six countries under this review. Given this overcapacity, if the orders are revoked, unfairly traded wire rod will come streaming back into the U.S. market immediately in very large quantities and at prices that will undersell Gerdau and other domestic producers.

Mexican producer Deacero vividly demonstrated this to us when it was circumventing the antidumping duty order between 2009 and 2011. According to the public import data, imports of wire rod from Mexico surged by over 100,000 tons between 2008 and 2010.

From our experience in the market, this search occurred primarily because Deacero was able to sell wire rod with diameters of less than five millimeters for a while without paying duties. The Commerce Department found that these actions amounted to deliberate circumvention of the order. What Deacero was able to do in a short period of time is a sobering illustration of what will happen on a much larger scale if the orders on the six-subject countries are revoked. When the Deacero rod was available, a number of our customers substituted it for Gerdau's wire rod at prices that significantly undersold us. That experience showed us that if the subject producers are allowed to sell wire rod outside the discipline of the orders, they will again use underselling to gain sales and market share and will find ready purchasers for their product.

It also demonstrates the serious effect on this market if the orders are revoked. That 100,000 ton spike in Mexican imports in 2010 represents tonnage from just one company in one country and in only one product size. Revoking these orders will open a floodgate and what happened with Deacero will repeat itself across all of the subject producers.

The Mexican producers are essentially in our back yard and have already demonstrated their desire and ability to target the U.S. market with increased imports.

The United States has been a natural market geographically for the wire rod industries in Brazil and Trinidad in the past. Published data show overcapacity in both of those markets. Resilient producers are already shipping significant quantities of wire rods and types excluded from these orders.

Producers in Ukraine, Moldova and Indonesia face the same pressures to fill their capacity as we do. Trading companies that know the U.S. market well are constantly looking for low-priced wire rod to sell to our domestic customers who are always looking for better prices.

The United States is a larger and relatively stronger market than most other export markets and highly attractive to the subject producers.

If the orders are removed there will nothing to prevent those unfairly traded imports from flooding this market again. Low-priced, dumped imports will depress U.S. prices and capture sales and market share from the domestic industry. If that flood is allowed to occur, my company, and our already weakened domestic industry will be devastated.

Thank you for allowing me to address you this morning on this critical matter to Gerdau and the wire rod industry.

MR. STIRNAMAN: Good morning, Mr. Chairman and members of the Commission. My name is Vic Stirnaman and I am president of Keystone Consolidated Industries. I have served in Keystone senior management since 2007 and have been involved in the steel wire rod industry for over 21 years. Keystone produces steel wire rod at a manufacturing facility in Peoria, Illinois. We are a fully integrated producer and maintain control over every step of our production. Our process enables us to efficiently produce the finest steel possible and then process it to match the most stringent customer specifications.

I greatly appreciate the opportunity to appear before you to express my concerns about the severe negative consequences that would confront Keystone and our employees if the current orders on steel wire rod from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine were revoked.

My company was one of the original petitioners in this case in 2001. The orders have been effective in providing a disincentive and necessary discipline to the subject countries shipping large volumes of steel wire rod it dumped in subsidized prices to the United States.

Even with the benefit of these orders, limiting unfairly traded imports from the six countries, the past five years have been difficult. In 2009, the great recession decimated demand for wire rod, severely reducing our sales, production schedules, employment, and profitability.

As we began to recover from the great recession, unfairly traded imports of steel wire rod from China flooded the U.S. market making it increasingly difficult to obtain sufficient orders to fill our mill once again.

Almost exactly two months ago I testified at the Commission's preliminary staff conference in its investigation of imports of steel wire rod from China. I testified that imports from China have seriously hurt out ability to sell wire rod in our home market. Our wire rod production has plummeted over the past three years leaving us with significant idle capacity.

Last year we were forced to take multiple week-long shutdowns and to lay off workers as our sales dropped. Those shut downs were devastating to our workers and their families that depend on Keystone to put food on the table.

Like Keystone, subject producers have high, fixed capital costs. Their goal is to fill their capacity to lower unit costs and increase profits.

If these orders are removed, I believe subject import volumes will return en mass with very aggressive prices just as they did before the orders were imposed.

The bottom line for our customers today, just as it was before the orders were imposed is price.

U.S. wire rod purchasers want access to a large wire rod capacity in the subject countries with the expectation of being able to leverage lower prices. If the orders on wire rod are removed, there will be larger import volumes and lower prices as U.S. purchasers revert to buying dumped imports.

A flood of unchartered imports from the six subject countries will lead to renewed production curtailments and employee layoffs at Keystone. Significant import volumes would severely harm our sales, revenue, production, employment, investments, and viability. Ultimately a resurgence in dumped imports will also reduce domestic capacity available to wire rod purchasers as companies like Keystone are forced to shut down operations.

It is therefore in everyone's interest, including our customers' interest, that the domestic wire rod industry remain viable.

This year Keystone celebrates its 125th year of doing business. We would like to continue our company's great tradition of providing quality steel rod and wire products for another 125 years. To do that, however, we need a level playing field in which foreign wire rod suppliers play by the rules.

These order provide the relief and stability needed to enable us to sell at fair prices. No more Keystone workers or other U.S. wire rod workers should lose their jobs to keep the wire rod mills in subject countries running.

On behalf of my company and all of the workers in Keystone's mill, I urge you to maintain these orders.

Thank you very much.

MR. NYSTROM: Good morning. My name is Eric

Nystrom and I'm the director for SBQ and wire rod for Nucor Corporation. I've been employed with Nucor for 14 years.

Nucor has four wire rod facilities in Nebraska, Connecticut, Arizona, and one in South Carolina which just started production in late 2013.

I appreciate the opportunity to speak with the Commission today and I urge the Commission to find that wire rod imports from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago and Ukraine will injure the domestic industry if the orders are revoked.

The last five years have been a perilous time for the domestic wire rod industry. We were hit by a one-two-punch which has left the domestic industry particularly vulnerable. The first punch was the great recession. After experiencing relatively strong demand for most of 2008 the great recession hit and caused everything to go south. Demand plummeted along with production, prices, and profits.

Construction in the automotive sector ground to a halt. Our customers stopped buying, so production was curtailed and our capacity utilization fell drastically from 73.1 percent in 2008 to 53.6 percent in 2009. As a result our employees worked less hours and took home less pay.

As the negative effects of the great recession began to bottom out, there appeared to be a positive outlook for demand. In anticipation of a gradual recovery, Nucor restarted its Kingman, Arizona production facility in 2010. Nucor also approved plans in 2011 for a new wire rod facility in Darlington, South Carolina to begin in late 2013 to better serve our customers.

However, just as we announced our new mill in late 2011, the domestic industry was hit with a second blow. This time from dumped and subsidized imports from China. As the Commission is aware, Chinese imports were virtually non-existent in 2011. Then in 2012 a wave of low-priced Chinese imports surged into the domestic market taking significant market share from the domestic industry.

Chinese producers continued to ship massive volumes of low-priced wire rod into 2013 eroding prices and stealing sales from the domestic industry. Just last month the Commission made a preliminary injury determination regarding Chinese imports.

As a result of the recession and the wave of Chinese imports, the domestic industry is currently vulnerable to even small volumes of unfairly traded imports. The domestic industry's operating income has been declining for the last three years and the industry is not realizing sufficient rate of return on its investments that were approved when there was a positive outlook for demand in 2011.

Moreover, despite prior forecasts, the residential construction market is slowing and will negatively affect demand for wire rod in the U.S. market. The domestic industry simply cannot stand another wave of dumped and subsidized imports which will happen if the orders are revoked.

Indeed, revocation of the orders would simply allow more dumped imports to rush into the large open and attractive U.S. market as they did during the original investigation. Furthermore, since the original investigation, the basics of the wire rod industry have not changed. Wire rod is still made on the same production equipment, it has the same end uses as it did in 2001.

Wire rod from other countries including the six subject countries is interchangeable with domestic wire rod. And, importantly, wire rod is still sold on the basis of price.

Wire rod producers continue to compete on the spot market and prices normally dictate whether you get the sale. The Commission has already seen how Chinese producers use ridiculously low prices to quickly penetrate the domestic market and injure the domestic industry. If given another opportunity, I fully believe that Brazilian, Indonesian, Mexican, Moldovan, Trinidadian and Ukrainian producers will reenter the attractive U.S. market and undersell domestic producers by offering significant volumes of wire rod at prices that are below their cost of production just as they did in the original investigation.

For example, Mexican producers have consistently shown a willingness to gain access to the U.S. market using low-price imports. In 2010, 4.75 millimeter wire rod produced by Deacero started showing up in our market and by 2011 in appreciable volumes.

Although Deacero claimed that 4.75 millimeter wire rod cost more to produce, and was a specialty product, our 5.5 millimeter customers were quoted prices for 4.75 millimeter wire rod that were less than our prices for 5.5 millimeter wire rod. As a result our customers started switching to 4.75 millimeter wire rod and we lost sales.

As I understand, Deacero claims that its 4.75 millimeter wire rod was not injurious to the domestic industry. This is completely false. Every ton of 4.75 millimeter wire rod that our customers purchase from Deacero was a ton that we did not produce. Indeed, the fact -- the fact Deacero's cheap 4.75 millimeter wire rod stole sales from the domestic industry was the reason the domestic industry petitioned the Department of Commerce to conduct an anti-circumvention inquiry.

When the order was placed on 4.75 millimeter wire rod, Deacero completely stopped selling the product in the

United States and the domestic industry recaptured this volume.

Additionally, the reason the domestic industry does not produce 4.75 millimeter wire rod is because no customers have asked us to produce 4.75 millimeter wire rod. What 4.75 millimeter wire rod shows to the Commission is that Mexican producers are clearly interested in the U.S. market. Mexican producers risked selling a product in the United States despite the fact that it could be potentially subject to dumping duties. Because Deacero shipments stopped as soon as Commerce found that Deacero was circumventing the order, it also shows that Deacero cannot ship wire rod to the United States without dumping.

While Mexican producers are interested in the domestic market, the other subject countries also have strong incentives to begin shipping to the United States again if the orders are revoked as freight costs are not a barrier and they export a substantial portion of their production.

The great recession has caused a significant drop in global freight rates and the shipping sector has not recovered since. This is due in large part to severe Chinese overcapacity in the shipping sector. Indeed, during the period of review freight rates have dropped to historic lows and cost much less than inland transportation.

It is my understanding that Ukrainian producers have argued that transportation costs make the United States an unattractive market. That is simply untrue. Ocean freight costs to the United States from subject countries such as Ukraine are less than $35 a short ton. Furthermore, Ukraine is an export platform and wire rod is traded globally. The U.S. market is attractively priced compared to virtually every other market that the Ukrainians export. In fact, according to the Steel Business Briefing, wire rod prices in the United States market are generally $100 to 150 per ton more than other markets in which the Ukrainians sell.

Furthermore, during the last five years, we have seen periodic surges of wire rod from the Ukraine's neighbor to the south, Turkey. If Turkish producers can ship significant volumes of wire rod and rebar made on the same production equipment to the United States, so can Ukrainian producers. There is not a doubt in my mind that if the orders are revoked, subject imports will return to the U.S. market and cause the domestic industry to lose orders and potentially shut down capacity.

The domestic industry did not file anti-dumping and subsidy petitions against wire rod from China only to have dumped imports from six subject countries take China's place and reinjure our industry.

If U.S. manufacturers are not able to maintain production, bottom lines will suffer and American workers will suffer.

Our Nucor mills are running at low levels of capacity utilization. Our typical employees are working fewer hours and taking home less pay than five years ago when the Commission continued the orders on the six subject countries. Nucor prides itself on providing stable and good-paying jobs that are important to local communities. The continuation of the orders are necessary to protect Nucor and its workers from unfairly priced imports.

On behalf of Nucor and our employees, I urge the Commission to continue the orders on wire rod imports from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine.

Thank you.

MR. ASHBY: Good morning, my name is Stephen Ashby and I'm the Director of rod and bar sales for Evraz Pueblo, a domestic producer of carbon and alloy steel wire rod. I have held this position for about 20 months and prior to that I held a wire rod and wire sales positions at ArcelorMittal USA.

I have been involved in the wire rod industry for over 30 years. I appreciate the opportunity to be here today with others in the industry to explain to the

Commission why we should maintain the order against the six countries under review.

Evraz has a major wire rod facility in Pueblo, Colorado producing a wide-range of wire rod grades and sizes. The grades supply its span from 1006 to 1083 and are used in products such as wire mesh, industrial-grade wire, various springs, PC strand, rubber re-enforcement, wire rope and welding wire.

The last few years have been very challenging for our industry and for Evraz Pueblo. Revocation of the orders preventing the unfair trade by some or all of these six countries could not come at a worse time. Wire rod consumption is still lower now than before the recession, so the industry has yet to fully recover from the difficult period.

Any chance of recovery was lost when dumped and subsidized imports from China began pouring into the market. Over 600,000 tons of Chinese rod entered the United States in 2013 at prices that significantly undersold the prices Evraz could offer.

With Chinese rod still entering the market in 2014, allowing the six countries subject to this review to again dump large quantities of wire rod in the United States would be devastating.

These six countries could easily match or exceed the volume surge we just experienced from China and compound the injury to the domestic industry caused by imports from China. There is nothing special that the producers of these non-subject countries offer the domestic industry except for price.

The domestic industry basically makes the full gamut of wire rod products purchased in the U.S. market. There are also many non-subject import sources. The subject producers are well-known to this market and many are backed by large international corporations. Their products will have little trouble finding the acceptance of our customers.

Mexican and Brazilian producers have demonstrated this acceptance because they are already shipping non-subject wire rod to the United States. There is certainly no evidence that the market is in any danger of experiencing wire rod shortages in the foreseeable future.

The domestic industry has plenty of capacity to produce wire rod. Evraz has not yet operating at full capacity as we are currently manned, but we could readily add another shift if the market conditions warranted it. If these orders are revoked, Evraz will lose sales to dumped and subsidized wire rod or be forced to take a smaller share of our customer's needs at a lower price.

We won't lose sales or revenue because our customers prefer quality, delivery, or service associated with wire rod from these six countries. We will lose sales because the purchases will want to access the much lower prices that are available from dumped and subsidized imports.

Based on experience, and our customer's expectations of lower prices from subject imports, I have every reason to believe that the subject producers will undersell Evraz with dumped wire rod if the orders are removed, just as the Chinese producers are doing now.

I am particularly concerned about what will happen to some of our higher carbon product offers if the orders are revoked. We have already seen our markets and prices eroded by Chinese producers at furniture and bedding wire manufacturers, in particularly, our high-carbon PC strand customers, which is an important market for Evraz.

The wire rod industries in Brazil and Trinidad, for example, are well-known for their ability to produce these high carbon products and will further injure our business with these customers.

In addition, the tire cord and tire bead wire rod markets are an important product area for Evraz. Brazilian producers are already shipping excluded 1080 tire cord and tire bead wire rod to the United States and they can easily dominate the market for the grades of tire cord and tire bead wire rod that are still covered by the order, taking away another key product area for Evraz.

Unfairly traded wire rod from these six countries, present every bit as large a threat to Evraz as due to the unfairly traded Chinese imports. Like the Chinese producers, the subject countries could readily increase market participation to injurious levels in a very short period of time.

Even if we were starting from the position of economic strength, this would represent a significant threat to Evraz and other domestic producers. Unfortunately, we face this threat at a time when our business is already weakened and we continue to experience on-going injury and unfairly traded rod from China.

Under these circumstances, it is critical that the Commission continue these orders, thank you very much.

MR. SANDERSON: Good morning Mr. Chairman and members of the Commission. My name is James Sanderson and I am President of the Steelworkers Local 7898. I proudly represent steelworkers at the ArcelorMittal plant in Georgetown, South Carolina. I have been a steelworker for 40 years at the Georgetown mill, and I have been President of the local since 1988.

The USW is the largest industrial union in North America with more than 850,000 active members. The USW represents workers in the domestic wire rod industry at numerous facilities, including ArcelorMittal and Georgetown and Indiana, Cascade Steel Rolling Mills in Oregon, Evraz Pueblo in Colorado, Gerdau America Steel in U.S. Texas, Republic Engineered Products in Ohio, and Sterling Steel Company in Illinois.

I'm here today to testify on behalf of all of our steelworkers members, retirees, and their families, as to why it is essential that the Commission continue to provide relief from unfair imports of steel wire rod from Brazil, Indonesia, Mexico, Moldova, Trinidad, Tobago and Ukraine.

For years our union has been fighting against foreign governments and companies seeking to gain an unfair advantage by violating trade rules. Unfair trade has had an enormously corrosive effect on the nation's manufacturers and workers. From personal experience I can tell you that it has certainly hurt the steelworkers in Georgetown, in the form of bankruptcies, plant closures and lay-offs.

Before these orders were imposed, the Georgetown mill suffered greatly due to unfair competition from subject imports, leading it to the brink of closure. Even with the orders in place, between 2001 and 2007, the steelworkers at Georgetown endured two bankruptcies, four different ownership structures, and a nine-month closure in 2003.

We also watched as a sister plant in Kansas City was permanently closed in 2001 with the loss of 650 jobs.

During the same period, many other steel mills closed across the country, costing steelworkers jobs, retiree benefits and many communities, a sense of security.

The United Steelworkers Union fought tirelessly to save those jobs throughout the industry and to secure some benefits for our many retirees who were so inequitably stripped of benefits earned over a lifetime of hard work in a challenging environment.

It was no different at Georgetown. The union and its members worked with the ownership to do everything possible to make the Georgetown mill competitive. The trade orders against dumped and subsidized wire rod imports from these six countries have been extremely important to Georgetown's survival.

Early on, they helped to keep Georgetown workers from suffering the same permanent fate as the steelworkers at the Kansas City mill and they set the stage for Georgetown to eventually become part of ArcelorMittal.

Unfortunately the recent recession led to the closing of the Georgetown mill from July 2009 until January 2011. This closure put 307 steelworkers out of work for an extended period of time and put a strain on the community since our jobs also supported many others in the surrounding area.

It was a great relief for the workers and their families when the mill reopened. Without these trade orders in place, however, unfairly traded wire rod would have taken a large part of the market, and the Georgetown mill may never had reopened at all.

The Commission only needs to look at what happened after the recent huge surge in unfairly traded imports from China to see that this is true. By the end of 2012, unfairly traded imports of wire rod from China were pouring into the U.S. market. As a result, the company was forced to again lay-off an entire production shift of 40 steelworkers at Georgetown - those workers are still not back to work.

Other American wire rod industry workers have suffered reduced work hours, shrinking pay-checks as their employers cut back production. These employment numbers represent American workers, each having families and communities that rely on the continued viability of the U.S. steel wire rod industry. American steelworkers continue to do everything we can to ensure the viability of the industry.

We cannot stop the injury that will be caused by the massive over-capacity, government subsidies, and unfair pricing that will come from the six countries under review today. But you can. If unfair traders are allowed back into the market, those 40 jobs lost in Georgetown may not return, and history tells me that every steelworker at Georgetown could lose his or her job.

No U.S. steelworker producing wire rod should have to lose a job because of unfair traded steel being allowed in this country. On behalf of our U.S. steelworker members, retirees and their families all over the country, I urge the Commission not to allow unfairly traded wire rod from the six countries under review to again have unrestricted access to the United States market. Thank you very much.

MS. CANNON: For the record I am Kathleen Cannon with Kelley Drye. I would like to supplement a few of the points I made in my opening statement by addressing the legal issue of cumulation.

We summarized in our brief record evidence showing that the statutory factor requiring a reasonable overlap of competition is met in this case and none of the respondents have contested that argument. Although the respondents have asserted that none of the subject import countries would have any discernable adverse impact on the U.S. industry, the record does not support that claim.

As our brief details, and as our slides will show, each of the subject countries is likely to have a significant average volume and price effect on the domestic industry, absent these orders. Idle capacity, global over-capacity that limits other export market alternatives, consistent underselling, both before and after the orders were imposed by each of the subject countries, and the attractive nature of the United States as a target market for wire rod, all support a finding of likely discernable adverse impact by each of these countries.

Respondents next argue that different conditions of competitions warrant decumulation, but the facts on which they rely to support that claim are not consistent with Commission precedent. Respondents first urge you to decumulate imports due to affiliations that exist between U.S. producers and foreign producers in some of the subject countries.

As I mentioned in my opening statements, those same affiliations existed in the prior review, and those same arguments were raised, by the Commission did not find that they warranted decumulation for any of the countries in this industry. That remains true today.

The Ukrainian producer states that you should not cumulate imports from countries in which producers are participating as parties with countries in which producers are not participating. Both the Commission and the courts have recognized that there is no exception to cumulation based on participation or non-participation in sunset reviews and that there is justification for the Commission to cumulate imports inside circumstance.

Respondents further assert that Mexico is different from the other countries because it has maintained a significant presence in the U.S. market, unlike the other imports. What they neglect to mention is that Mexico, and Deacero in particular, maintain that significant presence only when importers stopped paying dumping duties on the Deacero rod under a circumvention scheme.

Once that scheme was ended by commerce, Deacero, like the other subject producers, was unable to maintain a significant U.S. presence by trading fairly in the U.S. wire rod market.

Finally, Deacero attempts to differentiate Mexico based on its proximity and logistical advantages in selling to the United States. The facts that Deacero cites, merely show that Mexico is likely to export significant volumes of wire rod to the United States, but that is also true of the other subject countries, based on their idle capacity, export orientation and other factors.

And Mexico, like the other five subject countries, will use low prices to grab U.S. market share as it has done during this review period and as each of the six countries did before the orders were imposed. Thus, Mexico will operate under common competitive conditions with the other subject countries, warranting a cumulative analysis of all imports in this case, thank you.

MR. ROSENTHAL: My name is Paul Rosenthal with Kelley Drye & Warren and I am going to summarize some of the data and offer some conclusions that you may draw fairly from that data.

The first slide that you will see up on the screen will show you that the subject producers in the six countries really cannot make sales in this market if they trade fairly. You can see from the beginning of the chart that the imports surged and then after the anti-dumping orders and countervailing duty orders were imposed in 2001, the imports dropped off and they stayed at low levels, until those jump up in 2010 and that 2010 jump was a reflection of the Deacero circumvention scheme, and once commerce found circumvention, once again the imports from Mexico dropped down again.

So import orders, the imports cannot make inroads in this market if they trade fairly.

Slide two shows underselling by the imports in the original investigation. As you can see, the imports got into this market by one way, by underselling. Price is paramount in this industry which we will come back to time and again, but underselling in the original investigation was pervasive and consistent.

Slide three shows you the underselling found in the first sunset review conducted by the Commission and once again, despite being under order, the subject merchandise from the six countries were still underselling despite the discipline of the orders. Fully 60% of the sales were undersold and that's with the importers presumably paying duties on those products.

If you turn to the next slide involving this second review, we only have data from Mexico for you to look at here, but it shows that even in this review, Mexico needs to undersell to be able to get into this market, and they were underselling in 81% of the comparisons that you were able to make.

The following slide, five, demonstrates something that is true now and has been true since the Commission began investigation wire rod, which is a, as you know, intermediate product that goes into further downstream products. Price is paramount, it is true now and it has always been true and the purchasers are the ones who would tell you this. It is not just the industry, it is the purchasers who provide the data to the question on price, 36 purchasers say price is very important, only one says it's somewhat important, which suggests that the import is a price.

If you turn to the next slide you will see the surge in imports from Mexico when they are able to evade duties and you have now heard enough about these schemes hatched by Deacero to get around the existing order by producing a product at 4.75 millimeters in dimension. They found an opportunity to get around the duties and sold the exact same product to the same customers that the domestic industry has been selling the merchandise too, managed to take sales away, have their imports jump up dramatically, and when commerce found, as mentioned that scheme was indeed circumvention, as you heard with this from Nucor, the industry quickly regained those sales, once the imports had to pay duties on those 4.75 millimeter products.

The case is on appeal, but as mentioned, it demonstrates the desire and capacity of Deacero to enter the Mexican market with significant quantities, in a pretty short period of time.

The next slide shows you Brazil and its top ten export markets, clearly the U.S. is the biggest, most important market for Brazil and wire rod and most of this merchandise here under this purple bar is non-subject merchandise, it is presumably the 1080 tire chord and bead product, but it shows you what Brazil is capable of when it is not subject to anti-dumping and countervailing duty orders.

As you heard from our witnesses, it is a great deal of concern about the ability of the Brazilians not just to ship this product in here, but other 1080 product and other subject merchandise, so without restraints, the U.S. market is tremendously attractive and Brazil can ship here and you can see that the U.S. market is a much more upward market for the Brazilians than any other market they are shipping to now. So Brazil will ship here if there the restraints are lifted, without question.

The next slide, we can't go through the hearing without talking about China. It's relevant obviously and very, very direct in some indirect ways. The direct relevance is that a very important market condition here is the surge in imports of China. It's an important backdrop to this case, and there is only way that China as any foreign producers can get into this market or domestic producer can sell this market, and that's based on price.

That's how other countries will come in as well. But it is not just the direct impact of China on the condition of the domestic industry which you have heard about in connection with the case involving wire rod imports from China, but if you turn to the next slide, you will see that China affects the rest of the world and it affects the six countries that are subject to this particular review.

China is selling everywhere because it has such a huge over-capacity. That means that with the Chinese selling their wire rod in other countries, the six countries have limited opportunities to sell their products in the rest of the world. Now Europe is pretty much closed to China, because there is a countervailing duty and anti-dumping duties imposed there and there are some other countries around the world that have shut their doors to the Chinese.

But by and large, China is all over the place and has precluded the six subject countries from making much in the way of inroads in these other countries. The result is if the U.S. market is opened, the six subject countries imports have to come to the U.S. which is a very, very attractive market.

I would like to turn to the next slide which shows the decline in operating income as a ratio of sales and this decline in operating income is not simply a result of China and contrary to what the counsel for Deacero cited earlier, we have said and maintained that the import surge from Deacero has had a negative impact on U.S. producer operating income, certainly affected volumes and it certainly affected prices as you have heard from the witnesses earlier today.

And obviously when your operating income is declining as it is in this capital intensive industry, it is very hard to raise capital. It is very hard to pay share-holders, it is very hard to invest. That's the problem with these declining profits. And frankly, as you see from the next slide, the ratios that the Commission normally looks at of the operating profits of sales, tells a story, but the absolute dollars tell an even bigger story.

You can see how much the dollars have declined for this industry. If you don't have this money, you cannot invest and you cannot stay competitive. One of the things that I heard from time to time is, "gee, why does this industry need continuing relief? Why after the second sunset review, can't you live without this relief."

Well, number one, the industry and steel and other capital intensive industries need capital to continue to modernize. You cannot be competitive without having money to modernize and when you see these kinds of anemic profits, it is very difficult to compete.

Also, the rest of the picture that you have seen, which is the U.S. industry is watching as foreign producers don't rationalize. Foreign producers are adding capacity and are having more and more idle capacity as you heard Ms. Cannon say earlier and we are going to get to that in about one minute.

Before we turn to those charts on capacity and idle capacity which are confidential, I just want you to take a look at the traditional factors that this Commission normally looks at. Go over this period of review, every single factor that matters to the Commission has shown a decline. The industry is worse off now than it was at any time in this review period and I would argue you have to go back over a decade to find the industry with any better condition.

So it's the worst condition it has been in in a long time, it is very vulnerable and opening up the market to all the excess capacity is going to be very, very troublesome.

So now we have some (confidential slides) that we want to review. A lot of this data is from sources that we cannot publicly talk about, but if you look at the slide 1, which I believe everybody has in front of you, it gives you a pretty graphic illustration about why we are concerned.

We and you understand that price is a key factor and so is the subject produce's capacity and unused capacity. So chart 1 tells you about the responding subject producer's capacity on the left-hand side, but the right-hand side is very, very important, because you have not gotten responses from much of the subject producers in these other countries.

Only a small percentage of these producers have actually provided usable data, so it is important for the Commission to look at not just those that have responded, but at the total industry in the subject countries and we are hoping that the staff reports which does have this data, actually will include in the final report to the Commission, charts for each country that include the total subject industry capacity and reflecting the total capacity data report.

Again, not just from the companies that have decided to respond. It is very important to have those in front of you. As you see from the next chart, the capacity has grown significantly in the subject countries and it is certainly much, much higher than it was in the original investigation and the review that took place just five years ago.

This is why it is not the time to get rid of orders because the foreign producers are acting irrationally by increasing their capacity when there is not any place for their steel to go.

The following chart 3 is simply a breakdown by country of the wire rod capacity and looked at on an individual company basis, generally the capacity has increased as well. Not surprising that a similar result for cumulated capacity and if you turn to chart 4, the scary part is the unused capacity. It has grown tremendously.

In 2007 the Commission found that the idle capacity posed a great danger to the domestic industry. That idle-capacity has grown exponentially over the most recent review period, causing even greater concern and a likelihood that much of that unused capacity will come to the U.S. if the orders are revoked.

And the following chart is simply a break-down of the unused capacity by subject country.

Chart 6 (confidential), chart 6 is a cumulated unused capacity comparison to the U.S. market and this chart is very telling. Simply the idle capacity that is available is enormous compared to the U.S. market and I can't go beyond that in a public session but you can see that through this graph.

Similarly, if you look at chart 7 the actual versus potential market share of the subject imports, you can see on the left-hand side what the actual market share was of the subject imports when the Commission found material injury back in 2001. The chart on the right shows what the subject countries U.S. market share could be if those subject countries directed their capacity to the United States.

And it is very important to note that this is idle capacity for wire rod. We are not talking about shifting products from rebar to wire rod. We are not talking about shifting products that are going from one country to the United States, this is total idle capacity that is available to go to the United States, the day the orders are revoked, if that should happen.

Chart 8 is the breakdown of that potential market share by country and Chart 9 is one more scary chart in a list of scary charts, and that is -- despite all the unused capacity, what you see here is that subject countries are still adding new capacity.

Totally uneconomical, totally irrational additions to capacity, but you can see that there is a great deal of additional new capacity being added, despite all of the idle capacity now.

Chart 10 is a summary of the prices in the U.S. versus the third country markets. You have heard our industry witnesses testify a little bit earlier this morning, that the U.S. is and has-been a relatively attractive market in terms of prices for the subject producers. As weak as pricing has been in the U.S. post-recession, it is still better than most of the rest of the world so we are an attractive place to come if you want to sell your product as a foreign producer.

I want to just talk for the next two minutes or so about charts 11 and 12. This is directed to all of the Commissioners but certainly the newer Commissioners I think would be most interested in this. I think it is fair to say that if you are a Commissioner and you get some information from a petitioner or a respondent company, you may take a little bit of their statements in their questionnaires with a grain of salt.

You expect them to make self-serving statements, not a great surprise. When they don't, that's the surprise but more important, when you see importers and purchases who have an interest, an economic interest in having lower prices and avoiding duties, makes statements like the ones you see on charts 11 and 12, it is time to take notice.

And you see on charts 11 and 12 from the purchasers and the importers questionnaires, the statements about what will happen if the subject imports are allowed to come into the United States without the restraints of the orders. You can see from these charts that the importers and the purchasers say that the volumes of imports will increase. I can't go into each of the quotes, but I urge you to take some time and look at what they have said here.

Volumes will increase. Purchasers and importers agree on that. Chart 11 again, just some excerpts, but they all agree that the import prices will drop if the orders are revoked. So volumes will go up, prices will go down, that's not Paul Rosenthal telling you this, that's not the domestic producers telling you this, these are the purchasers and the importers who are buying this material. They know what will happen.

I urge you if you get tired of charts and graphs, go back and look at the questionnaires, look at these quotes, and take these quotes at face value. Thank you very much. That concludes the direct presentation. We have numerous other witnesses who have been sworn in who are prepared to answer questions and will identify themselves when they are answering, so thank you.

CHAIRMAN WILLIAMSON: Thank you very much. I want to express our appreciation to all the members of the industry who came today to present testimony and this morning we will begin our questions with Commissioner Kieff.

COMMISSIONER KIEFF: Thank you very much Mr. Chairman and thank you very much everybody for coming and presenting today, including the initial diplomatic witnesses whose testimony I had to miss live due to a prior commitment but look forward to reading in the transcript later.

I also really want to thank Ms. Cannon and others for helping organize the steel trip. As a tech-geek there is nothing I like more, few things I like more than walking around the steel mill and the machinery involved and the people involved, both the management and labor. And it was really such a pleasure to meet everybody and to see everything live.

As I look at some of the moving pieces in this case, I hope we could chat a little bit about some of the components of the moving pieces. The first one maybe to talk about would be the -- can you help me a little bit more understand how I should think if at all, about the Mexican 4.75 product. So in particular, do you think it will continue to come into the United States, regardless of this order? So if the order is lifted would it still come? If it remains, would it still come? Would it change and then how should we think about those different states of the world in making a decision on the order or is that all irrelevant?

MR. ROSENTHAL: Paul Rosenthal, Kelley Drye, I think it is very relevant. It is hard to answer that question for the following reason. The Commerce Department made a finding of circumvention. Once it did that, and duties began to be imposed on the 4.75 millimeter product, the imports dropped off, because it was obvious that they couldn't sell in the U.S. with the duties being imposed.

Deacero appealed to the Court of International Trade, the court over-turned the commerce decision, and commerce has under protest, acquiesced and now that decision is on appeal. So if the Court of Appeals affirms the lower court decision, then the product will be able to come in without burden -- being burdened by duties.

My guess is that if the Commerce Department is upheld, then the duties will be imposed and you won't see the 4.75 millimeter product because it effectively is being bought on the basis of price. The larger lesson though is that Deacero is interested in this market. It has targeted this market and is very, very anxious to get product in here and so it is not simply 4.75 millimeter product that the industry is worried about, it is worried about the revocation that will open the flood-gates for all the other Deacero and Mexican capacity.

That is the ultimate concern of the industry here and the 4.75 is an example of what the Mexicans are capable of. It is not the only thing they are capable of.

COMMISSIONER KIEFF: When the 4.75 did come in, did it have a discernable adverse impact on the domestic industry?

MR. ROSENTHAL: I'm not sure Kerkvliet fully answered this, but I think he said earlier that they lost sales and had to lower revenues as a result, but he can expound on that.

MR. KERKVLIET: Jim Kerkvliet from Gerdau. I guess Commissioner Kieff to go back and answer the first question about whether or not would we see 4.75 come in -- 4.75 millimeter came in only and exclusively as a circumvention of the 5.5. There is not an application in the United States market that requires 4.75. I can't recall during this whole period of review that a customer has come to me and said, "we really need you to make 4.75," and in fact, during this period when the 4.75 was coming in, excuse me, the product was priced lower than what we are able to sell 5.5 for.

COMMISSIONER KIEFF: Can I just ask a follow-up? When you say that folks don't ask you for 4.75, is that because they ask you for larger and can make from the larger the smaller, or because they ask for smaller and can't make it, help me understand the relationship among the sizes?

MR KERKVLIET: Well 4.75 is, of course, a smaller diameter than 5.5. But there is again, from having the opportunity of being in the rod and the wire industry and in several of our wire plants at one point, there is no application that we produce that requires you to have 4.75 millimeter.

And as a rod producer, I can tell you that the tons per hour and the productivity that you get on a rod mill, is actually much reduced, producing 4.75 than it is producing 5.5.

COMMISSIONER KIEFF: How about the flip-side, if I am using rod, is it that much more expensive or difficult for me to start with 4.75 than 5.5?

MR. KERKVLIET: Again, Jim Kerkvliet, I would say that for the majority of applications of where the 5.5 is the majority diameter within the industry market of the United States, it adds little impact. Little impact on the cost -- in fact, in our days we would sometimes go to a higher diameter to increase the speed of taking out to the drawing blocks in the wire drawing.

MR. NYSTROM: Eric Nystrom from Nucor and I would just add to what Jim said. To my knowledge, as well, there are no -- in this range of products, which are really the commodity, low, medium carbon-type products, that's what really we are talking about from the subject countries, there are no applications that require that 4.75 and as Jim mentioned, that doesn't sound like a big difference 4.75 to 5.5, but it is a very significant difference.

MR. PRICE: Alan Price, Wiley Rein. In the circumvention inquiry, the Commission, actually the Commerce Department actually collected data, looked at some of the cost differences, both from a manufacturing perspective of the rod, but also the wire drawing element and the data is BPI but what comes out is that for the consumer, the cost difference was very, very -- the cost savings of using 4.75 was minimal.

And typically when you have a product that is much more expensive to produce like a 4.75 wire rod, you would be selling it for a premium. Deacero is selling it for a discount to the 5.5, not a premium to the 5.5, so this is all circumvention element, it was really you know, any advantage to the wire drawer virtually to any application was largely insignificant according to the Commerce Department.

COMMISSIONER KIEFF: So if I am hearing you all correctly, you are in effect saying, let me see if this is right. You are in effect saying in order to make the product, we would all expect it to be slightly more expensive, or noticeably more expensive to make, but on the use side it is roughly comparable. So is that basically right then? Okay.

So then the -- I mean this will all innocence, why at the outset was the 5.5 limit included? In other words, if I am going to ask for something and you know I say I want to keep somebody out, and everything below you know, 10 is where I want to focus, how did I get myself in a conversation about lower-bound and how did I pick 5.5 as my lower-bound?

MR. LUBERDA: Commissioner Kieff, Allen Luberda from Kelley Drye. I worked on the original case when we were writing the scope and you can confirm this in the standards for wire rod. There was no commercially available product below 5.5. That was the standard lowest size in wire rod. Nobody could make it as a hot rolled product in Mexico at the time, in the United States. None of the subject countries were producing it and selling it here in those sizes.

So this represented the known universe,

essentially of hot rolled wire rod. So wire rod is your hot rolled intermediate long product, you know, basically circular. That was the size range. We learned since then, you saw in the China case, since then we have learned we had to figure out where the next circumvention was going to be and we saw it here.

COMMISSIONER KIEFF: Okay, thank you, I see that my time is up, Mr. Chairman.

CHAIRMAN WILLIAMSON: Thank you. Just to continue along this line, you know I'm very careful to say there is no application that requires 4.75. Are there some applications where people, if 4.75 is cheaper because it is not subject to duties, there are some applications where people are going to more readily turn to it?

MR. GOETTL: Ed Goettl from Gerdau. I would say that although there may be some benefits to the user, the benefits of the lower price are much greater than the benefits of the lower cost of production using the small wire rod size, that's the benefit.

Other producers of 4.75 charge an extra for the product, where the Deacero product is actually discounted. Again it is a replacement for 5.5 millimeter and the attraction is the lower price, and if on top of it you can get some small cost savings, all the better, but it is really about the lower price.

COMMISSIONER WILLIAMSON: Okay.

MR. NYSTROM: Eric Nystrom with Nucor. I would just reiterate the same thing. There is nothing really magical about the 4.75, it could be 4 and a half but again the cost of production goes up and you would certainly expect a price premium to be associated with selling that product in the market, which would be substantially over the price for a 5.5 millimeter.

MR. ROSENTHAL: Mr. Chairman, just one thing. I understand that one of the witnesses or maybe two of the witnesses this afternoon on the respondent's panel had previously worked for a Canadian company that produced 4.75 product. They sold a high-carbon 4.75 product that demanded a premium, and they got the premium, so one of the questions I'm sure you will ask is why are you selling this, what might otherwise be a premium product at a lower price.

COMMISSIONER WILLIAMSON: Okay thank you. Let me see, we just mentioned that for some versions there may be some benefits that arises, price is the big benefit, but what is the other benefit that there might be, that would lead a customer to buy the smaller?

MR. KERKVLIET: Because you are selling a lower diameter wire rod, if you draw in to a finer wire, there might be less need for intermediate passes in the drawing process, which is a minimal cost on the overall piece of the overall product. So you might reduce one or two to what they call holes in wire drawing, if you are drawing to a smaller diameter.

COMMISSIONER WILLIAMSON: Okay, thank you. I wanted to get that clarified. And no domestic producer makes the 4.75 now, is that correct? Have they in the past?

MR. KERKVLIET: There's, Jim Kerkvliet from Gerdau, Gerdau does not make 4.75 millimeter. Again, as I said earlier, we have never been asked to produce it and I can tell you that from our standpoint if we were going to produce it we would be looking to make sure that we got an adequate return for it, and based upon what the tons per hour and based upon what the investment cost to do 4.75 millimeter, it is very unlikely that we would produce 4.75 millimeter in the future, under the current market conditions today.

MR. ASHBY: This is Steve Ashby from Evraz. We actually looked at a study to make 4.75 and after that study determined that the cost of production was so high that the prices we would have to charge the industry just wouldn't make any sense to the market, therefore we decided not to pursue that and to stay away from 4.75 altogether.

MR. NYSTROM: Likewise, Eric Nystrom with Nucor.

Having just commissioned a mill recently when we evaluated sizes, quite honestly we did not have requests for 4.75 millimeter but again it is something that we can do, but again there is a tremendous cost associated with that which you need to be able to recover in terms of pricing.

MR. ROSENTHAL: In other terms, you are being forced to produce a Mercedes-Benz but the market will only give you a Chevrolet price, so why do that.

CHAIRMAN WILLIAMSON: Okay, thanks, I'm sure for the psyche satisfaction, but that is another matter. Okay thank you. One last question on this 4.75, where exactly let's see I understand it's before the Federal Court of Appeals the Federal Circuit, any ideas, are we going to have a decision before we vote, or is this a ways off? I don't know if there's a hearing yet.

MS. CANNON: The current status of the case it's not at the Court of Appeals yet, Chairman Williamson, it is before the Court of International Trade, the Commerce Department has issued a remand reversing its original finding of circumvention under protest and it is pending before the lower court waiting for a response, either affirmance or further remand by the lower court, at this moment.

CHAIRMAN WILLIAMSON: Okay, thank you. Let's turn to another subject. Mr. Sanderson, I was wondering if you could, someone talked about how difficult the situation has been for workers in the industry and I was wondering if you could talk about what you might know about the, shall we say, competitiveness of U.S. workers versus the workers in some of the subject countries.

MR. SANDERSON: Again James Sanderson, United Steel Workers. We are quite well aware of the fact of foreign workers being subsidized by the government in making their products and there is no way that we would be able to ever compete with that, but in a way that we can work with the company in order to preserve our jobs and to do anything we can to remain competitive, we entered into a contract, concessionary contract, in order to be surviving and sustainable and we don't know exactly how that is going to turn out yet, to be honest with you.

We are still concerned, basically with this sunset review, with these six countries being able to dump steel into the United States, which is going to jeopardize our jobs and futures at our steel mill and our community. We have met with the company and we have done things that we felt like would be very beneficial.

We have sat down and made some flexibility agreements where we would work in our plant based on Santee Coupler which is the energy, electrical company in our area based on their off-peak hours. So we would schedule and man our plan based on the lowest price for KWH, kilowatt hours which would help us in that arena.

But to answer your question directly, we did not know how all the financial data, all the material that they have in these foreign countries, we just know that we are at a disadvantage here in America, having to compete with these countries who are being subsidized and make the product, dump it in our country, well below cost, that it would really cost them to make that product, and we don't feel that that is fair at all.

COMMISSIONER WILLIAMSON: Okay, and thank you for that answer. I don't know if this is for you or someone else, please describe the state of the operations at the Georgetown facility between 2008 and 2013 and in particular, between July of 2009 and January 2011. Was the facility operating at all? Or ready to operate?

MR. SANDERSON: In 2008, we basically were in operation and we went down in 2009 and we stayed down until the later part of 2011 and actually started production in 2012 and that was because of the imports from China, but prior to that, back in to 2003, when we went into bankruptcy, that basically was involving some imports coming into this country, so we are very much directly impacted.

Whenever you start talking about dumping, our plant really gets dumped and we are very much concerned about that. Our future, our job at our plant, in our community should not depend on whether or not these countries are given an advantage over us. We should not have to live in that fear, day in and day out, whether or not we are going to have a job or not because of these countries dumping steel into this country.

CHAIRMAN WILLIAMSON: Okay, thank you. For Gerdau, does Gerdau produce wire rod at its Perth Amboy facility since August 2009? And what are your estimates of the required time period to resume raw production at that facility?

MR. KERKVLIET: The facility has been shut down as noted previously in 2009 we have filed in the testimony with the staff on the Chinese pre-hearing about what the time to implement as well as what the cost to bring the facility back on-line if market conditions warrant. We will also put in our post-hearing brief what the amount of money that we spend on an annualized basis to make sure that it does have the opportunity to be productive and bring back the 300 plus employees that we had to lay-off if the market conditions warrant.

CHAIRMAN WILLIAMSON: Okay, thank you. My time has expired, Commissioner Pinkert.

COMMISSIONER PINKERT: Thank you Mr. Chairman and I thank all of you for being here today to help us to understand these issues. I want to begin with a question that refers to one of your confidential exhibits, so I know you are not going to be able to answer this in the public hearing, but on chart 9 you have some information about new capacity and you mention the different countries, but you don't break down that new capacity by country. If you can do that in the post-hearing I think that would be helpful.

MR. ROSENTHAL: Certainly.

COMMISSIONER PINKERT: Thank you.

MS. BECK: Commissioner Pinkert if I can just add to that, we would be happy to do that but even the total that you see at the top of that slide is under-estimated given that some of the countries have upcoming capacity that is dedicated to both wire and rebar, so we were actually being conservative, so we will include the information that even shows the uppermost limit.

COMMISSIONER PINKERT: Thank you that would be helpful. Now, going back to this issue about the 4.75 mm wire rod, I have heard a lot of talk about the uses of the product and the way that it was sold, but I haven't heard a lot about the price effects of those sales.

I understand you testified that it has been injurious, I took that to be a reference to lost sales, but I am interested in the adverse price effects, if any.

MR. NYSTROM: Eric Nystrom, from Nucor. I would say absolutely it had a tremendous driving factor and effect on our sales prices, because the 4.75 was coming in at lower prices than our 5.5 and we were forced to in cases, meet those prices in order to maintain some sales on our mills.

While we lost some, certainly in order to maintain some volume we had to meet competitive situations on several occasions and you know, wire rod, especially this low-carbon, medium-carbon, call it commodity-type products, which is really what we are talking about here, the market price is set by these import prices and you know, your decisions are lose volume or meet prices and you are going to meet prices to try to maintain your productivity levels, but then you do it at a lower price.

COMMISSIONER PINKERT: Thank you.

COMMISSIONER PINKERT: Thank you, Mr. Kerkvliet?

MR. KERKVLIET: I guess two comments that I would make is to build on what Mr. Nystom was saying. We have filed in our brief very specific examples of lost sales and lost revenue so where we have had to lower our price on our product to meet the price that was being offered on the 4.75 millimeter in the period that we are talking about.

I would also go back and look at what Paul had put together in his review during the period of review, there was 81% indication or consistent opportunity where Mexico was underselling in the second period of review, so that's in that period of 2010-2011 so it is very clearly indicated, not only by the statistics, but also indicated by our own personal experience. We had to lower our price to meet the opportunity that was given to us by one of our customers.

COMMISSIONER PINKERT: Thank you, staying with you Mr. Kerkvliet, you talked about the possibility of resuming production at the Perth Amboy plant which has been idled since 2009. I have got two questions and you can answer them in any order.

First of all, how long would it take to resume production at that plant and what steps would you have to go through before you were able to resume production?

MR. KERKVLIET: I would prefer to answer that in the post-hearing brief. We have a very detailed engineering plan that would say what would be step 1, step 2, step 3. We will also file in our post-hearing brief as I mentioned to Chairman Williamson, as to what levels of investments we have been continuing to extend or expend at that mill to make sure that we did have the opportunity because if you didn't, it would be very difficult to do.

We can show you what the investments or the maintenance expenses that have been incurred to provide the opportunity again, if the market conditions warranted for us to bring that facility back on line.

MR. ROSENTHAL: Commissioner Pinkert, if I might add, I am not going to get into any proprietary information, but I understand there is some skepticism about whether this is real capacity that could be employed on behalf of the industry as Mr. Kerkvliet says when market conditions, excuse me, - if market conditions demand.

But in fact, as you have heard Mr. Kerkvliet testify, Gerdau is expending a significant sum every year to maintain that plant in order to be able to use it if marketing conditions justify. It is legitimate capacity that should be counted as part of the overall industry capacity and included in your capacity utilization numbers.

I know the respondents have challenged that notion and some people have expressed some skepticism but the Gerdau folks are not keeping this around for fun or for anything other than being able to use that capacity if and when the market conditions justify.

COMMISSIONER PINKERT: Thank you very much. Now another area where I am sure there would be disagreement about the commercial significance of certain domestic industry activities would be in the area of internal transfers and sales to related parties. And, I'm sure you have heard the argument that where there is a very significant level of internal transfers and sales to related parties, that the domestic industry is insulated from the impact of subject imports.

And I wanted to give you an opportunity to respond to that.

MR. STIRNAMAN: Vic Stirnaman from Keystone. A fairly significant percentage of our wire rod manufacturing does go to downstream products. However, we handle that at our company by the fact that those transfers are all made at market prices.

MR. NYSTROM: Eric Nystrom at Nucor. I would just add that our downstream divisions they need to be able to compete in the market and we have to transfer the product, sell them product at a competitive market price, so we are absolutely not insulated by having these downstream divisions so again we have got to get out there and our downstream divisions have to sell it and they have to be profitable on their own as well and I would also add that quite honestly, our extent of downstream shipments internally are pretty small.

The vast majority at least in our circumstance at Nucor, a vast majority of the product goes to external customers.

MR. KERKVLIET: This is Jim Kerkvliet from Gerdau. Similar to Mr. Nystrom's comments, our downstream business is a separate business structure. It has a separate management team and it is required to earn its cost of capital which has been very difficult to do in this challenging environment.

We sell to them at a market price, and they are getting opportunities from other areas. What I would also say relative and we can put it in our post-hearing brief, what percentage that makes of our overall book of business or revenue if you will and it's very minimal.

So we have as a company as Gerdau, we are not insulated by having our downstream business in the wire rod or wire industry.

COMMISSIONER PINKERT: Thank you, any additional information that you could supply in the post hearing that might be confidential and you don't want to share in the public hearing, I think would be very helpful to us.

This is more of a legal question and I am sure that Mr. Rosenthal will want to have a crack at it, but in the first review, the Commission found that a single entity directed all of ArcelorMittal's U.S. sales of wire rod, both imported and domestic. Is there any reason for us to revisit that finding from the first review?

MS. CANNON: Kathleen Cannon, I know the information that is on the record from the first review articulated the ArcelorMittal policy well and we can expand upon it here but basically the facts are the same as it applies to this industry. I think the Commission looked at this industry and recognizes it's different from other industries and examined how that policy applies in this context for ArcelorMittal and reached a conclusion that we think is warranted still today.

COMMISSIONER PINKERT: Thank you very much. I see that Mr. Rosenthal did not want to have a crack at that.

MR. ROSENTHAL: It's a somewhat sensitive issue for ArcelorMittal in this particular product area since they have relationships in four of the six subject countries so I do think that what you have got on the record so far is sensible, they stand by it. They support the continuization of the orders as indicated in their questionnaire responses and anything further on this topic is probably best dealt with them in the post-hearing brief.

COMMISSIONER PINKERT: Thank you, I take your answer as complete, but if there is anything you want to add in the post-hearing, that would be fine, thank you very much, thank you Mr. Chairman.

CHAIRMAN WILLIAMSON: Thank you, Commissioner Johanson.

COMMISSIONER JOHANSON: Thank you Mr. Chairman, and I would also like to thank the witnesses for appearing here today. Several purchasers reported supply constraints from about one-half of U.S. producers, particularly in 2011. Have there been periods of tight supply in the U.S. market and if so, what has caused that, what has the effect of that been?

MR. KERKVLIET: This is Jim Kerkvliet from Gerdau. You know when you look over the manufacturing process of making steel, there is going to be probably opportunity -- short periods of opportunity where there could be an outage at a mill with a caster, a furnace or something like that. But because of the network that we have in serving the marketplace, we have redundancy that we can help to ensure that there is continuity of supply.

The other thing that I would say relative to it is if you look at that period 2010-2011 and then you go forward if there are shortages that apply, it is interesting that the import market share continues to grow. All right, so there hasn't been a lack of supply, there hasn't been a true need for imports, but the imports have continued to come in and basically on one condition and that's been price.

MR. STIRNAMAN: Vic Stirnaman at Keystone. I can tell you that for the past several years beyond my memory as I sit here today, I can't remember a time when we were not able to fulfill all of our customer's demands, not only their demand, but also from a delivery perspective.

MR. NYSTROM: Erick Nystrom from Nucor. A comment I would add is there are from time-to-time as Mr.

Kerkvliet mentioned, maybe regional availability concerns with particular events, but the domestic industry has a whole would have the capacity and certainly I think it's more about being able to get the price delivered into a specific local region that maybe people haven't been always happy with because it might have had to ship a little further, whether that be domestically or so forth.

MR. ASHBY: This is Steve Ashby from Evraz. We have had plenty of capacity, we are not constrained in any way. We have the ability to -- we are now at three crews. Sometimes they are not even working at 40 hours a week, even during this year, so we have the capacity to add on to the crews that we presently have, and we certainly have the capacity to add on a fourth crew, if necessary.

MS. BECK: Commissioner Johanson this is Gina Beck of GES and if I can also just add, I think it's telling looking at the capacity utilization figure in your staff report, how much excess capacity this industry does have to serve the U.S. market.

COMMISSIONER JOHANSON: Thank you for your responses. When, looking at lower U.S. apparent consumer over the period of review -- over the period of the second review, as compared to both the period of investigation and the last review, how much of that was caused by increased imports of downstream products?

MR. KERKVLIET: Jim Kerkvliet from Gerdau. I think we would have to go back and look at the data specifically to give you a really detailed answer on it. The one thing that I looked at from the market overall, and it was interesting, I was kind of reading through some of the pre-hearing briefs from some of the respondents is that the market is growing so great and we shouldn't have any worries.

If you look at the first period of review and what the construction put in place was and what is in the second period of review, it is about 34% less than what it was in that first five year review and what it is now, or this second five year review, it is about 34% less of billions of dollars of construction put in place.

So I believe part of the consumption overall, has really just been because of two things -- that the market hasn't grown where we would have hoped it would grow and two -- for the domestic standpoint, any growth that has come has been at the expense of the domestic industry and has been at the benefit of the importers.

If you look at what's happened from 2011 to the first quarter of 2014, if I look at my numbers, the import market share in 2011 was 24%. If you look at 2013, it was 32% and if you look at the first quarter of 2014, the numbers that just came out through the SIMA was over 40%.

So any growth that we have seen which has been halting has been not at the benefit of the domestic industry, it has been at the benefit of the importers that have come into the United States market.

COMMISSIONER JOHANSON: Thank you for your response. This is a question for Mr. Nystrom and Mr. Kerkvliet as well, you both addressed this in your statements earlier. Discussing the 4.75 wire rod, why have no U.S. purchasers requested this product? Or requested that you all produce this product?

MR. NYSTROM: We do not produce it and as why they haven't requested it, I don't -- I can't speculate as to why they would or would not. One thing I would add is that again, primarily wire rod is transacted based on price, and I think if they found a way to buy any diameter at a lower price that could work for their application, then they might be interested.

But again, there is a cost associated with that. So as to why we haven't been asked, I really don't know.

MR. GOETTL: This is Ed Goettl from Gerdau. I would say that the reason it hasn't been asked for is that ultimately it is not necessary for them to make the wire products that they produce.

COMMISSIONER JOHANSON: At least it seems that there would be a market for this if it is indeed being imported from Mexico?

MR. GOETTL: There is a market and it's with 5.5 millimeter. As the other side has said, the 4.75 is a replacement for 5.5 millimeter, so when we are talking to our customers for the products that they are making they can use our 5.5 millimeter. To invest in a 4.75 and then get a lower return, it just doesn't make business sense for us.

MR. STIRNAMAN: Vic Stirnaman again from Keystone. During the period when the 4.75 was readily available, our customers were more than happy to buy 5.5 at the same price they could buy the 4.75 and in fact would have preferred it. They would have preferred the domestic product at 5.5 if they could get it at the same price, as an import at 4.75.

MR. ROSENTHAL: Commissioner Johanson again, I think the important point is that there is nothing special about this product. It is a slightly lower diameter, the reason why it was selling by Deacero was because it was being offered for a lower price, it's not that customers demand it or needed this particular dimension. If you can get this dimension, one would expect it would normally be offered at a higher price, at a premium, because it costs more to produce.

That's how the Canadians sold the product. There's one company in Canada who has sold the 4.75 product.

They commanded a premium for that because it costs more to produce. The opposite occurred here and so the customer is not going to go to Gerdau or a domestic producer and say, "we want this product and we want you to be willing to pay less for it," that's not a realistic expectation.

COMMISSIONER JOHANSON: Yes Mr. Price?

MR. PRICE: Alan Price, Wiley Rein. So a couple punitive points -- first of all the 4.75 was simply a scheme substitute for circumvention. It was not a complement, did not create a new market, it is a more expensive product to produce.

Second, revoke this order Deacero on Mexico and we think Deacero will end up selling a lot of 5.5 millimeter rod, because frankly it is just less expensive to produce the 4.75 is essentially a convenience to try to work around the order which they were accelerating into the market very quickly until commerce essentially put an end to it.

And third, just to sort of hit a couple of other points, when you look at Deacero -- just yesterday commerce found 20.59% dumping margins on rebar with critical circumstance of substantial surges of imports. They have massive excess capacity, often on complementary plants that essentially can product shift, right now.

So I think we see their desire and need to sell in the U.S. market and I think if you look at that record you can see an underselling record, which was extraordinarily and very much like the underselling record in this investigation and so there is just a tremendous amount of underselling and this is not the first instance of circumvention with a company affiliated with Deacero.

So that I think there was a case on PC strand that Mr. Rosenthal was probably, and Ms. Cannon was probably involved in, with a company owned by Deacero was essentially tried circumventing an order by running it through a galvanizing line, but not really galvanizing the product in essence to commercial standards, to try to work around an order.

We see a lot of schemes by companies that -- and a lot of efforts to try to sell large volumes in the U.S. market and this market is a market they desperately seek and want.

COMMISSIONER JOHANSON: Thank you, my time is about expired, but I am going to follow-up just for a second, or a for a minute or so Mr. Chairman and other Commissioners. I was thinking about this investigation this morning while I was driving to work. I went to the dry-cleaners and I saw wire rod while I was there, some type of wire rod in the coat hangers we all have, I have probably a hundred or two hundred of those in my house, right, and I like to recycle them but I don't always get around to doing it.

If, I don't know what dimension that would be, but that is one product I can think of because I see it all the time. Let's say a coat hanger producer was using 5 diameter, millimeter wire rod, how difficult would it be for that company to use 4.75? In other words, how interchangeable are these products? I know that you all have addressed it somewhat today, but if you could go further into it? Hopefully using my example of the coat hangers so I can visualize this, thank you.

MR. ASHBY: Steve Ashby at Evraz. I think it's important to note that we used to sell over 100,000 tons of wire rod to the hanger industry. There is only one hanger producer left in the United States, just one. And there's reasons for that, because of imports.

So the reason your hanger scenario was quite interesting to me, because it was a big product market that we used to serve. Could they use 4.75? They could. They buy all 5.5 millimeter, I can tell you that. It was all 5.5 1008, 1006 product and this would simply be a substitution at a lower price.

COMMISSIONER JOHANSON: How difficult would it be for them to utilize the 4.75?

MR. ASHBY: I'm sure they could utilize it for their products.

COMMISSIONER JOHANSON: Okay, we're quite from the coat hanger industry here, so.

MR. KERKVLIET: This is Jim Kerkvliet from Gerdau. Again, that coat hanger is probably to a .091, it's a 13-gauge. So that practice was set up using 5.5 millimeter. It can be changed and used 4.75 millimeter. The only thing difference would be between the 4.75 millimeter and the 5.5 and the drafting pattern is it is going to be very minimal and really what is the indicator of why it is 4.75 versus 5.5 is purely the price, purely the price.

MR. LUBERDA: Commissioner Johanson if I can make a two-second point, it is just that the -- we are not saying that there is absolutely no user in the United States who has decided that I really, really want 4.75 for what it, the character gives me. Obviously somebody was paying the Canadian producer a premium for its products, so somebody thinks it's useful, but it's not the majority of the market. A vast majority of tonnage that was coming in, there was huge volumes that those people were not buying for character, they are buying for its price.

COMMISSIONER JOHANSON: All right, thank you for your responses.

CHAIRMAN WILLIAMSON: Thank you, Commissioner Kieff?

COMMISSIONER KIEFF: Thank you very much. So --

CHAIRMAN WILLIAMSON: Commissioner Broadbent, sorry. You can have a turn too, Commissioner Broadbent, sorry.

COMMISSIONER BROADBENT: In terms of the projection we have to make on potential increase in volumes if the order was revoked, maybe sort of you can give me a sense of what a significant increase would be. Would it be the level, if you returned to the levels of imports in 1999 or to increase some other level, I mean how much would be significant if volumes increased and the order was revoked, and volumes increased?

MR. NYSTROM: Eric Nystrom at Nucor and certainly I can foresee a scenario where you would have a couple hundred thousand tons coming in and perhaps just as importantly at very low prices, so it would definitely be very impactful for the market.

MR. STIRNAMAN: Vic Stirnaman at Keystone, again. I think almost any amount would prove to be significant. In our business, as other people here on our group today have testified, and managed their production, we do that by taking weeks out to manage our inventories with demand. We did that through 2013 and as recently as a week this month. We have had our melt shop and rod mill down because of lack of demand.

MR. ROSENTHAL: Commissioner Broadbent, if I might, one of the difficulties, I'm sure you recognize here in answering your question is that if you choose to do what Mr. Nystrom talked about Nucor doing and I think you have heard some of the other producers describe which is, "I am not going to allow the imports to take my market share, I'm not going to allow them to increase their volume because I am going to lower the price so I can maintain my throughput so I don't have to have the lay-offs or the downtime that Mr. Stirnaman just talked about.

Then the volume impact won't be that great, but you will have a tremendously more difficult pricing impact, and that of course will have an impact on the bottom line, so every one of these competitive situations that are faced by the members of the domestic industry, poses a choice between whether you have seen the volume, or take the volume at a lower price.

MR. SANDERSON: And if, James Sanderson, Georgetown Steelworkers, there's no doubt if this order was revoked, we feel very strongly that our plant would shut down permanently. We already felt the effects what happened when China started importing their products at a higher volume and right now currently we have over 40 employees and other shifts completely idle, and we don't know if they will ever return.

So we have one shift that is completely laid-off not working and only operating two crews, so we would be devastated if this order was revoked.

MS. CANNON: Commissioner Broadbent, I would also refer you to the legislative history of the Trade Act that says when the Commission is looking at significance of volumes, it should look at the facts of specific industries and in particular, should consider where industries are very price sensitive, that a smaller volume of imports can be significant.

And you saw the chart earlier that showed that 35 of 36 purchasers said price is very important here and that's how these imports came in last time, so it wouldn't take very much of a volume level to be significant in this context. And yet you also saw the chart showing how much idle capacity there is and how much volume there could be which is way more than enough to be significant in our view.

COMMISSIONER BROADBENT: Okay, thank you.

MR. PRICE: Alan Price, Wiley Rein. One of the things of relevance here is whether the industry is earning an adequate rate of return and this industry really has not been earning an adequate rate of return. There has been a variety of documents we have given the Commission developed by the OECD and presented there what rates of return the industry needs.

This industry's rate of return is are incredibly small and declining from the 2008 period beginning, we see depreciable assets from the amount of annual depreciation, sharply to moderately lower in 2013 compared to 2008 which means the industry is not even investing to replace its current assets and is wearing down its assets, even with some limited investment, overall, it continues to decline.

So this is a very vulnerable industry at this point and we know the workers have testified that they are quite vulnerable as Mr. Sanderson has done.

COMMISSIONER BROADBENT: Okay. The witness from Gerdau, Mr. Kerkvliet, I was looking at page 8 of the public slides that Kelley Drye prepared and you gave us -- it shows that Brazil's exports have surged really to the U.S. much more so than other countries. I think from traces of things we know that this isn't really an out of scope product that is in that surge, do you have a sense of what's coming in and whose shipping, is it Gerdau or ArcelorMittal or some other producer in Brazil?

MR. KERKVLIET: Jim Kerkvliet from Gerdau. I honestly don't have the access to that information specifically to say who is the importer of that product to the United States. I would say that from the aspect of what Brazil brings into the United States, if it's coming from Gerdau, the producing unit of Gerdau, of that entity, of our network of affiliates has responsibility for their commercial activity, so I don't have a sense of on a day-to-day basis of what they are offering, or who they are offering to or what price it is coming in at.

We have very little interaction on that. Furthermore, I have absolutely no idea what ArcelorMittal's bring in, so I apologize, I can't answer with any specific details on what's in the specifics on page 8 of the public testimony.

COMMISSIONER BROADBENT: Okay, but you don't really have a sense of how the management is making the decision in Gerdau?

MR. KERKVLIET: On specifically under entrance of the U.S. market on this product?

COMMISSIONER BROADBENT: Yeah.

MR. KERKVLIET: I don't. I would assume that they are trying to make sure that they are being responsible in selling the product in an appropriate way as is our culture and our values, but I can't say specifically with any day-to-day knowledge about what they are selling for and who they are selling it to.

COMMISSIONER BROADBENT: Okay, thank you. I wanted to look -- this would be either for Mr. Rosenthal or Ms. Cannon. On page 10 of the public handout we are looking at the buy-ins coming from China. The situation in Europe was that there is a CVD order on those exports from China, is that right?

MR. ROSENTHAL: That's correct.

COMMISSIONER BROADBENT: Okay and then are these, so are they getting into Moldova or Ukraine, would you have a sense or does the order cover -- ?

MR. ROSENTHAL: We have in our brief and we will make sure we highlight some of the other markets where there are restraints on Chinese exports to those countries.

COMMISSIONER BROADBENT: Right.

MR. ROSENTHAL: But, as indicated, the Chinese are obviously managing to shift to a lot of tonnage around the world.

COMMISSIONER BROADBENT: Okay and then, I wanted to thank Mr. Sanderson for coming and ask the Collier Standard folks in terms of, I guess I'm just curious why ArcelorMittal is not here today in terms of they participate pretty often and are a major player in this case.

MR. ROSENTHAL: As I indicated a little earlier in response to the question from Commissioner Pinkert, ArcelorMittal does support the maintenance of these orders, they are neutral on one of the orders, but supportive of maintenance on all the rest and they have a lot of sensitivities with their relationships around the world and felt that some of these issues are best dealt with in the confidential briefs, to be quite blunt.

MR. PRICE: Alan Price, Wiley Rein. I don't represent ArcelorMittal and don't speak for them, no relationship with ArcelorMittal whatsoever. You know, the Commission has dealt with this ArcelorMittal issue in a variety of different contexts. In the rebar and the wire rod context, the Commission has said ArcelorMittal has very little domestic production and if the orders are lifted would likely increase imports and have an injuries impact on the U.S. industry.

In fact in the first rebar sunset, ArcelorMittal Ukraine, showed up explicitly asking for revocation of the order so they could actually start exporting again to the United States. The position our client has is pretty blunt about it. We don't think -- we think these -- we don't think that ArcelorMittal will restrain itself from exporting if these orders are lifted. We think they have plenty of excess capacity. We believe their U.S. investments are pretty minimal.

The plant that they have in Georgetown which is their principal production facility, has been closed many times in the past and we think that the other plants it has in its portfolio that are subject here would likely shift substantial volumes to the United States and would have very substantial injurious effects.

That's in essence what this Commission found in the last sunset review in this case and we think that there is no reason for a change and it's a matter of what they have found in some of the same rebar cases where the same issues have the same basic structure -- exists.

ArcelorMittal's not a large player domestically in long products production.

COMMISSIONER BROADBENT: Okay thank you.

CHAIRMAN WILLIAMSON: Excuse me, Commissioner Kieff.

COMMISSIONER KIEFF: Thank you and apologies again for jumping in before. First if I could, I have a question for the lawyers and maybe a very brief answer here and then if you want to follow-up in the post hearing it would be great, but I imagine the answer is no. Is there any estoppel or other type of preclusion that should apply to the decision, with respect to the decision to peg at 5.5 even though well-founded that would somehow preclude us from in effect using the economic effect of this order to seriously consider the 4.75 product?

In other words, did you in effect make your choice at the time of the filing and are you in effect bound by it? I can see the head shaking no, that's what I would have imagined but in the brief post-hearing if you could just give a little bit of authority for that it would be helpful.

MR. ROSENTHAL: Commissioner Kieff, you are the ultimate optimist, asking a bunch of lawyers for a brief response. (LAUGHTER) I will though, just start off by saying we are really not arguing -- this is not the proper forum for, to decide the question about whether the 5.0 threshold, which is really what was in the scope was the proper one or whether there is circumvention or now, that's a commerce decision.

Ultimately the courts are going to resolve that issue. The point that's important is whether -- there is no such thing as estoppel and in fact, there is such a thing as a concept into circumvention law called later developed merchandise, which we are arguing this provision covers and in fact therefore the 4.75 product ought to be a part of the scope of the case.

But whether it is or isn't for this purpose what you need to focus on is does the Deacero 4.75 give you an indication of what they will do if the order is revoked with respect to product that is not in dispute about coverage under this.

COMMISSIONER KIEFF: In other words, you are offering into evidence the speed with which they can supply any particular product?

MR. ROSENTHAL: Yes, and as one of the industry witnesses said, look at what they have been able to do with one product and one company and one country. They have a very wide product range. They have a tremendous amount of capacity and capability. The 4.75 product was troublesome and injurious enough.

We worry about if you revoke with respect to all the rest, that's the essence of our testimony here.

COMMISSIONER KIEFF: Okay and I would imagine there are similar views from the others and we would -- I look forward to reading more about those in writing and I get the gist, that's great. If I could ask your indulgence to pivot for a moment to a different topic, to a business topic.

I'm just curious, and again this one is probably more for the business people but it might be more comfortable to discuss later in the brief, so that's quite okay. The question is when you think about a plant like the Perth Amboy plant, so the notion is a plant that is for now, not operating.

If you could just give some discussion in the post-hearing about what are the plurality of factors a business keeps in its mind when it makes the decision initially to spin down that operation and then the quarter-by-quarter or year-by-year decision to keep it spun down rather than completely decommissioned?

I would imagine there are multiple factors and I would imagine they probably even vary, company-by-company, tax environment-by-tax environment, technology-by-technology, so it's probably not a one size fits all, but if in the post-hearing you would just explain that a little more, that would be helpful because I think I would imagine maintaining the option to spin up capacity is not the only factor  and so when we try to think about how significant these plants are for the analysis of excess capacity we should probably at least keep in mind some of the other factors, and then if you think we should do that or should not do that, you can tell us that in the post-hearings as well.

So the business questions and then the legal questions, what significance there is to that, if at all?

Let's pivot yet again, just because I'm wary that it's getting close to later in the day and just in the interest in putting on the table the questions that we are struggling with, can we pivot to the Ukraine.  The Ukrainian producers who have responded have in effect told us that they -- their conditions have changed a lot, and they in effect don't have either the capacity or the economic incentive to ship to the United States.

I would imagine you have a different view.   You mentioned it briefly earlier but if you could just touch on that, any of you, that would help a lot.

MR. NYSTROM: Eric Nystrom from Nucor and the Ukraine is definitely built on an export platform that got over-capacity of -- they are going to need to continue to sell their products to the world and what we have seen is certainly they have had very low prices in comparison with other markets around the world and the opening of the U.S. market is traditionally very attractive, higher priced market.

I just can't imagine any scenario where they would not be invited, where they would not want to come in here and sell and move substantial amounts of tonnage. You know it is my understanding there's cases involving rebar, hot rolled plate already today, they have basically demonstrated their willingness to sell in the United States and their desire to sell in the United States and we are extremely concerned, given the opportunity they are going to need to find markets.

And the markets around the world, you know, they are not exactly improving very rapidly either and you have got massive over-capacity everywhere so you know their options are fairly limited so they are going to want to come to the United States and they are going to come in cheap and it is going to affect our pricing and volumes and again we will be kind of right back where we started.

COMMISSIONER KIEFF: Does their current, just one second, does their current political instability cut one way or the other or neither?

MR. NYSTROM: I think it's hard to speculate what happens next month, you know, three weeks, a year from now, who really knows but certainly they have the wear with all and the capability to come back to this market and you know at some point in time things will be stable and they will be active.

MR. PRICE: Alan Price, Wiley Rein. On the political instability question, I think Mr. Nystrom stated it very well that it's very hard to predict what is really going to happen there and you know, there is an orange revolution and everyone thought there is going to be their great democracy and then it started to shift around and therefore what really happens going forward is hard to say.

Obviously we have, as Mr. Nystrom said, there's just massive excess capacity and divertible capacity in the Ukraine. Those plants really don't have a significant domestic market. The plants needs to export, the U.S. is attractively price, you know, I looked at the data the Ukrainians submitted in their brief and tried to replicate it many times, it was almost impossible to do.

One point they said well SBB says our prices in the U.S. are not attractive but they cited one, they didn't actually -- I went to their source, okay and it shows the U.S. is 100 to 150$ more attractive than any other market they sell in at this point. So the idea that the U.S. is not attractive, it's hard to say.

So I don't know how they create data, their submissions on transportation costs, and we have gone through discussions of transportation costs with the Commission many times before, it's really cheap to sell by ocean freight, particularly the U.S. where you can do 20,000 ton boats, 40,000 ton boats at a time, ship large volumes, get really low rates compared to maybe 5,000 tons that you might be able to sell on a small freighter to the UAE or something like that.

So all of these things mean that the U.S. is a very attractive, easy market to ship to. Each one of those arguments I think falls apart at the end of the day. This is an attractive market. Ukrainians have a history of dumping virtually every single product they sell. If you look at Mexico right now, they have dumping and subsidy orders that they just renewed against the Ukrainians not too long ago, so I think they have a very similar. I think the Mexicans have a very similar view on Ukraine.

And when you look at the sister, you know, we will hear from Yenakiieve. I'm sorry if I mispronounced the name right now. It's really a Metinvest company.

Metinvest makes a lot of different products with a lot of different plants with different names on them.

The Canadians, not too long ago revoked a trade order on a Metinvest Company, we are part of that case, only to have to re-impose an order with a new investigation months thereafter. So the idea that there's been some fundamental shift that privatization, you know, makes a difference is hard to say, how it does when you have massive over-capacity, a desperate need to export, and the U.S. as an attractive market and history of dumping almost every single product that the Ukrainians are involved with and almost every single product of Metinvest.

MS. BECK: Commissioner Kieff this is Gina Beck with GES. Just one point -- in addition to the current excess capacity that Ukraine has, Ukrainian foreign producers actually have plans for expansion of wire rod in the near future.

COMMISSIONER KIEFF: Thank you very much Mr. Chairman and that concludes my questioning for the panel as well. I apologize for going over.

CHAIRMAN WILLIAMSON: Thank you, just one last point on Ukraine. I assume, I'm not sure where the facilities are in the Ukraine, if it is relative to this investigation, I'm sure we will hear about it this afternoon. Does anybody here have any insights that they want to offer on that? If not we can ask them, ok.

MR. ASHBY: This is Steve Ashby from Evraz, I don't have any insight for that and I hope this is not outside the scope of your question, but Evraz only has one rod mill and it is here domestically so we are only concerned about our domestic positions. We are concerned about all imports that come in the country, no matter where they are from.

We are very sympathetic to what is going on in the Ukraine, but the real question is there's global over-capacity and these, we hope this is upheld because there would be imports coming in either from these countries or others in the future.

CHAIRMAN WILLIAMSON: Okay, I was just wondering whether or not the plants were scattered all over the country, a lot of them close, I assume there are not too many in the east, close to ports, but we will find out this afternoon.

Let's go to a different question. Mexico's respondents addressed on a footnote 90 of their brief some alleged capacity increases and this is on page 23 and 24 and I was wondering if anyone has any response either now or post-hearing to that. If you want to do it post-hearing, that's fine.

MR. ROSENTHAL: Are you talking about addressing capacities increases in the U.S. industry?

CHAIRMAN WILLIAMSON: In Mexico.

MR. ROSENTHAL: I think we are probably better off doing that in post-hearing briefs.

CHAIRMAN WILLIAMSON: That's fine, thank you. What are your forecasts for future wire rod demand in the United States and subject countries in other markets and what are the key indicators that you used to forecast them?

MR. KERKVLIET: Jim Kerkvliet from Gerdau. You know, I think sometimes forecasting is like forecasting the weather and we have been hopeful for a stronger recovery. Since the great recession, and every year we both internally with our forecasting mechanism as well as externally through, for instance, the World Steel Association, we will get a look, we will get a vision or a view as to what the consumption will be on overall steel products and for wire rod.

Every year we have been unfortunately disappointed that the growth has not met the projections that have been raised externally as well as internally. I referenced earlier one of the major components, consuming segments for wire rod is construction and Gerdau is very actively involved in the United States on construction.

It's impactful on products that we have bought before, on rebar, as well as beams, and when you look at it there is an improving construction market that is growing, but it is growing off, if you will, off the bottom, so when we look at the construction put in place numbers, we see that whether it's McGraw Hill or Portland Cement Association, et cetera, it is going to grow maybe between 5 and 7%.

We are grateful that it is forecast to grow between 5 and 7%, but again that 5 and 7% is off a bottom or an average that has been well below what it was in the first period of review and then also prior to the great recession so we are hopeful, but we are cautiously optimistic, based upon the halting level of the recovery.

CHAIRMAN WILLIAMSON: Okay.

MR. NYSTROM: Eric Nystrom with Nucor and just to kind of add to what Mr. Kerkvliet had said, you know we have been optimistic over the last couple of years only to never really see the rebound that we had hoped for and now more recently we have seen or heard evidence of housing starts stalling, maybe permitting, even being down and so now forecasts being revised downward.

And construction is a significant component of our wire rod market demand so we remain optimistic. We have made a lot of substantial investments, but we are still taking that wait and see type approach because so far it has not come to fruition as we had hoped a couple of years ago.

MR. ASHBY: This is Steve Ashby, Evraz. I have been in this business for almost 30 years and we are always one year away from a really good year - that I can tell you. When we look at moderate growth, certainly we are looking at somewhere between 2 and 3%. The highlight of the industry right now is the automotive business, which is pretty strong and is expected to stay strong for some time.

But residential construction, non-residential construction, heavy equipment and certainly infrastructure spending is all things that we look at all the time when we are forecasting.

MR. STIRNAMAN: Vic Stirnaman of Keystone. It seems that the past couple of years especially, we developed some internal optimism. We talked to customers, they seemed to have some degree of optimism that things are going to get a little bit better but what happens is it doesn't materialize, so it's been flat and from our perspective, that's the way this year is going to be as well, it is going to continue to be flat.

MR. KERKVLIET: Jim Kerkvliet from Gerdau, just a follow-up comment, you had asked the question about global and I apologize I didn't answer that as well. You know one of the things that we have seen relative to China is that their level of fixed asset investment has gone down and their consumption of steel internally has dropped and so that the available -- their capacity that has been used for exports is increasing on a month-over-month and a quarter-over-quarter basis.

So again going back to this piece about global over-capacity, (Sneezing) (bless you) the global over-capacity is going to be chasing limited, growing demand. So we have where capacity globally is dwarfing what the available demand is.

CHAIRMAN WILLIAMSON: Okay and any comments about subject countries, right now you're talking don't bet any money on this.

MR. KERKVLIET: The only comment I would make, again Jim from Gerdau, the only comment I would make is relative to, you know Mexico is going to be tied somewhat to the United States, from a growth standpoint so the North American Free Trade arena, again that's between 2 to 3%.

Developed countries globally are going to be 2 to 3% but when you look at Europe and that whole western and eastern Europe, there's been between l/2 to 1% and so when we look at where Ukraine and Molova are going to be situated, I would say that their growth opportunities are probably less than what it is in North American and what it is less than in other areas.

CHAIRMAN WILLIAMSON: Thank you for those answers, excuse me. In its pre-hearing brief, the American Wire Rod Producers Association presents evidence of recent price increases by domestic producers. Do these increases indicate a lack of vulnerability?

MR. NYSTROM: Eric Nystrom with Nucor. A comment I will make about it -- the market price is determined by import prices and just because we announce a price increase doesn't necessarily mean we collect the increase and you know often times we will announce price increases to try to offset raw materials and often cases we are not able to realize those price increases. Over the last couple of years what we have seen is a real squeeze between raw materials and our realized prices in the face of these massive imports coming in at very low prices.

MR. ASHBY: This is Steve Ashby from Evraz. We, a good example is the fourth quarter this year when we had rising positions for metallics and other things in the industry. When you actually look at the data, our prices went down. So you can talk about price increases going up and announcements thereof, but my CEO would tell me we really don't get a price increase if we only mesh what's happening with scrap, so that's a huge component of what we use to make our product and so if scrap goes up $40.00 a ton and we announce a $40.00 a ton increase, that would suggest to you that that's not even an increase.

MR. ROSENTHAL: Chairman Williamson, the price increases AWPA cited, are now, as been mentioned, they are not realized and the bottom line is that despite the announcements, the profitability has been declining.

CHAIRMAN WILLIAMSON: Okay, thank you. Mr. Kerkvliet, you may not be able to answer this. Why did a Brazilian producer Gerdau S.A. not submit a foreign producer questionnaire response, and can you encourage them to do so?

MR.KERVLIET: We as Gerdau Ameristeel in North America, we filed a response. When we worked with the ITC staff to elicit their response, but unfortunately there is multiple affiliates that we have overseas and you know I think we did our best to try to get them to file a response but we don't have control over what is submitted or not submitted by the multiple affiliates that we have in our overseas offices.

CHAIRMAN WILLIAMSON: Okay, thank you. Just one last question, in our non-attribution analysis, how should be take Chinese imports into account?

MS. CANNON: The Chinese imports, Chairman Williamson, I think are very relevant to your analysis here but it is not, non-attribution I guess in the sense I think of it in an original investigation, a sunset review is a little bit different of an approach because you are looking at them being present in the market right now and not whether they are, you know, they are causing injury right now as we have indicated and as you have preliminarily found. And the relevance of that to this case really is, is that it is making this industry highly vulnerable to imports. It's not an either/or question, it is a question that right now we are very vulnerable because China is in the market and if these were taken away and you allowed these imports back into the market, you have a lot of injury from both sources, so it's a matter of the context in which I think those imports are being considered in the sunset case that makes us particularly vulnerable.

CHAIRMAN WILLIAMSON: Okay thank you. Commissioner Pinkert.

COMMISSIONER PINKERT: Thank you Mr. Chairman. Just a couple of questions about domestic supply, is the domestic industry able to supple the entire demand in the U.S. market?

MR. ROSENTHAL: I would say the answer is yes based on the data. At this point I will let the industry supplement that with their own experiences and knowledge, but I will also respectfully say that of course there is nothing in the statute that requires the domestic industry to be able to do that and I know Commissioner Pinkert you know that.

MR. KERKVLIET: This is Jim Kerkvliet from Gerdau. I would say that from our assessment of the overall competitive landscape in the United States wire rod market, we have the capability and the capacity to provide the end uses required in the U.S. market. The capability or the capacity is really indicated about what our capacity utilization is overall, so if it is a significant unused capacity, it could be levered to provide additional volume, additional revenue and additional jobs for U.S. workers.

MR. ROSENTHAL: I just want to clarify, it hasn't always been the case that the U.S. industry could supply the entire market, but because of where we are in terms of capacity utilization and where the demand is, I think at this point in time the answer is yes, the industry can supply the market needs at this point.

MR. NYSTROM: And just to add on to that, Eric Nystrom, Nucor. Absolutely, we can supply the entire market and certainly the products from the subject countries being just low, medium-carbon commodity-type products. There is no capability issues there, either, so certainly we were able to supply all of these products and the entire market as needed.

COMMISSIONER PINKERT: I just want to clarify, does everybody on the panel agree that there's no specific type of product within the scope that the domestic industry cannot supply?

MR. STIRNAMAN: This is Vic Strinaman from Keystone. Yes. We agree, or I do.

MR. GOETTL: Ed Goettl from Gerdau, we agree as well.

MR. ASHBY: Steve Ashby from Evarz, we agree and there's products that we've worked on over -- certainly during this time period that we've added quality and we've added value to our product and we are supporting tire bead today, and we're working very diligently on supporting tire cord and help some trials existing trials in the industry -- sorry.

COMMISSIONER PINKERT: Thank you.

Now, have any domestic producers had difficult during the period of review in supplying particular customers? For example, having to put customers on allocation or having to tell customers that the domestic industry is unable to supply that customer during the period of review?

MR. NYSTROM: Eric Nystrom with Nucor. I'm really not aware of that situation, you know, from out standpoint. Certainly within Nucor, we have had plenty of capacity available over the last five years.

MR. STIRNAMAN: Vic Stirnaman, Keystone, I would say the same.

MR. KERKVLIET: Jim Kerkvliet from Gerdau. As mentioned in response to Commissioner Johanson, there may have been a period where there was a caster outage or a transformer outage. That was a short period of time. But over the long period of this review, we have not had any challenges as far as availability for our customers.

MR. ASHBY: Steve Ashby from Evraz. We have plenty of capacity to turn on at our plant as required by our customer base.

COMMISSIONER PINKERT: Thank you very much and I have no further questions at this time.

CHAIRMAN WILLIAMSON: Thank you. Commissioner Johanson.

COMMISSIONER JOHANSON: Thank you, Mr. Chairman.

Mr. Ashby, I would like to ask you just a very quick question. You had mentioned that the automotive industry is consuming fairly high amounts of wire rod at this time. How would the automobile industry use wire rod?

MR. ASHBY: Several ways. The biggest is in the fastener business. So each steel fastener, whether it's going into engine parts or wheel bolts, anything that holds that car together are usually made from steel or some aluminum products, but mainly steel products. And so the cold heading industry is very big in the U.S.

COMMISSIONER JOHANSON: All right. Thank you for the clarification.

At page 2 of Deacero brief, Deacero states that Mexican producers benefit from lower transportation costs to the United States market. But is this indeed the case given that products from other countries are ocean shipped? One of the great revelations I've had in this job is learning how little it costs to ship products via the sea. And I told my dad about it this weekend and he didn't believe me.

(Laughter.)

COMMISSIONER JOHANSON: So I'm still having a hard time getting over it. But could one of you please address that?

MR. NYSTROM: Eric Nystrom with Nucor. As you mentioned the ocean, ocean rates are very cheap. But what I will say, and I can't really comment on what the freight rates are like within the borders of Mexico, but certainly once it comes across the border by truck in the United States, it can get very expensive to ship by truck for, you know, any significant distance. So, you know, as far as cheap freight for domestic markets here in the states coming from Mexico, I just don't see that to be the case. You know, as we ship every day to numerous locations throughout the country there are really no cheap and decreasing pricing in the freight lanes at this time.

COMMISSIONER JOHANSON: And Mr. Price, before you speak, Mr. Bishop, my timer is not running.

Okay. Thank you. Yes, Mr. Price.

MR. NYSTROM: Eric Nystrom again. Just to follow up on that and in fact, we've seen imports from Mexico in the northeast market, the southeastern markets. And when you look at what the truck rates would be to ship products to those markets or even the rail rates, those rates could be north of $60 or 80 a ton depending on the way you're shipping, which, you know, when you do some comparisons, and that's certainly not a cheap freight rate and could be substantially more than what some of the ocean freight rates are.

COMMISSIONER JOHANSON: Thank you. And how much is this -- is steel wire rod used regionally? How important is that? Because it appears the producers are in various parts of the United States. I mean, it's not concentrated in one area. Is the ability to transport is that a barrier to selling in other parts of the country?

MR. GOETTL: Ed Goettl from Gerdau. It depends on the mode of transportation. So for instance, from Beaumont we use the river system to get to other parts of the country that normally a mini mill would be in a wand 300-mile radius from the mill, so we're a supplier that can get to many part of the country. So, for us it's not regional.

COMMISSIONER JOHANSON: All right. Thank you. How does increasing automation affect the various labor measures at which the Commission traditionally looks? I noticed the labor productivity in five of the six years of this period were over 800 -- were over 800 tons per one thousand hours of labor. That is significantly higher than during the last period of review. Presumably that is a posture factor for the domestic industry, but it also means fewer employees for the same level of production. And I had the opportunity to visit a steel wire rod producer in Ohio last month, as you all are aware, and thank you for helping to put that together. And one of the things that you notice is that there aren't a whole lot of workers out there on the floor.

MR. KERKVLIET: Jim Kerkvliet from Gerdau. The domestic industry has continued to invest in the steel producing of all the products that we produce to ensure that we're are labor efficient as possible. And doing it in such a way that we're environmentally and safety compliant. We are very proud, as an industry, that we produce a product probably as efficiently on a man-hours per ton basis across the globe. But -- and in such a way that we have a footprint from an environmental standpoint with the regulations that we have from an EPA as well as from an OSHA standpoint in what our safety incident -- safety incident from an OSHA and even a more stringent requirement has been over the years. They continue to get better as an industry in Gerdau overall.

But the unfortunate thing is, even though we've put all those investments in to automate, even though we have all those fixed costs to ensure that we're environmentally and safety compliant, we don't have the same standards of competition that we face coming in from importer products. When we look at what are the labor standards and what are the environmental standards that are in the other countries that are of this order as well as the testimony that we had from the preliminary hearing on China, it's a completely different game. And so sometimes it feels that we're playing baseball where they're playing football.

MR. ROSENTHAL: Commissioner Johanson, just one more point. It's not just the technological improvements that the industry has implemented. The steel workers, as you've heard by Mr. Sanderson, have made a major contribution in terms of compensation, benefits, work rules, flexibility, they have been a true partner to the industry and the result is man hours per ton have skyrocketed and if you just compare the U.S. industry versus others, we do very, very well, we're very, very efficient.

Mr. Sanderson pointed out though, no matter how efficient we are on a man hours per ton basis, it's very difficult to compete when your foreign competitors don't have the same cost of capital they need to be government subsidized and they have protected home markets or their major goal is not to get profits, but to keep throughput in their production to keep their workers employed.

MR. SANDERSON: Yes, James Sanderson. He's absolutely correct. Steel workers in the company met and we did a lot of soul searching of what we could do to be competitive and keep our jobs and keep our plant there in Georgetown. And we are doing more with less. We have basically reduced the manpower in our plan. We are operating on a schedule that basically a lot of people would not really want to work. But, because of the severity of the -- I feel like their job is being in jeopardy, they know that they have to do more with less. And we are a very productive plant in Georgetown. We are producing quite a bit of steel with the manpower that we have in our plan.

So we have done what we felt like we needed to do and continue to do to survive, but we can't do it alone. We cannot do it alone.

MR. PRICE: Alan Price, Wiley Rein. First of all I agree with Mr. Sanderson that the steel workers have done a tremendous amount to try to preserve their jobs. And regarding productivity, sometimes a little careful to look record to record across them and what those rates are. Right now, I'd almost say to you if you look at productivity in 2008 to 2013, there's essentially been no productivity improvement. We actually see depreciable -- invest depreciable assets by year going down. And so I think there is, in many respects a need for more investment to improve productivity because this is a global race on productivity and competitiveness and we see declining profit margins. So if anything, I see the productivity rate from 2008 to 2013 point to the industry's vulnerability more than -- more than anything else.

COMMISSIONER JOHANSON: All right. Thank you for your responses.

It appears that one of the factors that drove to the construction of the plant in Trinidad and Tobago was cheap natural gas. And as you all know the situation concerning natural gas prices have changed pretty dramatically around the world or they're in the process of likely changing. Could you all please address that situation of natural gas vis- -vis Trinidad and Tobago? Mr. Price?

MR. PRICE: Okay. So given my long history in wire rod over many, many years and having done the cases on Trinidad at various points, the Trinidadian plant was built not by the market but by the World Bank essentially. It was one of these great ideas that someone had, let's build a plan there because it was natural gas. It was essentially a fiasco when the plant went in for a whole variety of reasons.

And regardless of what natural gas costs are, the issue is, do you have a market? In Trinidad fundamentally there is no -- no market for that plant. So they have to export. They have huge amounts of capacity. That plant was set up essentially to export largely to the U.S. And its exports historically to the U.S. until these orders went in place were much, much higher. So these order are essential for keeping -- for at this point because there is massive excess capacity. That capacity has spread into the U.S. industry many times and causes severe harm and severe harm to the workers at Georgetown Steel, for example who had to petition against that particular mill many times.

This case is critical.

COMMISSIONER JOHANSON: Do you know about what date that mill was constructed?

MR. PRICE: I believe in -- I'll have to go back and look, but I started my first countervailing duty and dumping case on that plant that I worked on was in 1997. Excuse me, 1987. 1987. So that's a long, long time.

MR. ASHBY: I believe the plant was built somewhere in 1979.

COMMISSIONER JOHANSON: I was going to guess in 1970, just when you mentioned the World Bank.

(Simultaneous conversation.)

MR. ASHBY: It was -- but the problem we have in so much of the steel capacity around the world is you see these uneconomic investments that -- that governments put in and World Bank for this purpose was a government as far as I'm concerned.

COMMISSIONER JOHANSON: Okay. Thank you.

And continuing on the topic of energy, what about what is happening in Mexico right now with the oil and gas sector there? As you all probably know Mexico is opening up further to foreign investment in its petroleum sector.

How greatly is wire rod -- steel wire rod used in the oil and gas industry as we contemplate Mexico likely expanding production?

MR. KERKVLIET: This is Jim Kerkvliet from Gerdau. You know, I can't think of an expansive use of wire rod that's in the oil and gas industry. I really can't. There might be a few fastener type things, but it's not like it is in other industries.

COMMISSIONER JOHANSON: Okay. I assumed that would be the answer, but I just decided I would check since I get kind of excited about oil and gas work in Mexico. It's kind of a long story, but I think it's very interesting what's going on there.

My time is about to expire. So thank you for -- for answering my questions.

CHAIRMAN WILLIAMSON: Thank you.

Commission Broadbent?

COMMISSIONER BROADBENT: Thank you. I wanted to talk a little bit more about Ukraine. Let's see, in the prehearing brief, the responding Ukrainian producer states that conditions have changed since the orders were imposed. Ukraine has completed a process of privatization and sales. And its pricing behavior that was observed in 1999 and 2001 don't reflect their efficiencies today and how they're making profit today.

Please talk about conditions of competition and have they -- can we assume that they're changed, but maybe they haven't changed in the right way. I know you think there's a lot of demand reasons why lower demand in Europe may push Ukrainian product in this direction, but in terms of their pricing behavior and their efficiencies and their privatization how would you characterize what's going on there?

MR. ROSENTHAL: Without reiterating too much of Mr. Price's earlier statement, I think that while there have been some changes, it hasn't really affected their pricing behavior around the world. Mr. Price has cited a number of instances where the Ukraine products have been subject of antidumping or countervailing duty or other kinds of actions from other countries including Mexico. So I don't think that the changing structure as they describe it has resulted in a changing approach to pricing or the reducing the threat to the U.S. producers.

MS. CANNON: Commission Broadbent, I would also refer you to the slide on underselling in the original investigation and then in the first review that we had put up earlier which shows that not only was the Ukraine underselling before the orders were imposed, but even through the first review period they continued to undersell in every instance. So, as the order -- you know, as the time lapsed through the 2007 period there was continued underselling. It wasn't showing any change in pricing behavior. We don't have that for this review because we don't have imports from Ukraine during this review.

MR. PRICE: Alan Price, Wiley Rein. So to look at Ukrainian pricing behavior on virtually ever single steel product including wire rod right now around the world, it is right there with China as sort of -- as one of the low price leaders in the world market. It is a low price -- it sells at incredibly low prices. It exports. It is opportunistic, it moves its product wherever it can in order to maximize at volume and profitability.

We have -- as documented in the Kelley Drye brief, there are a number of orders in place on the Ukraine, not only in this product, but then if you want to expand on that on virtually ever other product, privatization has not --

so-called privatization which you can talk about, what it means in the context of the Ukraine, given a whole variety of politics which I think are beyond sort of the scope, of this discussion is not necessarily exactly privatization in certain instances that you would associate with, with a western European company given some of the oligarch structure in the Ukrainian market and how they control the -- how things are managed there. But the bottom line is, massive excess capacity, incredibly low prices, there's something called the Black Sea Export Price which is essentially the Ukrainian price out there. It is essentially the lowest prices -- some of the lowest prices in the world and it's quoted and it's exported. And it socks the market. And the U.S. is an attractively priced market.

Freight rates, even -- you know, there's whatever the internal freight is, there is -- it's going to be internal freight to port that Ukraine has to pay to get it out to the ports. They send almost everything on water. And they rail freight to the rest of Europe which is less -- is a very -- often very, very high. Their ocean freights to the U.S. are competitive, just like we've seen in other cases. It makes sense to move large volumes here.

This is an attractive market, it's more attractively priced in every other market and I will be happy in our post-hearing brief to discuss what appears to be rather creative math in multiple places both on pricing, on freight costs, to try to say, oh, the U.S. is not an attractive market. They have excess capacity, and they have divertible capacity. No matter how you structure it, no matter how you look at it, they are aggressive, and we will see substantial volumes.

COMMISSIONER BROADBENT: Okay. Thank you.

The Ukrainian respondents also argue in their brief as they have in past years that ArcelorMittal Companies globally pursue a regional supply strategy.

Do you agree that this is the case, and if so, would this policy act as a limit on exports of wire rod from our ArcelorMittal Companies to the United States?

MR. ROSENTHAL: We agree that in general that is true. But, as indicated earlier, your previous findings with respect to ArcelorMittal and and how they approach their affiliates is valid and nothing that you found previously has really changed for purposes of this review as Ms. Cannon has pointed out.

MS. CANNON: There's additional information that we can add to address your question, but we need to put that in the post-hearing brief. It's confidential.

COMMISSIONER BROADBENT: Yeah, if you can give us some information on the relationship there between USA or someone in the USA and the producers in the subject countries, that would be helpful.

MS. CANNON: Happy to do so.

MR. PRICE: Alan Price, Wiley Rein. The one thing I would add is that in contrast to flat parts for ArcelorMittal is generally the largest producer in the United States. In this product line their domestic production is quite small. And therefore we don't think their domestic production would be an impediment for significant and injurious imports.

I would refer the Commission to -- I believe it is page 316, I'm looking at the public version here, so I can't actually look at the chart here, which gives a history of ArcelorMittal's domestic production and imports and look at the trend that is already occurring there and evaluate that in terms of what you think the likely future results are.

If there was revocation and -- I know Mr. Sanderson has previously had his plant shut down. And I know he feels quite vulnerable at this point.

MR. SANDERSON: Yes, I'd like to just chime in. James Sanderson, Georgetown. I don't care where imports come from. We will be impacted at Georgetown.

COMMISSIONER BROADBENT: Okay. Thank you very much.

This may be for the representative from Gerdau. Brazil was a net importer of wire rod in 2013 and they're saying in the respondent's brief that demand for wire rod in Brazil will grow because of the World Cup and the Olympics. Do you have any response to that?

MR. KERKVLIET: Jim Kerkvliet from Gerdau. I'm happy that the World Cup is coming to Brazil. I think it will be a great venue. But as relative to what the impact is on wire rod consumption, and the balance between net imports or if there's surplus, I can't speak to that.

MR. PRICE: Alan Price, Wiley Rein. Pretty much all the venues for the World Cup have been built long ago at this point, given the fact that it's happening this year. And we've seen statements like this in case after case after case. Oh, there's some construction project, therefore, you know, there's some project and therefore things are going to recover. My favorite was on a case on beans where everyone pointed, oh, the big dig is going to happen in Boston and therefore all the -- there's going to be this huge uptick in beans over the next two years. And the big dig was going on for a long time for those of you who had something happen in Boston. All the beams had already been delivered two years earlier.

And so when you look at staging and all of these things, a lot of these projects are -- are, a, not that big, when you really look at the big picture. And, two, then you see all of these assertions without any basis in terms of understanding the timing of various construction projects.

COMMISSIONER BROADBENT: Okay. Thank you.

CHAIRMAN WILLIAMSON: Thank you. Mr. Kieff.

COMMISSIONER KIEFF: I have no further questions.

CHAIRMAN WILLIAMSON: So the Commissioners have no further questions.

I'm sorry, excuse me.

COMMISSIONER BROADBENT: That's okay. It's okay.

Right. Well, there's only about two days a month here that I wish -- I'm happy that I'm not a lawyer. But this is -- our lawyers want me to ask this question. Let's see if I can get through it.

On page 24 and 25 of the joint domestic brief is states that the Commission has a legal obligation to treat the 4.75 millimeter wire rod as subject merchandise. What is your position on this statement particularly given the Court of International Trade decision and the federal circuit decision in the Diamond Saw blades proceedings? And this might be best, I think, for Wiley Rein.

MR. PRICE: We'll address that in the post-hearing brief at this point.

COMMISSIONER BROADBENT: Okay. Thank you.

Thank you, Mr. Chairman.

CHAIRMAN WILLIAMSON: Okay. So no further questions from the Commissioners. Does staff have any questions for this panel?

MR. CORKRAN: Douglas Corkran, Office of Investigations. Thank you, Mr. Chairman. Staff does a few questions.

Let me rephrase. Staff has one further question. And that is, Chart No. 2 in the confidential version of the presentation is very useful. We all think about the data that go into these very, very carefully. I was wondering for purposes of your post-hearing brief if you could show a similar comparison of 2007 and 2013 using the source of published information that appears in Part -- in Exhibit 1 of the Kelley Drye post-hearing brief?

MS. BECK: Mr. Corkran, if I could actually add, that is the source of Chart 2.

MR. CORKRAN: It is for 2013, it's not for 2007.

MS. BECK: Okay. Yeah, I see your point and we can address that in post-hearing.

MR. CORKRAN: Thank you very much. Again, the information was very helpful, it's much appreciated. Thank you. Staff has no additional questions.

CHAIRMAN WILLIAMSON: Thank you. Do respondents have any questions for this panel?

(No response.)

CHAIRMAN WILLIAMSON: No. Well, in that case it looks like it's time for lunch. I want to thank this panel for your testimony. We appreciate it very much.

We'll take a break until 1:45. I want to remind everybody this room is not secure, so if you have any business proprietary information, confidential information, please take it with you. And we'll see everyone at 1:45.

Thank you.

(Whereupon, a lunch recess was taken at 12:45 P.M.)

A F T E R N O O N  S E S S I O N

(1:49 p.m.)

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

CHAIRMAN WILLIAMSON: Apologies. Good afternoon, I want to welcome this panel to the hearing today. And you may begin when you're ready, Mr. Campbell.

MR. CAMPBELL: Good afternoon. This is Jay Campbell, White and Case representing Deacero. Our first witness will be Sergio Gutierrez of Deacero.

MR. GUTIERREZ: Good afternoon. I am Sergio Gutierrez, the Chief Executive Officer of Deacero. I will give you an overview of our company and its wire rod operations. Then my cousin, Daniel, will provide more detail from the sales perspective.

Deacero is a privately owned family business. My father started the company in 1952 in Monterrey, Mexico. Originally, it was a small workshop that produced chain link fence on a machine he designed after graduating from the University of Texas. We have grown a lot since then. Today, Deacero is run by myself, two of my brothers, and six of our sons. Deacero is a vertically integrated steel manufacturer. Our operations include scrap recycling centers; steel mills, which produce rebar, merchant bars, I-beams, and wire rod; wire facilities; distribution facilities; and a research and development center.

Altogether we supply more than 10,000 steel products.

We have invested in U.S. production. In 2006, Deacero purchased Stay-Tuff Fence Manufacturing which is the largest U.S. producer of fixed knot fencing. In 2007, we purchased two U.S. wire rope facilities, which are operated by Deacero USA in Houston. Deacero supplies steel wire to those two operations. We also installed a wire galvanizing line at our Houston facility in 2012. Finally, in 2012, Deacero acquired Mid-Continent, one of the largest nail producers in the U.S. Overall, we employ about 700 workers in the U.S., and this number is growing. We have been in the U.S. market for over 30 years, and we are committed to the market.

Regarding wire rod, we have two production facilities in Mexico: Our Saltillo mill, which has one rolling line, and our Celaya mill, which has two rolling lines. On these production lines, we also produce coiled rebar. We have two additional rolling lines at Celaya mill that can only produce straight rebar and small merchant bars. We cannot produce wire rod on these two lines because we don't have the equipment, such as finisher block, laying head, and cooling conveyor.

We have a third steel mill in Ramos Arizpe, which began operation in 2012. This facility is dedicated to producing merchant bars and I-beams. There is growing demand in Mexico for these products and insufficient supply from domestic mills. We cannot produce wire rod at this mill because we don't have the equipment.

Since 2008, we have had only one capacity expansion related to wire rod. In January 2013, we added a new rolling mill to our Celaya facility. This rolling line, which produces coiled rebar and wire rod, has a total rolling capacity of around a half a million tons a year. We mostly supply coiled rebar to our Central and South American markets, where the construction sectors are growing by 6 to 10 percent. We don't export to Brazil. Brazil is doing bad, but we don't export to Brazil. We do not have plans to expand wire rod production capacity.

In fact, our next steel investment will be to convert the wire rod capacity at Saltillo to SBQs, special bar quality, to meet Mexican demand, which currently relies on imports.

Our core business has always been steel wire and wire products. This is the main reason we produce wire rod. We have 13 wire facilities in Mexico where we draw wire rod that we produce into wire, and then manufacture downstream wire products. In 2013, our internal consumption and transfer accounted for over 70 percent of our wire rod production.

The rest of our wire rod production is for commercial sale, and Daniel will talk about this aspect of our business.

Thank you for your time today.

MR. CAMPBELL: Our next witness is Daniel Gutierrez.

MR. GUTIERREZ: Good afternoon. My name is Daniel Gutierrez. I am the Vice President of Industrial Sales for Deacero. I'm responsible for Deacero's sale of steel billet, wire rod, and industrial wire products. I will discuss our sales operations and outlook for the wire rod business.

As my cousin and CEO mentioned, we mainly produce wire rod for internal production of steel wire and downstream wire products. Deacero started out producing steel wire and wire products, and then integrated upstream to provide its own raw material. In Mexico, we have been supplying steel wire products, such as black and galvanized wire for over 50 years. We have 7,000 clients in Mexico. We're committed to these customers and will continue to consume large quantities of wire rod to produce steel wire for them.

We also produce more than 80 categories of downstream wire products used in industries such as agriculture, construction, mining, automobiles, oil and gas, telecommunications, and hardware. These wire products include chain link fence, barbed wire, staples, nails, and many others. We also continue to develop new wire products to create new market niches. For example, we recently introduced a new product called blinding mesh, which is used as a screen on highways to prevent the blinding effect from oncoming car headlights. We are also now producing wire for notebooks and CHQ wires for the automotive industry, among other wire products.

Mexico's economy is forecasted to grow at a healthy rate of 4 percent in 2014. As the economy grows, demand for steel wire and wire products will increase. For this reason, we expect to consume more wire rod for our internal production in 2014 and beyond. Steel wire and wire products are Deacero's core business.

As for our commercial sales of wire rod, Mexico by far is our largest market. Even in 2013, when local demand for wire rod was low, Mexico still accounted for nearly two-thirds of the volume of our commercial sales. In 2014, demand had rebounded, and the outlook looks good for a number of reasons. For one, President Nieto's 2013-2018 Infrastructure Investment Plan is boosting Mexico's construction sector. This plan includes overall expenditures of approximately 300 billion U.S. dollars, of which 45 billion U.S. dollars are for transportation. The transportation expenditures are for roads, new modern airports and seaports. The new infrastructure projects are also generating demand for our own downstream wire products.

Mexico's automotive, energy, agriculture, telecommunications, and mining sectors are also growing. For example, car production in Mexico is projected to increase from 3 million in 2013 to 4 million by 2016. The new energy reforms will encourage investment in Mexico's oil, gas, and power sectors. Growth in these industries has two benefits for Deacero: We will sell more wire rod in the commercial market. And, we will consume more wire rod for our production and sale of steel wire and wire products.

In 2013, we exported about 10 percent of our wire rod production -- nearly all of it went to Central and South American countries. Many of these countries have GDPs that are projected to grow by 3 to 5 percent in 2014 and 2015. Most of them have deficits in wire rod. Also Mexico's free trade agreements with Central and South American countries give our wire rod exports an advantage over exports from other countries. We have developed strong relationships with our customers in these markets, and we're committed to them.

On this note, we are pleased that the market in Columbia will remain open. Columbia imposed a provisional safeguard tariff of 21 percent. On April the 2nd, Columbia announced that wire rod imports up to 190 thousand short tons would be exempt from the 21 percent tariff, and that 80 percent of the quota goes to historical suppliers, such as Mexico. Under this final safeguard measure, Deacero will be able to continue to export the same, if not more, quantities of wire rod as before the provisional tariff was imposed.

That brings me to the U.S. market. We are a new player in the U.S. wire rod market. We did not supply wire rod to the U.S. before 2008 -- not even before the antidumping order was imposed. Instead, we consumed most of the wire rod that we produced, and we sold the rest in Mexico. Deacero was active in the U.S. market, but mainly for steel wire and wire products -- not wire rod.

That changed when we began to market 4.75 millimeter wire rod. We first learned about 4.75 around 2008 when U.S. customers requested it. Before that time, the smallest diameter we produced was 5.5 millimeter which is also the most common diameter. We were told that U.S. producers were either unable or unwilling to make 4.75. We were not sure we could make it, but decided the potential demand justified the investment of time and resources. The process was not easy, but eventually we developed the ability to produce 4.75 at our Celaya mill.

Our 4.75 business steadily grew, as U.S. customers tested and approved the product. The business did well because 4.75 offers wire drawers significant benefits over 5.5, and U.S. producers don't make it.

If the order on wire rod from Mexico is revoked, we would continue to focus on selling 4.75 to the U.S. market. There are plenty of suppliers that offer wire rod in 5.5 millimeter and larger diameters in the U.S., and U.S. customers tend to prefer to buy domestic. With 4.75, we have the ability to offer a specialized product that customers want and U.S. producers don't offer. In this way, we believe that Deacero adds value to the U.S. wire rod market.

Thank you very much. I will be happy to answer your questions.

MR. CAMPBELL: Our next witness is Bill Heileg with G3 Steel.

MR. HEILEG: Good afternoon. My name is Bill Heileg. I am a co-owner and founding partner of G3 Steel Group, a distributor of steel products located in Troy, Michigan. We sell steel products, such as wire rod and steel wire for many different end users throughout the U.S. From 2009 to 2012, we also purchased and resold 4.75 millimeter wire rod made by Deacero. I will discuss the success we had selling 4.75; the impact that the lack of 4.75 has had on the market; and our experiences purchasing from Deacero.

We first began to distribute 4.75 made by Deacero in 2009, and we continued to sell the product until 2012. We sold 4.75 to end users such as ITW Bedford, Mount Joy, Nelson Steel, and Mapes Piano, among other customers. Some of these customers requested 4.7 millimeter rod because they had purchased it fro Ivaco of Canada, and these customers were aware of the advantages of using this diameter. In other cases, we introduced the product to customers and explained the benefits of using it.

The main benefit of using 4.75 rod is that it enables wire drawers to produce wire more efficiently and reduce their costs, and Chuck Spittler will discuss this next.

Another advantage of using 4.75 instead of 5.5 or larger diameters is that wire drawers can produce finer gauge wire without having to perform annealing. Annealing is a heat treatment process that softens and restores ductility to the wire. Depending on the manufacturing plant, 5.5 millimeter wire rod often must be heat treated in order to achieve some of the finer diameters of wire. In contrast, 4.75 rod can be drawn down directly to many of these wire diameters without annealing because less drawing of the material is required. Annealing means longer production time, addition natural gas consumption, and is typically very expensive. Wire drawers must either own an maintain this annealing equipment in-hour or outsource the processing to third-party processors.

Because of the advantage that 4.75 rod offers, we had little trouble marketing it to customers, and had a growing business. Unfortunately, that ended with the Commerce Department decided that 4.75 was covered by the antidumping order. Other than Deacero, there is only one other North American supplier of 4.75 millimeter rod -- Ivaco of Canada, which is not subject to any antidumping order. U.S. producers are not supplying 4.75 -- either because they lack the technical capability or are unwilling to make it.

Since Deacero stopped shipping 4.75, our customers have often asked when we might be able to offer it again. For example, a client in the Midwest mentioned 4.75 during my last visit. He told me they had less wire breaks, better tool life, and improved uptime when they used 4.75 in their production line, and that he'd like to buy the product again. I asked him if he was able to purchase 4.75 from other suppliers, and he said that no other supplier he deals with offers it. It's clear to me that our customers came to view 4.75 wire rod as a product that could help reduce cost and improve their production process, and that there is a market for it.

Lastly, I would like to comment on Deacero as a supplier. Purchasing wire rod from Deacero is similar to purchasing from a U.S. producer. For one, Deacero is located in North America, so transportation costs are low, and Deacero can deliver wire rod almost as quickly as U.S. producers. When we were buying 4.75, we also found that Deacero offered a high level of customer service and technical support. To be sure, it is still easier to do business with U.S. producers, and for this reason they can charge a small premium over Mexican wire rod. But there is no comparison between buying wire rod from Mexico and buying imports from overseas.

This concludes my remarks, and I am happy to answer questions. Thank you.

MR. CAMPBELL: Thank you, Bill.

Our next witness is Charles Spittler.

MR. SPITTLER: Good afternoon. My name is Charles Spittler and I'm the Chief Operating Officer for Cavert Wire Company. We are located in Rural Hall, North Carolina and manufacture baling wire for industrial recycling. Wire rod is our raw material.

I am here to talk about our experience buying 4.75 millimeter wire rod from Deacero. This is a good product that enabled us to streamline our production operation and enhance our competitiveness as a wire supplier to the industrial recycling market. 4.75 is also a diameter that U.S. producers do not offer. We hope that the order in

Mexico will be revoked, so that we can, again, buy 4.75. I will also discuss the logistical advantages of buying wire rod imported from Mexico and compared to the imports from offshore sources.

We began to buy 4.75 from Deacero in 2008. We were very pleased with the positive impact it had on our business. Most importantly, using 4.75 enabled us to reduce our production costs. Wire rod is reduced, or drawn, to the desired wire size by pulling the rod through a series of dies in a draft machine. For each die there is a spinning block (or motor) that pulls the rod through the die. For example, one of our draft machines has four dies, each of which reduces the diameter. With 4.75, we could reduce to the same diameter of wire that we previous made using 5.5 with one less die -- three instead of four. Using one less die: we consumed 25 percent less electricity; consumed 25 percent less lubricant which is used to cool the rod as it passes through the dies; consumed 25 percent less dies, (which are replaced daily); and did not need to repair blocks as frequently.

Using 5.5, we normally draw down to a diameter of about 0.187 inch in the first draft. 0.187 inch equals 4.75 millimeter, so with 4.75 you're already at the 0.187 inch before you even begin the drawing process. Consequently, using 4.75 also enabled us to speed production and increase our productivity.

4.75 wire rod also expands our ability to produce smaller diameter wire. With 4.75, we could use our draft machines to reduce down to 16-gauge wire, which has a 0.062 inch diameter. In contrast, with 5.5 millimeter wire rod we can only reduce down to 14-gauge wire, which has a 0.08 inch diameter.

Unfortunately, Deacero stopped offering 4.75 when Commerce decided it was subject to the antidumping duty. So we had to switch back to 5.5. Consequently, our production operations are less efficient, and we can no longer produce 16-gauge wire in-house. We have to buy and resell 16-gauge wire, which is less profitable.

At this time, we buy 5.5 from U.S. producers as well as imported material. We like doing business with the U.S. producers, and have good relationships with them. But it is good to balance these purchases with imports because you never know when there might be a stoppage in U.S. supply. For example, Mittal shut down their Georgetown plant in 2009. Back then, we were buying 5.5 from Mittal and 4.75 from Deacero. If it weren't for Deacero, we would have had a supply issue, because no other U.S. supplier has product available.

We currently buy our imported rod from China. We would prefer to buy imports from Deacero -- not only because they offer 4.75, but also because there are logistical advantages to buying Mexican imports compared to offshore sources. These include:

Just-in-time delivery. Deacero, for example, used to deliver us four truckloads a day from their warehouse in Birmingham. This delivery schedule coincided with our daily production schedule, and meant that we didn't have to hold wire rod in inventory.

In contrast, when I buy Chinese imports, I have to place an order for 3,000 tons -- which is about six weeks of production requirement -- and the lead time to the port is about 90 days. The invoice is issued when the rod lands at the port, so you risk losing money if the market prices decline in the interim. After the material arrives at a port, it takes another two weeks to get to our plant, where we have to hold the rod in inventory.

Two, you get more consistent quality with Mexican imports -- because wire rod imported from offshore is more prone to rust from the ocean air, and more likely to be damaged in transit.

And three, with Deacero, you can purchase wire rod from them directly instead of having to go through a broker or distributor. Deacero offers better customer service and technical support -- almost comparable to the level of service you get from a U.S. supplier.

This ends my comments. Thank you.

MR. CAMPBELL: This is Jay Campbell again. I will conclude Deacero's presentation with three points. One, the Mexican industry has changed fundamentally since the original investigation and first review; two, Mexican should be decumulated and; three, the order on Mexico should be revoked.

Petitioners like to portray imports as a monolithic force, like a swarm of locusts waiting to invade the U.S. market. This characterization is inaccurate. Imports are made by individual foreign producers each with its own business objectives and focus.

In the original investigation the Commission received questionnaire responses from two Mexican producers, Secartsa and Turnium. Secartsa accounted for a significant portion of exports. Deacero didn't even ship wire rod to the U.S. back then. It was shipping to the -- it began shipping to the U.S. in 2008. Secartsa was acquired by the Arcelor Mittal group in 2007. Arcelor coordinates its worldwide production operations so Arcelor Mittal would not ship wire rod from Mexico to the U.S. in a manner that disrupts the U.S. market. Turnium, meanwhile, is also unlikely to ship significant quantities to the U.S. for reasons stated in its questionnaire response.

Citing a confidential report, U.S. producers claim there are four Mexican producers other than the three responding firms. But those four companies do not produce or supply wire rod. Acero Nationales was acquired by Deacero in 1999 and its production facilities had been shut down years before and the assets sold outside Mexico. Siderurgica Tultitlan or Sidertul was acquired by Gradau in 2007 and doesn't make wire rod; it only make rebar.

The third, Camesa supplies wire and wire rope, it doesn't make wire rod. In fact, it buys wire rod from companies like Deacero.

And the fourth, Altos Hornos de Mexico does not identify itself as a wire rod supplier on its web site. The bottom line is that for all intents and purposes, you've received questionnaire responses from the entire Mexican industry. And of the three responding firms, Deacero is the most relevant for your analysis. Deacero is unlike Secartse and Turnium. The primary reason that Deacero produces wire rod is to service its core business, steel wire and wire products. Deacero also produces 4.75 millimeter rod and would focus on supplying this product to the U.S. market if the order were revoked.

4.75 offers end users significant benefits over 5.5 and is a diameter that U.S. producers don't supply.

4.75 also means that Mexico should be decumulated. Mexico is the only subject country that produces 4.75. With this advantage the Mexican industry would compete under different conditions of competition than the other subjects countries.

Also, the ongoing scope litigation may take several years to complete. The impact of the scope issue should be limited to Mexico and not affect the status of the orders on the other subject countries. This would not be the case under a cumulated analysis. Other factors support decumulation. Mexico alone maintained the presence in the U.S. market throughout the POR and is the only subject source of wire rod with which purchasers are familiar.

This is significant because most purchasers require wire rod suppliers to be qualified before buying from them and the qualification process takes up to a year.

The Mexican industry's North American location is also important. Shorter lead times and the ability to purchase directly from the manufacturer give Mexican imports distinct non-price advantages over imports from offshore sources.

Once Mexico is decumulated, there should be little question that the order on Mexico should be revoked. Let's start with U.S. producers' argument which can be boiled down to this, the subject countries have massive excess capacity and would flood the U.S. market because U.S. prices are higher. Neither of these claims is accurate for

Mexico. The excess capacity figure U.S. producers claim for Mexico is grossly overstated because it includes capacity for companies that do not produce or supply wire rod. This is the problem with the confidential report that I mentioned earlier.

Thus, the capacity and production figures derived from the Mexican producers' questionnaire responses accurately represent the Mexican industry. These figures show that the industry's utilization rate was high averaging 92 percent during the POR and as high as 98 percent in 2011 and 2012. The utilization rate temporarily dipped in 2013 to 85 percent, but demand in Mexico was low in 2013 and has rebounded.

Consequently the Mexican industry's utilization rate is expected to return to high levels. In short, U.S. producers claim of massive excess capacity from Mexico is false. Equally flawed is the U.S. producers' argument that Mexican producers would divert shipments from third countries to the U.S.

As shown in table 419 of the staff report, average prices in Mexico's third country markets are higher than the U.S. average. The Columbian safeguard will not impose a barrier. Deacero will continue to ship the same quantities as before the safeguard investigation was initiated.

A quick point on vulnerability. As a legal matter, Chinese wire rod should not be factored into the vulnerability analysis. U.S. industry is obtaining a remedy against Chinese imports through its petition against China. That investigation is already working to reduce the flow of Chinese imports. Moreover, U.S. producers tell you what the domestic industry would look like without Chinese imports at page 90 of their prehearing brief. They claim that because of China U.S. production fell 6.5 percent, shipments fell 7.1 percent, sales value fell 7.5 percent, operating income failed by 50.6 percent, and the operating ratio fell by 3 percentage points. Add these declines back to the U.S. industry and this is the U.S. industry the Commission should consider for purposes of the likelihood analysis in this sunset review.

In our view, the record evidence supports the following: One, Mexico should be decumulated; two, the Mexican industry has changed fundamentally since the original POI and first sunset POR such that Deacero is now the relevant exporter; and three, Deacero supplied 4.75 millimeter wire rod to the U.S. market provides affirmative evidence that revocation of the order on Mexico would not be likely to result in material harm.

Antidumping orders are not meant to last forever. If the Commission declines to revoke the order on wire rod from Mexico on the basis of this record, when will it ever be revoked?

This concludes our presentation. Thank you.

MR. LEWIS: Good afternoon, Chairman Williamson, Commissioners and staff. My name is Craig Lewis of the law firm Hogan Lovells the Ukraine panel will begin with the testimony of Ms. Dimitrova of Yenakiieve Iron and Steel.

MS. DIMITROVA: Chairman Williamson, Commissioners, and staff, good afternoon. My name is Elena Dimitrova and I am the head of the Marketing Department for Metinvest Holding where I'm responsible for marketing of various steel products produced by Metinvest companies in Ukraine including Yenakiieve Iron and Steel Works.

I'm responsible for global and regional market research and analysis and for forecasts in relation to steel product sales.

I have been working for Metinvest for almost 15 years and I was appointed as the head of marketing in 2008. I thank you for the opportunity to talk to you today.

This sunset review is being held at a particularly difficult time in my country's history. As you have no doubt read in newspapers and seen on television, Ukraine is experiencing a difficult political transition as the government tries to find the right path between Europe and Russia.

Importantly for this sunset review, however, Ukraine turns towards Europe and the recent package of economic measures from the European Union means that Yenakiieve important and growing export to Europe will continue to be strong and will all increase in importance in the foreseeable future.

Quotas that used to be imposed by the EU on Ukrainian steel imports are gone and the European Union is adopting measure to improve Ukraine's assets to the large European market.

However, I first want to describe the important changes that have occurred in the Ukrainian wire rod industry since the regional investigation in this case was conducted nearly 15 years ago.  I understand that you have not been able to fully consider these changes because no Ukrainian producer participated in the first sunset review, with filing of briefs, or testifying at the Commission.

In 1999, the first year of the regional investigation period privatization of Ukraine's steel producers including its wire producers have not even begun. Ukrainian steel industry at that time was still characterized by state ownership and was being managed based on essentially noncommercial state objectives such as production targets and full employment.

The dominant player in Ukraine at that time, the company that was responsible for the imports that the Commission reviewed back in 2001 went it imposed the antidumping order was Krivorozhstal. Krivorozhstal was a state-owned company built during the Soviet era. Krivorozhstal was not ultimately privatized until 2005 when Mittal Steel, now AcelorMittal acquired the company and renamed it Mittal Steel Kryvyi Rih after the city where it is located.

As a member company of the ArcelorMittal Mittal Steel, Kryvyi Rih now operates under successful management policies of ArcelorMittal. As I understand the Commission has learned in previous antidumping cases ArcelorMittal follows a very strict regional focus for its marketing. In particular production assets in Europe are not permitted to compete with ArcelorMittal assets in other regions where it has production facilities for the same product such as North America. As a result of these changes, the Commission is now looking at a Ukranian industry where the largest wire producer has been fundamentally changed from state ownership that was focused on non-commercial goals to a private profit-oriented management and from a focus on global exports to a regional marketing policy.

The Ukraine industry has changed in other important ways since the Commission's last sunset review. Yenakiieve was also privatized after the regional investigation and is now part of Metinvest group of companies that trades steel assets, mostly in the Donetsk area of Ukraine.

Like ArcelorMittal Metinvest is managed in accordance with international corporate standards aiming to maximize profits and shareholder value.

As a part of the commitment to efficiently manage its assets Metinvest has been willing to evaluate its production capacities and make hard decisions including where appropriate reducing excess production capacities.

In October 2010, Yenakiieve obtained a controlling interest in CJSC Makiiva. Our firm made a decision to permanently decommission its own wire production facilities resulting in the permanent elimination of that production capacity.

In 2011, Yenakiieve resumed production of wire rod solely at facilities leased from Makievka. As a result, total level of production capacity in Ukraine was reduced in 2009 to 2011.

There also appears to be some confusion about how many wire producers exist in Ukraine. To be clear, only Yenakiieve Makeevka branch and ArcelorMittal Kriviiy Rih produce wire rod today in Ukraine.

I understand that one of the questions the Commission is ultimately trying to answer today is what likely volumes of wire rod will be exported from Ukraine to the United States if the antidumping order is terminated. I can tell you first that it is highly unlikely that such imports would come from ArcelorMittal Kriviiy Rih. ArcelorMittal established marketing policies would not allow it to compete with ArcelorMittal sizeable investments in the U.S.

Second, while I cannot tell you that my company will never ship wire rod to the United States in the future, the volume of such shipments would have to be very small.

Yenakiieve has very limited use capacities to produce wire rod. As we reported to the Commission, in our questionnaire, Yenakiieve is already operating at nearly full capacity and has limited abilities to ship additional quantities of wire rod without diverting shipments from its existing customers. Yenakiieve also has no plans to increase its existing wire rod capacity within the foreseeable future.

Yenakiieve is also not going to shift shipments from its existing customers. Our firm has long-standing contractual agreements with all of the major wire rod customers in Ukraine including industrial wire processing mills.

Yenakiieve contracts specify regular shipments of wire rod to this important customers and such sales are a profitable source of steady income for the company. Yenakiieve also projects Ukrainian demand for wire rod to be significant for the foreseeable future. Although consumption of steel products in Ukraine declined during the global economic recession, it has experienced strong growth since 2009, and this is expected to continue growing in the next years.

The construction sector is expected to continue to drive growth of wire rod demand in Ukraine. Transportation and logistical costs also make wire rod shipments within Ukraine much more attractive for Yenakiieve.

In addition to securing its position in the growing Ukrainian, Yenakiieve has also developed key regional export markets in Europe, the Middle East and North Africa. Yenakiieve has established customer relationships in these regions and the prices in these regions are attractive to Yenakiieve. Our firm has sales offices in a number of key export European and Middle East countries in order to facilitate these sales.

Logistics. Logistics, of course, are another big reason why European and Middle East countries are attractive to Yenakiieve, and shipments to North America are not so attractive.

Shipments to Europe can be made through the Azov seaport rather than the Black Sea ports. This saves a significant amount of costs per ton, given the location of our production facilities. Transportation costs also make European shipments attractive compare to shipments to the U.S.

Yenakiieve expects European demand to continue to grow in the coming years as in Ukraine. European construction and steel consumption has recovered from the economic recession.

Finally, as I mentioned earlier, the recent political turmoil in Ukraine has made our export of wire rod to Europe even more promising and important. Ukraine initiated a deep and comprehensive free trade area with the European Union in 2011. The European Union has approved a package intended to provide immediate help to Ukrainian exporters and economy. We are optimistic about our exports arrival to Europe and the most recent developments only increase our expectations that Europe will continue to grow as an export market for Yenakiieve.

By contrast, due to Yenakiieve very limited quantities of exports to Russia, we do not believe that Ukrainian's relations with Russia will affect our future wire rod export.

I have explained to you how Yenakiieve has limited available capacity in which to ship to the U.S. and how Yenakiieve already has important home and regional export markets. However, if Yenakiieve had more availability capacity, and even if its existing export market were not growing, Yenakiieve would still not likely ship significant quantities of wire rod to the United States under current and expected market conditions.

No producers of wire rod in Ukraine have shipped to the United States for almost ten years. Yenakiieve does not have established sales or marketing structures in place in the U.S. for steel products, and the Yenakiieve policy is not to engage steel trading companies.

Further, wire rod is produced to order. U.S. customers are not familiar with Yenakiieve wire rod and they have particular requirements for their product. Most customers require test shipments and certification before buying commercial quantities of our wire rod. All of the steps require significant time and expenses.

In order to assist the Commission in its analysis of likely volumes and prices, Yenakiieve has also carefully analyzed from a business perspective the attractiveness of U.S. market prices. We have looked at and estimated the relative profitability of selling wire rod to the United States and to other markets where we have an established presence. Contrary to what I have heard from the petitioners today, the number for sales to the U.S. just don't work. To me the price comparison in our brief to the Commission, we used our sales prices based on the regional annual weighted average. We then added transportation and logistic costs to arrive to a so-called actual minimum landed price for our product in the U.S. market. We then compared this actual U.S. price to the published prices of Platts SBB prices in the U.S. on an ex-mill basis and what we found is that the actual U.S. prices for 2012 and 2013 are typically lower than the prices in our home and regional markets. In other words, U.S. prices are not particularly attractive to Yenakiieve when all of their additional transportation and logistic costs are included.

Obviously prices can change over time. However, at least over the last two years, and continuing to today, prices in the U.S. market are not sufficiently attractive to our company to cause us to disrupt the relationships we have built with our long-term customers in Ukraine and other close regional markets and to send our wire rod halfway around the world.

There is no economic incentive to do so and we do not have free capacities in any way.

As I said at the beginning, the industry of Ukraine today is not the industry the Commission looked at 15 years ago. Yenakiieve and other Ukrainian producers are not a threat to the U.S. companies in this room and I hope the Commission will look closely at these facts when it makes its decision.

Thank you, I would be pleased to answer any additional questions the Commission may have.

MR. LEWIS: Chairman Williamson and Commissioners again this is Craig Lewis from Hogan Lovells. I would just like to make a few points to underscore Miss Dimitrova's testimony.

First as you have just heard, the volume of subject imports from the Ukraine in the event of revocation is likely to be negligible over the foreseeable future. Ukrainian producers have not shipped wire rod to the United States since 2005 and in 2005 those shipments were just 738 tons.

Imports from ArcelorMittal's mill in Ukraine will not be directly to the United States in any event because of the centrally managed region supply policy pursued by the that company. The Commission's close examination of these policies from the last sunset review reveal that ArcelorMittal will shelter its U.S. production assets from competition from its affiliated mills.

There is no evidence and none was presented today. In fact, no witnesses was presented today from ArcelorMittal to contradict those conclusions, which leads only Yenakiieve. As Elena has just testified to, Yenakiieve is already effectively operating at a full capacity and therefore has very limited available capacity to devote to the U.S. market.

It is also highly unlikely that Yenakiieve would be willing to reduce or terminate its profitable Ukraine and regional sales to serve a long-distance market like the United States, where Yenakiieve has no current presence and where sales margins would be severely eroded by logistics costs.

These facts all point to a finding that Ukrainian imports would have no discernable impact on the domestic industry if the anti-dumping order were revoked. In the event, however, that the Commission does not find that subject imports would have no discernable adverse impact, the Commission should exercise its discretion to examine imports from Ukraine separately from the other subject imports.

As the Commission knows, even when a four factor test for competitive overlap is satisfied, the Commission still retains discretion in sunset reviews not to cumulate due to differences in the conditions of competition faced by subject imports.

In upholding the Commission's discretion in this area, the Court of Appeals for the Federal Circuit has observed that this practice "responds to the potential for combined injurious effect from subject imports, while reducing the risk that overbroad cumulation may unreasonably assign culpability to imports that are not likely to contribute to a continuation or occurrence of material injury."   This is from the Nucor, the U.S. case 601F through 1291, 2010.

Ukrainian imports face significantly different conditions and competition from other subject imports. First, as noted, Ukraine has not exported wire rod to the United States or Canada since 2005, but has instead focused on and expanded its regional markets at home, in Europe, Middle East and Africa.

In contrast, both Mexico and Brazil have maintained a significant volume of wire rod on exports to North America, including the United States.   It makes no sense to cumulate Ukrainian imports with those from Brazil or Mexico.  The volume and pricing trends and geographic focus are entirely different.

Cumulations likewise, inappropriate with imports from Indonesia, Moldova and Trinidad and Tobago.  For one thing, none of those producers in those countries is actively participating in these reviews.  In questionnaire data from these sources is limited, making cumulation with Ukraine problematic from a practical standpoint.

Also imports from these countries are focused on different regions, and therefore face entirely different demand and supply conditions in the Ukraine. For Indonesia, the focus is on Asian markets and for Trinidad and Tobago, the Americas for Moldova, the focus is on its immediate neighbors.

Properly looked at separately, it's clear that subject imports from Ukraine pose no threat of injury to the U.S. industry. As Miss Dimitrova has explained, the outmoded state-owned Ukraine industry that the Commission examined nearly fifteen years ago, bears no resemblance to today's industry.

Perhaps most importantly, Ukraine's largest producer by far is owned and managed by ArcelorMittal, a company with a sizeable investment in the U.S. wire rod capacity. For reasons the Commission well knows, ArcelorMittal will not ship wire rod from the Ukraine and competition with its mills in the United States.

I cannot publicly disclose the amount of Ukrainian production capacity this removes from the Commission's consideration, but it is surprised us to say that this is a very big factor for the Commission's analysis that cannot be ignored.

As discussed, the only remaining Ukrainian producer, Yenakiieve is effectively operating at full capacity and shipments are currently devoted to meeting its contractual obligations to long-term Ukrainian customers and servicing to establish regional markets in Europe, the Middle East and Africa.

These sales are profitable and reliable. There would have to be a compelling reason for Yenakiieve to reduce the sales to focus on the U.S. market. In a familiar story that I hear at every ITC injury hearing, petitioners claim that Yenakiieve will massively shift its shipments to the United States because prices are higher and the U.S. market is attractive to exporters.

In fact, neither point is true from Yenakiieve's position. Yenakiieve has submitted an analysis of relative prices in the U.S. and other export markets, taking into account differences in freight and logistics costs. While I cannot share the analysis publicly, I can say that the logistics costs essentially negative any price benefits to selling in the U.S. market for Yenakiieve.

This lack of attractiveness is further diminished by the fact that Yenakiieve has no established marketing network in the United States, would have to test and qualify its products with new customers and would face significant competitive disadvantages, due to substantial lead times for shipments from Ukraine.

Petitioners also predictably trod out the Commission's findings with respect to Ukraine pricing in the original investigation. However, those findings are nearly 15 years old and they relate to a particular Soviet era state-owned company that no longer exists as such.

While it is appropriate for the Commission to consider its findings in the original investigation, it is not appropriate for the Commission to ignore intervening changes of this importance. The Ukraine industry is now operated on market economy principals and it cannot be presumed that pricing policies pursued under the former non-market economy system are still applicable.

Finally, regardless of likely pricing level, the volume of the Ukraine imports that are likely to be shipped to the United States in the event of revocation is so small as to make it unlikely that subject imports could have any discernable impact on U.S. market prices.

We urge the Commission to take a fresh look at Ukraine in light of these facts. It's not appropriate and it's not supported by the evidence in this review for the Commission to simply assume the circumstances that existed nearly 15 years ago are the circumstances of today.

In terms of available capacity, in terms of marketing focus, in terms of corporate ownership and management policies and in terms of logistical costs, the Ukraine industry today is not the Ukraine industry of 1999 or 2001. With that I will now turn it over to my partner, Jonathan Stoel for a review of the condition of the U.S. industry.

Mr. STOEL: Thank you Craig. Good afternoon Chairman Williamson, members of the Commission and staff. For the record my name is Jonathan Stoel, I am a partner with the law firm Hogan Lovells. I am here today representing respondent Yenakiieve in this matter.

It is a pleasure to be before you once again. My presentation this afternoon focuses on the conditions of competition affecting the wire rod industry and market and the state of the domestic industry.

This morning we heard a lot from the domestic industry pleading vulnerability to subject imports. The domestic industry claims that they are on the verge of collapse and that even the most moderate volumes of imports will push them over the brink.

Quite frankly, the record before the Commission does not support these claims. Following years of restructuring and consolidation, the domestic wire rod industry today is stronger and more competitive than it has ever been. Even during a period when demand collapsed as a result of the great recession, the U.S. industry continued to perform well.

The evidence obtained by the Commission showed the domestic industry was profitable in every year since

2008, except for 2009, the heart of the recession. The domestic industry reaped cumulative operating profits of more than 875 million dollars. Moreover, the profitability of the U.S. industry during this period is if anything, understated.

Contrary to what you heard this morning, a substantial portion of the U.S. industry shipments is either captively consumed or transferred to related parties. From the data before the Commission, it shows that the domestic industry is significantly undervalued, this captive consumption, and transfers relative to commercial shipments, a slide.

These up here on the board are non-market prices. These facts alone signal to the Commission the conditions of competition today are favorable to the domestic industry and the domestic industry is not vulnerable to subject imports from Ukraine.

Moreover, the domestic industry's strong and profitable position is not a new or transitory phenomenon. Rather, in the first sunset review, then Chairman Pearson and Commissioners Pinkert and Okun concluded "The domestic industry is not in a vulnerable state. Since 2004, the industry has been much more profitable than it was during the three full years of the original period of investigation."

Although domestic producers have argued that current profitability levels are low, the industry has historically had relatively low operating margins with the exception of 2004. It has generally been able to increase its costs, excuse me, to increase its prices, to cover cost increases.

This statement accurately describes both the past and the current state of the domestic industry. Morever, the record before the Commission in the current review suggests that the current concerns espoused by the other Commissioners. Then Vice-Chairman Aranoff and Commissioners Williamson and Lane are no longer present. In particular, despite the great recession and the recent surge by Chinese imports, the domestic industry reported significantly higher operating income in the current review period than in the previous period.

This should assuage any concerns on the part of the Commission that the positive affects stemming from the industry's substantial and well-documented restructuring were temporary.

Moreover the domestic industry's performance evidences that the capacity legalization is not a meaningful metric for the domestic industry's performance. Even during the industry's most profitable year during the period of review, in 2008, when the industry amassed 347 million dollars in operating income, the industry's capacity utilization was only 73%. The slide up here shows this.

Finally, as they have in the past, the domestic industry is claiming in this review that they are suffering a price cost freeze, but the domestic industry's annual average cost to sales ratio has decreased during the current review period when compared with the previous review period.

Other record evidence demonstrates the market power and competitive strength of the domestic producers. First the domestic industry has repeatedly demonstrated its ability to raise prices. American Wire Producer Association has documented to the Commission, both in this review and in its investigation of Chinese imports, the domestic industry has "raised their wire rod prices between 120 and 138$ per short ton during 2013 and 2014.

Additionally, the American metal market has just reported that Gerdau is again raising its wire rod pricing by $20.00 per ton, effective May 1 and Nucor and Keystone, likewise, are raising their wire rod pricing by $20.00 per ton, effective the same day.

The domestic industry's ability to raise the prices charged to its customers evidences its strength, not a vulnerability to subject imports.

Second, as noted in the Commission's pre-hearing staff report, demand for wire rod is projected to increase over the next two years as the U.S. economy continues to put the recession behind it.

Publically available information demonstrating the strength of two key drivers for wire rod demand, the construction and automotive production sectors, confirms the pre-hearing staff reports findings. For example, according to a production by Oxford economics, U.S. construction is projected to increase by 5.8% and 6.1% respectively in 2014 and 2015.

Likewise, dramatic growth is expected in U.S. production of automobiles. After mottling out in 2009, 5.8 million vehicles produced, the U.S. industry manufactured 8.7 million vehicles in 2011 and forecast to produce more than 11 million vehicles this year and in 2015.

The demand for wire rod that will be created by expansion in these sectors will only further strengthen the domestic wire rod industry.

Finally, and equally importantly, domestic industry's recent investment activities signal that U.S. producers see a bright future for wire rod. The domestic industry has made more than 450 million dollars in capital expenditures during the review period, evidencing its optimism about wire rod in the foreseeable future.

The pre-hearing staff report states that the domestic industry invested more than 95 million dollars in

2012 and more than 163 million dollars in 2013. These investments are becoming today a reality. For example, in October 2013, as you heard this morning, Nucor began wire rod shipments at its new, Darlington, South Carolina mill.

This is part of Nucor's 290 million dollar investment in special bar quality and wire rod capacity in its South Carolina, Tennessee and Nebraska mills. These are not the actions of a vulnerable industry. These major expenditures stand in stark contrast to the rhetoric espoused in the domestic industry's pre-hearing briefs.

Lastly, a word about imports and their role in the U.S. market -- imports have always played a significant role in the U.S. market satisfying demand that evidently cannot be met with the domestic industry. Publicly available data in the Commission's record shows that from 2002 to 2008, the first sunset review period, with the orders in place, imports accounted for between 3.4 and 49.7% of U.S. apparent consumption on a quantity basis.

In 2013, the only year for which publicly available information is available, imports accounted for 32.1% of U.S. apparent consumption. The domestic industry complains that such levels of imports in the U.S. market are a sign of injury or weakness, but the industry's lengthy period of profitability, despite the routine and significant presence of imports in the U.S. markets, bellies such a notice -- bellies such a notion.

Moreover, as you have heard this morning, the domestic industry has already filed trade remedy actions against Chinese imports, which according to data gathered by the Commission, increased from almost nothing in 2011 to more than 618 thousand short tons in 2013.

The Commission's preliminary affirmative determination has caused Chinese imports to disappear from the U.S. market. Their absence will necessarily cause a significant shortage of supply in the U.S. and presents a significant opportunity for U.S. producers for the reasonably foreseeable future.

In summary, the U.S. industry today is strong and competitive and is facing highly favorable market conditions as the key to the U.S. construction and automotive markets is expanding and are expected to continue to expand into the foreseeable future.

The U.S. wire rod industry is already reaping the benefits of these positive conditions. Moreover, as the previous testimony you have heard today demonstrates, the likely future volumes and pricing of subject imports from Ukraine present no threat to the continued success of the U.S. producers.

The U.S. industry is strong enough and the U.S. market is large enough to accommodate any modest volumes of imports from Ukraine and the other subject imports that are likely in the event of revocation. We urge the Commission to reach a negative determination with respect to Ukraine, this concludes the respondent's presentation and we would all be happy to answer any questions the Commission may have.

CHAIRMAN WILLIAMSON: Okay, thank you very much. I want to express our appreciation to all the witnesses and most of you have had to travel a long way here so we appreciate very much that you came in to be present today. This afternoon's questioning, I will begin that, and I just want to start off with Deacero and go back to our favorite question, the 4.75 millimeter wire and I know you talked about, I guess the customers were the ones that requested that and I was wondering what led the purchasers to request that you produce it?

Mr. SERGIO GUTIERREZ: Can you ask me the question again, I didn't understand it.

CHAIRMAN WILLIAMSON: Well I understand that you started producing 4.75 because your customers requested it, I think that's what you testified to.

MR. SERGIO GUTIERREZ: Yes, at the beginning, we didn't know about the 4.75. Some customer requested, okay and then we produced it and then we thought about it and we started doing investment and research and development to do it.

CHAIRMAN WILLIAMSON: Why did they request it? What were they thinking about?

MR.SERGIO GUTIERREZ: Maybe because Canada used to make it. We knew about the 4.75 because we were in the Canada mill many years ago, this Canada mill that makes 4.75, so we knew about the 4.75 but we didn't make it.

CHAIRMAN WILLIAMSON: Why did they stop? Why did the Canadian mill?

MR. SERGIO GUTIERREZ: When was it started?

CHAIRMAN WILLIAMSON: No, why didn't the Canadian mill --

MR. SERGIO GUTIERREZ: I don't know when they started.

CHAIRMAN WILLIAMSON: When they stopped, why did they stop?

MR. SERGIO GUTIERREZ: No, they still offer it. In Canada, I think they still offer it.

MR. CAMPBELL: The Canadian producer is Ivaco and they still advertise that they -- on their website, that they market and supply 4.75 rod.

CHAIRMAN WILLIAMSON: Okay, is that mostly in Canada? Canada and the U.S.?

MR. CAMPBELL: I believe they also offer it in the U.S. but they are a Canadian mill by the name of Ivaco.

CHAIRMAN WILLIAMSON: Okay.

MR. CAMPBELL: They had supplied it before Deacero started, I think they started supplying it around 2003-2004.

CHAIRMAN WILLIAMSON: Okay, either now or post-hearing do you have any information about the relative price? What the prices is that they are selling it? The contention this morning was that the domestic issue is that selling the price, it should be a premium price product but it is actually being sold at less than what the 5.5 is being sold and I noticed in talking about it, no one ever discussed that issue, so any comments on that? The domestic industry's argument that you are selling a premium priced product at a discount?

MR. DANIEL GUTIERREZ: Yes, this is Daniel Gutierrez, and our major marketing philosophy at Deacero is innovation. So we came in with this 4.75 rod, it's an innovation product to mark down in to the U.S. And at the same time, we got solicited by our current customers to offer a 4.75 rod so what normally the U.S. industry, they charge a premium price over imports from - in this case, from Mexico.

So what we did, we gave a temporary incentive at the beginning in order to try that unique product and whole product on a temporary base, and that incentive within the time passed, and our customers were starting to accustom to use a product, we disappeared that incentive and charged the over-priced premium for that small diameter 4.75 rod.

CHAIRMAN WILLIAMSON: Okay.

MR. CAMPBELL: This is Jay Campbell, to clarify what Daniel was testifying -- two things are going on. One, as Bill Heileg testified, U.S. purchasers prefer domestic rod. There's an ease in business to purchasing wire rod from the U.S. suppliers for a variety of reasons. So typically, domestic wire rod commands a price premium, even over imports from Mexico, so that's one reason why 4.75 could come in at a different price than 5.5.

In addition to that, Deacero was introducing a, you know, a product that is new to a lot of purchasers, so they need to test it out, they need an incentive to take the time to test the product, to approve it, so they have to offer an additional discount, so this would be why over the POR you would see that 4.75 millimeter wire rod imports from Deacero might be sold at lower prices than the U.S. producers prices for 5.5, but as Daniel testified also, as U.S. purchasers become more and more familiar with 4.75, that means yes, Deacero can start to raise its prices and charge more of a premium for 4.75 compared to the prices they would offer for 5.5.

CHAIRMAN WILLIAMSON: And what would be your view as to what role the assistance of the orders of Mexico played in the development of 4.75?

MR. CAMPBELL: Would one of you like to answer that question?

MR. SERGIO GUTIERREZ: I'm Sergio Gutierrez, Deacero. This issue to make is because we have always been innovate in wire products and wire rod. We have to innovate and to do a merit product for our customers. Since many years ago, since the steel mills just started, they didn't start making wire rod with 5.5 millimeters. They started with big diameters, rods and then they went to small diameter rods.

Many years ago you could only get 6.3 millimeter rods. Suddenly a company started making 5.5 millimeters and now that steel rod is 80% of the market. Somebody started, okay and now the 5.5 millimeter rod that is more inefficient to make than the 6.3 millimeter is priced the same price, so why should we not do innovation product that would bring more benefit to our customers than disadvantage to us, okay?

And have it available for the market. What's happening in America, in the U.S. is the petitioners said the wire rod market is not growing. But one of the things that is not growing, one of the particular things is because more and more the world producers in the U.S. are not competitive and they are not competing in a finished product against China and so more and more, China and other countries are sending finishing products, okay.

So if we can offer a better product so they can be more competitive on the wire rod it will be another barrier for this country. And if the American prod ucers don't want to do that, they don't want to innovate on this product, we are willing to do it.

MR. EUGENIO GUTIERREZ: Eugenio Gutierrez from Deacero. If I may follow-up on that -- product innovation and developing 4.75 took some time to develop, more than a year. We invested in human resources. We had lots of productivity on trials and on waste that was produced and we even had to compromise production of other products, but we believe it was a niche market, we were making more competitive, our customers were asking for that product.

On top of that, we invested in quite a big amount of money in machinery and equipment in order to get that product under development.

CHAIRMAN WILLIAMSON: Okay, thank you. Is there anything you can tell us now, or post-hearing about the Canadian company? Are they a small company that is just doing niche sales of 4.75 or are they out there competing in the market, you know, broadly?

MR. HEILEG: Bill Heileg with G3. If Ivaco rolling knows it, it's a very large company out of Canada who I believe that their annual production is somewhere between 800,000 and a million tons.

CHAIRMAN WILLIAMSON: Okay, thank you. In the back there.

MR. BOND: Commissioner Williamson, it's David Bond from White & Case, briefly. I think there may be a misperception that the 4.75 millimeter wire rod was invented by Ivaco and/or Deacero and that's I think an impression that the petitioners are trying hard to create, but the fact is that the product was created at least ten years before the original investigation and was produced in the United States before the investigation, so I think it's important to dispel that sense, at least that's the sense I have, listening to people, that this product was just created by the Canadians and the Mexicans.

It's a product that existed and was commercially available in the United States before the original investigation and the Commerce Department has made findings along those lines in the circumvention case that the petitioners mentioned this morning.

CHAIRMAN WILLIAMSON: Okay, given that this, this is a product that has been out there but no one has -- a lot more attention is being paid to now, what's the - -

MR. HEILEG: Bill Heileg from G3 again. My two business partners work for Ivaco Rolling Mills, and when they commissioned our company seven years ago, it was part of the understanding to know where that market was, and that's one of the reasons that we looked to distribute 4.75 because they knew of it first-hand.

CHAIRMAN WILLIAMSON: And did they view it as a premium product that should be getting -- that one should be charging more money for?

MR. HEILEG: That's really something that's between commercially between the middle and the user. Some users find it to be I guess, when you look at in my testimony I talked about the annealing process. A lot of customers in high-carbon and some other things can get rid of and basically produce cheaper, and in those cases maybe us.

In some cases it just may draw better. In some cases the wire is more ductil and it's not as brittle so there could be some other intangibles that aren't fairly being discussed.

CHAIRMAN WILLIAMSON: Okay, thank you, my time has expired, thank you for those answers, Commissioner Pinkert.

COMMISSIONER PINKERT: Thank you Mr. Chairman and I thank all of you for being here today. Some of you have come quite far for this hearing and I really appreciate your willingness to come in and answer our questions.

I want to begin with Mr. Stoel and Mr. Stoel and I know there's a risk here of bringing to mind some high school social experiences that Mr. Rosenthal testified to in a previous hearing, but is this a chronically vulnerable industry?

MR. STOEL: Well I think you would have to start, obviously, Commissioner Pinkert with the question of how you define vulnerability. I would argue it is not chronically vulnerable. The industry actually has made substantial improvement since the original investigation I think those were well documented in your pre-hearing report and I think you even commented on them yourself, Commissioner, in the first sunset review, so I don't think at this time the industry is vulnerable.

I agree that there are some interesting, if I can use that word, characteristics of the industry, including for example, its capacity utilization. I think we showed the figures on the chart there and your staff has obviously done a tremendous job of pulling together the capacity utilization of the industry over time and those capacity utilization figures suggested that perhaps the way the industry is measuring capacity or perhaps the way it is supplying the figures is perhaps not entire accurate in terms of how it's operating.

When you see 14% profit, but you only see 80%

capacity utilization, that to me raises some questions and even during this review period the domestic industry as I noted, reported 347 million dollars in operating income in 2008 but again, its capacity utilization was in the low 70's.

So from that standpoint I wouldn't consider an industry that is making 350 million dollars to be vulnerable Commissioner, and yet their capacity utilization, I agree with you does raise some interesting questions. I hope I have answered your question.

COMMISSIONER PINKERT: Thank you, now let's look at the flip-side of what might appear to be chronic vulnerability on the part of the domestic industry and that is the testimony we heard earlier today about uneconomic increases in capacity in the subject countries.

I know that the exhibit that was offered on the subject is confidential and you may not be able to comment on that exhibit in a public hearing, but if there is anything you can say, either here or in the post-hearing about this argument about uneconomic increases in capacity, I think it would be very helpful to us.

MR. CAMPBELL: This is Jay Campbell. We will definitely respond in post-hearing but just to offer what I can say here, definitely with respect to Mexico, the allegations of projected increases in capacity are wrong as

Deacero testified, as Sergio Gutierrez testified for example, Deacero in fact, their next big investment plan is to phase out their production of wire rod at their Saltillo plant.

So they are actually planning to reduce capacity. In addition, again I am trying to be careful with my words because of the confidentiality but we will, we can also say and demonstrate in our brief, or explain in our brief, that certainly within the reasonable period of time that the Commission is supposed to be considering and conducting its likelihood analysis, there is not going to be any new wire rod capacity in Mexico.

MR. EUGENIO GUTIERREZ: Eugenio Gutierrez from Deacero. Let me be clear. Petitioners allege that we have additional expansion of "x" thousand tons per year, that claim is inaccurate. I don't want to say the exact figure. The correct figure is that in Ramos Arizpe we installed a new rolling mill to do American bars and structural. With a capacity of 500,000 tons per year, that cannot and will not produce wire rod.

Additionally, in January of 2013, as Sergio stated in his testimony, we added an additional extension of 500,000 tons of wire rod. Some of it is for wire rod, some of it is for coil rebar to serve our Central and South American markets. More importantly, we utilize wire rod for our internal transfers and one of our mills, the Saltilla Mill, we have a project already in the evaluation phase and we will be willing to provide more details in the post-hearing brief to transform it into special bar quality and that will further reduce our capacity on wire rod and that is an argument as to why we are focusing in the internal transfers.

COMMISSIONER PINKERT: Thank you very much, now Mr. Lewis.

MR. LEWIS: Thank you Commissioner Pinkert, I'm having a little trouble seeing you here. I really welcome that question because I think it really goes to one of the more significant points we wanted to communicate today with our testimony which is that I do think that it was a fair characterization of the past that there was a phenomenon of capacity being added and production pursuing non economical goals.

I think that was sort of the characteristic of the state-controlled economy that used to exist in the Ukraine and I don't think there's a better example of how that has changed than what we have witnessed with Yenakiieve under Metinvest's management.

They have taken over and have responsibility for two facilities that could produce wire rod. They looked, took a long hard look at their capacity and chose to permanently de-commission uneconomical capacity that had previously existed at Yenakiieve and that removed 350,000 tons, short tons, of capacity, immediately from available capacity in Ukraine and have decided to focus on the more economically focused capacity that they have there, so I think it is a very clear illustration that while that may have these sort of non-economic motives may have characterized the industries capacity decisions in the past, it is quite the opposite now.

COMMISSIONER PINKERT: Thank you. Now Miss Dimitrova, you testified about the cost of shipping to the United States versus the possibly beneficial price and I understand your testimony and I am not questioning that, I'm just wondering if there were price shifts in the U.S. markets sufficient to make it economically advantageous for your company to ship to the United States, how long would it take you to solve the logistically and the marketing problems that would need to be solved in order to ship to the United States?

MS. DIMITROVA: I think that it would require at least two, three months to do marketing and research to find customers. Another two months to get specifications and understand production possibilities, to adjust our productions to customer's requirements, shipments, we have long leap time shipment to U.S. It would take another from production to shipment, it will take another three-four months, so it will take a minimum eight-nine months overall, I would say to start shipments to the U.S.

COMMISSIONER PINKERT: Thank you, but at current pricing levels, you would anticipate no significant amounts of shipments to the United States from your company?

MS. DIMITROVA: We did not ship any single thing to the U.S. market.

COMMISSIONER PINKERT: Right, but assuming that there were, that the order did not exist, would you anticipate significant levels of shipments, at current pricing levels but without the duties?

MS. DIMITROVA: We don't expect at this point it will be high. We expect it will be really small because it you take our production volumes to date, we mainly focus on our home market and our home market takes 35% of volumes. And this is our key priority market. Then we can see the close regional markets and this is Europe and Middle East. Europe and Middle East is our key strategic regions we focus on and we keep market share, we keep relationship with the customers and provided there will be some small support sales or opportunistic sales.

We can count on 3 maybe 5 metric tons, 1000 metric tons per quarter so it is just 2 or 3% of our annual production. I mean this quantity to U.S.

COMMISSIONER PINKERT: Thank you very much. Thank you Mr. Chairman.

CHAIRMAN WILLIAMSON: Thank you Commissioner Pinkert. I'm sorry, Commissioner Johanson.

COMMISSIONER JOHANSON: Thank you Mr. Chairman. This question is for the Deacero witnesses. How big are the markets in Central and South America for steel wire rod?

MR. SERGIO GUTIERREZ: I'm Sergio Gutierrez, Deacero. Obviously they are not as big as the U.S. We talk about South America, we talk about South America, other countries, but Brazil, we don't export to Brazil, okay, so I want to make that clear. The good thing about this is South America, most of the countries that don't make the wire rod and the rest of the countries that make the wire rods, become deficits, okay.

So there is a good opportunity to go there to. We are there, we have been there and we are also there. We cannot divert from let's say South America to the U.S. even if the price in the U.S. is high because it takes too much time and effort to develop a country, to develop the specs of the customer, to develop the customers and we as a global company cannot just go to a country and then disappear because somebody else pays us more. We have to stay in that country, we have to stay with the product for the long run.

So you can feel that we would not divert as the petitioners say we will do, we cannot do.

COMMISSIONER JOHANSON: Go ahead.

MR. EUGENIO GUTIERREZ: Eugenio Gutierrez from Deacero. To follow up on that, these are markets that have specifics in wire rod, Sergio mentioned, and they are growing GDP rates of 3 to 5% and the multiplier effect on the construction center, the agricultural sector and the sectors that we go to through wire rods are growing at more than one times.

So normally they tend to be in the range from 6 to 10%.

COMMISSIONER JOHANSON: What countries are your biggest markets? If that's proprietary don't mentioned it, of course.

MR. EUGENIO GUTIERREZ: I will mention specifically in the post-hearing brief, but I prefer to mention.

COMMISSIONER JOHANSON: All right, I understand. And why are prices higher in Center and South America? I assume that's because of the deficit in production?

MR. SERGIO GUTIERREZ: Wire rod prices varies though the countries and through time. To the countries, because you have to take into account if the demand is growing or not, the competition, the specs, and on time too because if there is other imports, or non-imports, strong.

So it varies, but as a rule of thumb we always try to -- because you can always have a premium for selling domestic.

When we sell in other countries, we don't sell as a spot market, we sell more as a continuous market and we try to put between, in the domestic prices between 5 to 7% higher, you can charge a premium. In Mexico we charge it, in the U.S. you also charge a premium. When we go to those countries we have to be at the price, we can do it and I don't know if that answered the question.

COMMISSIONER JOHANSON: I think it does.

MR. SERGIO GUTIERREZ: But no other times they are more expensive in South American than in the U.S., sometimes it varies, over in Mexico. But even if it is more expensive or less expensive, we all are committed to our customers and to the share of the market that we have and we don't go away because you can't just.

COMMISSIONER JOHANSON: Mr. Gutierrez?

MR. EUGENIO GUTIERREZ: Eugenio Gutierrez from Deacero. We have also free trade agreements with most of South American countries that makes us have preferential duty rates against off-shore sources of imports as well.

COMMISSIONER JOHANSON: Okay, thank you. Daniel Gutierrez?

MR. DANIEL GUTIERREZ: I just want. This is Daniel Gutierrez, I want to add a couple of points to Sergio and Eugenio's point to our sales into Central and South America. We also a global company, as Sergio stated already, we have markets in those countries with our downstream products as well, not only the wire rod.

I mean we are in the agricultural as Eugenio stated already on the agricultural, on the construction sector, on the lawn and garden sector in those markets as well so we have a whole variety of products, portfolio products to offer into those countries, not only the wire rod.

COMMISSIONER JOHANSON: Is 4.75 sold in Mexico as well, is it sold to your clients in Central and South America?

MR. SERGIO GUTIERREZ: Yes, yes we do sell in Mexico. In Central America we have some sales, not as much because it is not well-known, but we are doing a lot of work to get it known and to get the trials and the specs, but we do sell, okay.

COMMISSIONER JOHANSON: Thank you and this question is for all the respondents here today, Ukraine as well as Mexico. Can you all discuss what impact Chinese exports have to your home markets, and also to your third country export markets.

MR. EUGENIO GUTIERREZ: Eugenio Gutierrez from Deacero. Let me start off by saying that most of the wire rod we sell in our home market is for internal transfers, so that is a very captive market. On top of that we also have trade remedy laws that protects us against unfairly traded or injury markets.

One example is the trade remedies on the Columbia. We have a tariff quota, the Chinese do not have a tariff quota, so that is an example that third country markets are as well a source where we are committed to our clients and we are there to stay there so in that way we will if we are protected.

MR. SERGIO GUTIERREZ: Sergio Gutierrez with Deacero. Adding, in Mexico about 6 to 7% of the wire rod used is for the internal transfer of us to our companies that make one of our products from their wire rods, okay, that's as totals -- Mexico, okay?

COMMISSIONER JOHANSON: Okay.

MR. SERGIO GUTIERREZ: It's about two-thirds, so we get hit a little bit by China on the 30% left.

COMMISSIONER JOHANSON: How about, and once again you addressed this, but I may perhaps didn't get it. In the third country markets?

MR. EUGENIO GUTIERREZ: Eugenio Gutierrez, from Deacero. In third country markets, we focus on the finished products as and the wire rod that we sell in third countries, we have a preferential duty treatments against countries such as like China because of the free trade agreements, that makes us have a niche and also we have been in several of these markets, so we will come into the post-hearing brief as specifically which countries, commitment with our customers, so they are here to say.

COMMISSIONER JOHANSON: All right, Mr. Bond?

MR. BOND: Commissioner Johanson, just a figure to give you a sense. In 2013 imports into Mexico of wire rod were about 16,000 tons, so not a particularly large market for Chinese.

COMMISSIONER JOHANSON: That was Chinese product?

MR. BOND: Yes.

COMMISSIONER JOHANSON: Miss Dimitrova, have Ukranian producers been impacted by sales of Chinese product in third country markets?

MR. STOEL: Commissioner Johanson, Jon Stoel I would like to make one point before Miss Dimitrova responds. One is that I did want to respond to petitioner's argument this morning. The Chinese wire rod industry is 160 million tons. Comparing it to any of the producers in front of you today was perhaps, an egregious comment on their behalf.

Secondly there is in fact, an anti-dumping order of wire rod into Europe which we have described as one of our major markets, with that I'll turn it over to Miss

Dimitrova for some additional points.

MS. DIMITROVA: Yeah, thank you for question regarding Chinese competition, actually is recent increase of Chinese quantities of shipments of wire rods, mainly, they are active in Middle East countries, but their weakness is that their lead time is still high and they cannot complete to some customers, the same as we have stronger positions, that's why we still find a way to keep market shares in Middle East countries and to keep selling to this region in stable volumes.

COMMISSIONER JOHANSON: All right, thank you, and Miss Dimitrova while you are speaking, I was wondering. I know with the current political situation in Ukraine has impacted the country in many ways. Has it impacted the ports? From what I understand -

MS. DIMITROVA: No.

COMMISSIONER JOHANSON: No, it has not, okay. So product continues to flow --

MS. DIMITROVA: Shipments of steel going on required speed, no problem at all.

COMMISSIONER JOHANSON: Thank you, my time is about to expire, so I will turn it over to the next Commissioner.

CHAIRMAN WILLIAMSON: Thank you, Commissioner Broadbent.

COMMISSIONER BROADBENT: Yes I want to thank the witnesses for coming and your participation means a lot to us, we really appreciate your coming here. For the Ukrainian witnesses please, you stated in your pre-hearing report on page, let's see, as stated in the pre-hearing report and I think it's 4-48, the sole Moldavian company is owned by your company, Metinvest.

Since you are affiliated with the Moldavian company, is there any information that you can give us about the producing status of this company, including the capacity and production levels in its export partnerships?

MR. LEWIS: Commissioner Broadbent, I apologize, I know you directed this question at Ms. Dimitrova, but if I might respond to that.

COMMISSIONER BROADBENT: Please.

MR. LEWIS: I think we are a little remiss as a panel here in not having addressed this in our pre-hearing brief, but the statement in the staff report that there is common control or ownership of Metinvest and Moldova Steel Works is incorrect, factually incorrect.

COMMISSIONER BROADBENT: Okay.

MR. LEWIS: In fact there is separate ownership, I think the Metinvest Group and this is easily verifiable on the relevant websites, but it is controlled by a completely separate group. There is no common ownership, nor is there any marketing coordination between the two firms, so we have had no involvement with the Moldova Steel Mill for purposes of this investigation as a result, because there is not an affiliation.

COMMISSIONER BROADBENT: So you wouldn't have any information on the capacity or production?

MR. LEWIS: Beyond what would be publicly available to you or anybody else here.

COMMISSIONER BROADBENT: Okay.

MR. LEWIS: And I should mention, by the way, that the source of that information, the misstatement on that fact was as far as I could trace it was a statement that was made in Petitioner's response to the notice of institution that was picked up by the Commission staff, one that we should have probably noticed and responded to but we were not focused on Moldova for the reasons I just mentioned.

COMMISSIONER BROADBENT: No, right, we appreciate the clarification, that's good. Mr. Lewis for your client, I'm not sure who's best to answer this, but can you talk to me about the recent developments in Russia, Russia's aggression there in Ukraine and what impact it's having on the wire rod market in Ukraine?

MS. DIMITROVA: If you take our shipments to Russia, if you take wire rod shipments to Russia, they are really insignificant because in Russia all wire processed in mills are integrated and, steel making producing mills, that's why we have no free market for wire rods in Russia. That's why as I mentioned in my testimony, there is no any threat of current relationship with Russia that can affect our shipments of wire rod to Russia because there is no shipments to this country.

I hope I answered your question.

MR. LEWIS: This is Craig Lewis, if I could just add to that too, because it ties a little bit to the Moldova comment. I am probably being charitable in thinking that this is why petitioners made this error in their responsive notice of institution, but there is a Russian mining and steel making conglomerate that has a very similar name to Metinvest but it is Matalo Invest, not Metinvest, sorry, not Metinvest, I'm catching myself here.

That group Matalo Invest is as I have been able to piece together from public sources is the one that is ultimately controlled by Mr. Alisher Usmonov who was incorrectly designated in petitioner's filing as owning Metinvest and that's a competing group in the sense that it is a Russian group so entirely separate market and industry.

COMMISSIONER BROADBENT: Okay, thank you I appreciate the clarification. And then just to follow up and add a little bit more. Given the friction over there at this point, what's going on with the wire rod market in Ukraine itself? Demand for wire rod in Ukraine?

MS. DIMITROVA: See, according to statistics, it was showed, even the gross, 10% gross, if you take consumption of wire rods in first quarter of 2014 compared to the corresponding period of previous year, this was stimulated also by some seasonal demand, inspired for political instability as well as a growing trend experienced in the market. Definitely there will be some adjustment, seasonable and due to political effect but we don't expect the consumption will drop, according to base scenario being expected, consumption of wire rods in Ukraine will be at the level of last year because we know that the potential of steel consumption in the Ukraine is still high because the level of consumption, steel consumption in Ukraine is one of the lowest in Europe and it has great potential to grow.

COMMISSIONER BROADBENT: Okay, thank you.

MR LEWIS: Thank you Commissioner, if I might add, because we discussed this point yesterday but I just want to add one other point which is that as we know wire rod is an intermediate product, so it is used in manufacturing wire and the other downstream products and what I understand from the discussions yesterday is that the re-opening or opening of European Union markets is stimulating demands for these downstream products that are being produced in the Ukraine which in turn has created a bump in demand in Ukraine at least in the short term, perhaps surprisingly but it has.

COMMISSIONER BROADBENT: Right, could you talk a little bit more detail about how the European Union trade treatment has changed the market from now verses in the original investigation, what the difference is in the tariff, for example. It's duty free as I understand it now, but what it was in the original investigation?

MR. LEWIS: Well I can begin and then I will invite Ms. Dimitrova to join in. My understanding is that until Ukraine joined the WTO which was a couple of years ago, 2008, actually the European Union had a quota system for imports from the Ukraine. Those were removed with Ukraine's succession to the WTO so that was one quite significant liberalization.

I think at the same time, because I believe it's because of the zero-for-zero tariff agreements generally, that also resulted in a reduction, you know zero duty rates to the EU so that's both quotas and duties are gone as compared to the time period of the original investigation.

COMMISSIONER BROADBENT: And is there anything that has happened recently in the trade treatment of Ukraine exports to the EU?

MR. LEWIS: There was an announcement that a comprehensive package of tariff reductions, I think it was only within the last week or two from the EU. The duties were already zero that wasn't a direct impact, although and it's something that we we really were starting to talk about yesterday is that, that may be having an impact on these downstream industries that we were talking about, in other words, stimulating demand within Ukraine by the wire rod consuming companies, which in term should be stimulating demand for wire rod.

COMMISSIONER BROADBENT: Okay and then wouldn't, I understand that they are talking about contemplating a free trade agreement, deep and something free trade agreement with the European Union, what would that entail? What would your understanding be that they would be thinking about? Would there be any other changes in your sector that might be contemplated, or there's probably not much more than they can do.

MR. LEWIS: I think unless Miss Dimitrova has any details to add that might be something we would be better off addressing post-hearing with the more specific --

COMMISSIONER BROADBENT: Yes, that would be very helpful. Thank you. Let's see. This is just for either of the counsels, is there anything you feel that the Commission should take away from the experience that we had from imports from Canada when the order was revoked in the first review? Is there anything we can learn from that or extrapolate to this investigation?

MR. CAMPBELL: This is Jay Campbell with White and Case, honestly I would have to take a look at that, I haven't really studied that information but it appeared, I mean it also came as a different industry so it's hard to necessarily compare, but I think it's safe to say that U.S. producers aren't making any arguments that they are being harmed by Canadian imports, so I think it's safe to say that that order was revoked, Canada was decumulated and the order was revoked and it didn't result in any material harm to the U.S. producers.

And the same way we argued the same is true for Mexico.

COMMISSIONER BROADBENT: Thank you very much.

MR. LEWIS: Commissioner Broadbent if I could.

COMMISSIONER BROADBENT: Yes.

MR. LEWIS: Sorry, just quickly add to that. It's not precisely your question but I did want to mention in connection, well first of all I agree with the comments just made but in connection with Canada, I think it's worth pointing out that Ukraine has not been exporting wire rod to Canada and is not subject to any anti-dumping measures or allegations of unfair pricing in that country, and considering its geography and similarities and it has a wire rod industry, I think that's a fairly compelling test case for the allegations petitioners have made here.

COMMISSIONER BROADBENT: Okay, thank you very much.

CHAIRMAN WILLIAMSON: Okay, thank you, Commissioner Kieff.

COMMISSIONER KIEFF: Thank you everyone, I join my colleagues in extending our appreciation to counsel and witnesses for traveling and participating. It's very helpful. Just one benefit of going last is you get to just build on prior questions, so if I could jump right in, Mr. Bond, you had pointed out, an impression you had that I think others were sharing, which was that 4.75 was in effect an innovation recent to the current case.

And could you just say a little bit more about how it is not that and what significance there is to this case of that different understanding?

MR. BOND: I'm not sure that there is an important legal point to be made based on the distinction. I heard petitioner's counsel throwing around the word scheme and various other pejorative, you know, words this morning to characterize Deacero's behavior and I think it's important in connection with that impression, to understand that the product is not something that we created.

It was something that was in the market long before the original investigation.

COMMISSIONER KIEFF: Okay, so in effect you are reminding us of that so that we are not, so that there's no bad flavor and to rebut in effect, an argument. But there is otherwise, no added significance to it?

MR. BOND: I think the significance is that it is an important viable, commercially relevant product, that certainly customers want that certain producers developed long before Deacero was involved which supports the argument that we are making that if the order were to be revoked, that we would focus heavily on this product, because it is a unique product that we are one of the few producers of that has a demand in the United States Market.

COMMISSIONER KIEFF: Okay, so then on that, do you take a position or that the 4.75 is within the scope of the current proceeding or not within the scope?

MR. BOND: Our position has been and continues to be that it should not be within the scope of the investigation. We argued vigorously before the Commerce Department that this was not a minor alteration and that it was not within the scope. The petitioners chose 5.0 as the break-off and we assume that they understood what 4.75 was in relation to 5 and they excluded it for a reason. The Commerce Department disagreed. The CIT to this point has agreed with us and has reversed the case. We don't know where it is going to play out or how it is going to turn out, so.

Our view continues to be that it should not be within the scope of the investigation.

COMMISSIONER KIEFF: And to press just a little bit further and I recognize that others want to weigh in and everyone is welcome to weigh in by the way of the post-hearing and I also hope that in effect that time limits here are helpful to you and giving you a sense of what is on our mind so that you have tons of time later to give us in writing whatever is on your mind.

So I hope that that's helpful to you, that I am moving quickly, not precluding, quite the opposite. I really look forward to information you will provide.

So let me just press along a little bit further then. In a kind of a crass commercial sense, it sounds to me like the kind of argument with respect to Mexico being made this afternoon is in effect, gosh no need to lift the order, sorry -- no need for the order, because after all we are going to stay in our 4.75 lane. We are not going to move out of that lane.

And I guess the question is then why care?

MR. CAMPBELL: If I may Commissioner. First of all Deacero's testimony and position is that you know because 4.75 is a product that U.S. customers want and it gives them some advantages and the fact that U.S. producers don't offer it, they see a business opportunity, that's the same business opportunity they had over 2009 through 2011 and that's why 4.75 would be their focus in the U.S. market to substitute for 5.5 and offers a lot of advantages and most producers don't supply it, so obviously it's a good business opportunity for them.

That's not to say that they are not representing today that they won't ship any 5.5 but the focus is going to be 4.75 and we would say all right we heard 4.75 would be most of their exports.

COMMISSIONER KIEFF: In other words, you are saying in effect, not only are you not making that argument, you don't even have to make that argument in order to win.

MR. CAMPBELL: We don't have to make that argument and also 4.75, our argument is look, even if 4.75 is considered subject, it is still under litigation, it is still under doubt. You have affirmative evidence on the record what happened when Deacero was shipping 4.75 to U.S. market without the constraints of the dumping order there was absolutely no material harm, no harm, to the U.S. industry and you have it on the basis of that information, you should revoke.

And really quickly I just have to point out.

U.S. producers have zero credibility on the 4.75 issue and here's why. Today U.S. producer's representatives testified two things, one the difference in diameter from 5.5 to 4.75 millimeters is significant. They also testified it would be difficult and costly to produce 4.75. In other words, they are telling you 4.75 is a significant alteration from subject merchandise, that is completely the opposite of what they argued to the Department of Commerce in the circumvention case which is that 4.75 is a minor alternation.

I really wish they had been this candid as they were today with the Department of Commerce.

COMMISSIONER KIEFF: Okay, let me if I could then, pivot to the Ukraine question. Do -- can you tell us either now or in the post-hearing how imports from Ukraine were sold into the U.S. market during the original period and how things have changed since then? Just in a nutshell now and then later with detail in the brief.

MS. DIMITROVA: If you refer to the period when investigation was started and we have 1999 the year when all the steel mills seemed to -- they were all affected sales through trading companies, it was like crazy sales without understanding the cost of, and understanding of markets, original it was declared to one country and then switched to another. What is the picture of a bust?

Now as I mentioned in my testimony, mills, producing mills changed, shifted or filed to economic driven companies and they understand markets, they understand customers and sells to customer.

And in our post-hearing we can explain in more details.

COMMISSIONER KIEFF:   Okay.

MR. STOEL:   Commissioner Kieff, sorry this is Jonathan Stoel, I want to add one point to Miss Dimitrova's testimony which is, one key factor here that was discussed this morning and we let it out in our testimony is the role of ArcelorMittal and we talked about that a bit earlier that there really is, as the record reflect, basically two producers in Ukraine.

I just want to be clear about our position which is it is very similar to what the Commission examined in hot rolled and Chairman Williamson and Commissioner Pinkert, in particular, will remember that well.  But basically we are arguing that they should be excluded from domestic industry when they are already in about a significant economic factor, the statute directs the Commission to consider and in that case, grant it was a different product, but the Commission decided not to basically, to conduct different analysis of the industry.

One with ArcelorMittal and one without and that is exactly what we are asking for here Commissioner.

COMMISSIONER KIEFF: That's very helpful, because, if I get the gist of the cumulation arguments, they at least hang to some significant degree on affiliated entities like Arcelor. And those affiliations that exist today existed during the last review and so in the post-hearing if you could just explain either why, whether that is a fly in the ointment for the reasoning you would like us to follow today, if so, explain it away.

If not, explain it away, just help connect those dots in a -- and this is a, largely a legal question but if you could just connect those in the post hearing that would be helpful and then the last request for the post-hearing and then I'll be done for the afternoon if that helps, is if you could also just be clear, is anyone this afternoon, making a full negative argument rather than a decumulation argument?

And if so, please say some more about that in the post-hearing so that we don't lose track of it if you want us to keep track of it. Great, thank you very much.

CHAIRMAN WILLIAMSON: Thank you. I want to ask a couple of questions on decumulation and I"m not sure if they are quite the same questions as Commissioner Kieff or not but I"m going to ask them.

At least with Deacero, the argument with the on-going anti-circumvention litigation is a condition of competition that supports decumulation from Mexico, however the analysis is whether upon revocation, Mexican wire rod is likely to compete under different conditions of competition than wire rods from other countries.

Can you explain how the litigation supports decumulation under that analysis?

MR. CAMPBELL: This is Jay Campbell with White & Case. First of all in decumulation, and it"s clear from all the questions that have been asked today, both to the U.S. producer"s panel and the respondent"s panel that 4.75 is a significant issue. It"s a big issue. It"s also an issue that"s limited to Mexico. This means that Mexico should be decumulated.

In terms of the different conditions of competition, Deacero is the most relevant exporter from Mexico for purposes of your analysis. We have discussed that in our brief and today I will go into more detail at the post hearing and as the Deacero representatives have testified today, if the order is revoked, 4.75 is going to be the focus in the U.S. market because it offers advantages to U.S. end users over 5.5 the most common diameter sold in the U.S. market and U.S. producers don"t supply it, there"s a business opportunity here.

That means that Mexico, the Mexican industry would likely compete under different conditions and competition, than the other subject industries because the other subject industries don"t offer 4.75. With respect to the litigation, you know the standards with decumulation -- really the standard is on the sunset review, the Commission has the discretion to cumulate.

So in a sense your default is not to cumulate. Aside from the conditions of competition which I have just addressed, the different conditions of competition that the Mexican industry would I guess, take advantage of in the U.S. market if the order is revoked.

In our minds the litigation is definitely relevant because if you don"t decumulate Mexico then just for the 4.75 issue, it"s big and it is going to affect all the subject countries. So suddenly whatever your determination is, you cumulate it, say it is affirmative, whether it is affirmative or negative on the cumulative basis, that means that the orders on the five other countries, other than Mexico are going to be tied up with this 4.75 millimeter wire rod litigation and I don"t see any statutory prohibition on the Commission"s ability to consider that.

It strikes us as very significant.

CHAIRMAN WILLIAMSON: Are you saying the whole argument was going to be pinned on what ultimately happens in the courts on this 4.75?

MR. CAMPBELL: No sir, what we are saying is it is something additional to take into account. The primary argument is that the Mexican industry would compete under significantly different conditions of competition and the other subject industries, because Mexico alone has the ability to sell 4.75.

Product mix is an issue, is a factor that the commission takes into account when it determines whether or not to decumulate it. That"s the basis for which the Commission decumulated Canada in the first sunset review.

In addition to that and other factors the Commission has considered are whether one country, one subject industry maintained a presence in the U.S. market. Another differences in the conditions of competition and we have argued that Mexico alone has maintained a presence and Mexico, because of its, the logistical advantages, which are non-price advantages for a purchaser to import wire rod from Mexico as opposed to off-shore sources, all the other subject countries that are off-shore, these are other factors that demonstrate that the Mexican industry would likely compete under significant conditions of competition in the U.S. market.

The cumulation argument does not hang on the litigation, but certainly the litigation is significant and there is no reason for the Commissioners not to take that into account. The choice is make a cumulative decision that is going to subject all six countries to -- the scope of the litigations is going to affect all six orders, or decumulate Mexico and properly limit that scope issue and the litigation issue to Mexico.

CHAIRMAN WILLIAMSON: It seems like in order to do decumulate, you would have to have some idea. How separate is the 4.75? The petitioners this morning, basically it"s a substitute, a lot of users can use 4.75 or 5.5 depending what is cheaper and I don"t think we have any data or any analysis to show that the market that"s exclusively 4.75 is X and the market that may be 4.75 to 5.5 is Y, what"s the basis --

MR.CHAMPBELL: Actually Chairman, we are not arguing that there is a separate margin for 4.75. To the contrary, we are arguing that we agree with the U.S. producers that 4.75 is the subject, but the fact of the matter is and I should ask our purchaser/witnesses today to elaborate, but if you are a U.S. purchaser and you have the choice between 4.75 and 5.5 and those prices are equal, you are going to choose 4.75, many of them, most of them would choose 4.75.

If you have 5.5 what is that? That"s a 2.1/8 inch diameter. 4.75 is .187 inch diameter. 5.5 is the most common size diameter in the U.S. market, 4.75 is a substitute and 4.75 can substitute for 5.5 millimeter wire rod for any wire gauge where you are drawing down below .187 inch.

Mexico, and that gives significant cost advantages, the advantages in quality, some producers as Chuck Spittler testified today of Cavert Wire, with 4.75 they have the ability to draw down to finer gauge. Gauges of wire that they can"t draw down to using their current machinery, using 5.5, so the point is that 4.75 offers significant benefits which is the whole reason that Deacero is going to focus on it and it gives them a competitive edge, it gives them something different, the other subject industries don"t have and it means the subject imports from Mexico would likely compete under different conditions and competition and by the way it might turn out that 4.75 is non-subject which means that material injury by reason of subject imports from Mexico are even less likely.

MR. EUGENIO GUTIERREZ: Eugenio Gutierrez from Deacero. I can talk about foresight in wire rod that we are consuming with our affiliates and we are a steel producing, and consuming it in our affiliates internal transfers because some of the cost benefits and the technical benefits, I can pass over to Charles Spittler, but as he stated in his testimony about those costs and technical benefits, that draw in 4.75 as.

As for Deacero we have less processes which have a cost advantage and overall the -- it used to be more expensive to manufacture 4.75 wire but now that we know how to do it, we have lowered the cost of production and overall when we draw it as well, we are better off consuming the 4.75 rather than the 5.5.

CHAIRMAN WILLIAMSON: You are repeating what you testified to earlier or is --

MR. SPLITTLER: When using the 4.75 as you, the more passes that you make, the more --

CHAIRMAN WILLIAMSON: No, I understand that, that was already explained. So I"m just trying -- what I"m trying to do is figure out, yeah the trade-offs, and I"m just not sure and there is conflicting evidence about how significant those trade-offs, how much weight we should give to those trade-offs. Because I"m assuming that you have a customer that is now using 5.5, yeah maybe if he puts a new line of equipment or cuts out a couple of stages, he is better off but that is an investment to make that shift.

MR. CAMPBELL: Chairman, I would also direct you to, there is an exhibit in our pre-hearing brief that contains declarations, signed declarations from U.S. purchasers that describe in detail all the benefits that they have received in terms of lower production costs, better quality of wire products, that they received from using 4.75 millimeter wire rod and I would encourage you to take a look at those declarations.

CHAIRMAN WILLIAMSON: Okay, thank you, because that"s going to be, there"s a balance here. I have, I was going to go to a question about cumulation, Ukraine, that, I have to come back later.

Mr. Stoel you had argued that, you mentioned a whole bunch of price increases that you had heard about but you didn"t address the petitioner"s argument that you know, price increases can be announced, that doesn"t mean they are going to stick.

MR. STOEL: Yes, Jonathan Stoel Chairman Williamson. Yes, obviously there is a question of whether price increases will stick. I think the key -- that the Commissioners looked at historically has been the, you know, cost price ratio.

As I said in my testimony, I think the key facts here in this review is that Petitioners have been claiming that you know, there"s a price-cost squeeze and that"s what"s hurting them, but the fact is that their price increases, Commissioner, are keeping up with their increasing costs and you could actually see it, the most recent year of this review, their ratio was actually lower than in the year of the last review.

It suggests again that they are in fact able to push through price increases and I know the red light is on but I will also point out Commissioner and Chairman and Commissioners, that actually their total sales values are significantly higher during this review which suggests that they are in fact reaping significantly higher prices on their product.

So I think that calls into question some of the statements you heard this morning. And I would point out, we will submit for the record these articles that show that they have in fact, again increased their prices so even as the Commission is considering this case, they are continuing to raise prices.

CHAIRMAN WILLIAMSON: Thank you for that answer. Mr. Pinkert.

COMMISSIONER PINKERT: Thank you Mr. Chairman. I just have a couple of follow-up questions for Deacero. First of all, I"m just considering for purposes of this question a subset of the reasons that you give for not cumulating Mexico with the other countries.

The reasons I am focused on here are proximity and market presence in the United States and I"m wondering whether it would be somewhat perverse to not cumulate on the basis of those reasons, at least in part when those reasons seem to favor going affirmative with respect to the country that has that experience.

MR. CAMPBELL: Commissioner, well we would argue that you should take it one step at a time. First look at the decumulation issue, it"s well established under Commission precedent that subject imports from one country maintained a presence, that that"s a fact in the U.S. market compared to other subject countries, that"s a factor you consider in deciding whether or not or that weighs in favor of decumulating that country.

In addition, of course the proximity, yes, Mexico has -- the Mexican industry has advantages over all the off-shore sources of imports. Those are non-price advantages and they do mean that Mexican imports would compete under significantly different conditions of competition than the other subject countries so I understand your point, but the first, the initial step is those factors, whether you think those factors weigh in favor of an affirmative decision or not, they weigh in favor of decumulation.

So now Mexico is decumulated and we would submit that the record contains the affirmative evidence Deacero has experienced shipping 4.75 millimeter wire rod to the U.S. market in 2009-2011, gives you affirmative evidence of what would happen if the order on Mexico is revoked.

And if you look at the data, you know we have heard from representatives from Gerdau and Nucor, the question was posed, "were you harmed by the 4.75 imports?" And they testified that well, you know, we lost some sales, every time we don"t sell a wire rod is an injury. Well presumably, they lose tonnage to each other all the time, but they are not arguing that you know, they are materially injured by each other.

The standard is material injury - and forget the anecdotes you heard this morning from U.S. producers, actually I think they were limited to Gerdau and Nucor"s representatives, but look at the hard evidence. Look at the data on the record, look at the data the U.S. producers performance from 2009 through 2011. Look at prices, the prices, the U.S. producers prices for each product increased from 2009 through 2011.

There is no significant price depression. The U.S. industry"s cost to net sales ratio decreased from 2009 to 2011. There is no significant price suppression. In addition to that, the U.S. industries, all the key performance indicators, gross profits, operating margin, capacity utilization. They are doing really well as subject imports, excuse me, 4.75 imports from Mexico were being shipped to the U.S. market without the discipline of a dumping order.

So where is your affirmative evidence of any harm that demonstrates to you that material injury would be likely if the Mexican order is revoked? It is not there. In fact, it is the opposite. There is no correlation, there was no adverse impact on the U.S. industry and that is affirmative evidence why the order on Mexico should be revoked.

COMMISSIONER PINKERT: Well, I think you may have answered my next question as well in answering that one, but I want to highlight a specific tension I see that you might be able to respond to. In your analysis of adverse price effects with respect to the 4.75 mm and specifically I think I have heard today and maybe I"m wrong but I think I have heard today that the 4.75 mm product is substitutable for other subject merchandise and also I have heard about the underselling and so what I am wondering is to the extent, and you can disagree with the assumption here, but to the extent that we have a high degree of substitutability and a significant amount of underselling, can we infer adverse price effects from that?

MR. CAMPBELL: Commissioner, and the answer is no. Because for one thing the underselling can be explained and the Deacero"s representatives testified to this today and so did Bill Heileg, from G3.

For one thing, domestic wire rod does command a premium over imports. It commands a price premium over

Mexican wire rod, and it commands an even larger price premium over wire rod imported from off-shore sources because it is more difficult, logistically, to purchase those imports, so that"s --

And in addition to that, 4.75 is a size that Deacero had not sold before the use market, in fact 4.75 millimeter wire rod is the first wire rod Deacero sold in the U.S. market. They did not sell to the U.S. during the original POI and a lot of customers were trying out 4.75 for the first time and any time, and I should ask Daniel Gutierrez, to provide a little more detail about this, but it is not necessarily easy for a U.S. purchaser to suddenly switch to 4.75. They have to make some adjustments in their production drawing operations to accommodate 4.75, it takes time to test the product and qualify the product, so naturally Deacero has they testified, had to offer another additional discount to get U.S. producers to try the product and test it and use it, so those would be two reasons why you would see underselling doing the POI.

But the larger point is, even if you find that hmm looking at 2009 through 2011, I think there was significant underselling, where is the effect? Where is the significant price depression? And what was the significant price suppression? And if you look at the U.S. industries prices for the products from 2009-2011 and the

U.S. industries, cost to net sales ratio from 2009 to 2011, you don"t see any significant price depression or price suppression so on that basis, the conclusion should be that wire rod from Mexico was sold without the discipline of a dumping order from 2009-2011.

It had no significant adverse price effects, that"s affirmative evidence. I don"t know how you ignore that evidence and reach a contrary conclusion and you decide, "well I"m going to ignore that, I"m going to discount it". I"m concerned and I think if the order on Mexico is revoked, something different from what we have observed, what we actually observed in the period POR is going to happen.

To me that"s not likelihood.

COMMISSIONER PINKERT: Thank you for that answer, I would ask the domestic industry for the post for purposes of the post-hearing to respond specifically to your point about the period from 2009-2011. And with that, I have no further questions for the panel. I appreciate your testimony and I look forward to the post-hearing submission.

CHAIRMAN WILLIAMSON: Thank you, Commissioner Johanson?

COMMISSIONER JOHANSON: Thank you Mr. Chairman and this question is for the Daecero witnesses. Can you all explain now or in a post-hearing brief what exactly is happening with the Saltillo plant, because I"m hearing two different things from when I look at the staff report and I believe the domestic industry"s briefs and what you all have stated today.

And when you all address it in your brief, I believe it"s just in the footnotes, there is not a whole lot of meat there.

MR. SERGIO GUTIERREZ: I"m Sergio Gutierrez from Deacero. In the Saltillo area we have two plants, one is called Saltillo and one is called Ramos, they are within four kilometers, four miles, okay in the same area okay? The Ramos is the newest plant okay? And that is just dedicated to merchant bars and high beams and they cannot make wire rod.

The other one is Saltillo and is our oldest mill. It is the first mill that we installed, okay, and that makes only wire rod. We have plans, and I know -- in Saltillo we have plans and we have a project, okay to convert that to SBQ"s, a special barbed qualities.

SBQ"s from Mexico because of the growing of the automobile industry. Right now Mexico is importing about 700,000 tons a year of bars, specialty bars, SBQ"s because there is no production in Mexico. So we want to convert that mill to SBQ"s okay. What you need to convert, you need to put more equipment, you want to convert the mill to 100%

SBQ"s, we need around 120 million dollars, but we will not convert right away to 100% SBQ"s or we do it gradually, okay and gradually will make SBQ"s and gradually all have less capacity in wire rod.

The reason we do it gradually is because of two things, one it is to learn about the SBQ"s because we are not in that business right now, so we have to do it slowly, okay and that project is available for any of you to see if, if you want us to present the total project that is a reality, we are willing to do so.

MR. EUGENIO GUTIERREZ: Eugenio Gutierrez from Deacero and of course we invite the Commission to visit any of our facilities and Mexico is getting nicer every day so you are more than welcome and even the petitioners to visit our facilities.

COMMISSIONER JOHANSON: I"ve been to Saltillo but it"s been a long time ago, I did like it there but that was before I was out of school, so I had no idea I would be here today talking about wire production in Saltillo, but if you can address this further in your post-hearing brief because what I am reading, I"m hearing two very different discussions regarding what is happening in Saltillo.

It sounds to me from what you are saying once again that Deacero will conceivably be pulling back on production of steel wire rod.

MR. SERGIO GUTIERREZ: No, understand we are going back, because as said, we have a new mill that we start in January of last year. The new mill in Salya has a half a million tons capacity. The reason we started is because we need more production for our domestic needs, for downstreams because Mexico will be growing, GDP is 4 to 5%, with all these reforms that we have made, it"s basically the energy reform, and we also want to do right now, we don"t do many wire rods, or SBQ"s, we buy it. We buy some rods, we buy because we are not able to produce.

On this new mill we are going to be able to produce SBQ"s, we are going to be able to produce wire rod, okay and also we want to put some of that into the U.S. market. We are interested in the U.S. market because as we say before, we want to be in all Americas, we are not in the wire rod business in the U.S. and we want to be in the U.S. as we are in Central America and South America.

COMMISSIONER JOHANSON: All right, Mr. Campbell.

MR. CAMPBELL: Thank you I just wanted to clarify a couple points, he just made. First of all regarding the half a million ton new capacity that was installed at the Salya mill in January 2013, just to clarify that"s a half a million tons, total rolling capacity, so wire rod and coiled rebar, it"s not a half a million tons just for wire rod, it"s a half a million tons for excuse me, wire rod and coiled rebar and that capacity is already accounted for in the 2013 production capacity figure that Deacero reported in their foreign producers questionnaire response.

And secondly on Saltillo, we definitely will give a more full explanation. I think part of the difficulty is that I believe the media reports, U.S. producers relied upon regarding their allegations regarding Saltillo are bracketed and confidential so we will address those in our post-hearing brief.

COMMISSIONER JOHANSON: All right, and I appreciate it. And my next question is for the Ukrainian witnesses. The petitioners point out that Ukraine has had significant volume shifts from year-to-year and this is at page 49 of the petitioner brief. Does this demonstrate that Ukraine could easily divert shipments to the U.S. market from other markets? Miss Dimitrova?

MS. DIMITROVA: This shift can be also explained that this is based on the rival to the port of destination so if you take our sale, contractual quantities and more or less stable, and again we are mainly focused on the European and Middle East markets, apart from whole markets, so again we don"t see the reason to shift huge volumes to U.S. markets and you aren"t going to bump up shipments to the U.S. markets.

COMMISSIONER JOHANSON: All right thank you for your response, that concludes my questions. I would like to thank you all though for appearing here today, I understand some of you came a long way, Miss Dimitrova did you come all the way from the Ukraine?

MS. DIMITROVA: Yes I did.

COMMISSIONER JOHANSON: Okay, well thank you for being here today. I found your statements very useful, the same for the other witnesses, thanks again.

CHAIRMAN WILLIAMSON: Thank you. Commissioner Broadbent.

COMMISSIONER BROADBENT: Okay this question is for Mr. Guitierrez from Deacero, you guys get to decide who answers. How successful has the North American Steel Trade Committee been for sort of harmonizing steel policies between the United States and Mexico and Canada?

MR. EUGENIO GUTIERREZ: Eugenio Gutierrez from Deacero. It"s been very beneficial because we talk and share a lot of information between industry and government regarding our trading in steel. It is more of an information forum more than a discussion forum about different policies, but it is always comparative and interesting to learn what each country, each industry is doing in each one of the markets on trade.

COMMISSIONER BROADBENT: Okay and I mean I think there was some testimony to the fact that revocation of this order from Mexico may support U.S. manufacturing generally in North America is that correct?

MR. EUGENIO GUTIERREZ: Eugenio Gutierrez from Deacero. We believe that 4.75 is a competitive product that gives a competitive edge to wire drawers in the United States and that we are able to create more jobs in the United States in that way. We also think that 4.75 wire rod and wire rod generally is utilized for internal transfers for our domestic markets and Center and South American markets.

COMMISSIONER BROADBENT: Okay, thank you. I may have missed this but I was trying to get a sense on demand for wire rod in the downstream projects, is demand higher in residential construction or non-residential construction?

MR. EUGENIO GUTIERREZ: Eugenio Guiterrez from Deacero. Let me answer this question two-fold. First of all it has to do with the construction center, residential and non-residential. A lot of our downstream products go into that market. In our home market we are seeing an increase in this, 2013 GDP increased 1%, we are expected to increase 4% by 2014 and with the energy reforms and the new federal government in place we expend expenditures to increase in the infrastructure and construction higher, that"s on the one side.

On the other side there is the energy reform part. It is not only the downstream products that are used in oil and gas but it is also all the infrastructure around the oil wells and gas wells et cetera that are used but, our wire products are used in order to get all the infrastructure going to extract those products.

MR. SERGIO GUTIERREZ: We also have wire that we sell to the industry. We sell wire, different kinds of wire to 80 different sectors, 80 different industries, they are more industry, 1 industry is extreme wire for the mattresses and so on and so on, 80 different. Most of that, they take the wire and they manufacture a finished product which most of the time goes for exports and we are talking about a lot of American companies in Mexico, that we sold those products. That grows faster than the construction area, than construction.

The exports from Mexico are growing at a faster rate than what our GDP is growing domestic. And we also have the products we offer, the agriculture sector which is also grows.

MR. DANIEL GUTIERREZ: This is Daniel Gutierrez, from Deacero. In addition to Sergio"s comments in regards to the Machiladoras, we understand that the Machiladora is a U.S. company that has been manufacturing their finished products in Mexico. So that"s part also of the innovation that Deacero brought with the 4.75 into the U.S. in order to help relieve our current customers in the U.S. to be more competitive against their downstream products, where they compete against off-shore Chinese products and so on. So that"s part of what we think and why we believe that 4.75 rod, it"s a unique product, a specialized product that can help our current customers to be competitive and continue having the employees they have currently.

COMMISSIONER BROADBENT: Great, I got that an answer from every Mr. Gutierrez on the panel, thank you.

Back to this legal question again, the petitions are arguing that the Commission has a legal obligation to treat 4.75 millimeter wire rod as subject merchandise. I just wanted to make sure I understand what your position is. Do we have to treat this as subject or not?

MR. CAMPBELL: Commissioner I would not agree that you are legally bound to treat 4.75 as subject. In fact as you know currently the Department of Commerce remand decision is that 4.75 is non-subject, but we would argue that whether 4.75 is subject or non-subject does not matter. If 4.75 is subject that"s the worst case scenario for us and the hard data on the record, the evidence of Deacero"s sales of 4.75 in the years 2009-2011 without the discipline of a dumping order, without any adverse impact on the U.S. market, demonstrates that revocation of the order on Mexico would not be likely to result in material harm to the U.S. industry, because as Deacero"s testified, they are the relevant exporter from Mexico and they want to continue to focus on selling 4.75 to U.S. market, they are being very candid about that.

There is absolutely no adverse impact on the U.S. industry from their sales during the POR so there is no basis to conclude that there would be a material injury if the order is revoked.

But on top of that, if, as a result of the litigation, it turns out that it is confirmed as we have always believed that 4.75 is non-subject then that means that any likely injury as a result of revoking any likely material injury as a result of revoking the order on Mexico is even less likely, so worst case scenario, treat 4.75 as subject, we win.

Best case scenario, treat 4.75 as non-subject, we win.

COMMISSIONER BROADBENT: Right, but your legal position is we have an option?

MR. CAMPBELL: I guess some post-hearing brief we will take more of a look at that legal question for you.

COMMISSIONER BROADBENT: Okay, thank you. I just had a couple of odds and ends here, hang on one second. What should we consider, if there is an increase in volume what would be significant and what kind of parameters would you put on that? If we revoke the order.

MR. EUGENIO GUTIERREZ: Eugenio Gutierrez of Deacero. So first of all it takes time and development to go and ramp up production on 4.75. I stated that we are consuming some internally but it takes time and effort and development. We have been a responsible player, smart player, the order has been there for 12 years. We are profit driven. By no means do we want to increase imports in such a way.

What we want to do is offer a product such a 4.75 that our customers are asking for to make them more competitive in the U.S. industry.

MR. LEWIS: Commissioner Broadbent, if I might answer, Craig Lewis for Hogan Lovells. This obviously is difficult to put a specific number on what"s the volume that would cause injury, but if I heard correctly from one of the petitioner witnesses this morning, who mentioned that it would have to be a couple of hundred thousand tons, I think that"s really understated.

But nonetheless, speaking with respect to Ukraine, even if every last ton of excess capacity of Yenakiieve was exported tomorrow to the United States, it would be far less than 100,000 tons, much less a couple of hundred thousand tons. Moreoever, there is no evidence that the pricing of those imports would be such as to cause injury so.

MR. STOEL: Commissioner Broadbent, this is Jonathan Stoel, also on behalf of Yanakiieve. I would just add that as I think that we testified with the exodus of Chinese imports from the market, you are talking about 600,000 tons that will no longer be in the market place so that has to be considered in what could be possible causing any injury.

Also to your question earlier about construction and I think we put in our pre-hearing brief, the Wells Fargo study showing that non-residential construction optimism is at an all-time high so I think you have to consider that demand is increasing, and as we talked about, despite the fact that the domestic industry suggests that there is capacity available, I"m kind of taken back to my law school days of ipso facto.

The fact is they keep saying that there is capacity available but there is huge numbers of imports in the marketplace. That suggests that they are not satisfying the demand of the industry. I know that you have heard this morning from Mr. Rosenthal that in fact they can satisfy demand, but I suggest the record before you doesn"t meet that statement.

COMMISSIONER BROADBENT: Okay, I just have one more question. Could I finish and then I"ll be done. On exports from Ukraine could you talk to me about what trends you are seeing in Africa and some of your other global markets where you are shipping, say Senegal and Nigeria?

MS. DIMITROVA: Commissioner you are asking about prospects, yeah? About prospects or markets?

COMMISSIONER BROADBENT: I understand that you did export to Africa, Senegal, Nigeria and other markets and I just wondered what trends you were seeing in your global export markets other than the United States.

MS. DIMITROVA: Are you talking about Africa market, it has great potential to grow and we have plans to develop our presence there. The same -- part of my testimony was devoted to Europe, this is our second priority market and we expect this to recover and continue to grow. There is a tendency for me at least to close to Africa market, also the Middle East market has a lot of capacities and will continue to depend on import and will continue to grow, this is the general trends.

COMMISSIONER BROADBENT: Thank you, that"s my questions.

COMMISSIONER KIEFF: I just join my colleagues in thanking everybody for coming this morning and this afternoon for your testimony and your arguments, we look forward to the post-hearing briefs, thank you very much.

CHAIRMAN WILLIAMSON: Thank you, I just have a few questions. Ms. Dimitrova, you argue that privatization in the Ukraine is a condition of competition that supports decumulation. However, doesn"t privatization make your industry more like industries in other subject countries? For example, Deacero where you absolutely have to depend on innovation as opposed to you know, government direction.

Mr. Lewis, do you want to take that?

MR. LEWIS: Yes, if I might I appreciate a chance maybe to comment more broadly on our cumulation argument. I think the statement was made that we have this argument in large part on affiliations and I don"t think that"s a correct characterization so let me explain what we are saying. And it will answer your question in doing so.

The, our view of cumulation from what we understand of the statute and how the Commission has interpreted it and applied it in past cases is obviously first of all that there is broad discretion. I think the court said back that up. And by saying broad discretion, it means there aren"t really specific standards that have to be met that are spelled out in the statute.

It doesn"t mean that this is well principled to be followed, but it doesn"t mean that you have to be wary of a particular standard that you applied in a previous case that needs to be applied in this case.

So what are the principles that you should be looking at? And I think the way to understand where we are coming from with this and I think it reflects the Commission"s practice, is that the cumulation decision and sunset review is very similar to the cumulation decision that is made in the threat of injury context for original investigations.

Which is to say, and I go back to the quote from the Federal Circuit and the new court case that "while there is obviously an interesting in showing that you were focusing on combined injurious effect, there is also a very important consideration as to whether by cumulating an unlike imports that you may be led to reach conclusions about the likely source of injury that aren"t supported by the facts of a particular country."

In other words, to quote them "unreasonably assigned culpability to imports that are not likely to contribute or to continuation or recurrence in material injury."

In light of that, the arguments that we have laid out I think one of the principal ones that we have laid out is that you need to look at the individual circumstances of each of the countries under consideration and ask yourself what are the conditions in competition that each one faces, and a big part of that is where are they located, what are their natural markets, what are the markets they have been focusing on, because those are the demand and supply conditions that these countries face, which in turn will tell you about where the likely future flows of imports will be going.

And I think examples of where the Commission has appropriately applied this principal include the Commission"s decisions in the hot rolled steel cases where those very considerations led the Commission to decumulate Japan and Brazil.

Looking at what were the regional, taking Japan as an example, what was the regional focus in Japan? And in that situation there were you know, an Asian focus, a long-standing contract and supply relationships that the Japanese producers had with their customers in Asian markets and that contributed very significantly, if not decisively in the Commission"s decision to decumulate Japan.

I would submit to you that the argument we made hopefully clearly enough in our briefs about what we will follow up in our post-hearing is along similar lines, that if you look at Ukraine and where it is situated geographically and you look at its historical development, that it is facing a very different set of supply and demand circumstances than the other subject imports are doing and so that"s key to the argument that we are making.

CHAIRMAN WILLIAMSON: So are you saying the fact that, and it"s a privatized industry now is not a relevant fact?

MR. LEWIS: Well it"s relevant, I don"t think it was really, I may be mistaken here, but I don"t think it was really raised as specifically as cumulation point. I think what we were talking about, the privatization in the industry has relevance to a number of different elements of the Commission"s analysis here, not least of which I think is the pricing data.

You know the petitioners would have you simply assume that they underselling data that you collected in the original investigation is what you should expect to find if the order was lifted and I think that"s demonstratively untrue when you recognize that the companies were state-owned and driven by non-economic objectives back then.

CHAIRMAN WILLIAMSON: And weren"t as concerned about profits?

MR. LEWIS: Yes. But I don"t see that as being, and I invite my colleagues if I am missing the point, but I don"t think that was a principal part of our cumulation argument, it"s a little more you know, conventional frankly, or decumulation argument which is that the conditions of competition that Ukraine faces, by which I mean supply and demand conditions, where they are located, where they have advantages as a seller.

These are the things and again at the end of the day what you are trying to do is tie that to a meaningful conclusion as to where the actual volumes will go and how large those volumes will be and not the least of them being whether the United States, is sort of in that horizon for them and if you look at it from that perspective, I think it"s very clear, hopefully clear in our briefs, that Ukraine is facing very different circumstances, and conditions of competition that we want a separate analysis.

And just one last comment on that because this was brought up as the point about the other countries that did not, whose industries are not fully represented in the data that the Commission has before it, I think I heard from the petitioners this morning, but that is completely irrelevant, and you don"t have to consider that fact, but I don"t agree with that.

First of all you can consider what you think is relevant because the statute doesn"t tie your hands as to what you think is relevant in making your cumulation decision, number one.

But secondly, I think it is important because if you are going to draw conclusions as to who are the culpable imports and where are the imports going to come from, it is important to consider where your data sources are and if you have to draw inferences due to lack of information for certain countries, you really should not in all fairness and even more important than fairness and all accuracy, not attribute assumptions you assigned to countries that didn"t participate to countries that did.

CHAIRMAN WILLIAMSON: Okay, thank you, thank you for that.

Talking about attribution, in the attribution analysis how should be take Chinese imports into account? This is the lawyers for both parties.

MR. CAMPBELL: This is Jay Campbell with White & Case. As we have argued and I think Hogan Lovells has also argued, the China problem is being taken care of to the extent that there is a problem so you know, we would argue that really China should not be considered to be making the U.S. industry be vulnerable, because already the current investigation against China is having an effect, stopping imports of wire rod from China, so the U.S. industry is not vulnerable.

Even in 2013 at the height, with the 600,000 tons of imports, of wire rod from China, the U.S. industry was still profitable and if you go to page 90 of the U.S. producer"s brief, they will spell out in great detail what they would look like without China. That"s the U.S. industry you should be looking at for purposes of the likelihood of injury analysis, it"s a very healthy industry.

CHAIRMAN WILLIAMSON: Thank you.

MR. LEWIS: Commissioner, Chairman Williams, if I could add to that, I think there are two ways to be looking at that. One is you know, what does China mean for the U.S. market and then the other is a question I think that was directed to Miss Dimitrova, what does it mean for producers like the Ukrainian producers in terms of their other markets?

With respect to the first of those, the U.S. market very clearly, China"s left, leaving, if not completely left the U.S. market. As a vulnerability factor, that"s an anti-vulnerability factor. That"s a positive factor in terms of the foreseeable future for the U.S. industry. That"s close to over 600,000 tons of imports that are gone and that are open for the U.S. industry to take, so that"s a positive in terms of future condition of the industry.

And in terms of the other markets, I would draw your attention, as Miss Dimitrova testified to, an extremely important market for Yenakiieve and Ukranian producers and will only be growing as an importance given the late political events that are developing and if I read the chart correctly from petitioners, I think there were 49 tons of Chinese product. There is a dumping order on Chinese wire rod in Europe so it"s not an issue for European markets and I believe Miss Dimitrova spoke a short while ago about the other markets in Africa where likewise, Chinese imports have not been a significant threat because they have actually had some disadvantages in terms of their marketability in those markets.

CHAIRMAN WILLIAMSON: Okay, thank you for those answers. I have no further questions. Do any of the Commissioners have questions for this panel?

Does staff have any questions for this panel?

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

CHAIRMAN WILLIAMSON: Okay, thank you. Do petitioners have any questions of this panel?

MR. ROSENTHAL: Yes, Mr. Chairman just a few. I have got a question for Mr. Heileg, you had testified that after the anti-dumping order was extended to cover the 4.75 or at least the circumvention finding was made, you stopped selling or buying the 4.75 product. You mentioned Ivaco of Canada, why did you not purchase from Ivaco?

MR. HEILEG: My two business partners came out of Ivaco Rolling Mills of Canada and we have not been able to basically come to a commercial agreement with them. Does that answer your question?

MR. ROSENTHAL: Not really, does that have something to do with the reason you weren"t able to come to a commercial agreement with them?

MR. HEILEG: No, they have actually said that they are not willing to sell G3 Steel Group.

MR. ROSENTHAL: Okay thank you. Mr. Spittler, a similar question for you. You testified to all the advantages of the 4.75 and why you think it"s a great product. You also testified that after the Commerce Department decided that there was circumvention, you stopped buying the 4.75 from Deacero and you switched back to buying 5.5, if the 4.75 has all the advantages you describe, why didn"t you simply continue buying that from Deacero and pay the dumping duties which are not 12%?

MR. SPITTLER: I was not offered that option.

MR. ROSENTHAL: Did you think the 12.75 is worth a 12% premium over the price you were paying for it?

MR. SPITTLER: Again I was not offered that option.

MR. ROSENTHAL: Instead, I gather you switched from Deacero to purchasing from China a 5.5 product, is that correct?

MR SPITTLER: No, that is incorrect, at the time I was buying from domestic.

MR. ROSENTHAL: Okay, your testimony says you are now buying imported rod from China, I would flip that between domestic and imports. Okay and it is 5.5 and not 4.75 you are buying from china?

MR. SPITTLER: Yes that is correct.

MR. ROSENTHAL: Okay, thank you. No further questions.

CHAIRMAN WILLIAMSON: Thank you. Okay it"s time for closing statements. Let"s see, petitioners have six minutes direct and five minutes closing for a total of eleven minutes, and those opposed to the continuation have three minutes direct and five for closing for a total of eight minutes and as customary, we will combine those times.

So I want to thank this panel very much for their testimony. Okay, the petitioners have nine minutes not eleven. Okay, good, but I want to thank this panel for the testimony and some of you have come a very long way so we really appreciate your testimony this afternoon and you can take your seats and then we will have our closing statements, thank you.

MR. PICKARD: Good afternoon, Mr. Chairman, Commissioners, again for the record I'm Dan Pickard from Wiley Rein. I would like to make just a couple of quick comments and then turn it over to my colleague, Mr. Rosenthal.

So first as always, thank you for your attention today for a long hearing day. And thanks to the staff for their good work, as usual.

So I think may be six quick points if I could. First something we haven't talked a whole lot about today but I think is of some importance, is the majority of subject producers haven't shown up. A majority of subject countries haven't shown up and I think it"s important for the Commission to continue not to incentivize refusal not to cooperate by rewarding nine cooperative countries in these type of investigations.

Secondly, which follows very closely. Ukraine and Mexico have shown up and they have clearly demonstrated how motivated and how interested they are in getting out from underneath this anti-dumping order.

The third point -- I would echo Ms. Cannon's comments from this morning. At the end of the day this is the story about excess capacity. Arguably excess capacity and attractive U.S. prices -- it is clearly documented that there is massive subject excess capacity and through objective, credible sources that there are significant price differentials in the United States as compared to the other major arguments. SBB just being one of those credible sources.

I would also suggest very quickly that more has stayed the same than changed in this investigation. Wire rod is still produced the same way, wire rod is still going to the same end uses. Wire rod, there is still massive excess capacity. Wire rod is sold primarily on the basis of price.

What I would like to talk about just very briefly is the 4.75 issue and I think I would frame it slightly differently than some of the things that we have heard today in that I believe the 4.75 has a large component of being a red heron. I am not saying it is unimportant, it was important enough for the United States industry to believe that it was an intentional circumvention, to file an anti-circumvention petition.

There have been a lot of bold assertions essentially that the 4.75 had no negative impact on the domestic industry. I would suggest that you know it had negative impact and that it was having price effects and the domestic industry was losing sales in large part by the fact that they filed an anti-circumvention petition.

But there are open questions. 4.75 might be out of scope after the litigation is over. There are facts in dispute. Probably the most important thing that I think what I would suggest that the Commission take away from 4.75 issue is it demonstrates the Mexican producers' interest in the U.S. market, that's undeniable.

They conceded this afternoon that it was sold at a discount in the United States, and I would suggest that there is a logical disconnect between a premium product that was allegedly requested by their customers and the need to sell that premium product, specifically requested by customers at a discount.

But again, regardless of what motivated the under-selling and regardless of if it's in or out, it demonstrates a high level of interest in this marketplace and I think we heard similar stories from the Ukrainian witness and if I misunderstood, my apologies, but what I think I heard the witness say was if U.S. prices were attractive enough to offset transportation costs, that they would be motivated to be in the U.S. industry and that the ports are open and that political turmoil hasn't led to unrest and that's obviously natural and logical.

There is a lot of capacity that needs a place to go, with that I turn it over to Mr. Rosenthal.

MR. ROSENTHAL: Without repeating much of what Mr. Pickard had to say about the 4.75 issue, I do believe that we spent more time on it than it's worth today and it's not your fault, we raised it, it's an obvious issue not because it matters for this proceeding what the court decides. Whether the court decides its circumvention or not is not the key here as Mr. Pickard says, it does demonstrate the Mexicans interest in this market and it does show the premise of price as the way that product gets in here.

It shows as admitted by counsel and the witnesses for Deacero that the 4.75 product is a direct substitute for the 5.5 product and by the way you heard from counsel for Deacero that they would not commit or suggest that they wouldn't sell 5.5 product in the United States if the order were revoked.

I'm not suggesting this is a deliberate sleight-of-hand, but we have been having our focus here on the pinky of the hand of the Mexican exports, but all the other products that they produce in great quantities, with a great deal of over-capacity are what we are concerned about, not just the 4.75. So let us not lose sight of that.

I want to also turn to an argument made by counsel for the Mexicans claiming that somehow Canada and Mexico were similarly situated and because Canada was excluded from the scope of the sunset, they were excluded from the orders last time, that same thing should happen with Mexico.

Please take a look at that and we will brief this post-hearing but the facts and circumstances concerning Canada were totally different than the ones presented for Mexico in this sunset review. The Canadians were over-selling in the majority of instances in the previous reviews. The Canadians were not taking sales away and depressing prices the way the Mexicans have in the past and have continued to do, even through this review have you have seen with their 81% under-selling instances.

The Canadians were not being price disrupters in this market. They were a stable force if anything, as least as found by the Commission. So we will brief this further, as I've said, but there is no comparison between Mexico and Canada based on the record you have before you.

Quickly I want to turn to the Ukraine and I want to first echo Mr. Ashby's expression of sympathy for the people of the Ukraine and what they are going through, it"s a very, very difficult situation. I also want to reiterate Mr. Price's testimony earlier about -- suggesting that the Commission can't speculate what's going to happen. So if you put speculation and sympathy aside you need to focus on a few core facts here.

One is the home market in the Ukraine is only 35% of the sales of the producer we heard from today. The Ukrainian producer says it won't ship large volumes to the U.S. in the event of revocation because it is focused on export shipments to its nearly European market but the global trade atlas data in the staff report show that the Ukranian exports, there are three large European markets, fell by 45% in the 2010-2013 period and Ukraine exports to the world overall fell by 27% or 531,000 tons over the same period.

This decline in volume could immediately be redirected to the U.S. market and would greatly exceed volumes at the time of the original investigation. All these data are public. We know also about the excessive capacity there and the only way they sell in the U.S. or elsewhere is based on price. So we remind you once again, that the factors that the respondents claim suggest a basis for decumulation have no basis whatsoever.

Miss Cannon made that clear, we have that in our briefs and will reiterate it in our post-hearing bring, but whether you look at these imports, or the subject imports individually, or collectively, there is no basis for revocation of any of the orders and we urge you to continue all of them.

On behalf of Mr. Sanderson, the Steel Workers and the companies here, thank you very much for your time.

CHAIRMAN WILLIAMSON: Thank you. Mr. Campbell, Mr. Lewis you may begin when you are ready.

MR. LEWIS: Thank you very much and for the record again, Craig Lewis with Hogan Lovells on behalf of the Ukrainian producer Yenakiieve Iron and Steel Works. First of all thank you very much, I know it"s a long day and I appreciate your endurance as well as that of the staff and I will keep this brief, just a few points in conclusion.

First, I hope it was clear from the testimony today that conditions in the Ukraine industry have changed entirely. You are probably tired of hearing me say it but it is a critical factor for the Commission to understand. In a lot of respects the testimony and the arguments made by petitioners in their brief reads more like a smear than it does read like a set of facts.

And I think the facts are what you need to be focusing on when you reach your conclusions and the facts are that the producer that was responsible for and involved in the original period of investigation was a state-owned company driven by non-economic factors that are no longer with us today.

The industry in the Ukraine has privatized. It operates on profit-oriented economic objectives, proof is in the pudding. Yenakiieve permanently closed inefficient capacity, 350,000 tons taken out of commission and out of operation during this period of review, that"s the operations of a responsible company, not the type of company that was described by petitioners.

Secondly, in evaluating this claim of massive excess capacity, as a preliminary matter the department has to consider the fact that the by-far largest producer in the Ukraine is ArcelorMittal Company. The Commission has been treated to testimony and repeated cases from the petitioners, from ArcelorMittal and its executives, firming a policy that they have of not-competing and sheltering their U.S. producers. Nothing has changed their but I found it remarkable.

I said through multiple steel sunset review proceedings before the Commission and I have always seen an ArcelorMittal witness here, I don"t think it"s a coincidence that there is not one here today except to answer the questions from the Commission on that policy and its implications. I think it needs to be accepted as a fact that that capacity would not be directed at the U.S. and to treat that as part of the excess capacity story petitioner is presenting is not supported by substantial evidence.

Thirdly, decumulation I think I addressed that a few months ago. Our arguments are not based on affiliation, they are based on some objective facts, including the unique circumstances and conditions of competition that Ukrainian producers face.

The fact that Ukrainian producers have been out of the market for decades unlike other exporters, they are under review.

In terms of quantities, I mean ultimately one of the questions that the Commission needs to answer is well what"s the likely volume that is going to come from the Ukraine? Well I think you heard a candid statement from our witness here today who didn"t tell you, "gee we are not ever going to send a ton of wire rod to the U.S." Of course we are here before you.

What you did hear from our witness though was and if I did the math right, talking about if, and this is a series of if"s prices improved, concurrently they are unattractive to the Ukraine but if that happened and it became economically attractive to export to the United States, their capacity and their commitments around the world allow them to export at most 10 to 12,000 tons a year.

I don"t know if that"s an admission against interest. I don"t think it is when I"ve heard witnesses from other side saying that they are looking at multiple hundreds of thousands of tons of subject imports before they perceive that there would be injury to the domestic industry. Quantities of that size are not a potential source of injury to the domestic industry.

And then lastly, the condition of the domestic industry, my colleague, Mr. Stoel testified at some length this industry has remained profitable. Are these high-level, double digit profit-figures know, but have they ever been? No. Whether you call that chronic vulnerability I don"t think that"s what it is, I think it"s just the nature of this industry and in boom years and there were boom years, over this period of review, this industry didn"t make the kind of profits that it is claiming that it is entitled to now and I think what that ultimately ought to tell you is something about causation and I am probably exceeding my time and I will stop at that point.

MR. CAMPBELL: Thank you, I"ll be quick. U.S. producers argue that Mexico should not be decumulated but in the rebuttal they presented during their affirmative presentation, they did not mention the 4.75 issue. Obviously that"s a big issue, it"s important to everyone. You all asked many questions about it and that the scope issue is under litigation.

That issue should be limited to Mexico, Mexico should be decumulated.

Secondly, the U.S. producers base their argument on massive capacity. That argument completely falls apart with respect to Mexico. They include alleged production capacity for four alleged producers in Mexico that don"t even produce wire rod. We will prove that in our post-hearing brief.

Their claim of massive excess capacity for Mexico is completely false. So further the POI, you have, U.S. producers argue and we agree, you have on this record, highly probative evidence, more so than is commonly typical in any sunset review of the direct result, direct evidence of the effect of revoking the order on Mexico.

The U.S. producers argued in their brief that

2009 through 2011, the same period that Deacero was shipping 4.75 without the discipline of a dumping order was a period of recovery and improvement for the U.S. industry. Their words, not ours.

They changed their tune a little bit today, Gerdau and Nucor testified well we lost some sales, okay, but you have to look at the overall figures for the domestic industry. Look at the price down on record. From 2009 to 2011, U.S. producers price went up, no significant price depression, no price depression at all. From 2009 to 2011 the U.S. industries cost to net sales ratio decreased, no price suppression at all let alone significant price depression and on impact, the U.S. industries performance improved in all of the key economic indicators.

This is hard affirmative evidence of what would happen if the dumping order on Mexico were revoked. It"s highly probative and it demonstrates that the order should be revoked. They also screamed, China, China, China. You read the U.S. producer"s brief, I would think that this is a case about China and same with their testimony here today.

They act as if they want to cumulate China. This case is not about China. They are already solving the China problem and it does not demonstrate vulnerability at all.

I"ll conclude -- sunset reviews, there"s an expiration date under the law for orders. They are supposed to expire after five years unless there is affirmative evidence that injury is likely. On this record there is actually affirmative evidence that injury is not likely if an order is revoked.

If this order is not revoked in this review, then I think we are going to be here indefinitely every five years and I am asking you please, I don"t know that this order will ever be revoked before I retire, please revoke this order before I retire. If you can"t revoke it now on this record, it will never be revoked.

CHAIRMAN WILLIAMSON: Okay, thank you. Time for closing statement. The post-hearing briefs, statements responsive to the questions and requests from the Commission and corrections to the transcript must be filed by May lst, 2014. Closing the record and final release of data to the parties is May 21, 2014. Final comments are due May 23, 2014 and with that I want to thank all the participants in the hearing today and this hearing is adjourned.

(Adjourned at 4:50 p.m.)