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April 14, 2014

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

VIA ELECTRONIC FILING AND HAND DELIVERY

Ms. Lisa R. Barton
Acting Secretary
U.S. International Trade Commission
500 E Street, S.W.
Washington, D.C. 20436

Re: ***Carbon and Certain Alloy Steel Wire Rod from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine*: Nucor Corporation's Prehearing Brief**

Dear Acting Secretary Barton:

On behalf of Nucor Corporation ("Nucor"), a domestic interested party in this proceeding, please find enclosed four copies of the non-confidential version of Nucor's Prehearing Brief in the above-referenced sunset review.

The requisite certification is enclosed in accordance with Sections 201.6 and 207.3 of the Commission's rules. In addition, in accordance with Section 201.16 of the Commission's rules, the enclosed brief has been served, by hand delivery, on all parties entitled to receive it as indicated on the attached public service list.

NON-CONFIDENTIAL VERSION

If you have any questions regarding this submission, please do not hesitate to contact the undersigned.

Respectfully submitted,

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

In accordance with section 207.3(a) of the Commission's rules (19 C.F.R. § 207.3(a)), I, Daniel B. Pickard, of Wiley Rein LLP, counsel to Nucor Corporation, certify that under penalty of perjury under the laws of the United States of America and pursuant to the Commission's regulations:

(1) I have read the foregoing submission in the above referenced case;

(2) to the best of my knowledge and belief, the information contained therein is accurate and complete; and

(3) in accordance with section 201.6(b)(3)(iii) of the Commission's rules (19 C.F.R. 206.6(b)(3)(iii), that information substantially identical to that for which we request confidential treatment is not available to the general public and the public disclosure of such information would cause substantial harm to the persons, firms, and other entities from which the information was obtained.

Daniel B. Pickard

DISTRICT OF COLUMBIA: SS
Sworn and subscribed to before me
this April 11, 2014.

Ellen McGuire
Notary Public

My commission expires: June 30, 2018

ELLEN MCGUIRE
NOTARY
EXPIRES
JUN 30, 2018
PUBLIC
DISTRICT OF COLUMBIA

13723454.1

CERTIFICATE OF SERVICE

PUBLIC SERVICE

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

701-TA-417 and 731-TA-953, 057-959, 961, and 962 (2nd Review)

I certify that a copy of this document was served on the following parties via first class mail, on April 14, 2014.

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BEFORE THE
UNITED STATES INTERNATIONAL TRADE COMMISSION

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

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

Business Proprietary Information has been removed from pages 1-3, 6-12, 14-21, 23-42, 44-50, 52-56, and 58; the Exhibit List; and Exhibits 1-2, 6-21, and 25

NON-CONFIDENTIAL VERSION

NUCOR CORPORATION'S PREHEARING BRIEF

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I. INTRODUCTION

The period of review has been a difficult time for the U.S. wire rod industry. U.S. producers had barely begun to recover from the Global Recession when they suffered another blow by reason of a surge of unfairly priced imports from China. These imports left the domestic wire rod industry worse off in many respects than they were [ ] into wire rod from Brazil, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine,[1] and poorly positioned to withstand additional unfairly-traded import supply. But wire rod producers in the six subject countries have compelling incentives to significantly increase their exports in the event of revocation, and to do so at rock-bottom prices.[2]

Relatively few subject producers have provided data in these reviews, such that the United States International Trade Commission (the "Commission") lacks information from producers responsible for significant production capacity in Brazil, Indonesia, and Mexico, and any information from Moldova.[3] The failure to participate leaves the Commission without important data on subject capacity, production, export volumes, and pricing. Nonetheless, the record evidence developed by the Commission Staff strongly suggests that any information these companies could have provided would support maintenance of the orders. The record with respect to Trinidad & Tobago and Ukraine, the two countries with significant participation, shows [ ], a lack of alternative markets, and an ongoing pattern of pricing [ ] that available in the U.S. market. Likewise, the information provided by responding Brazilian, Mexican, and Indonesian producers, and the information available regarding Moldova,

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1 *See infra* Part IV.A.

2 *See infra* Part V.A – V.F.

3 *See* Prehearing Report to the Commission, *Carbon and Certain Alloy Steel Wire Rod from Brazil, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine*, Inv. Nos. 701-TA-417 and 731-TA-953, 957-959, 961, and 962 (Second Review) at IV-17, IV-27 – IV-28, IV-36 – IV-37 (Apr. 2, 2014) ("Prehearing Report").

confirm that these countries face the same issues of [ ] and limited alternative markets, and can sell wire rod in the United States for prices that are [ ] those that U.S. producers can plausibly charge.

But U.S. producers are vulnerable to even small additional volumes of wire rod – particularly wire rod at unfairly traded prices. After the Global Recession devastated U.S. wire rod demand, sending many U.S. producers into the red, the industry began a slow process of recovery. By 2011, U.S. producers had not regained the jobs, sales volumes, and profits that were lost in the recession, but trends were positive. This changed with a sudden surge of Chinese wire rod into the U.S. market. From 2011-2013, U.S. wire rod capacity fell by 100,000 tons; sales volume fell by nearly triple that amount.[4] Capacity utilization fell, along with prices, worker numbers, and profits.[5] Operating margins fell from 7.2 percent to 4.2 percent, their lowest of the post-recessionary period.[6] At the same time, the U.S. wire rod industry's COGS/sales ratio increased.[7] As a result, many U.S. industry indicators are currently [ ], including capacity, production, sales volume, shipment volume, worker numbers, and hours worked.[8]

Yet U.S. prices remain attractive relative to those available elsewhere in the world, and particularly relative to those available in the subject producers' export markets. In 2013, the differential between the subject countries' export prices and the prevailing prices in the U.S.

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4 *Id.* at I-9 (Table I-1).

5 *Id.*

6 *Id.*; *see also Carbon and Certain Alloy Steel Wire Rod from the People's Republic of China*, Inv. Nos. 701-TA-512 and 731-TA-1248 (Preliminary), USITC Pub. No. 4458 (Mar. 2014) ("USITC Pub. No. 4458").

7 Prehearing Report at I-9 (Table I-1).

8 *Id.*

market was [ ] dollars per short ton.[9] Each additional ton directed to the United States represents additional injury and, for the subject countries, the prices available in the U.S. market will be irresistible, particularly in light of the subject countries' overcapacity. All six subject countries suffer from massive overcapacity – at least [ ] short tons in 2013.

[[10]]

This figure dwarfs U.S. apparent consumption.[11] The prospect of not only being able to offload unused volume, but to do so at prices that beat those available in their alternative

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9 *See Id.* at III-10 (Table III-6), IV-25 (Table IV-10), IV-30 (Table IV-13), IV-40 (Table IV-17), IV-51 (Table IV-22), IV-54 (Table IV-24), IV-65 (Table IV-29).

10 2007 data obtained from *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine*, Inv. Nos. 701-TA-417 and 731-TA-953, 954, 957-959, 961, and 962 (Review), USITC Pub. 4014 at 30 (June 2008) ("First Sunset Review Determination"); 2013 excess capacity derived from Prehearing Report at IV-38, IV-53 (Table IV-23); [

], excerpts attached at **Exhibit 2**. 2013 data excludes Moldova.

11 Prehearing Report at I-7 (Table I-1).

markets, will compel the subject producers to ship significant volumes of wire rod to the United States in the event of revocation. These imports will again materially injure U.S. wire rod producers and their workers.

II. THE LEGAL STANDARD IN SUNSET REVIEWS

In five-year sunset reviews, the Commission considers whether the revocation of trade orders "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."[12] In making this determination, the Commission is directed to consider "the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked."[13] The Commission also examines its prior injury determinations; whether any improvement in the state of the industry is related to the order; and whether the industry is vulnerable to material injury if the order is revoked.[14] No single factor is dispositive to the inquiry.[15]

The material injury analysis is not an abstract inquiry into the health of the domestic industry. Instead, the analysis considers the change to the domestic industry's condition that would result from subject imports. The statute defines "material injury" as any "harm which is not inconsequential, immaterial, or unimportant."[16] A profitable industry may still suffer material injury as defined by the statute, if it is being adversely affected or stands to be adversely affected by subject imports.[17] Such adverse effects include having to control or reduce production, being forced to lower prices, or being unable to increase prices sufficiently to cover

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12 19 U.S.C. § 1675a(a)(1).

13 *Id.*

14 *Id.*

15 *Id.* § 1675a(a)(5).

16 *Id.* § 1677(7)(A).

17 *Id.* § 1675a(a)(4)(A)-(C).

costs. For example, having to reduce production and maintain margins in response to rising imports constitutes material injury to the domestic industry.[18]

Moreover, neither customers' desires to access dumped and subsidized product nor foreign policy considerations are part of the Commission's analysis. Indeed, in considering arguments in a case brought by wire rod users, the Commission noted that "the antidumping law is not to be concerned with effects on U.S. purchasers"[19] and that "the Commission has emphasized that the statute directs the Commission to make its determinations based on the effects of subject imports only on the industry producing the domestic like product."[20] Rather, the standard is focused on whether, in the event of revocation, the U.S. wire rod industry will suffer recurrent or continuing material injury by reason of the subject imports, and not whether

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18 *Id.* § 1675a(a)(4); *see also Ironing Tables and Certain Parts Thereof From China*, Inv. No. 731-TA-1047 (Final), USITC Pub. 3711 at 18-19 (July 2004) ("In sum, maintenance of the reported positive operating income to net sales ratio does not necessarily indicate that the industry has not been materially injured by subject imports. Rather, the injury manifests itself primarily in the large declines in many of the industry's other indicators . . . {such as} the significant increases in the volume and market penetration of the subject imports between 2001 and 2003...."); *Gray Portland Cement and Cement Clinker from Japan*, Inv. No. 731-TA-461 (Third Review), USITC Pub. 4281 at 25 (Dec. 2011) (finding that the "loss in market share and consequent decreases in capacity utilization, which is currently at low levels, would be particularly harmful in this capital intensive industry, as cement producers seek to maintain high capacity utilization levels and operating margins to meet fixed costs and to justify capital expenditures"); *Carbon and Alloy Seamless Standard, Line, and Pressure Pipe from the Czech Republic, Japan, Mexico, Romania, and South Africa*, Inv. Nos. 731-TA-846-850 (Review), USITC Pub. 3850 at 20, 22-23 (Apr. 2006) (finding that revoking the orders on subject imports from Japan was likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time when the "increase in import market share came largely at the expense of the domestic industry" although the domestic industry was profitable every year of the period of review).

Negative price effects also can be injurious. *See, e.g.*, *Commodity Matchbooks from India*, Inv. Nos. 701-TA-459 and 731-TA-1155 (Final), USITC Pub. 4117 at 9-10, 12, 14 (Dec. 2009) (finding material injury when the domestic industry lowered its prices "to meet the much lower prices for the subject imports in order to retain market share," which negatively impacted the domestic industry's profitability); *Certain Carbon Steel Butt-Weld Pipe Fittings From China and Thailand*, Inv. Nos. 731-TA-520 and 521, USITC Pub. 2528 at 7 (June 1992) (finding that the domestic industry was vulnerable because "{w}hile the industry maintained production levels and market share, it did so at the expense of profitability. Capacity utilization is already low and the industry apparently chose to maintain existing employment and production levels and accept consistently lower prices. Declines in prices contributed directly to declines in profits.").

19 *Steel Wire Garment Hangers from China*, Inv. No. 731-TA-1123 (Final), USIT Pub. 4034 (2008) at 15 n.92 (quoting *Mitsubishi Electric Corp. v. United States*, 700 F. Supp. 538, 559 (Ct. Int'l Trade 1988)).

20 *Id.*

other parties that are irrelevant to the statutory purpose of the trade laws will be inconvenienced by maintenance of orders.

Again, the material injury standard has a low threshold. The plain language of the statutory definition of material injury, describing material injury as not "inconsequential," "immaterial," or "unimportant," indicates that any harm that is not trivial qualifies. The use of these words demonstrates that Congress intended that, unless the harm caused by unfairly traded goods was so small as to be of no consequence or importance, the domestic industry was entitled to relief. As demonstrated below, application of this legal standard to the record facts establishes that revocation of the orders on wire rod would likely lead to recurrence of material injury to the domestic industry within a reasonably foreseeable timeframe.

III. SIGNIFICANT SUBJECT PRODUCERS HAVE REFUSED TO PROVIDE INFORMATION TO THE COMMISSION[21]

The Commission's review of trade orders depends in large part on the quality of the information that it receives from interested parties. In this review, major producers of subject merchandise in multiple subject countries have failed to provide questionnaire responses, resulting in a record that is significantly underdeveloped.

- Only one of five identified Brazilian wire rod producers has responded to the Commission's questionnaire. This producer accounts for [ ] of Brazilian wire rod production and [ ] of Brazilian wire rod production capacity.[22]

- Only one of four identified Indonesian producers has submitted a questionnaire response, resulting in coverage of [ ] of Indonesian production and [ ] of Indonesian production capacity.[23]

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21 As explained in **Exhibit 1** to this brief, the statutory cumulation factors are met with regard to these countries. Moreover, the conditions of competition in effect for each of these countries support their cumulation. *See infra* Part V.

22 *See* Prehearing Report at IV-17.

23 *Id.* at IV-27 – IV-28.

- The Commission lacks *any* respondent-provided data regarding wire rod capacity and production in Moldova.[24]

- While [ ] identifies seven wire rod producers in Mexico, only three have submitted questionnaire responses in these reviews.[25] More than [ ] of Mexican production capacity is unaccounted for as a result.[26]

All told, subject producers' failures to respond have left the Commission without information on [ ] short tons of production capacity in Brazil, Indonesia, Moldova, and Mexico.[27] Given this fact, the existing responses from these countries are inadequate to serve as the basis for any determination in these reviews.

The Tariff Act of 1930, as amended, authorizes the Commission to "use the facts otherwise available" in reaching a determination when an interested party withholds information.[28] The Commission may also use adverse inferences when an interested party fails to cooperate by acting to the best of its ability to comply with a request for information.[29] The Commission should apply adverse inferences regarding Moldova, as the producer responsible for all of the country's wire rod production capacity has failed to cooperate. The Commission should also apply adverse inferences regarding Brazil and Indonesia, as only one producer in each of those countries has provided usable information to the Commission. Likewise, the Commission lacks information from a significant number of Mexican producers, resulting in a lack of data coverage for a sizable portion of Mexican capacity.

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24 *Id.* at IV-48.

25 *Id.* at IV-36 n.13.

26 *Id.* at IV-36 – IV-37.

27 [ ], excerpts attached at **Exhibit 2**. Throughout this submission, figures in metric tons have been converted to short tons, unless otherwise indicated.

28 19 U.S.C. § 1677e(a).

29 *Id.* at § 1677e(b).

Many of the non-responding producers are sophisticated, global companies with sufficient resources to provide the information that the Commission has requested; many of them have also responded in prior reviews.[30] Their failure to respond here would therefore appear deliberate. As such, beyond the mere fact that the failure to respond impedes the Commission's processes, the Commission has a sound basis for finding that any information that could have been provided by these producers would support continuation of the orders.[31]

Indeed, the information that the Commission has received from cooperative producers corroborates such an inference. The Commission has received questionnaire responses accounting for [ ] of production in Trinidad & Tobago, as well as in Ukraine, both of which are characterized by [ ].[32] In this respect, little has changed since the Commission determined in the first sunset review that revocation of the orders would likely result in a significant increase in subject imports that would undersell domestic producers and cause material injury to the domestic industry within a reasonably foreseeable time.[33] The Commission should reach the same conclusion in this review.

IV. <u>THE U.S. INDUSTRY IS VULNERABLE TO RENEWED MATERIAL INJURY BY REASON OF SUBJECT IMPORTS</u>

The current review period, covering the years 2008-2013, has been a time of devastating financial setbacks for the U.S. industry. In 2008, U.S. producers' capacity, production,

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30 *See* Prehearing Report at IV-16 – IV-17, IV-36 – IV-37, and IV-48 (discussing subject producers' participation in the investigation and first reviews).

31 *See, e.g., Rhone Poulenc, Inc. v. United States*, 899 F.2d 1185, 1190-1191 (Fed. Cir. 1990); *see also*, *F.Lili De Cecco di Filippo Fara S. Martino S.p.A. v. United States*, 216 F.3d 1027, 1032 (Fed. Cir. 2000).

32 Prehearing Report at IV-53 – IV-54 (Table IV-24), IV-64 – IV-65 (Table IV-29).

33 First Sunset Review at 28-32; *see also* 19 U.S.C. § 1677e(b)(3) (permitting the Commission to consider "any previous review under section 1675 of this title" in making an adverse inference).

shipments, operating margins, and worker counts reflected robust demand for wire rod, particularly in construction markets. But 2008 was to be the best year of the period for the U.S. wire rod industry. In 2009, the Global Recession struck, destroying demand, [ ]. Then, just as the U.S. wire rod industry began to recover from the recession, a new flood of low-priced Chinese imports entered the U.S. market, reversing favorable industry indicators, driving U.S. prices downward, and leaving the domestic industry worse off in many respects than it was during the original investigation period. As a result, the U.S. industry is ill-positioned to weather further unfairly traded import supply. Rather, the record shows that the domestic wire rod industry is extremely fragile, and highly vulnerable to negative effects by reason of the additional, low-priced subject volumes that revocation would bring to the U.S. market.

A. The U.S. Industry Is Much Worse Off Now Than It Was at the Beginning of the Review Period

A comparison of major trade and financial figures in 2008 and 2013 demonstrates that the industry is much worse off now than it was at the beginning of the review period. Indeed, as the chart below shows, certain indicators are worse now than at any time during either the first review period [ ].

U.S. Industry Indicators[34]

Item	Original Investigation Average	First Review Average	2013
Capacity (Short Tons)	[ ]	5,429,678	5,073,815
Production (Short Tons)	[ ]	4,067,549	3,655,088
U.S. Shipments Quantity (Short Tons)	[ ]	4,076,282	3,599,459
Production Workers (Number)	[ ]	2,397	2,192
Hours Worked (1,000)	[ ]	5,174	4,258
Net Sales Quantity (Short Tons)	[ ]	4,087,541	3,623,777

[34] Prehearing Report at I-9 (Table I-1).

The 2009 recession greatly affected the wire rod industry. Production fell by 1.22 million short tons between 2008 and 2009,[35] leaving the U.S. industry with an anemic capacity utilization rate of 53.6 percent.[36] Prices collapsed along with demand, while the industry's COGS/sales ratio skyrocketed.[37] The U.S. industry went from a 9.8 percent operating income margin in 2008 to a negative margin of -2.6 percent in 2009.[38] Hundreds of workers lost their jobs.[39]

Yet, the U.S. industry sought to adapt, rationalizing outdated capacity and replacing it with state-of-the-art facilities, increasing productivity, reducing costs, and putting laid-off employees back to work.[40] The post-recessionary environment has been a difficult one; four years after the recession hit, apparent U.S. consumption remains [ ].[41] Despite this, the U.S. industry was initially able to set a course for recovery, increasing its sales, profitability, and employment from 2009-2011.[42]

Unfortunately, U.S. producers' major trade and financial indicators then suffered a second round of reversals, by reason of an influx of low-priced imports from China.[43] From 2011-2013, U.S. wire rod capacity fell by 100,000 tons; sales volume decreased by nearly triple that amount.[44] Capacity utilization declined, along with prices, worker numbers, and profits.[45]

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35 *Id.*

36 *Id.*

37 *Id.*

38 *Id.*

39 *Id.*

40 *Id.*

41 *Id.*

42 *Id.; see also* USITC Pub. No. 4458.

43 Prehearing Report at I-9 (Table I-1).

44 *Id.*

Operating margins fell from 7.2 percent to 4.2 percent, their lowest of the post-recessionary period.[46]

At the same time, the U.S. wire rod industry's COGS/sales ratio increased.[47] Although the U.S. industry lowered its overall unit costs after the recession, low-priced Chinese imports drove prices down faster than costs.[48] Chinese imports accordingly quickly translated into severe negative impacts for U.S. producers, including falling prices and reduced sales volume.

The record here confirms that the U.S. wire rod industry is in a weakened state, first battered by the recession, and then by dumped and subsidized imports from China. Its 2013 capacity, production, sales volume, and worker figures were worse than they were during the first review period, [ ]. The industry has been negatively affected since 2011 by pricing that has fallen faster than COGS, resulting in decreased profitability. The industry is not well-positioned to withstand a third blow by reason of the revocation of the orders on wire rod from Brazil, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine.

B. U.S. Demand Growth Is Slow and Uneven

The U.S. wire rod industry's vulnerability to material injury by reason of subject imports is underscored by the industry's demand picture. As described above, the recession devastated U.S. demand. U.S. apparent consumption [ ] between 2008 and 2009, and has [ ].[49] Although demand [ ] between

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45 *Id.*

46 *Id.*; *see also* USITC Pub. No. 4458.

47 Prehearing Report at I-9 (Table I-1).

48 *Id.*; *see also* USITC Pub. No. 4458.

49 Prehearing Report at I-7 (Table I-1).

2009 and 2010, demand since then [ ].[50] Indeed, U.S. apparent consumption [ ].[51]

This slow, uneven demand [ ] is not expected to change anytime soon. [ ] predicts that U.S. apparent consumption of wire rod will increase by approximately [ ] tons from 2013-2014, and by a further [ ] tons from 2014-2015.[52] Even after these increases, U.S. apparent consumption [ ].[53] Nor is [ ] alone in forecasting extremely moderate demand growth for the U.S. market. U.S. market participants responding to the Commission's questionnaires noted that the automotive and construction markets, the major users of wire rod, have been slow to recover from the recession.[54] They anticipate that these sectors' recovery will continue to drag out, resulting in extremely modest demand growth for wire rod.[55]

As the above discussion shows, neither market participants nor market analysts expect any significant increase in U.S. wire rod consumption in the reasonably foreseeable future. Thus, should the orders be revoked, U.S. producers will be forced to compete head-to-head with unfairly traded subject imports in a market where demand [ ], and is likely to do so for the foreseeable future. In light of the U.S. industry's current weakness, further material injury will be the result. Given that the Commission has recently determined that the U.S. industry may already be suffering material injury as a result of unfairly priced import

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50 *Id.*

51 *Id.*

52 [ ], excerpts attached at **Exhibit 2**.

53 *Compare* [ ], excerpts attached at **Exhibit 2**, *with* Prehearing Report at I-7 (Table I-1).

54 *See* Prehearing Report at II-20 – II-21.

55 *Id.* at II-21.

competition, the likeliness that further such competition will only cause further material injury is particularly acute.

C. The Commission Recently Determined That There Is a Reasonable Indication That the U.S. Industry Is Currently Suffering Material Injury

In spite of the devastating effects of the 2009 recession, the U.S. industry initially showed signs of recovery, recouping some of its lost sales volume and profitability in 2010 and 2011. However, beginning in 2011, the U.S. industry suffered a second blow. Despite falling costs, which should normally have facilitated the industry's recovery, industry sales volume, pricing, and profitability fell.[56] A new surge of imports from China drove prices down faster than costs, capturing market share from U.S. producers.[57]

Earlier this year, the U.S. wire rod industry petitioned the Commission and the U.S. Department of Commerce for relief from these unfairly traded imports.[58] The Commission's preliminary analysis found a reasonable indication that the U.S. wire rod industry is suffering material injury by reason of imports from China.[59]

The surge in Chinese imports also demonstrates that the industry is currently vulnerable to a recurrence of material injury by reason of subject imports. As an initial matter, the industry's experience with China shows that it is not impervious to the deleterious effects of low-priced import competition. Chinese imports quickly captured market share from 2011 to 2013, underselling the U.S. industry, and causing significant price depression and suppression.[60] As

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56 *Id.* at I-9 (Table I-1).

57 USITC Pub. No. 4458 at 19.

58 *See generally id.*

59 *See generally id.*

60 *Id.* at 19.

Chinese imports increased, "virtually all trade and financial indicators for the domestic industry declined, in spite of increases in U.S. apparent consumption."[61]

Moreover, the effects of the Chinese surge have themselves contributed to the U.S. wire rod industry's vulnerability. The industry's 2013 operating results were worse than they were in 2010, the first year after the recession.[62] Capacity, production, and sales figures in 2013 were lower than they were during the original investigation period.[63] A number of U.S. producers, accounting for nearly [ ] of U.S. production in 2013, [ ].[64]

In light of the recent blow suffered by reason of Chinese imports, the U.S. industry is particularly poorly positioned to withstand further unfairly traded imports from the subject countries. In its current position, even small volumes of low-priced wire rod will not only prevent the industry from recovering from the effects of the Chinese surge, but will push the U.S. wire rod industry into further material injury.

D. Captive Consumption and Affiliated Purchasers Do Not Insulate the U.S. Wire Rod Industry from Injury

In these reviews, as in both the first review and the original investigation, the majority of U.S. wire rod production was sold on the merchant market.[65] Although U.S. producers consume some of their production internally, and transfer other production to affiliated purchasers, these

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61 *Id.*

62 Prehearing Report at I-9 (Table I-1).

63 *Id.*

64 *Id.* at I-42 (Table I-11) and III-31 (Table III-13).

65 *Compare id.* at III-10 (Table III-6), *with* Final Report to the Commission, *Carbon and Certain Alloy Steel Wire Rod from Brazil, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine*, Inv. Nos. 701-TA-417 and 731-TA-953, 957-959, 961, and 962 (Review) at III-18 (Table III-12) (May 15, 2008) ("2008 Final Report to the Commission"), *and* Final Report to the Commission, *Carbon and Certain Alloy Steel Wire Rod from Brazil, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine*, Inv. Nos. 701-TA-417 and 731-TA-953, 957-959, 961, and 962 (Final) at III-7 (Table III-3) (Sep. 19, 2002) ("2002 Final Report to the Commission").

shipments do not serve to insulate U.S. producers from import competition. Should the orders on wire rod from Brazil, Indonesia, Mexico, Moldova, Trinidad & Tobago and Ukraine be revoked, the negative impacts of imports from these countries will be felt in both U.S. producers' merchant market and internally consumed/transferred sales.

1. Captive Consumption Does Not Insulate U.S. Wire Rod Producers from Injury

In 2013, U.S. producers consumed approximately [ ] of their production of wire rod internally.[66] This is a [ ] percentage of internal consumption than in the original investigation period,[67] when U.S. producers were nonetheless materially injured by subject imports. While the effects of unfair imports are most immediately felt in the merchant market, adverse price effects are very quickly transferred to internal consumption, because [ ],[68] and [ ].[69] Often, what [ ].[70]

2. Affiliated Purchasers Do Not Insulate U.S. Wire Rod Producers from Injury

Likewise, the existence of affiliated purchasers does not insulate the domestic industry

[66] Prehearing Report at III-10 (Table III-6). In 2007, the final year of the first sunset review period, approximately [ ] of U.S. producers' U.S. shipments were internally consumed. 2008 Final Report to the Commission at III-18 (Table III-12).

[67] 2002 Final Report to the Commission at III-7 (Table III-3).

[68] Prehearing Report at III-10 (Table III-6).

[69] *Id.*

[70] *See* [ ] (included in Mar. 20, 2014 APO release).

from import competition. While the percentage of U.S. commercial shipments transferred to related parties has [ ] since the first review period,[71] the [ ].[72] Indeed, whether wire rod is sold to affiliated or unaffiliated users, the price must ultimately remain competitive with wire rod available from other sources. The U.S. wire rod industry's recent experience with China bears this out: U.S. profitability declined, despite the existence of affiliated purchasers, and prices [ ] from 2011-2013,[73] as Chinese imports increased in the market.[74]

Moreover, the purpose of affiliated downstream production is not to insulate wire rod sales from market effects, but to capture additional profit from selling fabricated product in the open market. Both the domestic wire rod producers and related party purchasers must compete in the commercial market based on price. As a result, and as the record shows, affiliated purchasers [ ].[75] In short, related party purchasers do not insulate the domestic industry from import competition. Rather, import competition affects pricing in both the merchant market and the internal/affiliated market.

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71 In 2007, the final year of the first review period, [ ] of U.S. shipments were to affiliated purchasers. 2008 Final Report to the Commission at III-18 (Table III-12). In 2013, [ ] of U.S. shipments were sent to affiliated purchasers. Prehearing Report at III-10 (Table III-6).

72 Prehearing Report at III-10 (Table III-6).

73 *Id.*

74 *Id.* at IV-8 (Table IV-2).

75 U.S. Producers' Questionnaire Response of [ ] at II-15d [ ]; U.S. Purchasers' Questionnaire Response of [ ] at II-5 [ ] ("[ ] Domestic QR").

E. The Importance of Price to U.S. Purchasers Underscores U.S. Producers' Vulnerability to Subject Import Competition

As the Commission has previously found, "{p}rice plays an important role in purchasing decisions for wire rod."[76] In the original investigation, in the first review, and again in these reviews, purchasers reported that price is a top consideration in their decisions to buy wire rod.[77] More purchasers described price as "very important" to their purchasing decisions than any other factor.[78]At the same time, domestic and subject product are largely interchangeable in terms of physical characteristics.[79]

Given the overall substitutability of wire rod, price plays a unique role in purchasing decisions, with purchasers gravitating to the supplier that provides the lowest price.[80] The price in the U.S. market tends to be set, therefore, by the lowest-price supplier, increasing the vulnerability of the U.S. wire rod industry to injury by reason of unfairly traded imports. Again, the U.S. industry's recent experience with China, which significantly undersold the U.S. like product,[81] resulting in substantial price declines and a reversal of previously positive industry trends,[82] bears this out.

Despite the price declines that resulted from Chinese imports, prices currently prevailing (and likely to prevail) in the U.S. market are attractive to producers in the six subject countries. The U.S. market has long been among the more attractively priced markets in the world. The Staff Report contains [ ] that show prices in the United States as consistently

76 First Sunset Review Determination at 33.

77 Prehearing Report at II-26 – II-28; First Sunset Review Determination at 24, 27, 33.

78 Prehearing Report at II-27 – II-28.

79 *See, e.g., id.* at II-24 and II-38 (Table II-8).

80 *Id.* at II-27.

81 USITC Pub. No. 4458 at 19.

82 *Id.*; *see also* Prehearing Report at I-9 (Table I-1).

higher than [

].[83] [ ] pricing data likewise shows U.S. wire rod prices [

].[84] [ ] also predicts that, although U.S. price will continue to decline, [ ], such that U.S prices will maintain their attractiveness relative to other markets for the foreseeable future.[85]

A comparison of the Average Unit Value ("AUV") for the domestic industry's U.S. shipments over the review period with the AUVs for subject producers' export shipments also corroborates the attractiveness of U.S. pricing.[86] Indeed, although U.S. prices fell from 2011 - 2013, export AUVs from the subject countries [ ],[87] with the result that the U.S. market represents an increasingly attractive alternative market for subject producers.

Finally, as further discussed below,[88] the current and historical pricing behavior of subject producers in the U.S. market holds particular dangers for the U.S. wire rod industry. Although most of the subject countries exited the U.S. market after the first review period,[89] those producers that have continued to ship have [ ] the domestic like product

83 Prehearing Brief at IV-82 – IV-85 (Table IV-38). [

]. [

], excerpts attached at **Exhibit 2**.

84 [ ], excerpts attached at **Exhibit 2**.

85 [ ], excerpts attached at **Exhibit 2**.

86 *Compare* Prehearing Report at III-10 (Table III-6), *with* IV-20 (Table IV-8), IV-30 (Table IV-13), IV-40 (Table IV-17), IV-51 (Table IV-22), IV-54 (Table IV-24), IV-65 (Table IV-29).

87 *Id.* For example, export AUVs for the sole responding Brazilian producer were [ ]. However, since 2011, [ ]. *See also id.* at IV-25 (Table IV-10) (showing export AUVs for Brazilian exports generally, and those to the United States in particular).

88 *See infra* Part VI.B.

89 Prehearing Report at I-8 (Table I-1).

over the review period, and did so [ ].[90] Further, wire rod producers from all six subject countries generally undersold the domestic like product in the original investigation, causing material injury to the U.S. wire rod industry.[91] In light of the importance of price in purchasing decisions, and the current market conditions with respect to U.S. and subject pricing, the U.S. wire rod industry is vulnerable to material injury by reason of subject imports.

F. <u>The High Substitutability of Domestic and Subject Wire Rod Contributes to U.S. Vulnerability</u>

Although there is a continuum of wire rod products, subject and domestic wire rod is largely interchangeable within each type of wire rod.[92] Moreover, the [ ] of "industrial" quality wire rod.[93] Purchasers responses' to the Commission's questionnaires indicate that they generally view subject and domestic wire rod as comparable with respect to quality and physical characteristics.[94]

Although certain purchasers indicated that not all types of wire rod are widely available, an examination of the questionnaire responses indicates that these purchasers are discussing highly specialized products[95] that account for a [ ] of production/shipment for

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90 *Id.* at V-17 – V-12 (Tables V-3 – V-6).

91 First Sunset Review Determination 24.

92 Prehearing Report at II-24.

93 *Id.* at II-1, III-12 (Table III-7), IV-26 (Table IV-11), IV-35 (Table IV-15), IV-47 (Table IV-20), IV-60 (Table IV-27); IV-72 (Table IV-32); *see also* 2008 Final Report to the Commission at IV-85(Table IV-30).

94 *See, e.g.,* Prehearing Report at II-36 (Table II-9), II-37 (Table II-10) and II-39 (Table II-11).

95 *Id.* at II-26-27, 37 n.16 (discussing purchaser [ ]); U.S. Purchasers' Questionnaire Response of [ ] at II-3 [ ] ("[ ] Domestic QR") (indicating that [ ] wire rod.).

[ ].[96] The vast majority of production and shipments is concentrated instead in the [ ].[97] The great interchangeability of subject and domestic product contributes to the industry's vulnerability to material injury by reason of subject imports.

G. The AWPA Is a Highly Organized Trade Association Committed to Opposing Trade Remedies for Unfairly Priced Imports of Wire Rod

The American Wire Producers Association ("AWPA") has entered an appearance in these reviews.[98] The AWPA is a highly organized and sophisticated trade association formed in large part to oppose trade relief for wire rod producers.[99] Its membership consists of wire product manufacturers, importers, and wire equipment-suppliers; however, only wire producers that are independent from their wire rod source can have voting rights in the association.[100] Furthermore, a significant percentage of the AWPA's members are publicly-traded, multinational corporations or owned by private equity groups.[101]

The AWPA has an established track record of opposing wire rod trade cases because its members want access to dumped and subsidized imports.[102] The AWPA webpage indicates that

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96 *Id.* at III-12 (Table III-7), IV-26 (Table IV-11), IV-35 (Table IV-15), IV-47 (Table IV-20), IV-60 (Table IV-27); IV-72 (Table IV-32). *See also* 2008 Final Report to the Commission at IV-85(Table IV-30) (showing that neither [ ].

97 Prehearing Report at I-8 (Table I-1).

98 *See* Letter from Vorys, Sater, Seymour and Pease LLP to Sec'y of Int'l Trade Commission, re: *Carbon and Certain Alloy Steel Wire Rod from Brazil, Indonesia, Mexico, Moldova, Trinidad and Tobago, and Ukraine (Second Review): Entry of Appearance* (June 5, 2013).

99 *See Steel Wire and Wire Products for America and the World*, American Wire Producers Association, attached at **Exhibit 3**.

100 *See id.*

101 For example, Apex Tool Group, Insteel Industries, Inc., Tree Island Wire USA, Inc., Mid Continent Steel and Wire, Inc., Kiswire America Inc., Bekaert Corporation, Sumiden Wire Products Corporation, and Lincoln Electric Company are all publicly-traded or multinational companies.

102 *See Steel Wire and Wire Products for America and the World*, American Wire Producers Association, attached at **Exhibit 3**.

"{t}he mission of the American Wire Producers Association is to assure free access to the global supply of Carbon, Alloy and Stainless Steel Wire Rod."[103] The AWPA often attempts to coordinate its members' questionnaire responses in wire rod cases.[104] Nonetheless, [ ] have stated that revocation of these orders will result in more imported wire rod at cheaper prices – which ultimately would harm the vulnerable domestic industry.[105]

While the AWPA opposes trade relief for its suppliers, its members regularly avail themselves of the U.S. trade laws to protect their own industries from unfairly traded imports. Indeed, the members of AWPA have filed trade cases against nails,[106] hangers,[107] threaded rod,[108] innerspring units,[109] prestressed concrete strand,[110] and galvanized wire.[111] The AWPA has been vocal, when it comes to its own product lines, about the importance of the U.S. antidumping laws. For example, in one of its recent cases, the AWPA stated that the "imposition of antidumping and countervailing duty orders . . . will enable the US {} industry – and its

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103 *Id.*

104 For example, at the Wire Rod from China Staff Conference, a member of the Staff thanked the AWPA "and their industry for giving {the Commission} such good responses to the loss sales . . . because . . . your industry is actively driving people to do these things." *See* Conference Transcript, *Carbon and Certain Alloy Steel Wire Rod from China*, Inv. Nos. 701-TA-512 and 731-TA-1248 (Prelim.) at 105-106 (Feb. 21, 2014) (Ms. Preece) ("Also, I wanted to thank you, Ms. Korbel, and their industry for giving me such good responses to the loss sales that I got out. I got them out. I have been getting good responses. It's really helpful for me to have that information and So I want to thank you because I know that your industry is actively driving people to do these things. I don't know about torturing them or anything, but, yes, trying to get them to do it.").

105 *See infra* Parts VI.A.5 and VI.B.3.

106 *See Certain Steel Nails from China*, Inv. No. 731-TA-1114 (Final), USITC Pub. 4022 (July 2008).

107 *See Steel Wire Garment Hangers from Taiwan and Vietnam*, Inv. Nos. 701-TA-487 and 731-TA-1197-1198 (Prelim.), USITC Pub. 4305 (Feb. 2012).

108 *See Certain Steel Threaded Rod From China*, Inv. No. 731-TA-1145 (Final), USITC Pub. 4070 (Apr. 2009).

109 *See Uncovered Innerspring Units from China*, Inv. No. 731-TA-1140 (Final), USITC Pub. 4061 (Feb. 2009).

110 *See Prestressed Concrete Steel Wire Strand from China*, Inv. Nos. 701-TA-464 and 731-TA-1160 (Final), USITC Pub. 4162 (June 2010).

111 *See Galvanized Steel Wire from China and Mexico*, Inv. Nos. 701-TA-479 and 731-TA-1183-1184 (Final), USITC Pub. 4323 (May 2012).

employees – to recover from the devastating impact of these unfairly priced and subsidized imports and to compete more effectively in the future."[112]

In this sunset review, Nucor expects the AWPA will oppose similar relief for U.S. wire rod producers.[113] While Nucor is sympathetic to the AWPA's membership fight against unfair imports in their downstream industries, the effects of revocation on wire rod users is not legally relevant in this proceeding.[114] The proper avenue for the AWPA to protect their downstream industries from unfairly traded imports is to file dumping and subsidy cases as they have done in past, not to consistently oppose wire rod trade cases.

V. THE CONDITIONS OF COMPETITION WARRANT CUMULATION AND ESTABLISH SUBJECT PRODUCERS' INCENTIVES TO EXPORT

The conditions of competition warrant cumulation of all six subject countries.[115] As shown below, each of the six subject countries faces similar conditions of competition that

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112 *Trade Actions Filed on Imports of Steel Wire Garment Hangers from Vietnam and Taiwan*, American Wire Producers Association, attached at **Exhibit 4**.

113 In fact, the CEO of Insteel Industries, H.O. Woltz III, stated that declining wire rod prices caused by a "high level of imports" are actually hurting the company's business. *See Insteel Industries' CEO Discusses F4Q13 Results – Earnings Call Transcript*, Seeking Alpha (Oct. 17, 2013), excerpts attached at **Exhibit 5** ("Our comments indicated that some of the downward drift in our selling prices we believe is attributable to the fact that wire rod prices have declined some. So from that standpoint, you might say it's not all that healthy for our industry to see continuing lowering of raw material prices. Probably *what would be better for us is a tight market with rising prices*.") (emphasis added).

114 *See* USITC Pub. No. 4458 at 21.

115 The Tariff Act of 1930 provides the Commission with the discretion to cumulatively assess subject imports in the event of revocation, so long as the individual countries' exports are likely to compete with one another and with the domestic like product, and are individually unlikely to have "no discernible impact" in the event of revocation. 19 U.S.C. § 1675a(a)(7). Traditionally, in considering whether subject imports are likely to compete with one another and with domestic merchandise, the Commission has considered four factors. These factors are addressed in **Exhibit 1**. However, over time, the Commissioners' cumulation determinations have come to rely less and the four traditional "likely to compete' factors, and have instead focused on an assessment of the "conditions of competition" affecting subject producers in each country. *See, e.g., Hot-Rolled Flat Rolled Carbon-Quality Steel Products from Brazil, Japan, and Russia*, Inv. No. 701-TA-384 & 731-TA-806-808 (Review), USITC Pub. No. 4237 (June 2011) (finding all traditional cumulation factors met as to all subject countries, but nonetheless separately assessing the likely volume, pricing, and impact of the subject countries). Nucor believes that the Commission's traditional analysis comports with Congress' desire that cumulative assessment be used to create a "more realistic" analysis that recognizes the "actual effects of unfair import competition" from multiple sources simultaneously. *See* H.R. Rep. No. 100-40, pt. 1, at 130 (1987). As such, Nucor believes that the four traditional

provide their producers with strong incentives to significantly increase exports in the event of revocation. All of the subject countries have significant, growing excess capacity that cannot be absorbed by their home or alternative export markets. The prices in the United States are attractive relative to those available elsewhere, and the U.S. market is large and easily accessible. Should the orders on wire rod from Brazil, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine be revoked, producers in all six subject countries will react as one, increasing their exports to the U.S. market and underselling the domestic like product.

In this case, four of the subject countries contain mills operated by ArcelorMittal, which also has U.S. production facilities for wire rod.[116] In the first sunset review of the orders on wire rod, the Commission cumulatively considered all six countries subject to these reviews, although ArcelorMittal maintained facilities in the same four countries.[117] Here, as in the first review, ArcelorMittal [ ].[118] Moreover, [ ].[119] Thus, neither the presence of ArcelorMittal facilities in certain subject countries, nor the nature of the company's U.S. production operations result in unique conditions of competition that merit separate consideration of the countries in which ArcelorMittal operates.

"likely to compete" factors should drive the Commission's cumulation determinations. Nonetheless, Nucor believes that all subject countries face similar "conditions of competition" that warrant their cumulation here.

116 *See* Prehearing Report at I-42 (Table I-11), IV-17, IV-36 –IV-37, n.13, IV-62 and IV-52.

117 First Sunset Review Determination at 19 and IV-19.

118 *See* Prehearing Report at I-42 (Table I-11), IV-17, IV-36 –IV-37, n.13, IV-62.

119 *Id.* at III-16 (Table III-9).

A. Mexico Faces Strong Incentives to Export Wire Rod to the U.S. Market in the Event of Revocation

Mexico, like all of the subject countries, has compelling reasons to increase shipments to the U.S. market upon revocation. Indeed, Mexico [ ],[120] at prices [ ].[121] Mexico has also shown its continued interest through its development and sale to the United States of 4.75mm wire rod.[122] While this product is currently being treated as non-subject,[123] it was initially determined by the U.S. Department of Commerce to be a circumvention of the antidumping duty order.[124] The legal status of this rod has yet to be conclusively determined,[125] but Mexico's strong interest in the U.S. market is clear from its decision to export [ ] this merchandise despite the uncertainty in its status.[126]

The Commission has received data from producers representing approximately [ ] of Mexican wire rod production capacity.[127] These producers have increased their production capacity over the review period,[128] as well as their production,[129] despite a

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120 *Id.* at V-18 – V-19.

121 *Compare id.* at III-10 (Table III-6), *with id.* at IV-40 (Table IV-17).

122 *Id.* at Appendix E.

123 *See* Final Results of Redetermination Pursuant to Court Remand, *Deacero S.A. de C.V. et al v. United States*, CIT Ct. No. 12-345 (Jan. 29, 2014).

124 *Carbon and Certain Alloy Steel Wire Rod From Mexico: Affirmative Final Determination of Circumvention of the Antidumping Duty Order*, 77 Fed. Reg. 59, 892 (Dep't Commerce Oct. 1, 2012).

125 *See* Docket, CIT Ct. No. 12-345.

126 Prehearing Report at Appendix E.

127 *Id.* at IV-41.

128 *Id.* at IV-39 (Table IV-17).

129 *Id.*

[ ].[130] [

].[131] As Mexico's capacity, production, and [ ] have increased, so has its excess capacity.[132] Mexico's reporting producers experienced their lowest capacity utilization of the period in 2013 – even the recession year of 2009 was better.[133] [ ] data that takes non-responding Mexican producers into account places Mexican excess capacity in 2013 at [ ].[134] Despite this, [ ].[135]

During the review period, Mexico's export AUVs have [ ] U.S. producers' AUVs.[136] Moreover, the [ ] has been growing since 2010.[137] In 2013, Mexico's export AUV was [ ] than the domestic industry's AUV for U.S. shipments.[138] During the POR, Mexico has used this [ ] to sell into the U.S. market,[139] despite antidumping duties of approximately twenty percent.[140] As the Staff Report notes, Mexico's sales of subject wire rod undersold the domestic like product in 30 out of 37 comparisons over the review period by margins of up to [ ] percent.[141] Incredibly,

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130 [ ], attached at **Exhibit 6**.

131 Prehearing Report at IV-39 (Table IV-17).

132 *Id.*

133 *Id.*; *id.* at IV-40.

134 *See, e.g., id.* at IV-38.

135 [ ], attached at **Exhibit 7**.

136 *Compare* Prehearing Report at III-10 (Table III-6), *with id.* at IV-40 (Table IV-17).

137 *Compare* Prehearing Report at III-10 (Table III-6), *with id.* at IV-40 (Table IV-17).

138 *Compare* Prehearing Report at III-10 (Table III-6), *with id.* at IV-40 (Table IV-17).

139 Prehearing Report at I-8 (Table I-1).

140 *Id.* at I-26 (Table I-9).

141 *Id.* at V-18.

Mexican underselling during this review period is [ ] that seen during the original investigation. During the investigation period, Mexican product undersold the domestic like product in a [ ], but the average rate of underselling was [

].[142]

[

143]

Mexico's sales of 4.75mm wire rod to the U.S. market are also indicative of its willingness to compete in the U.S. market through underselling its competition. This product is

142 *Id.* at V-18 n.11 and V-19 (Table V-8).

143 *Id.* at V-9 – V-12 (Tables V-3 – V-6).

available from Canada, a non-subject country. As indicated by the purchasers' responses in this review, the only reason for a purchaser to select Mexican 4.75mm wire rod, with the overhanging chance of duty assessment, instead of non-subject Canadian goods, is price.[144] In fact, in 2010, the year in which the most 4.75mm wire rod entered the U.S. market from Mexico, [ ],[145] despite Mexican producers' claims that this product is costlier to produce than other wire rod.[146]

The U.S. market is conveniently located for Mexican shipments.[147] Moreover, despite [ ] over the review period, Mexico is being blocked from alternative markets. Colombia, Mexico's largest export market for wire rod,[148] recently [ ].[149] Maintenance of the order on Mexico would fulfill the original purposes of the trade laws, preventing Mexico from fully enacting, here in the U.S. market, the price discrimination tactics that it has relied on in making Colombian sales during the review period.[150]

In sum, Mexican producers have substantial and growing excess capacity with which to serve the U.S. market. Mexico's export volumes [ ] over the review period, and U.S.

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144 *Id.* at II-33 (Table II-8), II-37 (Table II-10), II-39 (Table II-11).

145 *Compare id.* at IV-40 Table IV-17) (showing 2010 AUV for Mexican exports to the United States of [ ]), *with id.* at E-3 (Table E-1) (showing [ ]. *See also id.* at IV-46 (Table IV-19) (showing extremely low AUVs for Mexican exports of wire rod to the United States in 2010).

146 *See* Issues and Decision Memorandum accompanying *Carbon and Alloy Steel Wire Rod from Mexico*, 77 Fed. Reg. 59, 892 (Dep't of Commerce Oct. 1, 2012) at 16, attached at **Exhibit 26**.

147 *See, e.g.,* Prehearing Report at IV-13.

148 *Id.* at IV-45 (Table IV-9). Mexican exports of wire rod to Colombia grew from approximately 25,000 short tons in 2008 to nearly 200,000 short tons in 2013. *Id.*

149 [ ], attached at **Exhibit 8**; [ ], attached at **Exhibit 9**.

150 As noted, Mexico's U.S. sales over the review period have largely [ ] the domestic like product. However, without the duties in place, [ ].

prices are extremely attractive to Mexican producers. Mexico has shown its willingness to compete in the U.S. market on a price basis, underselling the domestic like product over the review period by [ ] than were seen in the original investigation, and shipping large volumes of a potentially subject product during the period of review. Importantly, Mexico's number one export market has [ ]. Mexico therefore has compelling reasons to significantly increase its exports to the United States in the event of revocation, and to do so by underselling the domestic wire rod industry.[151]

B. Brazil Has Strong Incentives to Export Wire Rod to the U.S. Market in the Event of Revocation

Should the orders be revoked, Brazilian producers will also significantly increase their exports to the U.S. market, for largely the same reasons as Mexican producers. Only one Brazilian producer, believed to account for approximately [ ] of Brazilian wire rod capacity, responded to the Commission's questionnaire.[152] Like Mexico, Brazil increased its wire rod rolling capacity during the review period (by [ ] short tons), and further capacity increases are projected for 2014 and 2015.[153] [ ].[154] The sole responding producer indicated [ ].[155] All told,

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151 We note that [ ]. Prehearing Report at I-42 (Table I-11 n.1) and IV-36 –IV-37 n.13.

152 *Id.* at IV-17, IV-21.

153 *Id.* at IV-21; *see also* [ ], excerpts attached at **Exhibit 2**.

154 [ ], attached at **Exhibit 10**; [ ], attached at **Exhibit 11**.

155 Prehearing Report at IV-22 – IV-23.

[ ] predicts that Brazilian producers will increase their capacity by [ ] short tons between 2014 and 2015, and thereafter by a further [ ] tons in 2016.[156]

[ ] data that are inclusive of all Brazilian production indicate that Brazilian producers had [ ] in 2013,[157] an amount equal to [ ] of U.S. apparent consumption.[158] This excess capacity will grow with Brazil's addition of further capacity, as described above. Moreover, Brazil's home market demand is increasing too slowly to absorb this growing excess capacity. In 2013, Brazilian producers had wire rod rolling capacity sufficient to produce [ ].[159] The difference between Brazilian capacity and consumption will reach [ ] in 2014, and [ ] in 2015.[160] Moreover, Brazilian producers, like many producers worldwide, face stiff competition from Chinese imports in their home market.[161]

Brazil's exports of long products, including wire rod, have been increasing substantially.[162] Indeed, [ ] projects that Brazil's [ ], as it adds significant new capacity that its home market cannot absorb.[163] Brazilian producers have good reason to select the U.S. market as the destination for this growing capacity. With the orders in place, Brazil can export only non-subject tire cord and similar specialty goods

156 [ ], excerpts attached at **Exhibit 2**.

157 Prehearing Report at IV-18.

158 *Id.* at I-7 (Table I-1).

159 [ ], excerpts attached at **Exhibit 2**.

160 *Id.*, excerpts attached at **Exhibit 2**.

161 [ ], attached at **Exhibit 12**.

162 [ ], attached at **Exhibit 13**.

163 [ ], excerpts attached at **Exhibit 2**.

to the United States, although [

].[164] Nonetheless, the United States has been Brazil's top export destination for wire rod; more than 100,000 tons of Brazilian wire rod has entered the U.S. market in each year of the POR.[165] In fact, Brazilian producers have focused increasing percentages of their wire rod exports on the U.S. market – while only 22.2 percent of Brazilian exports were destined for the United States in 2008, by 2013 this percentage had risen to 36.2 percent.[166]

These exports have generally been made at prices that are lower than U.S. producers' AUVs.[167] Brazil's POR exports to the U.S. market appear to have consisted largely of non-subject tire cord and tire bead,[168] which are specialty goods that should command a premium over prices for standard types of "industrial" wire rod. Yet the Brazilian export pricing has been lower than the prices charged by U.S. producers for wire rod generally.[169] Indeed, a review of Brazil's export AUVs, based both on GTA data and the [

], show that Brazil's world-wide export AUVs for wire rod over the POR have generally been lower than U.S. producers' AUVs; the price differential reached its greatest point in 2013.[170]

In sum, Brazilian producers have substantial and growing excess capacity with which to serve the U.S. market. Brazil's exports are expected to increase overall, and the United States has

164 Prehearing Report at IV-26 (Table IV-11).

165 *Id.* at IV-25 (Table IV-10).

166 *Id.*

167 *Compare id.* at III-10 (Table III-6), *with id.* at IV-25 (Table IV-10).

168 *Id.* at IV-17 n.10.

169 Data available to the Commission suggest that Brazilian producers, like U.S. producers [ ]. *See id.* at IV-26 (Table IV-11). Thus, should the orders be revoked, Brazil would likely export significant volumes of [ ].

170 *Id.* at IV-25 (Table IV-10).

consistently been Brazil's top export destination for wire rod products, with Brazilian producers increasingly concentrating their exports on the U.S. market during the review period. The differential between Brazil's pricing and that available in the United States has grown over the period, such that U.S. prices are increasingly attractive to Brazilian producers. Accordingly, Brazil has compelling reasons to significantly increase its exports to the United States in the event of revocation; moreover, the evidence shows that in doing so, it will undersell the domestic like product.[171]

C. Ukraine Faces Strong Incentives to Export Wire Rod to the U.S. Market in the Event of Revocation

The conditions of competition facing Ukrainian producers are similar to those facing Mexican and Brazilian producers. Like Brazil and Mexico, Ukraine has [ ] excess capacity. Moreover, U.S. prices [ ] in Ukraine and in alternative export markets. Finally, Ukraine faces constraints on its shipments to alternative markets.

In 2013, Ukrainian wire rod capacity stood at [ ].[172] Ukrainian producers, like those in Mexico and Brazil, have [ ], and further [ ] are scheduled for 2014.[173] But Ukraine's [ ].[174] Reporting Ukrainian

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171 We note that [ ]. Prehearing Report at I-42 (Table I-11 n.1) and IV-17.

172 Prehearing Report at IV-64 (Table IV-29).

173 *Id.*; *see also* [ ], excerpts attached at **Exhibit 2**.

174 *See* Prehearing Report at IV-64 (Table IV-39); *see also* [ ], excerpts attached at **Exhibit 2**.

producers' capacity utilization [ ] percent in 2013,[175] and Ukrainian excess capacity will [ ] in 2014.[176] Despite this, additional wire rod capacity is expected to come online in 2014, in the form of a 360,000 ton facility at Dneprovsky (Dzerzhinsky) Metallurgical Plant.[177]

Ukraine's wire rod producers are [ ], consistently sending more than [ ] of their annual production [ ].[178] Moreover, Ukraine's net exports of wire rod are [ ] from 2013-2015 and beyond.[179] [ ] of Ukraine's exports are destined for [ ]; instead, the country's producers [ ], including to [ ].[180] Ukraine faces stiff competition in many of these markets, most notably from Chinese wire rod, which has been displacing the Ukrainian product.[181] Beyond this, Ukraine's alternative export markets are taking action to block the country's wire rod shipments. For example, Jordan, one of Ukraine's top export destinations for wire rod over the review period, recently imposed safeguard-like duties on wire rod imports,

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175 Prehearing Report at IV-64 (Table IV-29).

176 [ ], excerpts attached at **Exhibit 2**.

177 [ ], attached at **Exhibit 14**; [ ], attached at **Exhibit 15**.

178 Prehearing Report at IV-64 (Table IV-29).

179 [ ], excerpts attached at **Exhibit 2**.

180 Prehearing Report at IV-64 (Table IV-29), IV-69, and IV-70 (Table IV-31).

181 [ ], attached at **Exhibit 16**.

displacing Ukrainian imports from the market.[182] Finally, Ukraine's producers are being forced to redirect exports away from Russia as a result of political tensions.[183]

The data available to the Commission demonstrate Ukraine's ability to quickly shift exports in and out of different markets as opportunities arise. For example, Ukraine exported [ ], and [ ].[184] Exports to [ ] over the review period, and those to [ ].[185]

AUVs for Ukrainian wire rod sales have consistently [ ].[186] This is true with respect to both Ukrainian home market and export shipments.[187] In 2013, the [ ].[188] [ ] expects that CIS export pricing for wire rod will remain well below U.S. pricing for the foreseeable future.[189]

Ukraine, then, like Mexico and Brazil, has powerful incentives to export wire rod to the United States in the event of revocation. It has significant and growing excess capacity. Ukraine is already [ ] and, [ ] in the foreseeable future. Ukraine has shown itself able to adapt to changing

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182 [ ], attached at **Exhibit 17**; *see also* Prehearing Report at IV-70 (Table IV-31) (showing sudden drop in Ukrainian exports to Jordan).

183 [ ], attached at **Exhibit 18**.

184 Prehearing Report at IV-70 (Table IV-31).

185 *Id.*

186 *Compare* Prehearing Report at III-10 (Table III-6), *with id.* at IV-65 (Table IV-29) and IV-71 (Table IV-31).

187 *Compare* Prehearing Report at III-10 (Table III-6), *with id.* at IV-65 (Table IV-29) and IV-71 (Table IV-31).

188 *Compare* Prehearing Report at III-10 (Table III-6), *with id.* at IV-65 (Table IV-29) and IV-71 (Table IV-31).

189 [ ], excerpts attached at **Exhibit 2**.

market conditions quickly, pushing large volumes of wire rod into markets where it previously had only a limited presence. Finally, Ukraine's pricing has consistently been [ ]. Should the orders be revoked, Ukraine's producers have ample reason to quickly increase shipments to the United States, and to capture market share by underselling the domestic like product.[190]

D. Trinidad & Tobago Will Likely Increase Exports of Wire Rod to the U.S. Market in the Event of Revocation

Trinidad & Tobago has a single wire rod producer, ArcelorMittal Point Lisas ("AMPL").[191] AMPL has an [ ] of unused capacity and is [ ] export oriented.[192] The differential between its [ ]. Because of this, AMPL will increase exports to the United States if the orders are revoked.

Although AMPL's production capacity [ ], its average capacity utilization was [ ] percent.[193] In 2013, AMPL's capacity utilization was a [ ] percent.[194] AMPL had [ ] short tons of unused overall capacity in 2013 alone – an amount [ ] short tons during the period of investigation.[195] This excess capacity will be directed to the U.S. market in the event of revocation.

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190 We note that [ ]. Prehearing Report at I-42 (Table I-11 n.1) and IV-62.

191 *See* Prehearing Report at IV-52.

192 *See id.* at IV-52 (Table IV-23).

193 *See id.* at IV-53 (Table IV-24).

194 *Id.*

195 *Compare id.* at IV-55 (Table IV-25), *with* Confidential Views of the Commission, *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Germany, Indonesia, Mexico, Moldova, Trinidad and Tobago, Turkey,*

Just as it was during the original investigation and first sunset review, Trinidad remains [ ].[196] During the period of review, AMPL exported between [ ] and [ ] percent of its shipments.[197] Trinidad's home market is [ ]; AMPL's commercial shipments to its home market [ ] short tons in any year of the review period.[198] Moreover, Trinidad is increasingly facing pressure in its traditional export markets, making the U.S. market more attractive in the event that the order on Trinidadian wire rod is revoked. In particular, China is becoming more active in Central and South America,[199] and Colombia, one of AMPL's top export markets,[200] just finalized safeguard measures on wire rod,[201] effectively displacing AMPL from the Colombian market.[202]

With [ ] short tons of excess overall capacity, not only does Trinidad have the opportunity to increase exports to the U.S. market if the orders are revoked, but it also has a clear economic incentive to do so. In fact, [ ].[203] Moreover, U.S. producers' AUVs were

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and Ukraine, Inv. Nos. 701-TA-417-421 and 731-TA-953, 954, 956-959, 961, and 962 (Final) at 54 (Oct. 18, 2002) ("Confidential Views of the Commission 2002"). AMPL's overall production capacity is the most relevant for this analysis because [ ] *See* Foreign Producers'/Exporters' Questionnaire Response of [ ] at II-5e [ ] ("[ ] Foreign QR").

196 *See* Prehearing Report at IV-52 (Table IV-23).

197 *Id.* at IV-53 (Table IV-24).

198 *See id.*

199 *See* [ ], attached at **Exhibit 12**.

200 *See* Prehearing Report at Table IV-26.

201 [ ], attached at **Exhibit 8**.

202 *See* Prehearing Report at Table IV-26. In 2012, [ ] short tons of Wire Rod to [ ] but in 2013, [ ] short tons to [ ].

203 [ ] Foreign QR at II-11.

[ ] throughout the POR.[204] In 2013, the [ ] during the review period was as [ ] per short ton.[205]

In light of Trinidad's ability and incentive to export to the attractive U.S. market, AMPL likely will increasingly export subject wire rod to the United States if the orders are revoked. These exports likely will significantly undersell the domestic product, just as they did during the original period of investigation, when they undersold the domestic like product in [ ] of [ ] comparisons by margins of up to [ ] percent.[206] Accordingly, the Commission should find that revocation of the order with respect to Trinidad would cause AMPL to ship significant volumes of wire rod to the U.S. market and materially injure the already vulnerable domestic wire rod industry.

E. <u>Indonesia Has Strong Incentives to Export Wire Rod to the United States in the Event of Revocation</u>

Like the four subject countries discussed above, Indonesia also has compelling reasons to significantly increase its exports of wire rod to the United States in the event of revocation. Only one Indonesian producer, accounting for [ ] of that country's wire rod rolling capacity, responded to the Commission's requests for information.[207] However, [ ] reports that Indonesia's six wire rod facilities have a combined production capacity of [ ].[208] While Indonesia [ ] over the review period,[209]

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204 *Compare* Prehearing Report at III-10 (Table III-6), *with id.* at IV-54 (Table IV-24).

205 *Compare* Prehearing Report at III-10 (Table III-6), *with id.* at IV-54 (Table IV-24). In 2008, AMPL shipped subject wire rod to the U.S. market at prices $[ ] the U.S. producers' U.S shipment AUVs. *Id.*

206 Confidential Views of the Commission 2002 at 55-56.

207 Prehearing Report at II-10.

208 [ ], excerpts attached at **Exhibit 2**.

209 *Id.*, excerpts attached at **Exhibit 2**.

the country nonetheless has [ ] excess capacity.[210] The sole responding producer reported [ ].[211] [ ] reports that Indonesian excess capacity is expected to equal approximately [ ] this year, an amount equal to [ ] percent of 2013 U.S. wire rod consumption.[212]

Indonesian wire rod producers increasingly face stiff competition in their home and nearby export markets, particularly from China.[213] Moreover, Malaysia recently issued an antidumping duty order on Indonesian wire rod.[214] Indonesia's producers accordingly have good reason to seek new (or former) markets for their production.

The unit value of Indonesia wire rod exports has been consistently [ ] over the review period.[215] Reported AUVs for Indonesian shipments [ ] in 2012 to [ ] in 2013,[216] and the [ ]. In 2013, the [ ] was [ ][217] Moreover, the [ ] between U.S. and Asian prices is expected to persist in the reasonably foreseeable future.[218]

Indonesia's producers, like those in Mexico, Brazil, Ukraine, and Trinidad & Tobago, have ample incentive to significantly increase their shipments to the United States in the event of

210 [ ], excerpts attached at **Exhibit 2**.

211 *See* Prehearing Report at II-10.

212 [ ], excerpts attached at **Exhibit 2**.

213 [ ], excerpts attached at **Exhibit 2**; *see also* [ ], attached at **Exhibit 19**.

214 Prehearing Report at IV-15.

215 *Compare id.* at III-10 (Table III-6), *with id.* at IV-30 (Table IV-13).

216 Prehearing Report at IV-30 (Table IV-13).

217 *Id.* at III-10 (Table III-6) and IV-30 (Table IV-13).

218 [ ], excerpts attached at **Exhibit 2**.

revocation. Their capacity utilization [ ], leaving them with [ ] capacity. They face competition in their home and nearby export markets from Chinese exports, and have recently been shut out of the nearby Malaysian market. The [ ] that has developed between the U.S. market, the Indonesian market in particular, and the Asian market generally make the United States a far more attractive destination for Indonesian wire rod than those currently available to Indonesian producers. Should the orders be revoked, Indonesia will respond by significantly increasing wire rod shipments to the United States, at prices that will undercut their U.S. competition. Any gaps in the record with respect to this question are due solely to Indonesian producers' failure to participate.

F. Moldova Will Also Significantly Increase Exports in the Event of Revocation

The Commission received no information from Moldova's sole producer of wire rod, Moldova Steel Works.[219] But the record evidence suggests that any evidence this company could have supplied would support continuation of the orders. Indeed, Moldova faces conditions of competition highly similar to those faced by the other subject countries here, which will lead the country to significantly increase wire rod exports to the United States at rock-bottom prices in the event of revocation.

Moldova [ ] its wire rod production capacity during the review period.[220] Moldova is also [ ], sending approximately [ ].[221] Due a planned maintenance outage during which it overhauled its blast furnace and

219 Prehearing Report at IV-48.

220 *See id.* at IV-48 (Table IV-21).

221 *Id.* at IV-49.

melt shop,[222] Moldova Steel Works' exports in 2013 were more muted than in other years of the review period.[223] However, the country still exported more than 100,000 tons of wire rod in 2013.[224] While Moldova focused exports during the review period on Eastern Europe,[225] demand in this market is expected to be at a stand-still for the reasonably foreseeable future.[226] Moreover, Moldova is fully capable of quickly switching in and out of export markets as opportunities arise, as shown by its exportation of 75,000 short tons of wire rod to Brazil in 2010.[227]

During the review period, Moldova's export prices for wire rod have generally been approximately [ ] U.S. producers' prices.[228] The [ ] has [ ] with time; by 2013, it had reached [ ].[229] Moreover, the [ ] between the U.S. market and [ ] exports generally is expected to persist into the reasonably foreseeable future.[230]

In sum, Moldova faces the same incentives to increase U.S. wire rod exports as do other subject countries. Moldova [ ] its production capacity since the first review period; it is [ ] and [ ] production. Demand in its alternative markets is weak, and it has shown its ability over the review period to switch quickly between export

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222 [ ], attached at **Exhibit 20**; [ ], attached at **Exhibit 21**.

223 *See* Prehearing Report at IV-50 (Table IV-22).

224 *Id.*

225 *See id.*

226 Wire rod consumption in Romania and Poland, for example, Moldova's top export markets, *id.*, is expected to [ ] between 2013-2014. [ ] excerpts attached at **Exhibit 2**.

227 Prehearing Report at IV-50 (Table IV-22).

228 *Compare id.* at III-10 (Table III-6), *with id.* at IV-51 (Table IV-22).

229 *Compare* Prehearing Report at III-10 (Table III-6), *with id.* at IV-51 (Table IV-22).

230 [ ], excerpts attached at **Exhibit 2**.

destinations. Moreover, the [ ] between Moldovan export prices and U.S. prices has [ ] over the period of review. Moldova, like the other subject countries, has compelling reasons to significantly increase exports to the United States in the event of revocation, and can gain U.S. sales volume by undercutting its U.S. competition.

G. Transportation Costs Present No Barrier to Subject Imports

Given the [ ] between the U.S. market and subject countries' home and alternative markets, freight costs are no disincentive to significantly increasing wire rod exports to the United States. Indeed, freight costs for shipments to the United States have fallen since the first review period. Global freight rates plummeted as a result of the recession and remain depressed today. The Baltic Dry Index, a common measure of the volume of shipping, peaked in May of 2008 at 11,793 points.[231] By December of that year, the index had lost 94 percent of its value,[232] and as of April 8, 2014, the index stood at only 1,098.00 points.[233] The weakness in freight rates is likely to persist, given an oversupply of shipping capacity.[234]

Most purchasers have indicated that international transportation costs are not an important factor in their purchasing decisions.[235] Foreign producers, too, confirm that transportation costs do not prohibit them from shipping large quantities of wire rod to the United States. Of the three foreign producers that reported shipping costs, [ ] reported the [ ] transportation costs for product sent to the United States, at $[ ] per short

231 Robert Wright, *Dry bulk shipping rates approach all-time low*, Financial Times (Nov. 26, 2008), attached at **Exhibit 22**.

232 *Id.*

233 Hellenic Shipping News Worldwide, *Baltic Dry Index Falls to 1,098, Down 88* (Apr. 8, 2014), attached at **Exhibit 23**.

234 Lee Hong Liang, *Challenging Outlook for Containers, Bulkers: HMM*, Seatrade Global (Apr. 8, 2014), attached at **Exhibit 24**.

235 *See* Prehearing Report at II-27 – II-28.

ton.[236] But even with the [ ] reported transportation costs,[237] [ ] producers shipped [

].[238] Although [

], the only difference in transportation cost between shipping subject and non-subject wire rod is that the latter is often more expensive to ship, due to the need for special wrappings to prevent it from rusting. Furthermore, [ ] producers' top export destinations include countries in [ ],[239] indicating that freight costs are no bar to shipping to other countries or readily shifting to different markets based on geography.

[ ] noted in its foreign producer questionnaire response that [

],[240] but it also failed to report its [ ] to the Commission.[241] However, quotes obtained last year by [ ] confirm that freight from [ ] to the United States is not cost-prohibitive. Ocean freight from [

] to [ ] is between $[ ] per short ton.[242] These rates are lower than the $[ ] per short ton freight quotes from [ ] to the [ ], which is one of [ ] export markets and near its other major export markets, such as [ ].[243] Freight

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236 *See id.* at V-4 (explaining that the Brazilian producer reported transportation cost of $[ ] per short ton; Indonesian producer reported transportation costs of $[ ] per short ton; and the Mexican producer reported transportation cost of $[ ] per short ton).

237 *See id.*

238 *Id.* at [ ].

239 *Id.*

240 *Id.* at [ ].

241 *See generally* Foreign Producer'/Exporters' Questionnaire Response of [ ] [ ].

242 *See* Freight Cost Quotes, attached at **Exhibit 25**.

243 *See id.*; Prehearing Report at [ ].

rates to [ ], which [ ] export market, [ ], are between $[ ] per short ton.[244]

Freight rates do not serve as a constraint on subject producers' exports to the United States. There would be a strong price-based incentive for [ ], and subject producers to increase exports to the United States if the orders were revoked. Given the [ ], (ranging from [ ]/short ton in 2013),[245] [ ] and other subject producers would easily shift their exports to the United States despite the freight costs to make a larger profit.

VI. REVOCATION OF THE ORDERS WILL RESULT IN RECURRENCE OF MATERIAL INJURY IN A REASONABLY FORESEEABLE TIME

Since the Commission last reviewed these orders, the U.S. wire rod industry has been devastated by the global recession and by a significant increase in unfairly traded imports from China. The industry's capacity, production, profits, and worker numbers have all suffered as a result. Should the Commission revoke the antidumping and countervailing duty orders on wire rod from Brazil, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine, the weakened U.S. industry will suffer further material injury. Given the U.S. industry's fragile state, even small subject import volumes would have material adverse effects. As shown above, the conditions of competition affecting all subject countries provide them with strong incentives to significantly increase their wire rod exports to the U.S. market within a reasonably foreseeable time. These imports will further erode U.S. pricing, which has already been negatively affected by Chinese imports, leaving U.S. producers increasingly unable to cover their costs. The result

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244 *See* Freight Cost Quotes, attached at **Exhibit 25**; Prehearing Report at [ ].

245 Figures are based on U.S. producers' total U.S. shipments, and export shipments as reported by responding producers in the subject countries with the exception of Brazil and Moldova. Brazilian and Moldovan figures are based on GTA data. *See* Prehearing Report at III-10 (Table III-6), IV-25 (Table IV-10), IV-30 (Table IV-13), IV-40 (Table IV-17), IV-51 (Table IV-22), IV-54 (Table IV-24), IV-65 (Table IV-29).

will be more U.S. wire rod producers operating in the red, ultimately leading to further production shutdowns and lost jobs.

A. Revocation of the Orders Will Result in a Significant Increase in the Volume of Subject Imports

Subject producers in all six countries have good reason to export significant quantities of wire rod to the U.S. market in the event of revocation. They have shown their willingness and ability to surge into the U.S. market in the past, and have strong incentives to do so again now. Facing overcapacity and import pressure both at home and in alternative markets, the sudden reopening of the large, easy-to-access, and attractively priced U.S. market would draw significant exports of wire rod from Brazil, Indonesia, Mexico, Moldova, Trinidad & Tobago and Ukraine.

1. The Commission Found Import Volumes Significant in the Original Investigation and Likely to Increase Significantly in the First Sunset Review

In the original investigation, the Commission found that the volume of cumulated subject imports was significant, both in absolute terms and relative to U.S. consumption.[246] The volume of cumulated subject imports increased steadily during the period of investigation, despite a simultaneous decline in U.S. domestic consumption.[247] As a result, the Commission found that the increase in subject imports' market share came at the expense of the domestic producers' market share.[248] According to the Commission, "{a}s the volume of subject imports increased in

246 *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Germany, Indonesia, Mexico, Moldova, Trinidad and Tobago, Turkey, and Ukraine*, Inv. Nos. 701-TA-417-421 and 731-TA-953, 954, 956-959, 961, and 962 (Final), USITC Pub. 3546 at 28-29 (Oct. 2002) ("Final Determination").

247 *Id.* at 28.

248 *Id.*

a declining market, and the domestic industry lost significant market share to the subject imports, the condition of the U.S. industry deteriorated markedly."[249]

While the orders were effective in forestalling unfairly traded subject imports during the first sunset review period, the Commission found that volumes were likely to return to injurious levels if the orders were revoked.[250] Notably, aggregate capacity for producers in Brazil, Moldova, Mexico, Trinidad & Tobago, and Ukraine reached 10.8 million short tons in 2007, two times the volume of apparent U.S. consumption of wire rod – 5.9 million short tons – in the same year.[251] The Commission also noted existing unused capacity of 2.7 million short tons in these countries, as well as projected capacity increases through 2010.[252] Finally, the Commission found that producers in the subject countries continued to export substantial volumes worldwide during the period of review and that the United States, with relatively high prices for wire rod, would be an attractive market for those producers upon revocation of the orders.

2. Supply and Demand Conditions Will Result in Significant Subject Exports

While wire rod capacity has fallen somewhat in the United States,[253] it has [ ].[254] Demand remains depressed globally, however, leaving major wire rod-producing countries struggling to absorb their own capacity in the midst of rising import

249 *Id.* at 32.

250 First Sunset Review Determination at 28-32.

251 *Id.* at 29.

252 *Id.* at 30.

253 Prehearing Report at I-9 (Table I-1).

254 *Id.* at IV-87 (Table IV-39). Mexican wire rod capacity has [ ] over the review period. *Id.* at IV-41 and IV-43. Canadian capacity appears to have [ ]. [ ], excerpts attached at **Exhibit 2**.

competition from countries similarly unable to absorb their own capacity increases.[255] This is particularly evident with respect to the situation that has developed in subject countries' home and nearby export markets.

Each of the subject countries suffers from [ ] excess capacity in relation to demand, and faces stiff competition from alternative suppliers (particularly in China). In Mexico, Brazil, and Ukraine, for example, demand is projected to increase by approximately [ ] tons in 2014 and again in 2015,[256] but the countries already have at [ ] each,[257] with additional capacity coming online.[258] Trinidad & Tobago likewise has [ ] in home-market demand,[259] while it also has been unable to compete with Chinese suppliers in its export markets.[260] As of 2013, Trinidadian capacity utilization was [ ],[261] and the one market to which it has significantly increased shipments just established quotas on wire rod.[262] Indonesia, too, has [ ] excess

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255 Only in China is wire rod demand increasing substantially. [ ], excerpts attached at **Exhibit 2**. However, China has also significantly increased production, with the result that it is now a significant net exporter of wire rod. [ ], excerpts attached at **Exhibit 2**.

256 [ ], excerpts attached at **Exhibit 2**.

257 *See, e.g.,* Prehearing Report at IV-38; [ ] excerpts attached at **Exhibit 2**; [ ] excerpts attached at **Exhibit 2**.

258 [ ], attached at **Exhibit 7**; [ ], excerpts attached at **Exhibit 2**; [ ], attached at **Exhibit 14**; [ ], attached at **Exhibit 15**.

259 Prehearing Report at IV-53 (Table IV-24) (showing [ ].

260 *Id.* at IV-58; [ ], attached at **Exhibit 12**.

261 Prehearing Report at IV-55.

262 *See id.* at IV-58; [ ], attached at **Exhibit 8**; [ ], attached at **Exhibit 9**.

capacity,[263] has found its market awash in Chinese imports,[264] and likewise faces trade barriers in nearby export markets.[265] Moldova, finally, faces tepid demand at best in its alternative export markets.[266]

3. The Relatively Attractive Prices Available in the United States Will Draw In Subject Exports

The United States has long been an attractively-priced market for steel. The review period has been no exception, with U.S. prices for wire rod generally topping those available in other markets, often by significant amounts. The [ ] between U.S. producers' prices and those charged by subject country producers, particularly for exports of wire rod, has [ ] over the review period. By 2013, most subject countries exported wire rod at prices that were [ ].

2013 AUVs for Wire Rod ($/short ton)[267]		
Producer Origin	*AUV*	*Difference with U.S. AUV*
United States	[ ]	---
Mexico	[ ]	[ ]
Ukraine	[ ]	[ ]
Trinidad	[ ]	[ ]
Moldova	[ ]	[ ]
Indonesia	[ ]	[ ]
Brazil	[ ]	[ ]

263 [ ], excerpts attached at **Exhibit 2.**

264 [ ], excerpts attached at **Exhibit 2**; *see also* [ ], attached at **Exhibit 19**.

265 Prehearing Report at IV-15.

266 Wire rod consumption in Romania and Poland, for example, Moldova's top export markets, *id.* at IV-50 (Table IV-22), is expected to [ ] between 2013-2014. [ ], excerpts attached at **Exhibit 2**.

267 Figures are based on U.S. producers' total U.S. shipments, and export shipments as reported by responding producers in the subject countries with the exception of Brazil and Moldova. Brazilian and Moldovan figures are based on GTA data. *See* Prehearing Report at III-10 (Table III-6), IV-25 (Table IV-10), IV-30 (Table IV-13), IV-40 (Table IV-17), IV-51 (Table IV-22), IV-54 (Table IV-24), IV-65 (Table IV-29).

Even for Brazilian producers, who have [ ] in their home market over the review period, pricing is now on the downswing. Based on GTA data, Brazil's export prices had fallen to nearly [ ] than prevailing U.S. prices by 2013.[268] Reporting Brazilian producers' home-market prices in 2013 [ ] those available in the U.S. market.[269] Brazilian export volumes have increased during the period of review.[270] In fact, Brazil's wire rod demand is growing much more slowly than its capacity is increasing,[271] placing additional pressure on Brazilian producers to find new export markets.

[ ] projects that pricing in the U.S. market will remain well above that available elsewhere in the world for the foreseeable future,[272] making the United States an attractive market, particularly for producers like those in the subject countries, that are in desperate need of an outlet for their excess production capacity.

4. The U.S. Market Is Large and Easy for Subject Producers to Access

The combination of the U.S. market's size, openness to imports, and attractive pricing will incentivize producers in subject countries to ship large quantities of wire rod to the United States if the orders are revoked. While demand in the United States [ ],[273] the United States is the largest market for wire rod in either North or South America,

268 *Compare id.* at III-10 (Table III-6), *with id.* at IV-25 (Table IV-10).

269 *Compare* Prehearing Report at III-10 (Table III-6), *with id.* at IV-25 (Table IV-10).

270 *See* [ ], attached at **Exhibit 13.** [ ] projects that Brazil's [ ], as it adds significant new capacity that its home market cannot absorb. [ ], excerpts attached at **Exhibit 2.**

271 [ ], excerpts attached at **Exhibit 2.**

272 [ ], excerpts attached at **Exhibit 2.**

273 *See* Prehearing Report at I-7 (Table I-1).

and dwarfs consumption in most other nations.[274] As such, the United States presents a large market for subject producers to target their substantial excess capacity.

Furthermore, the U.S. market is extremely open to imports of wire rod. U.S. tariffs on wire rod are zero.[275] As the influx of Chinese imports between 2011 and 2013 demonstrates, U.S. purchasers are quick to change suppliers, gravitating toward new market entrants that can provide low prices.[276] As such, foreign producers – new and established – have easy access to one of the world's largest markets for wire rod. Indeed, as demonstrated below,[277] purchasers and importers have declared themselves both willing and eager to import from the subject countries. As a result, if the orders are revoked, subject producers can increase exports in a matter of months and no substantial barriers to trade would prevent them from overwhelming the U.S. market with low-priced imports.

5. U.S. Purchasers and Importers Believe That Revocation Will Result in Significant Subject Imports

A [ ] number of importers and purchasers [ ], resulting in a [ ] of subject imports that would [ ].[278]

[ ][279]

[ ][280]

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[274] *See* [ ], excerpts attached at **Exhibit 2**.

[275] *See* Harmonzied Tariff Schedule of the United States, Headings 7213.91, 7213.99 and 7227.

[276] *See generally* USITC Pub. No. 4458.

[277] *See infra* Part VI.A.5.

[278] U.S. Purchasers' Questionnaire Response of [ ] at III-31 [ ] ("[ ] Domestic QR"); U.S. Purchasers' Questionnaire Response of [ ] at III-31 [ ] ("[ ] Domestic QR").

[279] [ ] Domestic QR at III-3 (emphasis added).

[ ][281]

[ ][282]

[ ][283]

Numerous other importers and purchasers [ ]. As one importer stated, [ ].[284]

[ ][285]

[ ][286]

[ ][287]

[ ][288]

[ ][289]

[ ][290]

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280 U.S. Importers' Questionnaire Response of [ ] at II-4[ ] (emphasis added).

281 U.S. Purchasers' Questionnaire Response of [ ] at III-31 [ ] (emphasis added).

282 [ ] Domestic QR at III-31. [ ] is affiliated with [ ], a U.S. wire rod producer (emphasis added).

283 [ ] Domestic QR at III-31 (emphasis added).

284 U.S. Importers' Questionnaire Response of [ ] at II-15 [ ].

285 U.S. Importers' Questionnaire Response of [ ] at II-15 [ ] (emphasis added).

286 U.S. Purchasers' Questionnaire Response of [ ] at III-31 [ ] ("[ ] Domestic QR") (emphasis added).

287 U.S. Purchasers' Questionnaire Response of [ ] at III-31 [ ] (emphasis added).

288 U.S. Purchasers' Questionnaire Response of [ ] at III-31 [ ] (emphasis added).

289 U.S. Purchasers' Questionnaire Response of [ ] at III-31 [ ] ("[ ] Domestic QR") (emphasis added).

[ ][291]

[ ][292]

[ ][293]

[ ][294]

[ ] and [ ][295]

[ ][296]

[ ][297]

[ ][298]

In sum, both purchasers and importers believe that [ ], subject wire rod.

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290 U.S. Purchasers' Questionnaire Response of [ ] at III-31[ ] ("[ ] Domestic QR") (emphasis added). [ ] is affiliated with [ ], a U.S. wire rod. producer.

291 [ ] Domestic QR at III-31 (emphasis added).

292 U.S. Purchasers' Questionnaire Response of [ ] at III-31 [ ]. (emphasis added).

293 U.S. Purchasers' Questionnaire Response of [ ] at III-31 [ ] (emphasis added).

294 U.S. Importers' Questionnaire Response of [ ] at II-15 [ ] (emphasis added).

295 U.S. Importers' Questionnaire Response of [ ] at II-4 and II-15, respectively [ ] ("[ ] Importer QR") (emphasis added).

296 U.S. Importers' Questionnaire Response of [ ] at II-4 [ ] (emphasis added).

297 U.S. Importers' Questionnaire Response of [ ] at II-4 and II-15 [ ] (emphasis added).

298 U.S. Importers' Questionnaire Response of [ ] at II-4 [ ] ("[ ] Importer QR").

B. Revocation of the Orders Would Have Significant Negative Price Effects

The record demonstrates that, throughout the period of review, just as in the investigation and first review periods, U.S. wire rod prices have generally been attractive relative to those available in other markets. Yet, as the record also clearly demonstrates, these prices remain acutely sensitive to changes in import supply. Low-priced offers for wire rod from the subject countries will quickly result in declining U.S. prices.

1. The Commission Found Significant Price Effects in the Original Investigation and Likely Significant Price Effects in the First Sunset Review

In the original investigation, the Commission found that subject imports undersold the domestic like product, resulting in "a significant degree" of price suppression.[299] Subject imports from all cumulated countries undersold the domestic like product in nearly 67 percent of the Commission's comparisons, while those from Brazil, Moldova, and Ukraine consistently undersold the domestic like product by double-digit margins.[300] Price suppression caused by subject imports in the original investigation was accompanied by domestic producers' rising COGS, resulting in a cost/price squeeze.[301] Because price is a key factor in wire rod purchasing decisions, the underselling and resulting cost/price squeeze caused the domestic industry's deteriorating operating performance during the investigation period.[302]

Based on the likely volume of subject imports in the absence of the orders and subject imports' historic pattern of underselling, the Commission found in the first sunset review that

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[299] Final Determination at 30.

[300] *Id.* at 29-30.

[301] *Id.* at 30-31.

[302] *Id.* at 32.

subject imports likely would have significant price effects if the orders were revoked.[303] Despite [ ], subject imports in the domestic market during the period of review continued to "predominantly" undersell the domestic like product.[304] Given the importance of price to wire rod purchasing decisions, the Commission found that this underselling would result in significant price depression or price suppression in the presence of greater volumes of subject imports.[305] According to the Commission, this effect would be exacerbated by continuing growth in the cost of raw materials and domestic producers' inability, even with [ ] of subject imports in the U.S. market, to increase prices accordingly.[306]

2. Subject Producers' Prices Over the Review Period Demonstrate that There Is a High Likelihood of Underselling in the Event of Revocation

Producers in Brazil, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine are able to export wire rod to the United States at [ ]. Information available from reporting producers, from published pricing series, and from export statistics indicates that, over the past year, subject wire rod has been offered for as much as [ ]/short ton [ ] U.S. prices.[307] Indeed, in 2013, each of the subject countries exported wire rod at prices [ ];[308]

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303 First Sunset Review Determination at 34.

304 *Id.*

305 *Id.*

306 *Id.*

307 *See* Prehearing Report at III-10 (Table III-6), IV-25 (Table IV-10), IV-30 (Table IV-13), IV-40 (Table IV-17), IV-51 (Table IV-22), IV-54 (Table IV-24), IV-65 (Table IV-29).

308 *See id.*

2013 AUVs for Wire Rod ($/short ton)[309]		
Producer Origin	*AUV*	*Difference with U.S. AUV*
United States	[ ]	---
Mexico	[ ]	[ ]
Ukraine	[ ]	[ ]
Trinidad	[ ]	[ ]
Moldova	[ ]	[ ]
Indonesia	[ ]	[ ]
Brazil	[ ]	[ ]

Both [ ] and [ ] pricing series, which track pricing in the United States and a number of global markets, show that prices in alternative export markets have generally been lower than those available in the United States over the review period.[310] This pricing differential is expected to continue for the foreseeable future.[311]

Tellingly, the pricing product data from Mexico ([ ]),[312] indicates that Mexican underselling during this review period is [ ] that seen during the original investigation. As the Staff Report notes, Mexico's sales of subject wire rod undersold the domestic like product in 30 out of 37 comparisons over the review period by margins of up to [ ] percent.[313] During the investigation period, Mexican product undersold the domestic like product in a

309 Figures are based on U.S. producers' total U.S. shipments, and export shipments as reported by responding producers in the subject countries with the exception of Brazil and Moldova. Brazilian and Moldovan figures are based on GTA data. *See id.*

310 *Id.* at IV-82 – IV-85 (Table IV-38); [ ], excerpts attached at **Exhibit 2.** [ ] indicates that [ ] than that available in the U.S. market at times. Prehearing Report at IV-82 – IV-85 (Table IV-38). However, [ ] purchases only a small quantity of wire rod; indeed, [ ] is a net exporter of wire rod products. [ ], excerpts attached at **Exhibit 2.**

311 [ ], excerpts attached at **Exhibit 2.**

312 Subject imports from [ ]. These imports [ ] in the United States at the time. *Compare* Prehearing Report at III-10 (Table III-6), *with id.* at IV-54 (Table IV-24).

313 Prehearing Report at V-18.

[ ], but the average rate of underselling was [ ].[314]

In sum, the pricing data available to the Commission indicates that subject producers are easily able to undersell the domestic like product. The [ ] has been growing, such that U.S. producers' wire rod is now generally [ ] than subject producers' export shipments. Pricing series confirm that the U.S. market has been, and will continue to be, attractively priced relative to alternative export markets. Moreover, actual pricing product data demonstrates [ ] during the review period, at [ ] that are [ ]. In the event of revocation, wire rod producers in Brazil, Indonesia, Mexico, Moldova, Trinidad & Tobago and Ukraine will undersell the domestic like product.

3. Importers and Purchasers Expect Negative Price Effects in the Event of Revocation

Both importers and purchasers point to the [ ]. Representative responses to the Commission's inquiries regarding [ ] are as follows:

[ ][315]

[ ][316]

[ ][317]

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314 *Id.* at V-18 n.11 and V-19 (Table V-8).

315 [ ] Domestic QR at III-31 (emphasis added).

316 [ ] Domestic QR at III-31 (emphasis added).

[ ][318]

One importer succinctly stated that, [ ].[319] Numerous purchasers and importers [ ], as summarized below:

[ ][320]

[ ][321]

[ ][322]

[ ][323]

[ ][324]

[ ][325]

[ ][326]

317 U.S. Importers' Questionnaire Response of [ ] at II-14[ ] (emphasis added).

318 [ ] Domestic QR at III-31 (emphasis added).

319 [ ] Importer QR at II-15.

320 U.S. Purchasers' Questionnaire Response of [ ] at III-31[ ] (emphasis added).

321 [ ] Domestic QR at III-31 (emphasis added).

322 U.S. Purchasers Questionnaire Response of [ ] at III-31[ ] (emphasis added).

323 U.S. Purchasers' Questionnaire Response of [ ] at III-31[ ] (emphasis added).

324 [ ] Domestic QR at III-31 (emphasis added).

325 [ ] Domestic QR at III-31 (emphasis added).

326 [ ] Importer QR at II-15 (emphasis added).

C. Revocation of the Orders Will Result in Significant Adverse Impacts for the U.S. Wire Rod Industry

The U.S. wire rod industry will rapidly suffer the continuation and recurrence of material injury by reason of subject imports if the orders are revoked. The U.S. industry is vulnerable to unfairly traded imports, as recent experience with Chinese imports has shown. Subject producers have even greater incentives to ship to the United States now than they did in 2008, when the Commission last reviewed these orders. Given significant excess capacity, attractive U.S. prices, and shrinking alternative markets, the case for an affirmative decision is even more compelling today than it was in the prior review. If the orders are revoked, significant volumes of Brazilian, Indonesian, Mexican, Moldovan, Trinidadian and Ukrainian subject imports will enter the U.S. market, causing lost volume and price depression. Given current market conditions, either will result in further material injury to both the U.S. industry and its workers.

1. The Orders Provided Needed Stability for U.S. Producers

The antidumping and countervailing duty orders put into place in late 2002 and continued in 2008 helped to improve the condition of the U.S. industry and have enabled it to survive the Recession and its ongoing effects. The quantity of imports from the countries under review decreased from nearly [ ] tons in 2002 to 103,569 tons in 2007.[327] Since the continuation of the orders in the first sunset review, subject imports have nearly disappeared from the U.S. market.[328]

The industry's performance has improved as a result. After falling sharply during the period of investigation, domestic production, capacity utilization, and sales fluctuated but

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[327] Confidential Views of the Commission, *Carbon and Certain Alloy Steel Wire Rod from Brazil, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine*, Inv. Nos. 701-TA-417 and 731-TA-953, 957-959, 961, and 962 (Review) at 45 (included in Aug. 9, 2013 APO release).

[328] Prehearing Report at I-8 (Table I-1).

gradually recovered during the first review period.[329] Sales unit values increased substantially during this time, as the industry returned to positive operating incomes in all but one year between 2002 and 2007.[330]

Although the global financial crisis inflicted serious harm on domestic producers, the continued antidumping and countervailing duty orders on imports from the countries subject to this review helped to stabilize domestic producers and prevent even greater losses. The continued absence of unfairly traded imports from the subject countries has allowed U.S. producers to maintain relatively stable production and capacity utilization, with sales unit values that remain above pre-crisis levels.[331] As explained in greater detail below, however, these improvements depend on the continuation of these orders. Lingering economic uncertainty in the wake of the crisis and a surge in dumped and subsidized imports from China have left the domestic industry unable to withstand the significant volumes of unfairly traded imports from subject countries that would enter the U.S. market if the orders are revoked.

2. The U.S. Industry Is Not Well-Positioned to Withstand Additional Imports of Unfairly Traded Wire Rod

The domestic industry's post-recession stability and its gradual recovery have shown signs of reversal in recent years, as a new wave of dumped and subsidized imports from China has flooded the U.S. market and captured market share at the expense of the domestic industry.[332] After climbing slowly towards pre-recession levels in 2010 and 2011, U.S. producers' production, capacity utilization, and financial performance trended downward in 2012 and 2013. In 2013, production fell to more than 250,000 tons below its post-recession peak in

329 *Id.* at C-8 – C-9.

330 *Id.* at C-9.

331 *Id.* at I-9 (Table I-1).

332 *See id.* at I-7 (Table I-1).

2011, with capacity utilization 3.5 percent lower than in 2011 and nearly 3 percent lower than at the end of the first review period.[333] Likewise, net sales, profits, and operating income all fell markedly in 2012 and 2013, and employment growth stagnated as a result.[334]

As in the original investigation, these recent losses have occurred at a time of uncertainty in the U.S. market. U.S. apparent consumption [ ] in the wake of the recession.[335] This uncertain demand situation is not expected to change anytime soon. [ ] predicts that U.S. apparent consumption of wire rod will increase by approximately [ ] tons from 2013-2014, and by a further [ ] tons from 2014-2015.[336] But even after these increases, U.S. apparent consumption will [ ].[337]

As the Commission has recently recognized, the domestic wire rod industry's post-recession recovery has been derailed by a surge in dumped and subsidized non-subject imports, especially from China.[338] These unfairly traded imports have left the domestic industry even more vulnerable than it was at the end of the first review period to a renewed surge in imports from the countries subject to this review. As [ ]."[339] Given this vulnerability, the surge in low-priced imports from subject countries that

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333 *Id.* at I-9 (Table I-1).

334 *Id.*

335 *Id.* at I-7 (Table I-1).

336 [ ], excerpts attached at **Exhibit 2**.

337 *Compare id.*, excerpts attached at **Exhibit 2**, *with* Prehearing Report at I-7 (Table I-1).

338 *See generally* USITC Pub. No. 4458.

339 Prehearing Report at III-39.

would result from revocation of the orders would materially injure the domestic industry and its workers.

3. U.S. Workers Would Be Harmed By Revocation

The antidumping law is intended to remedy injury to workers as well as companies. In considering the impact of revocation of these orders on the domestic industry, the Commission should, as it did in the first sunset review, carefully consider the likely effects of revocation on domestic workers engaged in the production of the domestic like product.

If the orders and agreement are revoked, domestic workers will be harmed. The U.S. wire rod industry has yet to recover the hundreds of jobs and thousands of hours lost during the recession.[340] Increased subject volumes and declining prices are likely to have still further negative effects on employment and wages. For Nucor's workers in particular, increased subject imports will reduce employee compensation. Nucor maintains a no-layoff practice, along with a compensation system that incentivizes workers to maximize production.

Nucor employees receive a non-discretionary bonus based on production goals. Approximately two-thirds of production workers' pay is based on this production bonus. This means that when Nucor's production is harmed by foreign imports, workers' pay decreases as well. Revocation of the orders on the six subject countries would likely have significant negative effects on the domestic industry's workers, including sharply lower compensation.

VII. <u>CONCLUSION</u>

Revocation of the antidumping and countervailing duty orders on carbon and certain alloy steel wire rod from Brazil, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine will result in significant negative effects for the U.S. wire rod industry. These effects include

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340 *See id.* at C-4 (Table C-1).

significantly increased subject imports, declining prices, and the loss of production capacity and U.S. workers' jobs. The Commission should determine that revocation of the antidumping and countervailing duty orders is likely to lead to the continuation or recurrence of material injury within a reasonably foreseeable timeframe.

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BEFORE THE
UNITED STATES INTERNATIONAL TRADE COMMISSION

CARBON AND CERTAIN ALLOY STEEL WIRE ROD FROM BRAZIL, INDONESIA, MEXICO, MOLDOVA, TRINIDAD AND TOBAGO, AND UKRAINE	Inv. Nos. 701-TA-417 and 731-TA-953, 957-959, 961, and 962 (Second Review) **Business Proprietary Information has been removed from the Exhibit List and Exhibits 1-2, 6-21, and 25** **NON-CONFIDENTIAL VERSION**

EXHIBITS TO NUCOR CORPORATION'S PREHEARING BRIEF

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NON-CONFIDENTIAL VERSION

EXHIBIT LIST

Exhibit	Description	Security
1	Statutory Cumulation Factors Exhibit	BPI
2	[ ] (excerpts)	BPI
3	Steel Wire and Wire Products for America and the World, American Wire Producers Association	Public
4	Trade Actions Filed on Imports of Steel Wire Garment Hangers from Vietnam and Taiwan, American Wire Producers Association	Public
5	*Insteel Industries' CEO Discusses F4Q13 Results – Earnings Call Transcript*, Seeking Alpha (Oct. 17, 2013) (excerpts)	Public
6	[ ]	BPI
7	[ ]	BPI
8	[ ]	BPI
9	[ ]	BPI
10	[ ]	BPI
11	[ ]	BPI
12	[ ]	BPI
13	[ ]	BPI
14	[ ]	BPI
15	[ ]	BPI

Exhibit	Description	Security
16	[ ]	BPI
17	[ ]	BPI
18	[ ]	BPI
19	[ ]	BPI
20	[ ]	BPI
21	[ ]	BPI
22	Robert Wright, *Dry bulk shipping rates approach all-time low*, Financial Times (Nov. 26, 2008)	Public
23	Hellenic Shipping News Worldwide, *Baltic Dry Index Falls to 1,098, Down 88* (Apr. 8, 2014)	Public
24	Lee Hong Liang, *Challenging Outlook for Containers, Bulkers: HMM*, Seatrade Global (Apr. 8, 2014)	Public
25	Freight Cost Quotes	BPI
26	Issues and Decision Memorandum accompanying *Carbon and Certain Alloy Steel Wire Rod From Mexico*, 77 Fed. Reg. 59,892 (Dep't Commerce Oct. 1, 2012) (affirmative final deter. of circumvention of the antidumping duty order) (excerpts)	Public

EXHIBIT 1

THE COMMISSION SHOULD CONSIDER SUBJECT IMPORTS CUMULATIVELY

A. Legal Standard Governing Cumulation

Section 752(a) of the Tariff Act of 1930, as amended (the "Act"), provides that the United States International Trade Commission (the "Commission") may cumulatively assess the volume and effect of subject imports from all countries with respect to which reviews were initiated on the same day if such imports are likely to compete with each other and the domestic like product in the U.S. market.[1] Cumulation permits the Commission to conduct a "more realistic" material injury analysis "in terms of recognizing the actual effects of unfair import competition"[2] and is disallowed only where the Commission determines that such imports "are likely to have no discernible adverse impact on the domestic industry."[3] While the Commission has discretion to consider other conditions of competition,[4] it has traditionally considered four factors in determining whether the subject imports compete with each other and the domestic like product: (1) the degree of fungibility, both between the imports from each subject country and between subject imports and the domestic like product; (2) the presence of sales or offers to sell in the same geographic markets; (3) the existence of common channels of distribution for

1 *See* 19 U.S.C. § 1675a(a)(7).

2 H.R. Rep. No. 100-40, pt. 1, at 130 (1987).

3 19 U.S.C. § 1675a(a)(7).

4 *See Allegheny Ludlum Corp. v. United States*, 475 F. Supp. 2d 1370, 1378 (Ct. Int'l Trade 1995) (recognizing the Commission's wide latitude in selecting the type of factors it may consider relevant in deciding whether to exercise its discretion to cumulate subject imports in five-year reviews). Nucor notes that Commissioner Pinkert cumulates subject countries if he does not find that imports would be likely to have no discernible adverse impact on the domestic industry in the event of revocation and he finds that such imports would be likely to compete with each other and he finds that such imports would be likely to compete with each other and the domestic like product in the U.S. market, "unless there is a condition or propensity – not merely a trend – that is likely to persist for a reasonably foreseeable time and that significantly limits competition such that cumulation is not warranted." *See, e.g., Certain Circular Welded Pipe and Tube from Brazil, India, Korea, Mexico, Taiwan, Thailand, and Turkey*, Inv. Nos. 701-TA-253 and 731-TA-132, 252, 271, 273, 532-534, and 536 (Third Review), USITC Pub. No. 4333 (June 2012) at 23 n. 137. Accordingly, Petitioner addresses Commissioner Pinkert's cumulation standard as well. As explored in greater detail below, there is no condition or propensity that would justify declining to cumulate any of the subject countries.

imports from each subject country and the domestic like product; and (4) whether the imports have a simultaneous presence in the market.[5]

Subject imports from Brazil, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine should be cumulated in these reviews. As discussed in the brief, wire rod from each of the six countries competes under the same significant conditions of competition. Moreover, there is no indication that wire rod from any of the six subject countries is likely to have no discernible adverse impact on the U.S. market and an analysis of the traditional "likely to compete" factors demonstrates that wire rod imports from the six subject countries are likely to compete with one another and with the domestic like product. Accordingly, the Commission should exercise its discretion and cumulate subject imports from Brazil, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine.

B. <u>If the Orders Are Revoked, Each Subject Country's Imports are Likely to Have a Discernible Adverse Impact on the U.S. Market</u>

In the event of revocation, imports of wire rod from each of the six subject countries are likely to have a discernible adverse impact on the U.S. market. The subject countries have significant capacity, considerable excess capacity, and [ ] prices than U.S. producers. Moreover, the U.S. industry is in a highly vulnerable and weakened state. Accordingly, even small volumes of subject imports would have a discernible adverse impact on the U.S. wire rod industry.

1. <u>Mexico</u>

Imports of wire rod from Mexico currently have a discernible adverse impact on the U.S. market, and will likely continue to do so in the event of revocation. Mexican products have never

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5 *See, e.g.*, Views of the Commission, *Carbon and Certain Alloy Steel Wire Rod from Brazil, Canada, Germany, Indonesia, Mexico, Moldova, Trinidad and Tobago, Turkey, and Ukraine*, Inv. Nos. 701-TA-417 and 731-TA-953, 954, 957-959, 961, and 962 (Review) at 16 n. 53 ("First Review Views"); *Wieland Werke AG v. United States*, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

left the U.S. market despite being subject to antidumping duties of approximately 20 percent.[6] Undeterred, Mexican producers have continued to push their product into the U.S. market throughout the period of review ("POR").[7]

Mexican producers increased both their capacity and their production over the POR, [ ].[8] As Mexican producers' capacity and production have increased, so too has their excess capacity.[9] [ ] data, which includes information from non-responding Mexican producers, indicates that Mexican excess capacity hit [ ] in 2013.[10] Still, [ ] in Mexico.[11]

Mexican wire rod AUVs have also [ ] U.S. producers' AUVs, and the [ ] since 2010.[12] In 2013, the AUV of wire rod exported from Mexico was [ ] than that of domestic producers' U.S. shipments.[13] Mexican producers have leveraged this gap to sell into the U.S. market despite continuing antidumping duties.[14] Subject merchandise from Mexico undersold the domestic like product in 30 out of 37 comparisons over the POR and did so by margins of [ ],[15] [ ] than

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6 Prehearing Report at I-26 (Table I-9).

7 *Id.* at IV-5 (Table IV-1).

8 *Id.* at IV-39 (Table IV-17); [ ], attached at **Exhibit 6**.

9 Prehearing Report at IV-39 (Table IV-17).

10 [ ], excerpts attached at **Exhibit 2**; Prehearing Report at IV-38.

11 [ ], attached at **Exhibit** 7.

12 *Compare* Prehearing Report at III-10 (Table III-6), *with id.* at IV-40 (Table IV-17).

13 *Id.*

14 *Id.* at I-8 (Table I-1).

15 *Id.* at V-18.

the underselling margins observed in the first review, and [ ] the average rate of underselling observed in the original investigation.[16]

Given Mexico's existing excess capacity, its projected expansion of capacity and production, and its history of consistent underselling, even under antidumping duty rates of nearly 20 percent, imports of wire rod from Mexico are likely to have a discernible adverse impact on the U.S. market if the order on subject merchandise from Mexico was revoked.

2. Brazil

Brazilian production capacity was [ ] at the conclusion of the first review.[17] Since then, Brazil has increased its wire rod rolling capacity by [ ].[18] On its own, the sole responding Brazilian producer – who represents approximately [ ] of country-wide production – reported that it [ ].[19] Overall Brazilian capacity is projected to increase by [ ] in 2014 and 2015,[20] and [ ] anticipates that Brazilian producers will add another [ ] in 2016.[21]

While Brazilian home market demand is [ ], it is doing so very slowly. In 2013, Brazilian wire rod producers' capacity was [ ], which [ ].[22] Brazilian producers' unused, excess capacity will only balloon even further with the capacity expansion expected in 2014,

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16 *Id.* at V-18 n.11 and V-19 (Table V-8).

17 *Id.* at IV-18 (Table IV-7).

18 *Id.* at IV-21.

19 *See id.* at IV-22 – IV-23.

20 *See id.* at IV-21; [ ] excerpts attached at **Exhibit 2**; [ ], attached at **Exhibit 11**.

21 [ ], excerpts attached at **Exhibit 2**.

22 *Id.*, excerpts attached at **Exhibit 2**.

2015, and 2016. Brazil's home market is ill-equipped to absorb any significant amount of the new capacity Brazilian producers have planned. [ ] projects that Brazil's [ ].[23] Further, over the POR, Brazilian producers have focused increasing percentages of their exports of wire rod products to the United States,[24] where the prices are attractive to Brazilian producers.[25] Brazilian producers' substantial and growing excess capacity and their increasing concentration of exports on the U.S. market indicate that Brazilian imports of wire rod will have a discernible adverse impact on the U.S. market in the event of revocation of the orders.

3. Ukraine

As is true of their counterparts in Mexico and Brazil, Ukrainian producers of wire rod have expanded their capacity over the POR, growing it to [ ] in 2013.[26] Further expansions are scheduled for 2014, which will add upwards of [ ] of new capacity.[27] Ukrainian production quantities have not kept pace with Ukrainian producers' capacity increase. Reporting producers' capacity utilization [ ] in 2013,[28] while Ukraine's excess capacity is projected to [ ] in 2014.[29]

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23 *Id.*, excerpts attached at **Exhibit 2**.

24 *See* Prehearing Report at IV-24 (Table IV-10). These exports are believed to be largely non-subject tire cord and similar specialty goods.

25 *Compare id.* at III-10 (Table III-6), *with id.* at IV-25 (Table IV-10).

26 [ ], excerpts attached at **Exhibit 2**.

27 Prehearing Report at IV-64 (Table IV-29); [ ], excerpts attached at **Exhibit 2**. *See also* [ ], attached at **Exhibit 15**.

28 Prehearing Report at IV-64 (Table IV-29).

29 [ ], excerpts attached at **Exhibit 2**.

Additionally, Ukrainian AUVs have been [ ] than U.S. producers' AUVs over the POR.[30] The price gap between U.S. producers' shipments and total Ukrainian shipments was [ ] in 2013,[31] and [ ] projects that CIS export pricing for wire rod will remain [ ] U.S. pricing for the foreseeable future.[32] Furthermore, Ukraine's wire rod producers are already highly dependent on exports and consistently send [ ] of their annual production abroad.[33] These numbers are only expected to increase through 2015 and beyond.[34] Ukraine's producers are also being forced to redirect exports away from Russia as a result of recent political unrest,[35] indicating that Ukrainian subject producers are already looking for new export markets. If the orders were revoked, there are strong indications that Ukrainian imports would likely quickly reenter the U.S. market, capturing market share by underselling the domestic like product, and thus would be likely to have discernible adverse impact on the U.S. industry.

4. Trinidad & Tobago

As the Commission determined in its first review, imports from Trinidad & Tobago are likely to have a discernible adverse impact on the U.S. market if the orders are revoked. Trinidad & Tobago has significant excess capacity, high export dependency, and pricing [ ] that available in the U.S. market. While the sole Trinidadian wire rod producer's capacity held steady

30 *Compare* Prehearing Report at III-10 (Table III-6), *with id.* at IV-65 (Table IV-29), *and* IV-71 (Table IV-31).

31 *Compare* Prehearing Report at III-10 (Table III-6), *with id.* at IV-65 (Table IV-29), *and* IV-71 (Table IV-31).

32 [ ], excerpts attached at **Exhibit 2**.

33 Prehearing Report at IV-64 (Table IV-29).

34 [ ], excerpts attached at **Exhibit 2**.

35 [ ], attached at **Exhibit 18**.

throughout the POR,[36] its unused, excess overall capacity grew to [ ] in 2013; capacity utilization was only [ ].[37] And just as the Commission found in the first review and in the original investigation, Trinidadian producers are [ ] export-oriented.[38] Over the POR, Trinidadian producers exported [ ] of their shipments.[39] Considering the increasing pressure that Trinidad & Tobago faces in its traditional export markets, it is likely that Trinidadian producers are already looking towards the U.S. market.

In addition, U.S. prices are attractive to Trinidadian wire rod producers. The pricing data on the record confirms that Trinidadian producers are able to produce and to export at [ ] prices. During the POR, the [ ] between Trinidadian export AUVs and U.S. producers' U.S. shipment AUVs reached [ ].[40] In light of Trinidad & Tobago's significant excess capacity, reliance on exportation, and ability to sell at prices below those prevailing in the U.S. market, imports from Trinidad & Tobago will likely have a discernible adverse impact on the U.S. market if the orders are revoked.

5. Indonesia

Indonesian producers have ample incentive to significantly increase their shipments to the United States in the event of revocation, and subject imports from Indonesia are thus likely to have a discernible adverse impact on the U.S. industry in the event of revocation. The only responding Indonesian producer reported that Indonesian capacity utilization had diminished

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36 Prehearing Report at IV-55.

37 *Id.* at IV-53 (Table IV-24).

38 *Id.* at IV-52 (Table IV-23).

39 *Id.*

40 *Compare id.* at III-10 (Table III-6), *with id.* at IV-54 (Table IV-24).

over the POR,[41] and [ ] has projected that Indonesian excess capacity will reach [ ] in 2014.[42] Facing fierce competition in their home and nearby market from Chinese suppliers,[43] Indonesian producers are pressed to find new markets and would be attracted by U.S. pricing conditions. The difference between U.S. producers' U.S. shipment AUVs and Indonesian export AUVs was [ ] in 2013,[44] and the [ ] gap between U.S. and Asian prices is expected to persist in the reasonably foreseeable future.[45]

While there has been [ ] in Indonesian producers' capacity, Indonesian excess capacity is [ ]. When one takes into account the Indonesian subject merchandise pricing trends, the U.S. market becomes a particularly attractive landing pad for Indonesian merchandise that has been ousted from its home and nearby markets by Chinese exports. Thus, if the orders were revoked, Indonesian wire rod imports would be likely to have a discernible adverse impact on the U.S. market.

6. Moldova

Despite participating in the original investigation and the first review, Moldova's sole producer of wire rod, Moldova Steel Works, failed to submit a response to the Commission's foreign producer questionnaire in this review.[46] However, record evidence from the present review as well as the original investigation and first review proceedings indicates that any evidence that could have been supplied by Moldova Steel Works would have indicated that

41 *Id.* at II-10.

42 [ ], excerpts attached at **Exhibit 2**.

43 *See id.*, excerpts attached at **Exhibit 2**; [ ], attached at **Exhibit 19**.

44 *Compare* Prehearing Report at III-10 (Table III-6), *with id.* at IV-30 (Table IV-13).

45 [ ], excerpts attached at **Exhibit 2**.

46 *See* Prehearing Report at IV-48.

Moldovan subject imports would likely have a discernible adverse impact on the U.S. market if the orders are revoked.

Moldovan wire rod production capacity grew [ ] during the POR.[47] Moldova's export prices have also generally been approximately [ ] lower than U.S. producers' prices over the POR, and the price gap had [ ] by 2013.[48] Burgeoning Moldovan capacity, favorable U.S. prices, and stagnating demand in Eastern Europe[49] – the primary export market for Moldovan wire rod – combine to indicate that Moldovan imports would indeed likely have a discernible adverse impact on the U.S. market in the case of revocation of the orders.

C. Imports from Each of the Subject Countries Are Likely to Compete With Each Other and With the Domestic Like Product

As noted above, where subject imports are deemed unlikely to have no discernible impact on the domestic industry, the Commission must assess four factors as part of its traditional examination as to whether imports from each of the subject countries are likely to compete with each other and the domestic like product in the U.S. market.[50] Only a "reasonable overlap" of competition is required.[51]

In the first review, the Commission found that subject imports from all six countries currently in question satisfied these factors, specifically that (1) the subject merchandise and domestic like product were fungible;[52] (2) the subject merchandise had been sold or offered for

47 Prehearing Report at Table IV-21 (IV-48).

48 *Id.* at III-10 (Table III-6) and IV-51 (Table IV-22).

49 *See* [ ], excerpts attached at **Exhibit 2**.

50 *See supra* Part A.

51 *See Mukand Ltd. v. United States*, 937 F. Supp. 910, 917 (Ct. Int'l Trade 1996).

52 *See* First Review Views at 22-23.

sale in the same geographic areas as the domestic like product;[53] (3) subject merchandise and the domestic like product were sold by the same channels of distribution;[54] and (4) subject merchandise and the domestic like product were simultaneously present in the market.[55] The Commission made these findings even though imports from several of the subject countries were absent from the U.S. market throughout much of the POR, as that absence was influenced by the imposition of the orders.[56] Similarly, subject imports have remained low during the current POR. Accordingly, just as in the first review, the relevant inquiry here is whether there would likely be competition if the orders were revoked, even if there are no current imports from a subject country.[57] As discussed further below, the facts weigh heavily in favor of assessing the cumulative volume and effects of imports of the subject merchandise from Brazil, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine.

1. Subject Imports and the Domestic Like Product are Fungible

In the first review, the Commission found that, amongst industrial quality wire rod,[58] there is usually a high degree of interchangeability.[59] The record in this review continues to

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53 *See id.* at 23-24.

54 *See id.* at 24.

55 *See id.*

56 *Id.* at 25.

57 *Id.* at 21; *see also Chefline Corp. v. United States*, 219 F. Supp. 2d 1303, 1314 (Ct. Int'l Trade 2002) ("The statute and legislative history are clear: the Commission is not required to find that subject imports currently compete in the U.S. market."); *Hot-Rolled Carbon-Quality Steel Products from China, India, Indonesia, Taiwan, Thailand, and Ukraine*, Inv. Nos. 701-TA-405, 406, and 408 & 731-TA-899-901 and 906-908 (Second Review), USITC Pub. No. 4445 (Jan. 2014) at 20-21; *Prestressed Concrete Steel Wire Strand from Brazil, India, Japan, Korea, Mexico, and Thailand*, Inv. Nos. 701-TA-432 and 731-TA-1024-1028 (Review) and AA1921-188 (Third Review), USITC Pub. No. 4114 (Nov. 2009) at 18; *Steel Concrete Reinforcing Bar from Belarus, China, Indonesia, Korea, Latvia, Moldova, Poland, and Ukraine*, Inv. Nos. 731-TA-873-875, 877-880, and 882 (Review), USITC Pub. No. 3933 (July 2007) at 16.

58 For the purposes of the instant review (and as it did in the first review), the Commission has classified two categories of wire rod products, low and medium-low carbon industrial and standard quality wire rod, and high and medium-high carbon industrial and standard quality wire rod (other than tire cord and tire bead), together as "standard" or "industrial" grades. *See, e.g.*, Prehearing Report at IV-12. Standard grade wire rod comprises [

confirm that market participants view wire rod from each of the subject countries and the domestic like product as interchangeable. While participants reported that the degree to which interchangeability depends largely on the end application and the quality of wire rod required,[60] amongst the overwhelming majority of wire rod, there is a high degree of interchangeability.[61] The vast majority of responding producers and a plurality of importers and purchasers reported that wire rod from all subject country pairs was "always" or "frequently" interchangeable.[62] Furthermore, the majority of U.S. producers and importers indicated that wire rod is sold primarily on a transaction-by-transaction basis, highlighting the price-sensitivity of wire rod.[63] Therefore, as it did in the original investigation and in the first review, the Commission should find that subject imports and the domestic like product are sufficiently fungible to warrant cumulation.

2. Subject Imports and the Domestic Like Product are Present in the Same Geographic Markets

In the original investigation, the Commission noted that there was an overlap in geographic markets for imports from each of the subject countries and domestic product, both groups of products being "generally marketed throughout the United States."[64] Similarly, in the

]. *See* Prehearing Report at Table III-7 (II-12), Table IV-3 (IV-9).

59 *See* First Review Views at 22.

60 *See* Prehearing Report at II-34.

61 *See id.* at Table II-9 (II-36).

62 *Id.* at II-34 and II-36 (Table II-9).

63 *Id.* at V-5.

64 *See* Views of the Commission, *Carbon And Certain Alloy Steel Wire Rod From Brazil, Canada, Germany, Indonesia, Mexico, Moldova, Trinidad and Tobago, Turkey, and Ukraine,* Inv. Nos. 701-TA-417-421 and 731-TA-953, 954, 956-959, 961, and 962 (Final) at 32-33 ("Original Investigation Views").

first sunset review, the Commission noted that both U.S. producers and the majority of responding importers of subject merchandise reported selling nationwide.[65]

While imports from only two subject countries were present in the U.S. market over the current POR, they mirror the geographic market areas served by U.S. producers of the domestic like product. U.S. producers reported servicing each of the seven U.S. regions identified by the Commission, with five of the 10 responding producers reporting that they sell nationwide, while importers of Mexican subject merchandise reported serving all but one of the seven major U.S. regions.[66] Because the orders have been so effective in dampening the presence in the U.S. market of unfairly priced subject imports, the Commission's original investigation findings provide the most reliable evidence of the conditions likely to prevail in the event of revocation of the orders.[67] Thus, the Commission should determine, as it did in the original investigation and first review,[68] that subject imports from Brazil, Indonesia, Mexico, Moldova, Trinidad & Tobago, and the Ukraine would be likely to be present in the same geographic markets in the event of revocation of the orders and should determine that cumulation is appropriate.

3. Subject Imports and the Domestic Like Product are Sold Through the Same Channels of Distribution

The channels of distribution in the United States for wire rod have not changed significantly since the original investigation or first sunset review. Commercial shipments of wire rod are sold either directly to end users or to distributors. [

65 First Review Views at 23.

66 *See* Prehearing Report at II-3 and II-2 (Table II-2).

67 *See* Original Investigation Views at 32-33.

68 *See* First Review Views at 23-24.

].[69] While the orders have been effective in reducing the volume of unfairly priced subject imports present in the U.S. market,[70] there is no reason to believe that subject imports would not also continue to be sold through the same channels of distribution if the orders were revoked. As such, the Commission should find that subject imports and the domestic like product are sold through the same channels of distribution.

4. Subject Imports and the Domestic Like Product are Simultaneously Present in the Market

In the original investigation, the Commission found that this prong of the test was satisfied. In the first sunset review, the Commission determined that imports from each of the subject countries were present in the U.S. market for at least some portion of the period of the review.[71] Here, while subject imports overall have declined dramatically following the imposition and continuation of the orders, subject imports from Mexico and Trinidad & Tobago have still been present in the U.S. market throughout the present POR.[72] The presence of these subject imports even in light of the continuation of orders on them indicates that their presence in the U.S. market is likely to continue. Moreover, much as the Commission found in its first review,[73] the absence of imports from the remaining subject countries from the U.S. market during the current POR was likely influenced by the continuation of the orders on them. Nor is there any evidence that would indicate that there has been a change since the first review that would undermine that review's finding of simultaneous presence. Accordingly, consistent with the Commission's finding in the original investigation and first review, the Commission should

[69] Prehearing Report at II-2 – II-3 (Table II-1). Shipments of Mexican imports were [ ]. *Id.*

[70] *See id.* at II-3 (Table II-1) (noting that there were no subject imports from Brazil, Indonesia, Moldova, and Ukraine between 2008 and 2013).

[71] *See* First Review Views at 24-25.

[72] Prehearing Report at IV-13.

[73] *See* First Review Views at 25.

determine that, upon revocation, subject imports would be simultaneously present in the market with one another and with the domestic like product.

D. **<u>Conclusion</u>**

The Commission should cumulate imports from each of the six subject countries because the conditions for such cumulation have been satisfied. Imports of wire rod from each subject country will have a discernible adverse impact in the event of revocation, and these imports are also likely to compete with one another and with the domestic like product. The conditions of competition further indicate that cumulation is appropriate in this case. The U.S. industry is sufficiently vulnerable that even small volumes of imports from the subject countries will materially and adversely affect domestic wire rod producers. Thus, for the purposes of this review, the Commission should cumulatively assess subject imports from Brazil, Indonesia, Mexico, Moldova, Trinidad & Tobago, and Ukraine.

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EXHIBIT 3

American Wire Producers Association

Steel Wire and Wire Products for America and the World

The AWPA is the leading voice of the ferrous wire and wire products industry in North America. AWPA members include wire producers located in the United States, Canada and Mexico, manufacturers and distributors of wire rod, and suppliers of machinery, dies, and equipment to the wire industry.

AWPA members represent over 80% of the US wire and wire products industry. memberships includes: Associate US Wire Manufacturer (not independent from a raw material source), wire companies in Canada & Mexico, Rod Suppliers and other Suppliers (machinery, equipment, chemicals, etc.)

AWPA was founded in 1981 as a result of a merger between the Independent Wire Producers Association and the Specialty Wire Association. It was formed as a voluntary organization to render service to the manufacturers and the trade in connection with carbon, alloy and stainless steel wire and wire products. The AWPA operates in strict conformance with the antitrust guidelines of the United States.

Vision

To provide an educational, interactive industry forum and lobby that supports and promotes the global competitiveness, and acts in the best interests, of the North American wire producers.

International Trade Policy Mission

- The mission of the American Wire Producers Association is to assure free access to the global supply of Carbon, Alloy and Stainless Steel Wire Rod.
- AWPA supports and promotes US policy, legislation and international agreements which seek to eliminate trade-distorting subsidies and government intervention in the free market.
- AWPA supports compliance by the United States and our trading partners with international trade agreements and enforcement of the obligations of our trading partners that they have undertaken in those agreements.
- AWPA supports broad international trade liberalization with effective reciprocal market access.

AWPA Profile
Benefits of Membership

American Wire Producers Association
7011A Manchester Blvd #178
Alexandria, VA 22310-3202
Tel (703) 299-4434 | Fax (703) 299-9233 | E-mail info@awpa.org | Web: www.awpa.org

American Wire Producers Association

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AWPA Profile

The AWPA is an international trade association representing 80 - 90% of the production of carbon, alloy and stainless steel wire and wire products in the United States. The 94 member companies of the Association employ more than 22,000 workers in over 162 plants and facilities located in 32 states in 110 Congressional Districts and 4 Canadian provinces and Mexico. Its membership is comprised of Active (voting) and Associate (non-voting) members. Active members are independent wire companies that purchase wire rod as their raw material. Associate memberships include: Associate US Wire Manufacturer (not independent from a raw material source), wire companies in Canada, Rod, and Suppliers (machinery, equipment, chemicals, etc.)

The member companies are entrepreneurial and maintain their competitive market positions against a constant heavy penetration of foreign-made products. They pride themselves on their high productivity and constant reinvestment in latest technology and equipment, keeping the North American wire industry one of the most competitive segments of the steel industry.

The members of the AWPA are working hard to maintain their competitive edge in the marketplace. Some of the activities and programs in which we have been involved are:

- providing the voice of the industry to US government officials and foreign governments in policy making which affects the wire industry;
- tracking legislation and regulations which impact the manufacturing sector and the steel industry;
- producing a Report of US Domestic Wire Shipments;
- monitoring imports of rod, wire, and wire products;
- making full use of a proactive committee structure whose activities extend from international trade issues to operational considerations in the workplace.

Learn More About Membership

American Wire Producers Association
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EXHIBIT 4

American Wire Producers Association
Steel Wire and Wire Products for America and the World

Register Today>>

What's New

Trade Actions Filed on Imports of Steel Wire Garment Hangers from Vietnam And Taiwan

On December 29, 2011, the domestic hanger industry, represented by M&B Metal Products Co., Inc., of Leeds, Alabama; US Hanger Co. LLC of Gardena, California; and Innovative Fabrication LLC / Indy Hanger of Indianapolis, Indiana, filed antidumping petitions against imports of steel wire garment hangers from Vietnam and Taiwan and a separate countervailing duty (antisubsidy) petition against hangers from Vietnam. The estimated dumping margins for imported hangers from Vietnam range from 83 to 159 percent and the dumping margins for imports from Taiwan range from 57 to 166 percent. Margins like these explain how surging hanger imports from both countries are causing serious economic injury to the American hanger industry and have resulted in two US hanger manufacturers ceasing production and another manufacturer declaring bankruptcy. In addition, the US industry has identified a number of subsidy programs that the Vietnamese government makes available to its hanger producers, including the provision of preferential loans, reductions in land rents, export promotion grants, and income tax holidays — all in violation of the World Trade Organization's rules. All of these subsidy programs aid the Vietnamese hanger industry in targeting the US market. The imposition of antidumping and countervailing duty orders on hangers from Vietnam and Taiwan will enable the US hanger industry — and its employees — to recover from the devastating impact of these unfairly priced and subsidized imports and to compete more effectively in the future. These trade actions will also benefit American workers employed by supplier and distributor companies that depend on the continued operation of the domestic hanger industry. These include US steel mills and producers of paper, paint, lubricants, and machinery.

Background:
In 2008, the US Government imposed antidumping duties on imports for steel wire garment hangers from China to offset unfair trading practices, including predatory pricing. As dumped hangers from China — which accounted for more than 85 percent of total imports — exited the US market, existing American hanger producers were able to increase their sales, and new companies joined the US hanger industry in Nebraska, Delaware, Wisconsin, Indiana, Kentucky, Texas, and California. However, the revival of the American hanger industry — and the manufacturing jobs that it created — was short-lived, because unfairly priced and subsidized hanger imports from Vietnam and Taiwan flooded the market. Hanger imports from Vietnam exploded from zero in 2007 to almost one billion hangers in 2011. Similarly, Taiwan's shipments of hangers to the United States surged by more than 10,000 percent from 2007 to 2011. Imported hangers from these countries are underselling domestically produced hangers by significant margins. The unit value of hangers from Vietnam has fallen by 40 percent since 2008, and the unit value of hangers from Taiwan has fallen by more than 70 percent during the same period. The Vietnamese and Taiwanese hanger industries are export-driven, targeting the world's largest market for hangers — the United States.

Today there are more than 40 producers in Vietnam and more than 20 in Taiwan, and one Vietnamese producer boasts that Vietnam is the largest hanger supplier to the American market. These remarkable expansions of production capacity have occurred in countries which themselves consume no hangers for their own use.

For more information, please contact Frederick P. Waite or Kimberly R. Young, counsel for
the US garment hanger industry.
Frederick P. Waite / Kimberly R. Young
Vorys, Sater, Seymour and Pease LLP
Telephone: 202-467-8852 (Waite); 202-467-8881 (Young)
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EXHIBIT 5

Insteel Industries' CEO Discusses F4Q13 Results - Earnings Call Transcript

Executives

H.O. Woltz III - Chairman, President and Chief Executive Officer

Michael C. Gazmarian - Vice President, Chief Financial Officer and Treasurer

Analysts

Lance James - RBC Global Asset Management

Tyson Bauer - Kansas City Capital Associates

Steve Marascia - Capitol Securities

Robert Kelly - Sidoti & Company

John Kohler - Oppenheimer

Insteel Industries Inc. (IIIN) F4Q13 Earnings Conference Call October 17, 2013 10:00 AM ET

Operator

Good day, ladies and gentlemen and welcome to the Insteel Industries' Fourth Quarter 2013 Conference Call. At this time, all participants are in a listen-only mode. Later we'll have a question-and-answer session and instructions will follow at that time. (Operator Instructions) As a reminder, today's conference is being recorded for replay purposes.

I would now like to turn the conference over to your host for today, Mr. H.O. Woltz III, President and CEO. Sir, you may begin.

H.O. Woltz III

Good morning. Thank you for your interest in Insteel and welcome to our fourth quarter 2013 conference call to be conducted by Mike Gazmarian, our Vice President, CFO and Treasurer, and me.

Before we begin, let me remind you that some of the comments made on today's call are considered to be forward-looking statements that are subject to various risks and uncertainties which could cause actual results to differ materially from those projected. These risk factors are described in our periodic filings with the SEC.

All forward-looking statements are based on our current expectations and information that is currently available. We disclaim any obligation to update these statements in the future to reflect the occurrence of anticipated or unanticipated events or new information.

I'll now turn it over to Mike to review our fourth quarter financial results and the macro indicators for our construction end markets. Then I'll follow-up to comment more on market conditions and our business outlook.

Michael C. Gazmarian

Thank you, H. As we reported earlier this morning, Insteel's net earnings for the fourth quarter of fiscal 2013 rose to $2.3 million or $0.13 a share from $0.8 million or $0.05 a share in the same period last year, marking the fourth consecutive quarter that we posted significant year-over-year improvement. For fiscal year 2013, net earnings increased to $11.7 million or $0.64 a diluted share, the highest level since the onset of the recession in our spread between the quarters or do you foresee some heavier quarters than others?

H.O. Woltz III - Chairman, President and Chief Executive Officer

I think there's a chance that it's front-loaded to the first two quarters.

Steve Marascia - Capitol Securities

Okay. That's it. Thank you very much.

Operator

Thank you. (Operator Instructions) Our next question comes from Robert Kelly from Sidoti. Your line is open.

Robert Kelly - Sidoti & Company

If you could, the shipment growth that you saw year-over-year, could you parse that out between what was going into private non-res and the public side of the business?

Michael C. Gazmarian - Vice President, Chief Financial Officer and Treasurer

I don't know that we'd have the ability to drill down to that level where – the overall estimates that we provided indicating 90 to 10 split between non-res and res, and then a 55-35 split within non-res between private non-res and public, those are estimates based on the knowledge of our customers' business and their mix but I don't know that we'd be able to give you a precise indication of how that changed for the year. I mean just at a higher level, we feel that the housing percentage is probably in steps, just given the recovery, but I don't know that we could drill down much lower than that.

Robert Kelly - Sidoti & Company

Okay, because I kind of imagined that there were some impacts from all the talk in Washington on the public side during this quarter. Was that the case and then will that be resolved – if there was a raining in of activity on the public side, will that get rectified pretty quickly as we enter F'14?

H.O. Woltz III - Chairman, President and Chief Executive Officer

I really don't see, Bob, that it had any impact at all. Our customers are looking a couple of quarters out at what they have to do and there's been concern about the pipeline of work and the level of growth that's going to occur in 2014 for the last several months. I don't think any of our customers are seeing that the pipeline is really filling up, but I couldn't attribute any downside to the shenanigans that have taken place over the last few weeks in Washington.

Robert Kelly - Sidoti & Company

That's a good term to describe it. Could you talk about the impact or what the impact might be from the added rod mill capacity in the market now domestically? The way I understood it, I mean the fact that your two previous suppliers operated at such low utilization, it almost provided you kind of a price floor. Any risk to that situation going forward?

H.O. Woltz III - Chairman, President and Chief Executive Officer

If I indicated or implied a price war, then that was not intended and not correct.

Robert Kelly - Sidoti & Company

No, I wanted to say, a price floor. I mean the fact that they ran at such a...

H.O. Woltz III - Chairman, President and Chief Executive Officer

Excuse me. I think the market has become more competitive and it would have even in the absence of the new mill that is starting up, just due to the relatively high level of imports in the market, seasonal influences that are adversely affecting demand and just unused capacity in the wire rod industry right now. Certainly the advent of new capacity of those added a little bit of heat to that fire, but it's a competitive market for them, probably more so than they've seen in the last couple of years and it's really hard to say what the impact of that will be on Insteel.

Our comments indicated that some of the downward drift in our selling prices we believe is attributable to the fact that wire rod prices have declined some. So from that standpoint, you might say it's not all that healthy for our industry to see continuing lowering of raw material prices. Probably what would be better for us is a tight market with rising prices.

Robert Kelly - Sidoti & Company

Fair enough. The question I had was on your spread. I know you don't give out the exact dollars and I might have missed it in your prepared remarks, what did the spread do year-over-year, was it up, down, flat?

Michael C. Gazmarian - Vice President, Chief Financial Officer and Treasurer

Spreads were higher year-over-year but down sequentially, a sequential decrease primarily due to the pricing pressure, the reduction in average selling prices. And you always have – in a declining price environment, you always have a timing issue just in terms of the inventory impact, where to the extent we're carrying three months worth of inventory in that type of environment, we're consuming the higher cost material under FIFO on an interim basis which tends to compress our margins until we fully consume it.

Robert Kelly - Sidoti & Company

So, if we kind of ex out the accounting convention there, on a real-time basis, where you are as far as selling prices versus where the market is for wire rod, are your spreads like unchanged on a sequential basis? I mean how do we think about like the run rate for spreads going into F'14?

Michael C. Gazmarian - Vice President, Chief Financial Officer and Treasurer

Then in my comment, I had indicated that just in terms of inventory value and purchase commitments, that we would expect to see – I'm assuming that prices flat-line, we would expect to see a favorable effect going forward as that lower cost material is consumed.

Robert Kelly - Sidoti & Company

So I mean basically all you need to show margin expansion is selling prices plateauing?

Michael C. Gazmarian - Vice President, Chief Financial Officer and Treasurer

Correct, right.

Robert Kelly - Sidoti & Company

Got it, okay. Thanks guys.

Operator

Thank you. Our next question comes from John Kohler from Oppenheimer. Your line is open.

John Kohler - Oppenheimer

Quick question, I was wondering if you could give a rough percentage of what ESM was as a percent of the business in Q4, and then if possible, when you'd expect the new line to be mostly utilized to say?

H.O. Woltz III - Chairman, President and Chief Executive Officer

The new line should ramp up over this quarter and the next quarter to the point that it's running reasonably full, and we don't disclose the percentage of the product line shipments.

Michael C. Gazmarian - Vice President, Chief Financial Officer and Treasurer

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EXHIBIT 22

FINANCIAL TIMES

November 26, 2008 6:55 pm

Dry bulk shipping rates approach all-time low

By Robert Wright, Transport Correspondent

The collapse over recent months in dry bulk shipping rates has been unprecedented in its severity, the head of the organisation that organises the key shipping market said as a key market index hit its lowest level since January 1987.

Jeremy Penn, chief executive of the Baltic Exchange, told the Financial Times in an interview that the Baltic Dry Index was now close to its all-time low reached in 1986 and conditions were now more extreme even than then.

However, he condemned companies which were trying to escape old contracts struck at the previous higher rates.

The index – which measures average rates in the short-term spot market to charter ships to carry iron ore, coal and other bulk commodities – reached 763 points, 93.5 per cent down from the all-time record high of 11,793 points hit on May 20. Rates for the largest ships, known as Capesizes, are down 98.8 per cent from the record $233,988 per day set on June 5 to $2,773.

The collapse, resulting from the financial crisis, a dispute between Chinese steel mills and Brazilian ore producers and slowing economic demand, has had widespread secondary effects, including bankruptcies among shipowners.

"The violence of the movement, the violence of the correction are unprecedented, particularly in the Capesize market," Mr Penn said. "The sudden and extreme lack of demand for freight has left everybody stunned, I suppose is the best word to use."

The Baltic Exchange hosted an emergency summit last week, attended by 450 people, to address the problems created by the market collapse.

The conference criticised some companies' refusal to honour long-term contracts struck at previous, higher levels.

"There are certainly now a certain number of people who are not meeting in full their obligations, presumably as a result of financial distress," Mr Penn said.

He said he had no proof of claims that some charterers, in order to escape contractual obligations, were claiming demand for their products had disappeared then chartering ships at the market's new, much lower, levels. "I would certainly disapprove of anyone who failed to meet their obligations unless they were in dire financial straits," he said.

However, he confirmed the market was considering complaints about some companies that could lead to exchange members being warned about the dangers of dealing with them. He particularly criticised market participants who defaulted, knowing their countries' laws would make them hard to pursue. Many involved in the market believe some Korean and Chinese companies have been the most serious offenders.

"What we regard as unacceptable is simply reneging on contracts and relying on inaccessibility in terms of jurisdiction and geography to protect you," he said.

The market problems are being exacerbated by uncertainty surrounding ships that were the subject of several different charter contracts. Many operators in the boom years chartered ships then chartered them on to other operators for a slightly higher fee, creating chains of agreements as many as 12 long.

Participants in such chains are now nervous they could collapse if just one participant suffers financial problems. Some have already been hit by the collapse of Ukraine's Industrial Carriers and UK-based, New York-listed Britannia Bulk.

Mr Penn said there was little the Baltic could do to clarify the risks with existing contracts. But in future, it might create a link between companies' obligations in the physical shipping market and the freight derivatives market, so they would be better able to hedge their risks.

EXHIBIT 23

HELLENIC SHIPPING NEWS WORLDWIDE

Tuesday, 08 April 2014 | 20:02

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Baltic Dry Index falls to 1,098, Down 88

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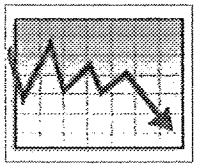
Tuesday, 08 April 2014 | 16:00

Today, Tuesday, 08 April 2014, the Baltic Dry Index climbed down 88 points to 1,098 points.
Baltic Dry Index (BDI) is a measure of the cost of shipping all over the world for dry bulk cargo. It is calculated daily by the London-based Baltic Exchange, based on the current freight rates.
Source: Hellenic Shipping News Worldwide



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Tuesday, 8th April 2014

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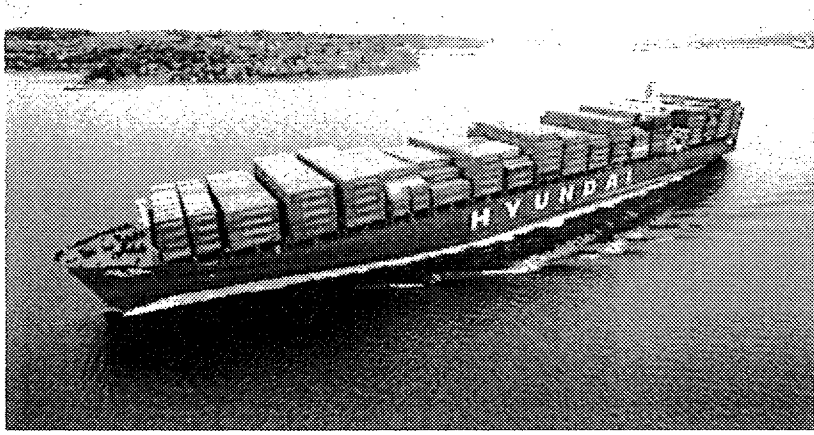
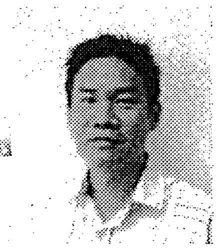
Challenging outlook for containers, bulkers: HMM





By Lee Hong Liang
from Singapore

Shipowners will have to continue to operate under challenging conditions in the global container and dry bulk markets in 2014 due largely to the lingering overhang of shipping tonnage, according to South Korean shipowner Hyundai Merchant Marine (HMM).

While global demand in 2014 for container shipping is set to outpace that of 2013, the orderbook backlog and deliveries of new and larger boxships are expected to prolong the oversupply troubles for shipowners.

“Particularly, the mega-class vessels with fuel efficient design would be attractive for shipping companies that are making an effort to reduce their unit costs,” a HMM spokesman told Seatrade Global.

The sluggish shipping market has resulted in HMM battling an ongoing financial problems as it is selling its LNG fleet to raise cash.

“The global shipping industry is facing a transition period with the deliveries of mega-sized containerships, causing the overcapacity problem. Recently it has been noted that the average capacity of each boxship in the Europe trade is over 10,000 teu, meaning that it has become an inevitable choice for each carrier to start using mega-sized containerships in order to stay competitive,” the HMM spokesman commented.

The spokesman, however, highlighted that the container alliances are trying to adjust their supply capacity especially in the transpacific and Asia-Europe lanes by reviewing their service network and rationalisation. “HMM is supposed to deliver five 13,000-teu vessels in 2014 and is reviewing the necessity of (ordering) newbuildings over 10,000 teu to follow the market trend,” the spokesman said.

“As the current rates are not sustainable level, we need to strengthen our communication with shippers so that they understand that rates need to be recovered to the proper level in which carriers are able to provide consistent services. We are also going to further rationalize our service portfolio to better serve our customers' needs, and continue to endeavor to hike rate level.”

On the dry bulk market, the same problem of excessive shipping tonnage is putting downward pressure on the Baltic Dry Index (BDI), but the decreasing supply of new tonnage into the market is a positive sign. In addition, the growing economies in Asia are expected to continue to create demand for dry bulk vessels, according to HMM.

"Under the current volatile market circumstance, having reliable long term contracts in placed would be the answer. Due to the overhang of vessel supply, the existing tonnage simply overwhelms demand in simple numerical comparison. Nevertheless, there is a tiny hopeful sign that the balance of supply and demand is starting to move in the right direction." the HMM spokesman said.

Published in Asia, Containers, Dry Cargo

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EXHIBIT 25

Non-Confidential Version

Business Proprietary Information Deleted

EXHIBIT NOT CAPABLE OF PUBLIC SUMMARY

EXHIBIT 26

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

DATE: September 24, 2012

MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Import Administration

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

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

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

Background

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

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

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[1] The Department refers to the Coalition and Nucor collectively as petitioners.

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

[ ].” Further, information from Deacero indicates that it uses the same personnel to sell wire rod with diameters between 4.75 mm and subject wire rod (e.g., 5.5 mm and wire rod). See id. at Exhibit 5, which lists Deacero industry sales and export sales staff. Thus, we continue to find that Deacero has not provided any basis to conclude that the channels of trade and advertising differ with regard to the products at issue and subject wire rod.

We disagree with Deacero that the similarity between 4.75 mm and subject wire rod in terms of marketing and channels of distribution is irrelevant due to the fact that Deacero does not sell wire rod with a diameter larger than 5.00 mm in the United States since it began selling 4.75 mm wire rod in the market. As noted above, Deacero conducts no marketing whatsoever of its wire rod products, including other non-U.S. markets in which Deacero sells 4.75 mm wire rod. Thus, rather than being irrelevant, this information demonstrates the lack of a distinction between 4.75 mm wire rod and subject wire rod in terms of marketing and channels of distribution.

We also disagree with the notion that CORE from Japan and Brass Sheet from Germany should lead the Department to ignore these similarities in marketing and channels of trade. Though the Department issued negative determinations in those proceedings based on the totality of evidence examined under the minor alterations analysis, the Department did not ignore the fourth prong of the analysis dealing with marketing and channels of trade, as suggested by Deacero. Rather, the Department conducted an analysis of the fourth prong and found that the marketing and channels of distribution of the products at issue and subject merchandise were the same. See CORE from Japan, 68 FR at 19503; see also Brass Sheet from Germany, 55 FR at 32655.

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

According to Deacero, the Department compared Deacero’s research and development (R&D) costs at the Celaya and Saltillo mills ([ ]) to Deacero’s exports of 4.75 mm wire rod for the years 2008-2011 ([ ]) to yield a ratio of [ ] percent. See Preliminary Decision Memorandum at 8. Deacero asserts that this calculation provides an artificial comparison that is merely designed to obtain the lowest possible cost ratio. It argues that the arbitrary nature of this comparison is illustrated by a simple example. Deacero adds that if petitioners had filed the request for a scope inquiry as soon as Deacero began exporting 4.75 mm wire rod at the end of 2008, the ratio would be a significant [ ] percent instead of [ ] percent. First QNR Response at Exhibit 9.

Deacero argues that the Department previously has considered the cost of modification and R&D expended (in absolute terms) as evidence to support a finding that the overall cost was significant. See CORE from Japan, 68 FR at 19503. Deacero argues that the fabrication cost of producing 4.75 mm wire rod is higher than the cost of producing subject wire rod (e.g., 5.5 mm wire rod). Deacero claims that it demonstrated that the cost of production at the wire rod rolling stage was higher for 4.75 mm wire rod than 5.5 mm wire rod by [ ] percent in 2008, [ ] percent in 2009, and [ ] percent in 2010. See Second QNR Response at 5 and Exhibit S-3. Deacero further argues that, in order to produce 4.75 mm wire rod at the Celaya and Saltillo mills, it made significant investments ([ ] USD for Celaya and [ ] USD for Saltillo. Deacero argues that its experience developing and funding the production of 4.75 mm wire rod is