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February 27, 2014

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Inv. Nos. 701-TA-512 and 731-TA-1248 (Preliminary)
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 China*: Post-Conference Brief & Answers to Staff Questions**

Dear Acting Secretary Barton:

On behalf of Nucor Corporation ("Nucor"), petitioner and domestic interested party in this proceeding, please find enclosed four copies of the non-confidential version of Nucor's Post-Conference Brief and Answers to Staff Questions (**Exhibit 1**) in the above-referenced investigation.

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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ATTORNEY CERTIFICATION

Carbon and Certain Alloy Steel Wire Rod from China
Inv. Nos. 701-TA-512 and 731-TA-1248 (Preliminary)

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 February 26, 2014.

Ellen McGuire
Notary Public

My commission expires: 6/30/18

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

13704730.1

CERTIFICATE OF SERVICE

PUBLIC SERVICE

Carbon and Certain Alloy Steel Wire Rod from People's Republic of China
701-TA-512 and 731-TA-1248(P)

Investigation

I certify that a copy of this document was served on the following parties, via hand delivery, on February 27, 2014.

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BEFORE THE
UNITED STATES INTERNATIONAL TRADE COMMISSION

CARBON AND CERTAIN ALLOY STEEL WIRE ROD FROM CHINA	Inv. Nos. 701-TA-512 and 731-TA-1248 (Preliminary) **Business Proprietary Information has been removed from pages 1, 3-8, 12-27, and 29-31; the Exhibit List; and Exhibits 1-5 and 10-11** **NON-CONFIDENTIAL VERSION**

NUCOR CORPORATION'S POST-CONFERENCE BRIEF & ANSWERS TO STAFF QUESTIONS

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I. EXECUTIVE SUMMARY

- In 2011, carbon and alloy steel wire rod ("CASWR") imports from China were virtually absent from the U.S. market. However, in 2012 and 2013, low-priced subject imports surged into the U.S. market, increasing 429,635 percent, from 144 short tons in 2011, to 241,938 short tons in 2012, and to 618,818 short tons in 2013.
- The rapid influx of low-priced Chinese CASWR stole significant market share from the domestic industry. Subject import market share skyrocketed [ ] percent during the period of investigation ("POI"), increasing from a negligible [ ] percent in 2011, to [ ] percent in 2012, and to [ ] percent in 2013. On the other hand, domestic CASWR producers market share declined significantly, from [ ] percent in 2011, to [ ] percent in 2012, and even further to [ ] percent in 2013.
- Demand remained relatively flat throughout the POI and is expected to gradually increase in the near future.
- U.S. producers are operating at low capacity utilization rates and have sufficient capacity to meet market demand being supplied by dumped and subsidized CASWR from China.
- Low-priced Chinese CASWR caused significant price depression and suppression during the POI, as U.S. CASWR shipment average unit values ("AUVs") dropped from $[ ] in 2011 to $[ ] in 2013.
- Subject imports undersold the domestic like product in [ ] of [ ] comparisons by margins up to [ ] percent. In 2013, when subject imports were most prevalent and comprised [ ] percent of U.S. market share, Chinese imports undersold domestically produced CASWR in [ ] percent of the United States International Trade Commission's (the "Commission") comparisons.
- The overwhelming volume of low-priced subject imports and substantial underselling has materially injured the domestic CASWR industry by significantly decreasing production, capacity utilization, market share, sales volumes and values, operating income, and profit margins. Subject imports also caused domestic producers to lay off workers and reduce their wages during the POI.
- Petitioners have extensively documented over [ ] in lost sales and lost revenues, [ ] by the Commission.
- In addition to the present material injury caused by subject imports, these imports pose a real and imminent threat of additional material injury to the U.S. CASWR industry. Through massive government subsidies, Chinese CASWR producers have developed substantial excess capacity and have a track record of rapidly shipping enormous volumes of low-priced CASWR to the attractive U.S. market and increasing their market share at the expense of the domestic CASWR industry.
- The American Wire Producers Association ("AWPA") is a highly organized trade association committed to opposing trade remedies for unfairly priced imports of CASWR. At the Commission's Staff Conference the AWPA did not deny that the

massive volume of low-priced subject imports has caused material injury to the domestic CASWR industry, and further conceded that the 2006 investigation "had a set of facts that were admittedly quite different from the facts before us today."

- Chinese producers have blatantly refused to participate in the Commission's investigation, which justifies the application of adverse facts available ("AFA") to Chinese CASWR producers.
- The Chinese steel industry, which includes CASWR, is plagued with overcapacity. The Executive Vice Secretary-General of the China Iron & Steel Association ("CISA") recently explained that overcapacity in the steel sector is "*probably beyond our imagination*."

II. CONDITIONS OF COMPETITION

The conditions of competition peculiar to the domestic CASWR industry make it especially susceptible to injury by even small volumes of unfair imports. The Commission has repeatedly examined the conditions of competition relevant to the CASWR industry in previous investigations and sunset reviews.[1] As detailed below: (1) U.S. demand has remained relatively flat throughout the POI but is expected to increase gradually; (2) the domestic industry has sufficient capacity to meet market demand being supplied by subject imports; (3) CASWR is sold on the basis of price; (4) the domestic industry captively consumes a portion of its production and thus the merchant market is relevant to the Commission's analysis; and (5) the AWPA is a highly organized trade association committed to opposing trade remedies for unfairly priced imports of CASWR.

A. Demand Has Remained Relatively Flat Throughout the POI But Is Expected to Gradually Increase

U.S. demand for CASWR is driven by the U.S. economy and, in particular, the

[1] *See, e.g.*, *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 (June 2008) ("USITC Pub. 4014"); *Carbon and Certain Alloy Steel Wire Rod From China, Germany, and Turkey*, Inv. Nos. 731-TA-1099-1101 (Prelim.), USITC Pub. 3832 (Jan. 2006) ("USITC Pub. 3832"); *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 (Oct. 2002).

construction industry.[2] Both the non-residential and residential construction sectors contribute to demand for CASWR in the United States. To a lesser extent, the automobile, agricultural, and energy markets also drive demand for CASWR in the United States.[3] The domestic industry produces CASWR in virtually all grades and sizes and is capable of supplying all sectors of the domestic market.

During the POI, demand improved slightly, from 2011 to 2012 apparent domestic consumption increased from [ ] short tons to [ ] short tons.[4] However, from 2012 to 2013, apparent domestic consumption declined somewhat, but at [ ] was still higher than 2011 levels. As such, there were minor fluctuations in demand throughout the POI, but in general, demand remained relatively flat. Accordingly, U.S. producers would be expected to maintain or increase their market share as a result of the demand trends during the POI.

Going forward, there is some uncertainty as to U.S. demand as different sectors of the economy are recovering from the effects of the 2008/2009 recession at different paces. However, most indicators suggest that demand will increase gradually in the near future. During the POI, non-residential construction activity recovered at a slower pace than residential construction.[5] Hampered by a decrease in public spending and the fiscal cliff worries, non-residential construction remained soft in 2013.[6] However, forecasters predict that non-residential

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2 USITC Pub. 4014 at 25 ("The parties agree that the most important factor in the level of demand for wire rod is construction activity"). *See also* Conference Transcript, *Carbon and Certain Alloy Steel Wire Rod from China*, Inv. Nos. 701-TA-5112 and 731-TA-1248 (Prelim.) at 53 (Feb. 21, 2014) (Mr. Goettl) ("Tr.") ("Construction is a very large market for us.").

3 Tr. at 53 (Mr. Goettl) ("Automotive is also a large market, and the energy market is large as well").

4 CASWR Volumes and Market Shares, attached at **Exhibit 3**.

5 *See* Tim Grogan and Tom Ichniowski, *Construction Market Forecast: Slow and Steady For 2014*, ENR.com (Nov. 26, 2013), attached at **Exhibit 2A**.

6 *See* Tr. at 17 (Mr. Nystrom); *see also* Kermit Baker, *After a Year of Moving Sideways, Nonresidential Building Activity Poised to Resume Recovery in 2014*, AIArchitect (Jan. 24, 2014), attached at **Exhibit 2B**.

construction will be "slow and steady" in 2014.[7] On the other hand, residential construction has begun to slow in 2014.[8] Due to the harsh winter and rising interest rates, groundbreaking on new residential housing in January 2014 was 2 percent lower than in January 2013.[9] Other sectors that comprise a smaller portion of overall demand, such as the automobile industry, have increased,[10] which will likely result in modest increases in CASWR demand in the near future.

Questionnaire responses confirm the expected uncertainty in U.S. demand going forward. [ ] in CASWR demand over the POI, but believe that the [ ].[11] In sum, demand for CASWR increased slightly over the POI, and demand is expected to only increase gradually in the foreseeable future.

B. <u>The U.S. Industry Is Capable of Meeting Market Demand Being Supplied By Subject Imports</u>

The domestic industry has the capacity to fully meet market demand being supplied by dumped and subsidized CASWR from China.[12] In 2013, U.S. apparent consumption of CASWR was [ ] short tons.[13] That same year, the domestic industry's CASWR production capacity totaled [ ] short tons,[14] [ ]. The domestic industry

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7 *See* Tim Grogan and Tom Ichniowski, *Construction Market Forecast: Slow and Steady For 2014*, ENR.com (Nov. 26, 2013), attached at **Exhibit 2A**.

8 Erin Carlyle, *New Housing Starts Fall 16%, Thanks To Cold Wave Winter*, Forbes (Feb. 19, 2014), attached at **Exhibit 2C**.

9 *Id.*

10 *See Auto sales reach six-year high of 15.6 million vehicles sold, Ford F-Series takes the lead*, nydailynews.com (Jan. 6, 2014), attached at **Exhibit 2D**.

11 *See*, *e.g.*, U.S. Producers' Questionnaire Response of [ ] at IV-13, IV-15(b) [ ]; U.S. Producers' Questionnaire Response of [ ] at IV-15(b) [ ]; U.S. Producers' Questionnaire Response of [ ] at QR at IV-13 [ ].

12 Tr. at 22-23 (Mr. Fuller) ("If you look at the capabilities of the list of the Petition companies in this case, the domestic wire rod industry is capable of supplying high quality wire rods to the entire U.S. market regardless of end use.").

13 *See* CASWR Volumes and Market Shares, attached at **Exhibit 3**.

14 U.S. CASWR Producers' Trade and Financial Data, attached at **Exhibit 4**.

could supply the entire domestic market and would still have [ ].[15] But due to low-priced Chinese wire rod that surged into the market in 2012 and 2013,[16] CASWR producers lost substantial volume and were operating at [ ] percent capacity by the end of 2013.[17] The Commission has recognized that the domestic CASWR industry has historically operated at much higher capacity utilization levels.[18] For example, CASWR producers could easily ramp up operations by adding additional shifts to quickly boost production and supply the U.S. market without the 618,818 short tons of dumped and subsidized CASWR from China. As Daniel Fuller of ArcelorMittal testified, "we could add a third shift and we could even add a fourth shift,"[19] if market conditions were more favorable.

Thus, the U.S. industry was more than capable of meeting domestic CASWR demand being supplied by dumped and subsidized CASWR from China, and is well-suited to supply any projected increases in demand in the near future.[20] Accordingly, there is no need for even one ton of unfairly-traded imports from China in the U.S. market.

C. Price is the Most Important Purchasing Factor As to CASWR

As the Commission has previously recognized, "{p}rice plays an important role in purchasing decisions for wire rod."[21] In the 2006 investigation on CASWR from China,

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15 *Compare* CASWR Volumes and Market Shares, attached at **Exhibit 3**, *with* U.S. CASWR Producers' Trade and Financial Data, attached at **Exhibit 4**.

16 *See* CASWR Volumes and Market Shares, attached at **Exhibit 3**.

17 U.S. CASWR Producers' Trade and Financial Data, attached at **Exhibit 4**.

18 *See* USITC Pub. 4014 at 35.

19 Tr. at 47 (Mr. Fuller).

20 Nucor decided to invest in CASWR capacity at its Darlington, South Carolina mill in 2011 when there appeared to be a positive outlook for demand and subject imports were absent from the market. *See* Tr. at 18 (Mr. Nystrom). As a result, Nucor's plant in Darlington, South Carolina, which started production in late 2013, adds extra capacity to the domestic industry that will be able to serve the U.S. market. In addition, if market conditions were to improve, which includes the absence of dumped and subsidized imports from China, Gerdau would have the opportunity to restart its idled mill in Perth Amboy, New Jersey, which has approximately 750,000 short tons of capacity. *See* Tr at 41 (Mr. Kerkvliet).

21 USITC Pub. 4014 at 33.

Germany, and Turkey, the Commission noted that "there is a high degree of substitutability between domestic product and subject imports of the same type."[22] Indeed, in the current investigation, the majority of responding U.S. producers and importers reported that domestic and imported CASWR from China are "always" or "frequently" interchangeable.[23] In particular, [ ], reported that domestic and imported CASWR from China are always interchangeable.[24] Because subject imports are easily substitutable and meet the minimum requirements of U.S. purchasers, (which is evidenced by subject imports increasing 429,635 percent over the POI),[25] CASWR is primarily sold on the basis of price.

The Commission has [ ] allegations with U.S. purchasers.[26] These purchasers each identify price as the reason why they switched from domestic CASWR to Chinese imports.[27] According to one purchaser, "[ ]"[28] Furthermore, many purchasers report that they purchased the low-priced imports so they can compete in a downstream industry, which indicates that the decision to purchase Chinese CASWR was made based on price.[29] Finally, throughout the Commission's Staff Conference, AWPA's Executive

22 USITC Pub. 3832 at 24.

23 *See generally* U.S. Producers' Questionnaire Responses at IV-18; *see generally* U.S. Importers' Questionnaire Responses at III-18.

24 *See* U.S. Producers' Questionnaire Response of [ ] at III-18 [ ].

25 CASWR Volumes and Market Shares, attached at **Exhibit 3**.

26 *See, e.g.*, [ ].

27 *See, e.g.*, [ ].

28 [ ].

Director made several references to obtaining "competitively priced rod" without mentioning other non-price factors,[30] which also demonstrates that CASWR is primarily sold on the basis of price and consumers simply want access to the cheapest CASWR.

D. Captive Consumption Is An Important Condition of Competition

19 U.S.C. § 1677(7)(C)(iv) comprises the "captive production" provision of the Tariff Act of 1930.[31] This provision states that where certain criteria are met, the Commission shall focus, for purposes of determining market share and the factors affecting domestic industry performance, on the merchant market for the domestic like product.[32]

Application of the captive production provision may be appropriate when domestic producers both sell "significant" volumes of the domestic like product on the merchant market and internally transfer a "significant" portion of their production of the domestic like product for the production of downstream article.[33] In such circumstances, in determining whether to apply the provision, the Commission considers three criteria:

> (I) the domestic like product produced that is internally transferred for processing into that downstream article does not enter the merchant market for the domestic like product,
> (II) the domestic like product is the predominant material input in the production of that downstream article, and
> (III) the production of the domestic like product sold in the merchant market is not generally used in the production of that downstream article . . .[34]

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29 *See* [ ]; [ ].

30 *See, e.g.*, Tr. at 83 (Mr. Korbel).

31 19 U.S.C. § 1677(7)(C)(iv).

32 *Id.*

33 *Id.*

34 *Id.*

As explained more fully in the Answers to Staff Questions,[35] criteria (I) and (II) appear to be satisfied. It is not clear, however, that criterion III is met. Regardless, even if all of the criteria of the captive production provision are not met, the merchant market remains highly relevant to the Commission's analysis. The [ ] is destined for the merchant market,[36] and this is where the impact of Chinese imports is most immediately felt.[37] However, the captive and merchant markets are not isolated, such that it takes only a small amount of volume of underpriced imports to negatively impact both the merchant market and captive performance of the domestic industry. As Mr. Stirnaman of Keystone Consolidated Industries testified at the Commission's Staff Conference, the "flood of cheap Chinese wire rod imports has created a double whammy for us."[38] Indeed, as Chinese imports have increased, the AUVs for domestic producers internal consumption and transfers have [ ].[39]

As was noted at the Commission's Staff Conference, in past investigations where the Commission has not found the captive production criteria met, the Commission nonetheless "has routinely recognized that the existence of a significant level of captive consumption is a relative condition of competition and warrants examination of the merchant market data as well."[40] Nucor submits that, regardless of whether the captive production provision is met, the

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35 *See* Answers to Staff Questions at Question 5, attached at **Exhibit 1**.

36 *See* U.S. CASWR Producers' Trade and Financial Data, attached at **Exhibit 4**.

37 This does not, however, prevent the adverse price effect of Chinese imports from being quickly transmitted to the captive market. The captive and merchant markets are not isolated, such that it takes only a small amount of volume of underpriced imports to negatively impact both the merchant market and captive performance of the domestic industry. Indeed, as Chinese imports have increased, the average unit values for domestic producers internal consumption and transfers have [ ]. *See* U.S. CASWR Producers' Trade and Financial Data, attached at **Exhibit 4**.

38 Tr. at 15 (Mr. Stirnaman).

39 Pricing Product and Underselling Analysis, attached at **Exhibit 5**.

40 Tr. at 37 (Ms. Cannon); *see, e.g., Certain Cold-Rolled Steel Products from Argentina, Brazil, China, Indonesia, Japan, Russia, Slovakia, South Africa, Taiwan, Thailand, Turkey, and Venezuela*, Inv. Nos. 701-TA-393-396 and 731-TA-829-840 (Prelim.), USITC Pub. 3214 at 24-25 (July 1999).

Commission should take into consideration, as a significant condition of competition, that imports compete most directly against the U.S. producers in the merchant market. However, the record demonstrates that regardless of whether the Commission focuses primarily on the merchant market or the entire market, the Commission should find that subject imports caused material injury to the domestic industry.

E. The AWPA Is a Highly Organized Trade Association Committed to Opposing Trade Remedies for Unfairly Priced Imports of CASWR

The AWPA is a highly organized and sophisticated trade association formed in large part to oppose trade relief for CASWR producers.[41] 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.[42] Furthermore, a significant percentage of the AWPA's membership are publicly-traded, multinational corporations or owned by private equity groups.[43]

The AWPA has an established track record of opposing CASWR trade cases because its members want access to dumped and subsidized imports.[44] Indeed, even the AWPA webpage indicates that "{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."[45] Moreover, the Commission's staff is well aware of the AWPA's attempts to organize responses – presumably negatively – to the requests to confirm lost sales and lost revenue allegation. Indeed, at the

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41 *See Steel Wire and Wire Products for America and the World*, American Wire Producers Association, attached at **Exhibit 6**.

42 *See id.*

43 For example, Apex Tool Group, Insteel Industries, Inc., Leggett & Platt Wire Group, 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.

44 *See Steel Wire and Wire Products for America and the World*, American Wire Producers Association, attached at **Exhibit 6**.

45 *Id.*

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."[46]

Interestingly, 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,[47] hangers,[48] threaded rod,[49] innerspring units,[50] prestressed concrete strand,[51] and galvanized wire.[52]

In fact, in attempting to protect their own industries, the AWPA's members have argued that subsidized Chinese CASWR is injurious. At the Commission's Hearing for *Prestressed Concrete Steel Wire Strand from China*, members of the AWPA counsel stated, "{i}n fact, the same economics don't apply to the Chinese. I mean, they do have to buy rod, but they *get rod at subsidized prices* from the Chinese government-owned firms, they have export tax differentials."[53] Furthermore, at the Commission's Staff Conference *Galvanized Steel Wire from China and Mexico*, one of the petitioners' witnesses stated, "{i}t is China, *with its plethora of*

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46 Tr. at 105-106 (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.").

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

48 *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).

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

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

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

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

53 Hearing Transcript, *Prestressed Concrete Steel Wire Strand From China*, Inv. Nos. 701-TA-464 and 731-TA-1160 (Final) at 142 (May 6, 2010) (Mr. Luberda) (emphasis added), excerpts attached at **Exhibit 7**.

subsidies . . . which serves to push its huge capacity into downstream products like galvanized wire."[54]

In their own cases, the AWPA members have also argued that Chinese CASWR is subsidized to the Department of Commerce (the "Department"). In *Prestressed Concrete Steel Wire Strand from China* and *Galvanized Steel Wire from China and Mexico*, the AWPA members alleged that Chinese producers of the downstream products obtained wire rod for less than adequate remuneration ("LTAR"). Indeed, in *Prestressed Concrete Steel Wire Strand from China*, the Department calculated a total net subsidy rate of 15.31 percent *ad valorem* for "wire rod for LTAR."[55] Similarly, in *Galvanized Steel Wire from China*, the Department calculated a total net subsidy rate of 16.11 percent *ad valorem* for "wire rod for LTAR."[56]

Additionally, the AWPA has been very vocal when it comes to its own product lines about the importance and effectiveness 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 employees – to recover from the devastating impact of these unfairly priced and subsidized imports and to compete more effectively in the future."[57] However, in the current investigation – without denying the injurious impact of Chinese imports[58] – the AWPA opposes similar relief for its steel suppliers.

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[54] Conference Transcript, *Galvanized Steel Wire From China and Mexico*, Inv. Nos. 701-TA-479 and 731-TA-1183-1184 (Preim.) at 48 (Apr. 21, 2011) (Dr. Magrath) (emphasis added), excerpts attached at **Exhibit 8**.

[55] Issues and Decision Memorandum accompanying *Pre-Stressed Concrete Steel Wire Strand from the People's Republic of China*, 75 Fed. Reg. 28,557 (Dep't Commerce May 21, 2010) (final affirmative countervailing duty deter.) at 24.

[56] Issues and Decision Memorandum accompanying *Galvanized Steel Wire From the Peoople's Republic of China*, 77 Fed. Reg. 17,418 (Dep't Commerce Mar. 26, 2012) (final affirmative countervailing duty deter.) at 11-13.

[57] *Trade Actions Filed on Imports of Steel Wire Garment Hangers from Vietnam and Taiwan*, American Wire Producers Association, attached at **Exhibit 9**.

[58] 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 13** ("Our comments

III. SUBJECT IMPORTS ARE CAUSING MATERIAL INJURY TO THE DOMESTIC INDUSTRY

As the Commission has found, CASWR is highly substitutable and is sold on the basis of price.[59] Demand for CASWR in the United States, which is highly inelastic due to a lack of readily available substitutes, remained relatively flat during the POI. Absent from the market in 2011, subject imports surged into the United States during 2012 and 2013, increasing 429,635 percent over the POI.[60] Low-priced CASWR from China caused domestic producers to lower their prices and captured sales from domestic producers through consistent and pervasive underselling. Given the conditions of competition in the U.S. CASWR market, these dumped and subsidized subject imports captured a double-digit percentage of U.S. market, depressing profits, reducing production, and lowering capacity utilization during the POI. This constitutes material injury.

A. Subject Import Volumes Are Substantial and Increasing

Subject import volumes were massive and increased rapidly throughout the POI. In 2011, CASWR from China was virtually absent from the U.S. market.[61] Subject imports totaled a mere 144 short tons and comprised a neglible [ ] percent of U.S. market share in 2011.[62] During this time, Chinese CASWR producers were adding significant capacity.[63] However, as

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).

59 USITC Pub. 4014 at 33; USITC Pub. 3832 at 24.

60 CASWR Volumes and Market Shares, attached at **Exhibit 3**.

61 *See id.*

62 *Id.*

63 *See* [ ], excerpts attached at **Exhibit 10** (showing [ ]). However, [ ]. *See id.* at 69.

the Chinese economy and demand in China began to slow in 2012,[64] Chinese producers sought out the U.S. market – a traditionally attractive market – to unload their excess capacity.

In 2012, subject imports surged into the U.S. market, immediately establishing a strong presence. By offering extremely low prices, Chinese producers were able to increase imports by 167,913 percent in one year.[65] Chinese imports skyrocketed from 144 short tons in 2011 to 241,938 short tons in 2012.[66] Remarkably, [

].[67]

After successfully gaining a foothold in the U.S. market in 2012 through unfair pricing, subject imports accelerated into the market in 2013, rising to a total of 618,818 short tons, a 429,635 percent increase compared to 2011.[68]

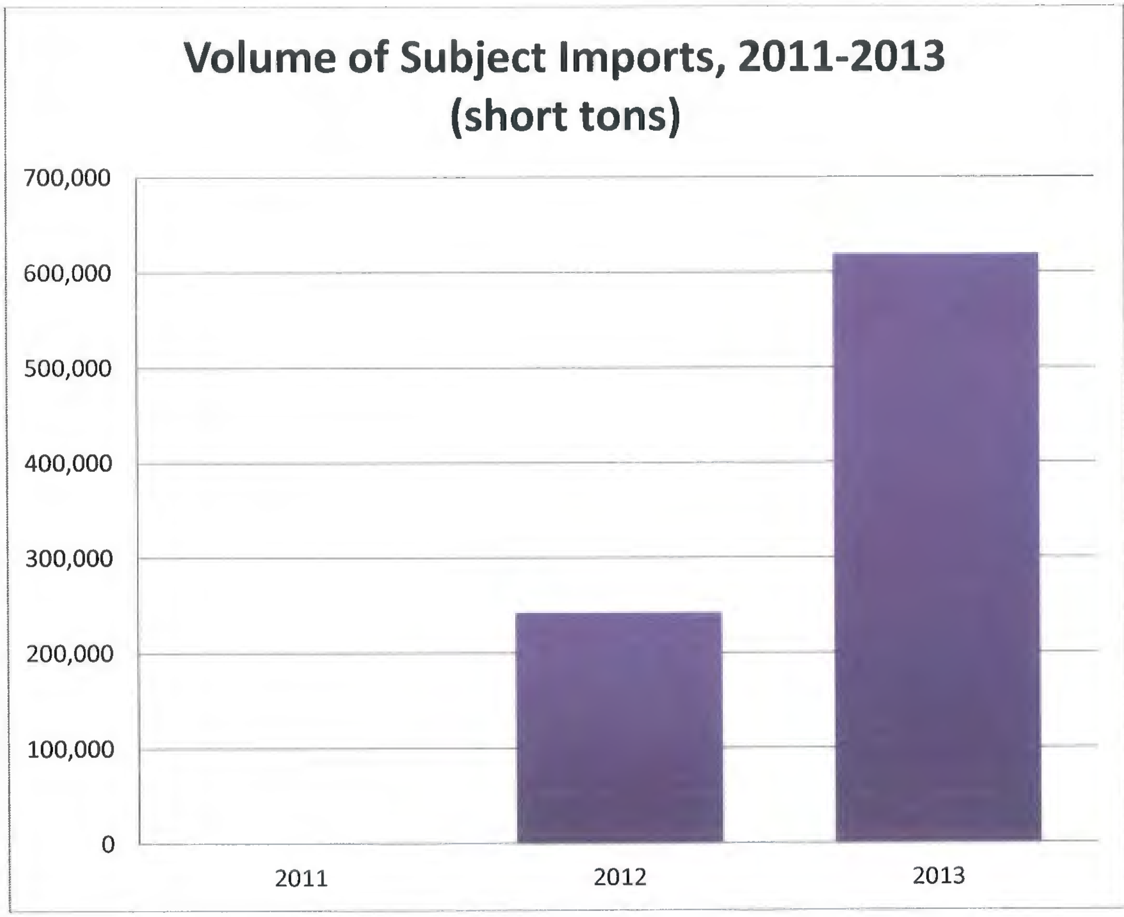
64 *See* Annalyn Censky, *China's slowdown deepens, raises risks to global economy*, CNN Money (July 13, 2012), attached at **Exhibit 2E**.

65 *See* CASWR Volumes and Market Shares, attached at **Exhibit 3**.

66 *Id.*

67 Pricing Product and Underselling Analysis, attached at **Exhibit 5**.

68 *See* CASWR Volumes and Market Shares, attached at **Exhibit 3**.



As the chart above demonstrates, subject imports more than doubled their import volume from 2012 to 2013, which represented an increase of 156 percent.[69] Essentially, in a little over a year and half, the Chinese import volume went from virtually non-existent to the single largest source of CASWR imports into the United States.[70] This surge occurred despite the fact that the U.S. industry has continued to operate at [ ].[71] Not a single ton of unfairly traded Chinese CASWR was needed in the U.S. market.

Further, imports from China have rapidly gained market share in the United States at the direct expense of U.S. producers and non-subject imports. Over the POI, subject import market

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69 *Id.*

70 Tr. at 14 (Mr. Stirnaman) ("Almost overnight China has become the largest supplier of imported wire rod to the U.S. market.").

71 U.S. CASWR Producers' Trade and Financial Data, attached at **Exhibit 4**.

share increased from a negligible [ ] percent in 2011, to [ ] percent in 2012, and to [ ] percent in 2013.[72] Simultaneously, U.S. producers' market share fell by [ ], from [ ] percent in 2011, to [ ] percent in 2012, and [ ] percent in 2013.[73] Non-subject import share declined over the POI due to the massive surge of low-priced Chinese imports, falling from [ ] percent in 2011, to [ ] percent in 2012, and [ ] percent in 2013.[74] While demand grew modestly from over the POI, this growth was captured by Chinese imports.

Moreover, in the merchant market – where subject imports most directly compete with domestic CASWR – subject import penetration was even more pronounced. Chinese imports grew from [ ] percent in 2011, to [ ] percent in 2012, to [ ] percent in 2013.[75] [ ] of the Chinese market share increase in the merchant market came at the expense of the domestic CASWR industry.[76] Domestic market share dropped from [ ] percent in 2011, to [ ] percent in 2012, and to [ ] percent in 2013.[77] Similarly, non-subject imports market share fell from [ ] percent in 2011, to [ ] percent in 2012, and to [ ] percent in 2013.[78]

In sum, Chinese market share increased rapidly over the POI. Between 2011 and 2012, low-priced Chinese imports stole the vast majority of its market share from the domestic industry. As one purchaser explained, "[ ]."[79] However, from 2012 to 2013, both the domestic industry and non-subject import market share fell

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72 CASWR Volumes and Market Shares, attached at **Exhibit 3**.

73 *Id.*

74 *Id.*

75 CASWR Volumes and Market Shares Based on Commercial Shipments Only, attached at **Exhibit 11**.

76 *Id.*

77 *Id.*

78 *Id.*

79 [ ].

substantially, as "Chinese imports grabbed additional market share that now comprises a double-digit percentage of the domestic market."[80] Thus, Chinese CASWR imports have materially injured the domestic industry as subject imports have increased significantly in absolute terms and relative to production and consumption in the United States.

B. Subject Imports Have Had Significant Negative Price Effects on the Domestic Industry

As the Commission has acknowledged in multiple proceedings, price is an important purchasing factor for CASWR.[81] Through Chinese producers' and exporters' unfair pricing practices, U.S. producers have experienced underselling and price depressing and suppressing effects from subject imports.

1. Subject Imports Substantially Undersold the Domestic Like Product Throughout the POI

Price is the most important factor in purchasing CASWR.[82] Subject producers were able to capture market share in the U.S. so quickly by offering extremely low prices.[83] Subject imports undercut both U.S. pricing and non-subject pricing, taking significant market share from both throughout the POI. Data demonstrate that subject imports undersold the domestic like product in over [ ] percent of the Commission's comparisons by margins up to [ ] percent.[84] More specifically, Chinese imports undersold domestically produced CASWR in [ ] of [ ] comparisons by margins averaging [ ] percent.[85]

As Eric Nystrom of Nucor testified at the Commission's Staff Conference, "in response

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80 Tr. at 18 (Mr. Nystrom); *see also* [ ].

81 USITC Pub. 4014 at 33; USITC Pub. 3832 at 24.

82 USITC Pub. 4014 at 33; USITC Pub. 3832 at 24.

83 Tr. at 19 (Mr. Nystrom) ("Chinese imports were able to penetrate the domestic market so quickly by offering ridiculously low prices.").

84 Pricing Product and Underselling Analysis, attached at **Exhibit 5**.

85 *Id.* Nucor notes that the Commission's coverage of importer questionnaires is limited.

to this sudden and massive volume of Chinese imports {in 2012}, we dropped our wire rod prices to remain competitive."[86] The Commission's data confirms this as domestic prices fell during 2012 and the Chinese product undersold the domestic product in [ ] percent of the Commission's comparisons.[87] However, in 2013, Chinese prices were so low, that domestic producers were unable match prices and lost volume.[88] Indeed, in the last year of the POI, Chinese imports undersold U.S. CASWR in [ ] percent of the price comparisons.[89] Specifically, in 2013, subject imports undersold domestically produced CASWR in [ ] of [ ] price comparisons by margins up to [ ] percent.[90] These increased underselling margins towards the end of the POI correlate directly with U.S. CASWR producers' inability to lower their prices to match the Chinese import prices, causing lower capacity utilization, the inability to recover costs of raw materials, and significant loss of market share.

2. Subject Producers' Consistent Underselling Suppressed and Depressed Domestic Pricing

The volumes of unfairly traded and subsidized Chinese CASWR that were pushed into the U.S. market through large and increasing margins of underselling have had and are continuing to have negative price effects on domestic producers. In some cases, U.S. producers were forced to lower their prices to match the dumped and subsidized imports from China. Other U.S. producers simply lowered prices across the board in order to remain competitive, as demonstrated in the decline in domestic producers' AUV for commercial shipments between 2012 and 2013 and across all five pricing products.[91] These reductions in prices, however,

86 Tr. at 18 (Mr. Nystrom).

87 Pricing Product and Underselling Analysis, attached at **Exhibit 5**.

88 Tr. at 19 (Mr. Nystrom).

89 Pricing Product and Underselling Analysis, attached at **Exhibit 5**.

90 *Id.*

91 *Id.*

simply spurred subject imports to lower their prices further.

[ ]

As described above, in 2011, subject imports were nearly absent from the U.S. market. Without dumped and subsidized Chinese imports in the market, U.S. producer's AUVs were [ ] per short ton.[92] However, when subject imports rushed into the U.S. market in 2012, domestic prices saw an immediate decline as they were chasing the low-priced Chinese imports.[93] U.S. producers' AUV's fell nearly $[ ] per short ton, from [ ] per short ton in 2011 to [ ] per short ton in 2012.[94] As the subject import surge accelerated in 2012 and 2013 and underselling became more aggressive, domestic producers' prices tracked the

92 U.S. CASWR Producers' Trade and Financial Data, attached at **Exhibit 4**.

93 *Id.*

94 *Id.*

downward trend in market prices. The U.S. producers' AUVs fell [ ] per short ton in 2013, as domestic producers' AUVs decreased from [ ] in 2012 to [ ] in 2013.[95]

During the same period, subject import AUV's also fell drastically as Chinese producers used ultra-low prices to quickly penetrate the U.S. market at the direct expense of U.S. producers. Chinese import AUV's declined from [ ] in 2011, to [ ] in 2012, and dropped further to [ ] in 2013.[96]

In addition, domestic CASWR producers have been unable to raise prices to recover increases in the cost of raw materials. For example, in the fourth quarter of 2013, the price of scrap – a major input consumed in the production of CASWR – increased, but U.S. producers were unable to raise prices to cover costs.[97] Indeed, as Chinese CASWR AUV's dipped below $500 in the same period,[98] U.S. producers were forced to lower prices at a time of increasing costs.

Other evidence on the record from purchasers further confirm the subject imports' price suppressing and depressing effects. The Commission has thus far [

].[99] [

95 *Id.*

96 Subject Import AUV Analysis, attached at **Exhibit 12**.

97 *See* Pricing Product and Underselling Analysis, attached at **Exhibit 5**; Tr. at 33 (Ms. Beck).

98 Tr. at 33 (Ms. Beck).

99 *See, e.g.*, [

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100 [ ].

].”[101] While the U.S. importer pricing data – which [ ] – shows Chinese underselling of margins up to [ ],[102] one [ ][103] Another [ ].[104] Thus, through [ ].

Moreover, testimony from several U.S. producer witnesses confirmed these negative price effects.[105] Witnesses for Nucor[106] and Gerdau,[107] among others, each testified to having to lower their prices just to remain competitive with subject imports. Eric Nystrom of Nucor, stated that “we started to see a growing wave of low-priced Chinese wire rods surge into the domestic market. In response to this sudden and massive volume of Chinese imports, we dropped our wire rod prices to remain competitive.”[108] James Kerkvliet of Gerdau also testified that his company “reduced prices in a number of instances to try to keep sales when confronted with lower competing prices from China, but we do that at a cost to our bottom line.”[109] Thus, Chinese CASWR has had negative price effects during the POI, and continues to have negative price

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101 *Id.*

102 Pricing Product and Underselling Analysis, attached at **Exhibit 5**.

103 [ ].

104 [ ].

105 Tr. at 60 (Mr. Kerkvliet) (“I think as every one of the producers that have testified here said that if we don't in cases try to meet the price levels that have been set by the Chinese imports, we lose the opportunity, and in most cases, as it’s evolved, some of those opportunities have gone by.”).

106 *Id.* at 18 (Mr. Nystrom).

107 *Id.* at 11 (Mr. Kerkvliet).

108 *Id.* at 18 (Mr. Nystrom).

109 *Id.* at 11 (Mr. Kerkvliet) (“The price differential is often substantial and would require us to sell at prices below costs to compete in most cases. Gerdau has reduced prices in a number of instances to try to keep sales when confronted with lower competing prices from China, but we do that at a cost to our bottom line. It is a no win proposition.”).

effects as importers have scheduled deliveries of low priced Chinese imports as far out as June 2014.

C. **The U.S. Industry is Materially Injured By Reason of Dumped and Subsidized Subject Imports**

Chinese imports have materially injured the U.S. CASWR industry through underselling the domestically produced product, significantly increased volumes into the U.S., stealing market share, and decreasing profits. As summarized in the chart below, subject imports have negatively impacted every indicia of financial performance.

Trade Indicia	Output	☑
	Sales	☑
	Market Share	☑
Financial Indicia	Profits	☑
	Cash Flow	☑
	Investments	☑
Other Indicia	Capacity Utilization	☑
	Inventories	☑
	Underselling	☑
	Lost Sales / Revenue	☑
	Productivity	☑
	Research and Development	☑
	Growth	☑
	Margin of Dumping	☑
	Export Subsidies	☑
	Factors Affecting Domestic Prices	☑

As such, subject imports have materially injured the domestic CASWR industry.

1. **Subject Imports Have Caused U.S. Producers to Curtail Production and Decrease Capacity Utilization**

In 2011, when dumped and subsidized subject imports were absent from the U.S. market, the domestic industry produced [ ] short tons of CASWR.[110] However, due to the massive onslaught of low-priced Chinese CASWR during 2012 and 2013, domestic CASWR

110 U.S. CASWR Producers' Trade and Financial Data, attached at **Exhibit 4**.

producers cut production, which in turn, decreased capacity utilization. Chinese import pricing was so low that domestic CASWR producers lost volume as they could not even compete with Chinese offerings.[111] As a result, U.S. production and capacity utilization declined significantly. U.S. production decreased by [ ] short tons during the POI, from [ ] short tons in 2011 to [ ] short tons in 2013.[112] As production dropped, the U.S. industry's capacity utilization declined from [ ] percent to [ ] percent between 2011 and 2013.[113] This decline occurred despite the fact that the U.S. industry is more than capable of meeting all U.S. CASWR demand.

2. **Subject Imports Have Taken Significant Market Share From the Domestic Industry Which Has Decreased Sales Volumes and Values**

Dumped and subsidized CASWR from China has negatively impacted the domestic industry's market share, as well as its sales volumes and values. As low-priced imports from China significantly increased their market share by [ ] percent during the POI, from [ ] percent in 2011 to [ ] in 2013, the domestic industry was forced to lower prices and lose sales volume.[114] After supplying [ ] of the domestic market in 2011, U.S. producers market share decreased to [ ] percent.[115] Similarly, the domestic industry's commercial shipments [ ] percent over the POI, from [ ] short tons in 2011 to [ ] short tons in 2012, and to [ ] short tons in 2013.[116] Low-priced subject imports and aggressive underselling caused commercial sales values to [ ] percent, from

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111 [ ].

112 U.S. CASWR Producers' Trade and Financial Data, attached at **Exhibit 4**.

113 *Id.*

114 *See* CASWR Volumes and Market Shares, attached at **Exhibit 3**.

115 *Id.*

116 U.S. CASWR Producers' Trade and Financial Data, attached at **Exhibit 4**.

[ ] in 2011, to [ ] in 2012, to [ ] in 2013.[117] Thus, subject imports have caused material injury to the domestic industry by decreasing market share, as well as sales volumes and values.

3. Subject Imports Have Decreased the Domestic Industry's Profitability

The domestic CASWR industry's profitability significantly decreased over the POI. In 2012, when massive volumes of low-priced Chinese CASWR surged into the market, U.S. producers attempted to match import prices to retain market share. However, this directly affected the U.S. industry's bottom line. Indeed, the domestic industry's operating income [ ] percent, from [ ] in 2011, to [ ] in 2012, and to [ ] in 2013.[118] The U.S. CASWR industry experienced [ ] percent of its total POI profit margin decline in 2012.[119] Eric Nystrom explained at the Commission's Staff Conference that as the year 2012 "went on, it got uglier and uglier."[120] Profit margins dropped from [ ] percent in 2011, to [ ] percent in 2012, and even further to [ ] percent in 2013.[121] Therefore, subject imports have directly caused harm to the domestic industry's profitability.

4. Subject Imports Caused Domestic Producers To Lay Off Workers and Reduce Their Wages

The enormous surge of low-priced subject imports caused harm to American steelworkers during the POI. Production related workers were forced to work less hours and receive less pay in 2013 than in 2011 when Chinese imports were virtually non-existent in the U.S. market.[122] At the end of the 2012, "ArcelorMittal was again forced to lay-off forty

117 *Id.*

118 *See* U.S. CASWR Producers' Trade and Financial Data, attached at **Exhibit 4**.

119 *See id.*

120 Tr. at 18 (Mr. Nystrom).

121 U.S. CASWR Producers' Trade and Financial Data, attached at **Exhibit 4**.

122 *See id.*

steelworkers."[123] Due to the massive volume of low-priced Chinese imports, [ ].[124] Keystone curtailed production due to the influx of low-priced subject imports and had "four one week rolling mills shutdowns and nine one week melt shop shutdowns laying off all of the workers who make wire rod during those shutdowns."[125] Moreover, due to market conditions caused by Chinese imports, Gerdau has been unable to reopen its Perth Amboy, New Jersey mill "which would mean more steelworker jobs in the wire rod industry."[126] Therefore, subject imports has caused material injury to the domestic CASWR industry by injuring its employees.

5. The Domestic Industry Has Experienced Substantial Lost Sales and Revenues Due to the Surge in Subject Imports

The causal link between increased volumes and market share of subject imports, and declining profits of the U.S. industry, is corroborated by documented lost sales and lost revenues information. Petitioners have extensively documented over [ ] in lost sales and lost revenues, [ ] by the Commission.[127] These lost sales and forced price reductions are reflected in [ ] operating income, which [ ] percent, from [ ] in 2011 to [ ] in 2013.[128] Indeed, in its lost sale response, [ ] explicitly stated that "[

123 Tr. at 30 (Ms. Hart).

124 [ ].

125 Tr. at 14-15 (Mr. Stirnaman).

126 *Id.* at 30 (Ms. Hart).

127 *See*, *e.g.*, [ ].

128 U.S. CASWR Producers' Trade and Financial Data, attached at **Exhibit 4**.

].[129] [ ], confirmed that "[

],"[130] which results in substantial lost revenue for the domestic industry. Thus, the domestic industry has been materially injured by subject imports, which has been demonstrated by [ ] lost sales and lost revenue allegations.

IV. UNFAIRLY TRADED IMPORTS FROM CHINA THREATEN ADDITIONAL MATERIAL INJURY TO THE DOMESTIC INDUSTRY

In addition to the present material injury caused by subject imports, these imports pose a real and imminent threat of additional material injury to the U.S. CASWR industry. The relevant economic factors weigh heavily in favor of an affirmative preliminary threat determination.

A. The Domestic Industry Is Vulnerable to the Threat of Additional Imports of Dumped and Subsidized Chinese CASWR

The U.S. CASWR industry is vulnerable to the threat of additional material injury from dumped and subsidized CASWR imports from China. U.S. demand has remained relatively flat throughout the POI and demand is expected to recover at a slow and gradual rate. Subject imports have negatively affected the U.S. CASWR industry, causing a decline in market prices, deterioration of the domestic industry's financial performance, and job losses. The U.S. industry is operating at a capacity utilization rate of [ ] percent, and the domestic industry's operating margin has declined from [ ] percent in 2011 to [ ] percent in 2013.[131] Moreover, the domestic industry made several investment decisions when low-priced imports of Chinese CASWR were absent from the U.S. market, and these new investments and reinvestments in

129 [ ].

130 [ ].

131 U.S. CASWR Producers' Trade and Financial Data, attached at **Exhibit 4**.

property, plant, and equipment are in jeopardy.[132] Indeed, Nucor has invested "over 100 million dollars in the wire rod operations to better serve its customers,"[133] which is now vulnerable to increased low-priced imports from China. In light of the depressed financial performance as a result of subject imports, the projected slow increases in demand in the U.S. market, and needed but expensive investments, the U.S. CASWR industry is highly vulnerable to dumped and subsidized subject imports.

B. <u>Chinese Producers Benefit from Massive Subsidies Which Will Promote Exports of Chinese CASWR to the United States</u>

Chinese CASWR is heavily subsidized and subject imports will likely continue to increase in the imminent future as a result. In fact, in the companion subsidy investigation to this case, the Department will investigate over 40 subsidy programs used by Chinese CASWR producers.[134] These subsidy programs include but are not limited to: cash grants; discounted inputs such as steel, land, and electricity; preferential loans and directed credit; special tax rebates and forgiveness for unpaid taxes; and VAT and tariff exemptions.[135] Further, these subsidies allow the Chinese CASWR producers to reduce their costs of production and export CASWR at extremely prices. Indeed, the AUV's for Chinese CASWR was priced $255.14 below the AUVs of imports into the U.S. from the rest of the world in 2013.[136] Additionally, Chinese CASWR producers benefit from substantial export subsidies, such as VAT rebates for adding small amounts of boron to CASWR before exporting the product. These government

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132 [

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133 Tr. at 19 (Mr. Nystrom).

134 *See* Enforcement and Compliance, Office of AD/CVD Enforcement, CVD Investigation Initiation Checklist, *Carbon and Certain Alloy Steel Wire Rod from the People's Republic of China* (Feb. 20, 2014).

135 *See id.*; *see generally* Petition for the Imposition of Antidumping and Countervailing Duties, *Carbon and Certain Alloy Steel Wire Rod from the People's Republic of China*, vol. III (Jan. 31, 2014) ("Petition").

136 *Id.*, vol. I at Exhibit Gen-6.

policies and massive subsidies increase the likelihood that Chinese CASWR imports will significantly increase in the imminent future.[137]

C. Subject Producers Have Large Existing Unused Production Capacity

Chinese CASWR production capacity is massive and growing. According to [ ], total production exceeded [ ] tons in 2013.[138] In fact, China's CASWR production in 2013 was [ ] the [ ] short tons of CASWR consumed in the U.S. that year. Moreover, Petitioners have identified over 40 major producers of CASWR in China and many of these producers have production capacities over 1 million tons.[139] As a result, even if just a few Chinese producers directed their production capacity to the attractive U.S. market, domestic producers could be easily displaced. Indeed, a mere fraction of China's CASWR capacity could completely destroy the entire domestic industry.[140]

Furthermore, subject producers are adding additional CASWR capacity to their already massive capacities. For example, in 2013, Changzhi Iron and Steel Co., a subsidiary of the Shougang Group, added 1.1 million tons of CASWR capacity.[141] Steel Shougang Qian'an Iron and Steel added 500,000 metric tons per year of capacity at the end of 2013.[142] Hangzhong Iron

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137 Tr. at 10 (Mr. Kerkvliet) ("To make matters worse, the Chinese producers are also provided incentives by the Chinese government to export wire rod. Chinese producers qualify for a VAT rebate if they add a trace amount of boron to the wire rod, which has become a wide-spread practice.").

138 Petition, vol. I at Exhibit INJ-5.

139 *See id.*

140 Tr. at 10 (Mr. Kerkvliet) ("The size of the Chinese industry is so great relative to the U.S. demand that the Chinese producers will basically wipe out the entire industry if they continue to export their significant overcapacity here.").

141 Petition, vol. I at Exhibit INJ-5.

142 *Id.*

and Steel of the Shaanxi Steel Group also added 600,000 tons per year of CASWR capacity in 2013.[143]

As the Commission is aware, the Chinese steel industry, which includes CASWR, is plagued with overcapacity. According to Li Xinchuang, Executive Vice Secretary-General of CISA, overcapacity in the steel sector is "probably beyond our imagination."[144] Chinese CASWR producers have massive excess capacity but it is difficult to determine the exact amount because no foreign producers submitted questionnaires, testified, or otherwise participated in the investigation. Chinese producers' refusal to participate in the Commission's investigation justifies the applying AFA to Chinese CASWR producers.

The Act permits the Commission to apply adverse inferences when a non-responsive interested party "has failed to cooperate by not acting to the best of its ability to comply with a request for information from the administering authority."[145] In this case, the Commission should not condone the Chinese Respondents' non-compliance.

The Chinese Respondents' behavior in this case indicates that they believe they will obtain a more favorable result by failing to cooperate than if they had fully cooperated, the very situation that Congress intended to avoid when it drafted the adverse inferences provision.[146] Moreover, while the Commission has generally hesitated to apply adverse inferences in the past for fear that those inferences will inadvertently harm other cumulated subject countries, this situation does not exist in this case. Therefore, the Commission should conclude not only that subject imports caused material injury, but also that Chinese CASWR producers have a massive

143 *Id.*

144 David Stanway, *UPDATE 1-China's Steel Sector Troubles Can't Be Solved Easily – CISA*, Reuters (Feb. 24, 2014), attached at **Exhibit 2F**.

145 19 U.S.C. § 1677e(b). *See also Internal Combustion Industrial Forklift Trucks From Japan*, Inv. No. 731-TA-377 (Review), USITC Pub. No. 3287 at 13, n.68 (Apr. 2000).

146 *See* Statement of Administrative Action accompanying the Uruguay Round Agreements Act, H.R. Doc. No. 103-316, vol. I at 870 (1994), *reprinted in* 1994 U.S.C.C.A.N. 4040, 4199.

amount of new and unused capacity, are export-driven, and will increasingly target the U.S. market with large volumes of low-priced, dumped and subsidized product in the absence of orders.

D. The Rate of Increase in Subject Imports' Volume and Market Penetration Indicate the Likelihood of Substantially Increased Imports

The volume of CASWR from China increased at unprecedented rates during the POI. In fact, subject imports increased 429,635 percent during the POI, skyrocketing from 144 short tons in 2011 to 618,818 short tons in 2013.[147] Chinese CASWR was practically absent from the U.S. market in 2011 but by 2013 had captured a double-digit share of the market.[148] As Vic Stirnaman of Evraz Pueblo testified at the Commission's Staff Conference, "{a}lmost overnight China has become the largest supplier of imported wire rod to the U.S. market."[149] Thus, the rate of increase in volume and market penetration of dumped and subsidized CASWR from China indicates that subject imports will substantially increase in the imminent future.

E. Chinese CASWR Is Entering The U.S. At Extremely Low Prices

During the POI, subject imports entered the U.S. at very low prices and will continue to do so in the imminent future. Subject imports undersold domestic CASWR in [ ] percent of the pricing comparisons by margins up to [ ] percent during the POI.[150] In 2013, the subject import AUVs were [ ], well below the [ ] AUV of domestic producers' shipments during that same year.[151] Domestic producers U.S. shipment AUVs decreased approximately [ ] percent over the POI due to dumped and subsidized CASWR being imported at

147 CASWR Volumes and Market Shares, attached at **Exhibit 3**.

148 *See id.*

149 Tr. at 14 (Mr. Stirnaman).

150 Pricing Product and Underselling Analysis, attached at **Exhibit 5**.

151 Subject Import AUV Analysis, attached at **Exhibit 12**; U.S. CASWR Producers' Trade and Financial Data, attached at **Exhibit 4**.

exceptionally low prices[152] and will decline further if trade relief is not granted.

Chinese CASWR AUVs fell below $500 in the fourth quarter of 2013, and will likely continue to enter the U.S. at similarly low prices.[153] According to Vic Stirnaman of Evraz Pueblo, "despite the filing of this case, Chinese wire rod is still being offered in large volumes at the same rock bottom prices."[154] In fact, U.S. importers have significant orders of low-priced CASWR that are scheduled to be delivered as far out as June 2014.[155] These subject imports will continue to depress and suppress U.S. prices in the imminent future. Thus, the domestic CASWR industry is threatened with material injury because the low prices of Chinese CASWR will continue to depress and suppress U.S. prices.

F. <u>Inventories of Subject Merchandise Are Increasing</u>

Public information suggests that there has been inventory increases in the local Chinese CASWR market, which could be used to further injure the domestic industry.[156] According to one U.S. producer, "[ ]."[157] Again, however, to the extent the Commission believes it does not have sufficient information regarding foreign producer's inventory levels, this is a result of foreign producers' blatant refusal to participate in this

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152 U.S. CASWR Producers' Trade and Financial Data, attached at **Exhibit 4**.

153 Tr. at 33 (Ms. Beck).

154 *Id.* at 16 (Mr. Stirnaman).

155 *See* [ ]; [ ]; [ ]; [ ]; *see also* Tr. at 16 (Mr. Stirnaman) ("It is my understanding that the Chinese producers have arranged orders for wire rod deliveries all the way up to June 2014 at guaranteed prices.").

156 *See China's finished steel inventory increases further*, StellOrbis (Jan. 9, 2013), attached at **Exhibit 2G**.

157 *See* [ ].

investigation. As adverse facts available, the Commission should find that this factor supports a finding that the domestic CASWR industry is threatened with material injury.

G. <u>Chinese CASWR Producers Are Capable of Shifting Their Product Mix To Produce Additional CASWR</u>

Chinese producers have the ability to product-shift in their facilities to produce increased volumes of CASWR. In fact, a number of [ ] have indicated that [ ].[158] Eric Nystrom of Nucor testified at the Commission's Staff Conference that "the equipment used to produce wire rod is pretty much the same all over the world. . . . {T}here is no significant difference in technology from one country to another. . . ."[159] While the vast majority of the domestic industry has not had to choose between producing CASWR and other products during the POI because of low capacity utilization rates caused by low-priced subject imports, companies can increase CASWR production on the equipment being used to produce other products. To the extent the Commission believes it does not have sufficient information regarding foreign producer's ability to product shift, this is a result of foreign producers' blatant refusal to participate in this investigation. As adverse facts available, the Commission should find that this factor supports a determination that the domestic CASWR industry is threatened with material injury. Accordingly, there is a significant potential for product-shifting in China and it is very likely to occur should orders not be imposed on subject imports.

In sum, the domestic CASWR industry is threatened with material injury by reason of

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158 *See* [ ]; [ ]; [ ]; [ ].

159 Tr. at 69 (Mr. Nystrom).

subject imports. Chinese producers and exporters have a track record of shipping massive volumes of CASWR to the U.S. at extremely low prices and quickly increasing their market share. Moreover, Chinese producers and exporters are able to offer CASWR at cut-rate prices because they benefit from an enormous amount of subsidies provided by the Government of China. Chinese producers also have massive excess capacity to unload in the attractive U.S. market. Finally, subject producers utterly refused to cooperate in this investigation, which justifies using AFA to find that the domestic industry is threatened with material industry.

V. CONCLUSION

For the foregoing reasons, Nucor requests that the Commission make an affirmative preliminary determination that there is a reasonable indication of material injury and threat of material injury by reason of CASWR from China.

Respectfully submitted,

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February 26, 2014

BEFORE THE
UNITED STATES INTERNATIONAL TRADE COMMISSION

CARBON AND CERTAIN ALLOY STEEL WIRE ROD FROM CHINA	Inv. Nos. 701-TA-512 and 731-TA-1248 (Preliminary) **Business Proprietary Information has been removed from the Exhibit List and Exhibits 1-5 and 10-11** **<u>NON-CONFIDENTIAL VERSION</u>**

EXHIBITS TO NUCOR CORPORATION'S POST-CONFERENCE BRIEF & ANSWERS TO STAFF QUESTIONS

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EXHIBIT LIST

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13	*Insteel Industries' CEO Discusses F4Q13 Results – Earnings Call Transcript*, Seeking Alpha (Oct. 17, 2013) (excerpts)	Public
14	Anitha Krishnan, "Special Report: Steel – What hurdles need to be overcome for India to achieve second top steel producing status?" Platts (Dec. 2012)	Public

Exhibit	Description	Security
15	*Semi-Annual Report Under Article 16.4 of the Agreement – Malaysia, G/ADP/N/252/MYS*, Committee on Anti-Dumping Practices, World Trade Organization (Jan. 23, 2014)	Public
16	*Semi-Annual Report Under Article 16.4 of the Agreement – European Union, G/ADP/N/244/EU*, Committee on Anti-Dumping Practices, World Trade Organization (Sept. 20, 2013)	Public
17	*Notification on an Initiation of Anti-Dumping Investigation of High Carbon Steel Wire Rod including High Carbon Steel Wire Rod Added Other Elements Originating in the People's Republic of China*, B.E. 2555, Thai Department of Foreign Trade (2012)	Public
18	Thailand Sets Hearing On High-C Alloy-Added Wire Rod Imports, Steelhome.cn (Jan. 7, 2014)	Public

EXHIBIT 1

CARBON AND CERTAIN ALLOY STEEL WIRE ROD FROM THE PEOPLE'S REPUBLIC OF CHINA

Answers to Staff Questions

Questions from Mr. Corkran:

1. *On the history of imports of Chinese wire rod and Chinese imports' role in the U.S. market*
2. *On price-setting in the U.S. wire rod market*
3. *On today's facts as compared with those prevailing in 2006*
4. *On the types of wire rod being imported from China*

Questions from Ms. Turner:

5. *Addressing the third criterion of the Tariff Act's captive consumption provision*
6. *On the U.S. industry's capacity utilization in 2011-2013*
7. *On related party issues*
8. *On trade remedies in other countries*
9. *On the AWPA's interest in opposing duties on Chinese wire rod*

Questions from Ms. Preece:

10. *On the connection between scrap prices and the price of wire rod in the U.S. market*
11. *On trends in scrap pricing over the period of investigation*
12. *On the addition of boron to wire rod*

Questions from Mr. Corkran

1. *What happened between 2005 and 2011 to reduce so substantially the volume of imports from China? Second, what happened between 2011 and 2013 to trigger the increase in U.S. imports from China, and third, why is there such great variability in China's role as a supplier of wire rod to the U.S. market, or even more generally, what is China's role as a supplier in the U.S. market?* (Tr. at 65).

The parties best able to answer these questions – Chinese producers – have thus far failed to answer the Commission's requests for information. In the absence of *any* participation by Chinese producers, the U.S. domestic wire rod industry can offer certain possibilities in response to this question, but not the certainties that might be provided by responses from Chinese mills themselves.

Since 2011, the "variability" in Chinese import supply has all pointed in one direction – up, up, up, at astronomical rates. Nucor's surmise is that this is the result of the immense overcapacity for wire rod production in China, which increased between 2005 and 2011. Even representatives of the American Wire Producers Association, which opposes this petition, concede that "we cannot dismiss the size of the Chinese steel industry."[1] Given China's massive oversupply, massive subsidization, and an indifference to pricing below cost, the role of Chinese imports in the U.S market is simply that of causing material injury to the U.S. wire rod industry.

The Chinese imports are not necessary to make up any short-fall in supply: U.S. wire rod producers are capable of meeting demand being supplied by dumped and subsidized

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[1] Hearing Transcript, *Carbon and Certain Alloy Steel Wire Rod from China*, Inv. Nos. 701-TA-512 and 731-TA-1248 (Prelim.) at 121 (Feb. 21, 2014) (Mr. DeShane) ("Tr.").

imports from China; they also have substantial excess capacity.[2] Nor are the Chinese imports simply part of the normal background of imports from a wide range of countries that is to be expected in a market of the United States' size – Chinese imports have increased from only 144 tons in 2011 to more than 600,000 tons by 2013.[3] This staggering increase happened during a time of only slow, modest demand growth,[4] and while non-subject imports were in fact decreasing in volume.[5] Rather than benefit from what little demand growth there was in the U.S. market, U.S. producers saw their prices pushed down by more than $[ ]/short ton. But even as U.S. producers have dropped prices, Chinese prices have fallen faster. Consider Pricing Product 2,[6] for example. In the [ ].[7] By the [ ].[8] The only problem was that the [ ].[9]

With respect to pre-investigation period conditions, again, Chinese producers are in the best position to inform the Commission as to the factors that affected their export volumes. That said, between 2005 and 2011, there were several factors that may have affected

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2 *Compare* CASWR Volumes and Market Shares, attached at **Exhibit 3** (showing apparent domestic consumption of [ ] short tons), *with* U.S. CASWR Producers' Trade and Financial Data, attached at **Exhibit 4** (showing current domestic capacity of [ ] tons and substantial excess capacity).

3 CASWR Volumes and Market Shares, attached at **Exhibit 3**.

4 Tr. at 5 (Mr. Rosenthal), 11 (Mr. Kerkvliet).

5 CASWR Volumes and Market Shares, attached at **Exhibit 3**.

6 Of the five pricing products, Product 2 accounted for [ ].

7 Pricing Product and Underselling Analysis, attached at **Exhibit 5**.

8 *Id.*

9 *Id.*

Chinese imports into the United States. Perhaps most importantly, the global recession struck. U.S. wire rod demand crashed, as the major consuming industries – the construction and automotive sectors – were heavily damaged. At the same time, China reacted to the recession by passing stimulus packages, increasing infrastructure spending at home. The lack of demand abroad, coupled with Government spending at home, may have contributed to reduced Chinese export shipments of wire rod.

However, Nucor understands that China also substantially increased its already enormous wire rod capacity between 2005 and 2011, such that, by 2011, it faced mounting problems from excess capacity.[10] Moreover, China has been unwilling or unable to cut steel production.[11] Unfortunately, the result is that Chinese producers are massively increasing export shipments at cut-rate prices.

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10 Dexter Roberts, *Overcapacity Threatens China Growth*, Bloomberg Businessweek (Dec. 11, 2013), attached at **Exhibit 2H**.

11 David Stanway, *UPDATE 1-China's Steel Sector Troubles Can't Be Solved Easily – CISA*, Reuters (Feb. 24, 2014), attached at **Exhibit 2F**; Wayne Ma, *First Up on the Reform Plans: Tackling Overcapacity*, Wall Street Journal (Nov. 13, 2013), attached at **Exhibit 2I**; *Steel: An inferno of unprofitab*ility, The Economist (July 6, 2013), attached at **Exhibit 2J**.

2. *We've heard -- I believe two different witnesses have characterized China as the price-setter in this market. I wonder if you could provide me a little more insight in what characteristics you attribute to a supplier that's a price-setter, and at least in the beginning of the period, in the first year, who would you have considered to be the price-setter before you think the Chinese became the price-setter?* (Tr. at 73).

China is the current price-setter in the market. Chinese imports have massively increased over the investigation period.[12] This increase has been possible due to China's prices, which are lower than the prices for both the domestic like product and non-subject imports. Indeed, as Chinese imports have increased over the investigation period, both U.S. producers and non-subject imports have lost market share.[13]

[12] Tr. at 32 (Ms. Beck).

[13] CASWR Volumes and Market Shares, attached at **Exhibit 3**.

3. *How does the current record in this preliminary phase investigation compare to the fact pattern that the Commissioners in 2006 felt merited a negative determination?* (Tr. at 75).

At the Conference, counsel for the AWPA conceded that the 2006 investigation "had a set of facts that were admittedly quite different from the facts before us today."[14] Whereas the Commission previously determined that the facts of 2006 did not indicate material injury, the current investigation's record presents a textbook case of injury.

- In 2006, U.S. producers did not have the capacity to supply U.S. wire rod demand.[15] In 2014, U.S. producers can not only supply the entire market, they have substantial excess capacity.[16]
- In 2006, the U.S. industry was also subject to significant supply disruptions, which led buyers to seek other suppliers, as well as to build up significant volumes of inventory as a precaution against further disruption.[17] No U.S. producer reports having been unable to supply customers during the current investigation period,[18] and at the Staff Conference, no witness in opposition argued that the U.S. industry lacks capacity, or has otherwise constrained supply.[19]

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14 Tr. at 96 (Mr. Waite).

15 *Carbon and Alloy Steel Wire Rod From China, Germany, and Turkey*, Inv. No. 731-TA-1099-1101 (Preliminary), USITC Pub. No. 3822 (Jan. 2006) ("USITC Pub. No. 3822") at 19.

16 *Compare* CASWR Volumes and Market Shares, attached at **Exhibit 3** (showing apparent domestic consumption of [ ] short tons), *with* U.S. CASWR Producers' Trade and Financial Data, attached at **Exhibit 4** (showing current domestic capacity of [ ] tons and substantial excess capacity).

17 USITC Pub. No. 3822 at 19.

18 *See* U.S. Producers' Questionnaire Response of [ ] at IV-16 [ ] ("[ ] Domestic QR"); U.S. Producers' Questionnaire Response of [ ] at IV-16 [ ] ("[ ] Domestic QR"); U.S. Producers' Questionnaire Response of [ ] at IV-16 [ ] ("[ ] Domestic QR").; U.S. Producers' Questionnaire Response of [ ] at IV-16 [ ] ("[ ] Domestic QR").; U.S. Producers' Questionnaire Response of [ ] at IV-16 [ ] ("[ ] Domestic QR").; U.S. Producers' Questionnaire Response of [ ] at IV-16 [ ] ("[ ] Domestic QR").; U.S. Producers' Questionnaire Response of [ ] at IV-16 [ ] ("[ ] Domestic QR").; U.S. Producers' Questionnaire Response of [ ] at IV-16 [ ] ("[ ] Domestic QR").; U.S. Producers' Questionnaire Response of [ ] at IV-16 [ ] ("[ ] Domestic QR").

19 Mr. DeShane testified that he is unable to obtain all of his rod requirements for specialty applications in the United States. However, he acknowledged that the welding quality products that he buys accounted for 0.6%

- During the period covered by the 2006 investigation, the U.S. market was affected by an incredible uptick in demand.[20] Demand during the current investigation has been characterized by slow recovery from the recession.[21]

- In the previous investigation, U.S. prices increased significantly, and U.S. producers, despite the increase in subject imports, experienced gains in operating income and other financial performance indicators.[22] Here, prices have fallen, and U.S. producers have experienced negative trends across trade and financial indicators, including lost market share, reduced workers, falling operating income, and reduced sales.[23]

- The Chinese industry in 2006 was not characterized by the incredible overcapacity that now is the hallmark of the Chinese steel sector. By contrast, the China Iron & Steel Association characterizes current overcapacity as "beyond our imagination."[24]

- In 2006, Chinese imports increased their unit values over the investigation period, and their volumes increased by less than 50% by volume.[25] Here, by contrast, the pricing product data shows that Chinese import values have fallen consistently from 2011-2013,[26] while volumes have increased by 429,635%.[27]

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of Chinese imports in 2013. Tr. at 117 (Mr. DeShane). Domestic manufacturers produce the same types and qualities of wire rod being imported from China, including welding quality wire. Mr. DeShane appears to be searching for a scope exclusion more than making any serious argument that Chinese imports are not competing against U.S. wire rod.

20 USITC Pub. No. 3822 at 19-20.

21 Tr. at 5 (Mr. Rosenthal), 11 (Mr. Kerkvliet).

22 USITC Pub. No. 3822 at 20.

23 U.S. CASWR Producers' Trade and Financial Data, attached at **Exhibit 4**; CASWR Volumes and Market Shares, attached at **Exhibit 3**.

24 David Stanway, *UPDATE 1-China's Steel Sector Troubles Can't Be Solved Easily – CISA*, Reuters (Feb. 24, 2014), attached at **Exhibit 2F**.

25 USITC Pub. No. 3822 at Table C-1

26 Pricing Product and Underselling Analysis, attached at **Exhibit 5**.

27 *See, e.g.,* CASWR Volumes and Market Shares, attached at **Exhibit 3**.

4. *Are the more specialized forms of wire rod that were part of the testimony this afternoon by way of example or do you believe they make up a fairly large component of the imports from China?* (Tr. at 115).

Based on the data received by the Commission thus far, it appears that the majority of the Chinese material that has been imported thus far is [

].[28] Of the [ ] short tons of Chinese wire rod that responding importers shipped in the U.S. market in 2013, [ ] short tons were in these [ ] categories.[29] This is also the area of the market where U.S. producers concentrate their production and shipments.[30] Even AWPA witnesses conceded that specialty products are a minute percentage

28 *See* Importers' Questionnaire Response of [ ] at II-6 [ ]; Importers' Questionnaire Response of [ ] at II-6 [ ]; Importers' Questionnaire Response of [ ] at II-6 [ ]; Importers' Questionnaire Response of [ ] at II-6 [ ]; Importers' Questionnaire Response of [ ] at II-6 [ ]; Importers' Questionnaire Response of [ ] at II-6 [ ]; Importers' Questionnaire Response of [ ] at II-6 [ ]; Importers' Questionnaire Response of [ ] at II-6[ ]; Importers' Questionnaire Response of [ ] at II-6 [ ]; Importers' Questionnaire Response of [ ] at II-6 [ ]; Importers' Questionnaire Response of [ ] at II-6 [ ].

29 *See* Importers' Questionnaire Response of [ ] at II-6 [ ]; Importers' Questionnaire Response of [ ] at II-6 [ ]; Importers' Questionnaire Response of [ ] at II-6 [ ]; Importers' Questionnaire Response of [ ] at II-6 [ ]; Importers' Questionnaire Response of [ ] at II-6 [ ]; Importers' Questionnaire Response of [ ] at II-6 [ ]; Importers' Questionnaire Response of [ ] at II-6 [ ]; Importers' Questionnaire Response of [ ] at II-6[ ]; Importers' Questionnaire Response of [ ] at II-6 [ ]; Importers' Questionnaire Response of [ ] at II-6 [ ]; Importers' Questionnaire Response of [ ] at II-6 [ ].

30 *See* [ ] Domestic QR at 11; [ ] Domestic QR at 11; [ ] Domestic QR at 11; [ ] Domestic QR at 11; [ ] Domestic QR at 11; [ ] Domestic QR at 11; [ ] Domestic QR at 11; [ ] Domestic QR at 11; [ ] Domestic QR at 11.

of Chinese imports.[31] To focus in this case on specialty products that represent a tiny fraction of imports would be to miss the forest for the trees. The evidence before the Commission shows that there has been a massive surge in imports of Chinese wire rod that compete directly against the domestic like product on the basis of price.

31 Tr. at 117 (Mr. DeShane) (stating that welding quality wire rod accounted for 0.6% of imports of Chinese wire rod). Mr. DeShane appears to be searching for a scope exclusion more than making any serious argument that Chinese imports are not competing against U.S. wire rod.

Questions from Ms. Turner

5. *{O}n the captive production provision, { } you had indicated you had walked through the different criteria, indicating that on the third criteria, you were still gathering some data to make it, to indicate what your position would be on whether the third criteria was met? . . . When you do address that, since the Commission in the past has not found that third criteria to be met in the prior cases, then in fact if you do find it to be met, can you explain the difference between what has changed since 2008 or whatever that earlier date was . . . ?* (Tr. at 44-45).

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19 U.S.C. §1677(7)(C)(iv) comprises the "captive production" provision of the Tariff Act of 1930.[32] This provision states that where certain criteria are met, the Commission shall focus, for purposes of determining market share and the factors affecting domestic industry performance, on the merchant market for the domestic like product. [33]

Application of the captive production provision may be appropriate when domestic producers both sell "significant" volumes of the domestic like product on the merchant market and internally transfer a "significant" portion of their production of the domestic like product for the production of downstream article.[34] In such circumstances, in determining whether to apply the provision, the Commission considers three criteria:

(I) the domestic like product produced that is internally transferred for processing into that downstream article does not enter the merchant market for the domestic like product,

(II) the domestic like product is the predominant material input in the production of that downstream article, and

(III) the production of the domestic like product sold in the merchant market is not generally used in the production of that downstream article . . .[35]

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32 19 U.S.C. §1677(7)(C)(iv).

33 *Id.*

34 *Id.*

35 *Id.*

The data available to the Commission show that certain U.S. producers of wire rod, the domestic like product, also manufacture downstream products.[36] Industry-wide, internal consumption and related party transfers amounted to slightly more than [ ] short tons in 2013,[37] while commercial shipments amounted to approximately [ ] short tons.[38] Accordingly, the threshold criterion – that of whether the domestic industry simultaneously sells "significant" wire rod production on the open market while internally consuming/transferring "significant" wire rod production for downstream manufacturing – appears to be met.

Subcriteria (I) and (II) would also appear to be met. Internally consumed product is, naturally, consumed in the production of downstream articles; moreover, domestic producers report that [ ] of internally transferred product was used to produce downstream goods.[39] Moreover, wire rod appears to account for the majority of the value of the downstream goods that domestic wire rod producers and their related parties manufacture. For example, [ ] is one of the primary downstream products that U.S. wire rod

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36 [ ] Domestic QR at 14; [ ] Domestic QR at 14; [ ] Domestic QR at 14; [ ] Domestic QR at 14; [ ] Domestic QR at 14; [ ] Domestic QR at 14; [ ] Domestic QR at 14.

37 *See* U.S. CASWR Producers' Trade and Financial Data, attached at **Exhibit 4.**

38 *Id.*

39 [ ] Domestic QR at 14; [ ] Domestic QR at 14; [ ] Domestic QR at 14; [ ] Domestic QR at 14; [ ] Domestic QR at 14; [ ] Domestic QR at 14; [ ] Domestic QR at 14.

producers/related parties manufacture.[40] U.S. producers estimate that wire rod accounts for [ ] percent of the value of [ ].[41]

It is not clear, however, that subcriterion III is met. Wire rod is used primarily in the production of downstream articles; thus, whether domestic wire rod producers sell to distributors or end users, that merchant market production is likely to be further processed into downstream goods.

However, even if all of the criteria of the captive production provision are not met, it remains that the merchant market is highly relevant to the Commission's analysis. The [ ] is destined for the merchant market,[42] and this is where the impact of Chinese imports is most immediately felt. At the same time, the captive and merchant markets are not isolated, such that it takes only a small amount of volume of underpriced imports to negatively impact both the merchant market and captive performance of the domestic industry. As Mr. Stirnaman of Keyston Consolidated Industries testified at the Conference, the "flood of cheap Chinese wire rod imports has created a double whammy for us."[43] Indeed, as Chinese imports have increased, the AUVs for domestic producers internal consumption and transfers have [ ].[44]

40 [ ] Domestic QR at 15 and 30-31; [ ] Domestic QR at 15 and 30-31; [ ] Domestic QR at 15 and 30-31; [ ] Domestic QR at 15 and 30-31.

41 [ ] Domestic QR at 30; [ ] Domestic QR at 30 [ ] Domestic QR at 31 ; [ ] Domestic QR at 31; [ ] Domestic QR at 31; [ ] Domestic QR at 31.

42 *See* U.S. CASWR Producers' Trade and Financial Data, attached at **Exhibit 4**.

43 Tr. at 15 (Mr. Stirnaman).

44 Pricing Product and Underselling Analysis, attached at **Exhibit 5**.

As was noted at the Conference, in past investigations where the Commission has not found the captive production criteria met, the Commission has nonetheless "has routinely recognized that the existence of a significant level of captive consumption is a relative condition of competition and warrants examination of the merchant market data as well."[45] Nucor submits that, regardless of whether the captive production provision is met, the Commission should take into consideration, as a significant condition of competition, that imports compete most directly with sales in the merchant market. An analysis of the Chinese imports on the merchant market demonstrates that U.S. producers' market share has decreased from [ ] in 2011 to [ ] in 2013.[46] At the same time, Chinese imports' market share has risen from [ ] in 2011 to [ ] in 2013. The U.S. has seen a [ ] drop in commercial shipment quantity, a [ ]% drop in commercial shipment value, and a decline in operating margins relating to commercial sales from [ ] to [ ]%.[47]

Regardless of whether the Commission finds that the captive production provision is satisfied, or treats captive production as an important condition of competition, the domestic industry is materially injured. Indeed, an examination of the U.S. industry data inclusive of both merchant market and captive consumption demonstrate the same trends as are seen when the merchant market data are viewed in isolation. When captive consumption is taken into account, U.S. producers' market share has decreased from [ ] in 2011 to [ ] in

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45 Tr. at 36 (Ms. Cannon); *see, e.g., Certain Cold-Rolled Steel Products from Argentina, Brazil, China, Indonesia, Japan, Russia, Slovakia, South Africa, Taiwan, Thailand, Turkey, and Venezuela*, Inv. Nos. 701-TA-393-396 and 731-TA-829-840 (Prelim.), USITC Pub. 3214 at 24-25 (July 1999).

46 CASWR Volumes and Market Shares, attached at **Exhibit 3**. Nonsubject imports' market share has also fallen over this time frame. *Id.*

47 U.S. CASWR Producers' Trade and Financial Data, attached at **Exhibit 4**.

2013.[48] At the same time, Chinese imports' market share has risen from [ ] in 2011 to [ ] in 2013. The U.S. has seen a [ ] drop in net sales quantity, a [ ] drop in net sales value, and a decline in operating margins from [ ] to [ ]%.[49]

48 CASWR Volumes and Market Shares, attached at **Exhibit 3**. Nonsubject imports' market share has also fallen over this time frame. *Id.*

49 U.S. CASWR Producers' Trade and Financial Data, attached at **Exhibit 4**.

6. *{I}s 2011 what the Commission should use as the benchmark for what would be an appropriate capacity utilization for this industry? . . . . Was 2011 a good year for your capacity utilization level, or is it something that still was lower than what your actual capacity utilization, as opposed to theoretical capacity utilization level? . . . . {W}hat levels then are ones that would be a good level for the industry?* (Tr. at 45-47).

The data available to the Commission demonstrate that the domestic industry's capacity utilization has fallen each year of the review period. But as Mr. Nystrom of Nucor Corporation testified at the Conference, even the 2011 figure was not ideal.[50] In 2011, the U.S. industry was still in the process of recovering from the 2009 recession, which greatly affected both the construction and automotive sectors, principal consumers of wire rod.[51] Since then, wire rod demand has recovered somewhat, albeit slowly.[52] However, Chinese imports have also vastly increased,[53] at rock-bottom prices.[54] This influx of imports has prevented the industry from taking advantage of the recovery in demand to either increase shipments or to strengthen pricing. U.S. prices are down, and so are U.S. shipments.

The U.S. wire rod industry is certainly capable of operating at much higher capacity utilization levels than have been seen at any time during the investigation period. For example, in 2002-2004, the U.S. industry experienced capacity utilization rates of 80.4 – 84.5 percent.[55] Notably, although [

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50 Tr. at 47 (Mr. Nystrom).

51 *See* Tr. at 4-5 (Mr. Rosenthal), 17 (Mr. Nystrom), 23 (Mr. Fuller), 30 (Ms. Hart), 48 (Mr. Stirnaman), 67 (Mr. Rosenthal).

52 *See id.* at 5 (Mr. Rosenthal), 11 (Mr. Kerkvliet).

53 *See id.* at 32 (Ms. Beck).

54 *See id.* at 6 (Mr. Rosenthal); 18-20 (Mr. Nystrom). The data collected thus far by the Commission bear out the statements made by the witnesses at the Conference.

55 *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. No. 4014 (June 2008) at Table C-1.

].[56] Accordingly, and consistent with Commission practice, the relevant issue is whether subject imports from China depressed U.S. producers' capacity utilization over the three years of the investigation period. U.S. producers' market share has fallen, as has the market share of non-subject imports, while Chinese market share has increased.[57] The record demonstrates that subject imports have captured U.S. sales, decreasing the U.S. industry's already low capacity utilization rates. This is evidence of material injury.

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56 *See id.*; *see also* [ ] Domestic QR at 10-11; [ ] Domestic QR at 10-11; [ ] Domestic QR at 10-11; [ ] Domestic QR at 10-11; [ ] Domestic QR at 10-11; [ ] Domestic QR at 10-11; [ ] Domestic QR at 10-11; [ ] Domestic QR at 10-11; [ ] Domestic QR at 10-11; [ ] Domestic QR at 10-11.

57 CASWR Volumes and Market Shares, attached at **Exhibit 3**.

7. *{M}y last two questions are directed to counsel, just to include in your post-conference briefs. One is to address whether there are any related party issues, and if so, your positions on those.* (Tr. at 48).

Nucor reserves the right to make related party arguments as the record develops; however, Nucor is not making any such arguments at this time.

8. *{M}y last two questions are directed to counsel, just to include in your post-conference briefs. . . . {S}econdly, whether there are trade remedies in other countries that the Commission should be taking into consideration, as it's required to by statute.* (Tr. at 48).

Both the European Union and Malaysia currently have trade remedies in effect with respect to Chinese wire rod.[58] Malaysia also now requires a license for imports of Chinese alloy wire rod, evidently in response to a surge of boron-added wire rod imports.[59]

Mexico announced an investigation into Chinese wire rod in September of 2013.[60] Thailand began an antidumping duty investigation regarding high carbon Chinese wire rod late in 2012[61] and preliminary duties were announced in August of 2013; the investigation is ongoing.[62]

Vietnam is also reportedly considering the initiation of an investigation into Chinese wire rod, particularly that containing added boron.[63]

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58 *Semi-Annual Report Under Article 16.4 of the Agreement – Malaysia*, G/ADP/N/252/MYS, Committee on Anti-Dumping Practices, World Trade Organization, (Jan. 23, 2014), attached as **Exhibit 15**; *Semi-Annual Report Under Article 16.4 of the Agreement – European Union*, G/ADP/N/244/EU, Committee on Anti-Dumping Practices, World Trade Organization, (Sept. 20, 2013), attached at **Exhibit 16**.

59 [ ], attached at **Exhibit 2K**.

60 [ ], attached at **Exhibit 2L**.

61 *Notification on an Initiation of Anti-Dumping Investigation of High Carbon Steel Wire Rod including High Carbon Steel Wire Rod Added Other Elements Originating in the People's Republic of China*, B.E. 2555 Thai Department of Foreign Trade, (2012), attached as **Exhibit 17**.

62 *Thailand Sets Hearing On High-C Alloy-Added Wire Rod Imports,* Steelhome.cn, (Jan. 7, 2014), attached as **Exhibit 18**.

63 [ ], attached at **Exhibit 2M**.

9. *So, I'm a little confused by { } the opposition to { } the imposition of any duties on China that you're here for. So if you could elaborate a little bit more on why, if China is not something that you're importing very much from, then why the interest in opposing these duties?* (Tr. at 121).

It is with respect to this underselling and price depression that the representatives of the AWPA were perhaps more candid with the Staff than they meant to be. Repeatedly, they stated that the primary goal of their association is to hold U.S. wire rod prices down by maintaining "global access" to wire rod supply.[64] Witnesses at the hearing described this as the essential "mission" of the association,[65] which is one of the most organized opponents to trade cases. Even Staff is aware that the AWPA has been encouraging its members to fill out – presumably denying – lost sales questionnaires.[66]

Notably, at the Staff Conference, AWPA representatives never argued that Chinese imports were not, in fact, injuring the U.S. wire rod industry. Rather, representatives of the AWPA spoke to their concern that stemming the tide of dumped and subsidized Chinese wire rod may result in increased shipments of dumped and subsidized Chinese downstream products that will compete directly with AWPA members' own production.[67] Nucor is sympathetic to the desire to be protected from dumped and subsidized import competition, but the proper method for obtaining that protection is the one that the domestic wire rod industry has chosen: petitioning the Commission and the Department of Commerce for trade relief.

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64 Tr. at 81-83, 122 (Ms. Korbel), 134 (Mr. Waite),

65 *Id.* at 122 (Ms. Korbel).

66 *Id.* at 105-106 (Ms. Preece).

67 *Id.* at 122-123 (Ms. Korbel).

Indeed, as was mentioned at the Conference,[68] the AWPA and its members have been active in bringing such petitions with respect to Chinese imports of goods directly competing with their own production. These include investigations into pre-stressed tire wire, galvanized steel wire, pre-stressed concrete steel wire strand, wire decking, kitchen appliance shelving and racks, steel nails, steel threaded rod, uncovered innerspring units, and steel wire garment hangers.[69] Interestingly, while the AWPA has been active in requesting trade relief for its product lines that compete against unfairly priced imports, in the current investigation they oppose the same relief for their steel suppliers.

[68] *Id.* at 52 (Ms. Cannon, 52-53 (Mr. Price), 112 (Ms. Korbel).

[69] *Prestressed Concrete Steel Rail Tie Wire from China, Mexico, and Thailand*, Inv. No. 731-TA-1207-1209 (Preliminary), USITC Pub No. 4397 (June 2013); *Galvanized Steel Wire from China and Mexico*, Inv. Nos. 701-TA-479 and 731-TA-1183-1184 (Preliminary), USITC Pub. No. 4234 (May 2011); *Prestressed Concrete Steel Wire Strand from China*, Inv. Nos. 701-TA-464 and 731-TA-1160 (Preliminary), USITC Pub. No. 4086 (July 2009); *Wire Decking from China*, Inv. Nos. 701-TA-466 and 731-TA-1162 (Preliminary), USITC Pub. No. 4092 (July 2009); *Kitchen Appliance Shelving and Racks from China*, Inv. Nos. 701-TA-458 and 731-TA-1154 (Preliminary), USITC Pub. No. 4035 (Sep. 2008); *Steel Nails from China and United Arab Emirates*, Inv. Nos. 731-TA-1114 and 1115 (Final), USITC Pub. No. 4022 (July 2008); *Steel Threaded Rod from China*, Inv. No. 731-TA-1145 (Preliminary), USITC Pub. No. 3996 (Apr. 2008); *Uncovered Innerspring Units From China, South Africa, and Vietnam*, Inv. No. 731-TA-1140-1142 (Preliminary), USITC Pub. No. 3983 (Feb. 2008); *Steel Wire Garment Hangers From China*, Inv. No. 731-TA-1123 (Preliminary), USITC Pub. No. 3951 (Oct. 2007).

Questions from Ms. Preece

10. *Is anybody willing to give me some more information about how { } scrap price ends up in { } the price of wire rod?* (Tr. at 54-55).

The price of wire rod is determined by supply and demand conditions. This is axiomatic and is as true for wire rod as any other product in an open market. It has been the huge surge in Chinese imports at low prices, and not changes in scrap prices, that have depressed and suppressed U.S. prices for wire rod.

Also axiomatic is the fact that one cannot make money without covering costs. But one of the primary, devastating effects of the recent increase in Chinese imports has been to decouple wire rod pricing from the cost of producing wire rod. As Mr. Kerkvliet of Gerdau Ameristeel testified at the Staff Conference:

> The price impact of the imports of the Chinese wire rod that's coming to the market have suppressed greatly the ability for Gerdau and other rod producers to adequately recover their costs. That is why you're seeing that the operating margins, as a percentage of net revenue, have dropped precipitously during the period of investigation.[70]

Chinese import supply increased sharply over the review period, despite the lack of any equivalent increase in U.S. demand. It is this surge in the volume of dumped and subsidized Chinese wire rod that has resulted in the depressed prices for wire rod over the investigation period, not changes in scrap costs.

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70 Tr. at 55 (Mr. Kerkvliet).

11. How much { } did scrap prices decline over th{e} period? (Tr. at 56).

In response to the Commission's request for a description of trends affecting raw material costs, [ ]. Rather, domestic producers stated specifically that [ ],[71] or otherwise indicated that they have been [ ].[72]

71 [ ] Domestic QR at 34; [ ] Domestic QR at 34.

72 [ ] Domestic QR at 34; [ ] Domestic QR at 34; [ ] Domestic QR at 34; [ ] Domestic QR at 34.

12. {D}o you agree with the U.S. producers that this is basically added boron in order to make it an alloy instead of carbon so that they can get the tax benefits in China or do you see any other use for this? (Tr. at 104).

Under the Harmonized Tariff System ("HTS"), carbon and alloy steels are distinguished by the presence or absence of various alloying elements, including boron. Boron is cheap; moreover, only a tiny, commercially insignificant amount of it needs to be added for a product to qualify as an alloy steel under the HTS. In recent years, it has become common practice for steel exporters to take advantage of this technicality to avoid duties on carbon steel products or to otherwise claim preferential treatment accorded to alloy goods.[73]

Classification as "alloy" enables exporters to avoid duties in importing countries and, in some cases, to claim domestic tax incentives in China with minimal additional cost in production. For example, in July of 2010, the government of the People's Republic of China removed a tax rebate for exports of non-alloy carbon steel, while it continued the rebate for exports of alloy steel.[74] Following the expiration of the tax rebate on carbon steel goods, many Chinese steel producers have added minimal quantities of boron to their goods, so as to claim the rebate available to exports of alloy steel.[75] As a result, countries including the United States, Taiwan, South Korea, Indonesia, Malaysia, India, Thailand and Vietnam have observed increasing imports of Chinese boron-added alloy steel as a substitute for non-alloy

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[73] *See Cut-to-Length Carbon Steel Plate from Canada*, 65 Fed. Reg. 64,926 (Dep't Commerce Oct. 31, 2000) (prelim. deter. of circumvention of antidumping duty order) (unchanged in final).; *Certain Cut-to-Length Carbon Steel Plate from the People's Republic of China*, 74 Fed. Reg. 33,991, 33,993 (Dep't Commerce July 14, 2009) (affirm. prelim. deter. of circumvention of the antidumping duty order) (unchanged in final); *Certain Cut-to-Length Carbon Steel Plate From the People's Republic of China*, 76 Fed. Reg. 9,749, 9,751 (Dep't Commerce Feb. 22, 2011) (affirm. prelim. deter. of circumvention of the antidumping duty order) (unchanged in final).

[74] *China's Steel Mills Dodge Another Bullet*, China Economic Review (July 27, 2010), attached at **Exhibit 2N**.

[75] [ ], attached at **Exhibit 2O**.

carbon steel.[76] The reclassification of carbon products as alloys has complicated the Commission's analysis of Chinese exports in several recent proceedings, including the sunset reviews on hot-rolled carbon steel flat products and concrete reinforcing bars.[77] Tellingly, all parties at the Staff Conference agreed that Chinese producers are adding insignificant quantities of boron in order to obtain benefits upon export from China and upon importation elsewhere, rather than for legitimate metallurgical purposes.[78]

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76 Anitha Krishnan, "Special Report: Steel – What hurdles need to be overcome for India to achieve second top steel producing status?" Platts (Dec. 2012), attached at **Exhibit 14**; *Cheaper Chinese imports may spoil Indian steel party*, Business Standard (July 9, 2010), attached at **Exhibit 2P**; [ ], attached at **Exhibit 2Q**; *Indonesian government to review alloy steel import policy*, Antara News (June 17, 2013), attached at **Exhibit 2R**; *Taiwan's steel industry calls for level playing field*, Want China Times (Aug. 22, 2013), attached at **Exhibit 2S**; *Business in Brief 27/8: VSA: Steel price-slash wars badly damaging the market*, News VietNamNet (Aug. 27, 2013), attached at **Exhibit 2T**; Linda Yulisman, *Industry demands review of trade regulation*, Jakarta Post (Aug. 29, 2013), attached at **Exhibit 2U**.

77 *See Hot-Rolled Steel Products from China, India, Indonesia, Taiwan, Thailand, and Ukraine*, Inv. Nos. 701-TA-405, 406, and 408 & 731-TA-899-901 and 906-908 (Second Review), USITC Pub. No. 4445 (Jan. 2014) at IV-13 n.23; *Steel Concrete Reinforcing Bar from Belarus, China, Indonesia, Latvia, Moldova, Poland, and Ukraine*, Inv. Nos. 731-TA-873-875, 878-880, and 882 (Second Review), USITC Pub. 4409 (July 2013) at II-6 n.15 and IV-15 – IV-17.

78 Tr. at 72 (Mr. Price), 104 (Ms. Korbel).

EXHIBIT 2

ARTICLES EXHIBIT LIST

Exhibit	Description	Security
2A	Tim Grogan and Tom Ichniowski, *Construction Market Forecast: Slow and Steady For 2014*, ENR.com (Nov. 26, 2013)	Public
2B	Kermit Baker, *After a Year of Moving Sideways, Nonresidential Building Activity Poised to Resume Recovery in 2014*, AIArchitect (Jan. 24, 2014)	Public
2C	Erin Carlyle, *New Housing Starts Fall 16%, Thanks To Cold Wave Winter*, Forbes (Feb. 19, 2014)	Public
2D	*Auto sales reach six-year high of 15.6 million vehicles sold, Ford F-Series takes the lead*, nydailynews.com (Jan. 6, 2014)	Public
2E	Annalyn Censky, *China's slowdown deepens, raises risks to global economy*, CNN Money (July 13, 2012)	Public
2F	David Stanway, *UPDATE 1-China's Steel Sector Troubles Can't Be Solved Easily – CISA*, Reuters (Feb. 24, 2014)	Public
2G	*China's finished steel inventory increases further*, StellOrbis (Jan. 9, 2013)	Public
2H	Dexter Roberts, *Overcapacity Threatens China Growth*, Bloomberg Businessweek (Dec. 11, 2013)	Public
2I	Wayne Ma, *First Up on the Reform Plans: Tackling Overcapacity*, Wall Street Journal (Nov. 13, 2013)	Public
2J	*Steel: An Inferno of Unprofitability*, The Economist (July 6, 2013)	Public
2K	[ ]	BPI
2L	[ ]	BPI
2M	[ ]	BPI
2N	*China's Steel Mills Dodge Another Bullet*, China Economic Review (July 27, 2010)	Public
2O	[ ]	BPI

Exhibit	Description	Security
2P	*Cheaper Chinese imports may spoil Indian steel party*, Business Standard (July 9, 2010)	Public
2Q	[ ]	BPI
2R	*Indonesian government to review alloy steel import policy*, Antara News (June 17, 2013)	Public
2S	*Taiwan's steel industry calls for level playing field*, Want China Times (Aug. 22, 2013)	Public
2T	*Business in Brief 27/8: VSA: Steel price-slash wars badly damaging the market*, News VietNamNet (Aug. 27, 2013)	Public
2U	Linda Yulisman, *Industry demands review of trade regulation*, Jakarta Post (Aug. 29, 2013)	Public

EXHIBIT 2A

Issue: 12/02/2013

Construction Market Forecast: Slow and Steady For 2014

11/26/2013

By Tim Grogan and Tom Ichniowski

Related Links:
ENR Construction Forecast 2014 (full report subscription only)

It has been a long time coming, but the construction recovery seems to be almost here. The housing market has been keeping up construction growth, which is rebounding from record lows, but now many of the non-residential building markets are starting to turn the corner, making for many optimistic forecasts for 2014. The remaining drag on construction growth for next year is the public sector, which continues to be squeezed by the battle over the federal deficit.

Some economists, however, see a silver lining even there. "The recession pushed millions of workers out of the industry, and it is not going to be easy to get them back, so a slow but steady recovery might be the best thing for helping to control inflation," says Randy Giggard, chief economist for FMI, Raleigh, N.C. "You could make a similar argument for some of the materials markets."

Construction market fundamentals are there for even stronger growth, but markets are hobbled by political uncertainty generated by chronic budget battles between Democrats and Republicans. All the forecasts collected by ENR take into consideration this political uncertainty, but if politics spins out of control again, the rather optimistic consensus among economists for 2014 could suddenly turn less sunny. For now, all the forecasts suggest the industry can look, as the Monty Python song says, "on the bright side of life."

The McGraw Hill Construction forecast for 2014 is certainly on the bright side, calling for a 9% increase in construction starts next year. It also predicts strong double-digit growth in the dollar value of single-family housing, multifamily housing and commercial buildings. MHC also is forecasting that a three-year decline in institutional buildings will be checked in 2014 with a modest 2% gain next year. Manufacturing work is forecaste to increase 8% next year, following a 6% increase this year. MHC expects public works to fall another 5% next year, while the power market drops 33%.

"Our outlook is positive, with a few caveats," says Robert Murray, MHC chief economist. "This is another step on the way to a more full-fledged expansion," he adds. "Because this is a measured expansion, there is a very good chance this forecast will play out."

Murray cautions the industry not to get too excited about percent changes. While MHC is seeing good growth in the residential and commercial markets and many non-residential building markets are starting to turn the corner, most are still below peak levels, Murray says.

Murray puts himself in the "slow-and- steady is not a bad thing" camp. "The way the recovery is unfolding is beneficial for two reasons: It lessens the chance of another boom-then-bust cycle, and it allows for labor constraints to be not as severe," he says.

Robert Denk of the National Association of Home Builders, Washington, D.C., agrees that slower is better and don't get too excited about percent changes. "We are seeing some great percent increases, but we are still short of where we would like to be," he says. For Denk, a "normal" market would be about 1.3 million housing starts a year. NAHB estimates that total housing starts will increase a healthy 18%, to 924,000, this year. NAHB predicts the market will approach "normal" next year, with 1.15 million starts.

While double-digit increases in housing are driving overall construction growth, economists are just as excited about some broad swings in the non-residential markets that they see coming next year. Murray predicts that Dodge starts for educational buildings will swing from a negative 3.4% this year to a positive 3.0% in 2014. He also sees health care going from a minus 2.8% this year to a plus 2.0% next year. "The key for 2014 is institutional buildings. Can [that market]stabilize, or is there room for further declines?" he asks. Murray's forecast calls for the institutional building market to bounce back 2% next year, after falling 4.4% in 2013.

Similar Swings

FMI's Randy Giggard predicts similar swings. FMI's forecast calls for the office market to go from a minus 2% to a plus 4%, for school building to go from a 4% decline to a 4% increase, and health-care work from down 1% to up 6%. "Health care follows a natural cycle, and it is just time to start building more hospitals," Giggard says. "And people keep voting for school building bonds, so that market is looking good, too," he adds.

The Portland Cement Association, Skokie, Ill., is predicting an 8% increase in construction put-in-place next year, compared to an estimated increase of just 1.3% this year. The PCA forecast is a little more bullish on public construction than other forecasts. PCA predicts growth in the overall public market will swing from a negative 5.2%

this year to a positive 3.4% in 2014.

The Associated Builders and Contractors, Washington, D.C., is forecasting a 6% increase in construction next year. "Our model shows next year's growth of 5% for commercial construction, 7% for health care, 8% for lodging and 6% for communications," says Anirban Basu, ABC's chief economist.

The forecast for highway paving and bridge work by the American Road & Transportation Builders Association, Washington, D.C., is mixed, with tepid growth for paving work but relatively strong growth for bridge construction. "The 1.9% increase in paving work we are forecasting for next year barely even qualifies as a rebound," says Alison Black, ARTBA's chief economist. She estimates the paving market fell 11.4% this year, following a 3.3% decline in 2012. "The pavement market looks pretty sluggish over the next few years," she adds.

Bridge work, on the other hand, is growing at a steady pace. ARTBA predicts the dollar value for bridge work in 2014 will increase another 5.6%, after increasing 7.1% this year and 5.1% in 2012.

"We have seen a big divergence between the highway and bridge markets," says Black. "On the pavement side, we have seen a significant pullback in state and local spending. But what is really holding down our forecast is the questions over the Highway Trust Fund," she adds. "There is very little money going into new construction."

Indeed, federal government funding is a key issue for many construction markets next year because of its uncertainty. A congressional budget standoff caused a 16-day shutdown of much of the federal government in October, further unsettling the companies that pursue federal construction projects.

During the shutdown, many agencies did not award new contracts, and there also was a temporary halt in the Corps of Engineers' processing of permits to build in and around wetlands.

Finally, on Oct. 16, congressional leaders reached an agreement to extend funding through Jan. 15 and brought federal workers back on the job. The measure also averted a government default by raising the debt ceiling through Feb. 7.

In addition, the deal called for members of the House and Senate budget committees to begin negotiations toward a budget blueprint for fiscal year 2014. If enacted, it would be the first budget resolution to become law since 2009. The joint House-Senate budget conference committee held its first meeting on Oct. 30 and met again on Nov. 13 but did not reach an agreement.

The conferees, led by House Budget Committee Chairman Paul Ryan (R-Wis.) and Senate budget panel Chairman Patty Murray (D-Wash.), face a Dec. 13 deadline to produce a deal.

Murray said the minimum goal would be to set an overall discretionary-spending cap for 2014. While the House approved a $966-billion limit, and the Senate passed a $1.058-trillion cap.

If the budget conferees can agree on a compromise "top line" spending figure, the House and Senate appropriations committees would set to work to determine 2014 funding levels for each line-item account, including construction programs. Another open question is whether the budget conferees will replace the mandatory budget sequester's wide-ranging spending reductions with some alternate formula for reductions. The 2013 sequester round cut construction spending by $4 billion, according to ENR's estimate.

To see the full report, including analysis and data in PDF format, click here. (Subscription required.)

Keywords: McGraw Hill Construction; Dodge starts; PCA; ARTBA; NAHB; FMI; Construction Forecast 2014

EXHIBIT 2B

AIArchitect

After a Year of Moving Sideways, Nonresidential Building Activity Poised to Resume Recovery in 2014

With a federal budget framework in place and the economy shedding its life preserver, pent-up demand for new facilities is expected to produce extended period of construction gains

By Kermit Baker, Hon. AIA
AIA Chief Economist

Nonresidential building activity had a disappointing performance in 2013, with spending levels largely unchanged from those of 2012. However, 2014 looks to be a better year, with building activity increasing 5.8 percent overall, including a double-digit gain for commercial facilities. The recovery will continue into 2015, with spending increasing 8 percent overall and 6 percent for institutional buildings.

These are some of the key findings from the AIA's Consensus Construction Forecast, conducted in December 2013. Semiannually, the AIA compiles results from the leading national construction forecasters to develop its consensus. The forecasters lowered their outlook for 2014 from the 2013 midyear update, which had projected 7.6 percent growth for the coming year. However, disruptions in the economy in the second half of the year stalled the construction recovery, modestly pushing back growth rates.

Economy moves toward stronger growth

After generating more than 5 percent growth in spending in 2012—reversing a steep four-year decline—nonresidential building activity was poised to continue its recovery in 2013. However, a few roadblocks materialized: The popular suspects included a federal budget sequester that scaled back government spending, a federal government shutdown, credit restrictions for construction projects, and rising long-term interest rates motivated by concern that the Fed was going to scale back its stimulus.

While all of these factors certainly played a role in holding back more building activity, the problem was more encompassing. The U.S. economy appears to have grown less than 2 percent last year, well below the 2.8 percent pace of 2012. And the U.S. was not the only laggard. World economic growth had its worst performance since the 2009 global financial meltdown, garnering only a 2.9 percent growth rate, according to estimates from the International Monetary Fund (IMF). The economies of virtually every major region of the world either declined or saw slower rates of growth last year, as compared to 2012. Slower international growth affected U.S. exports, which, coupled with ongoing domestic concerns, discouraged construction activity.

What will change in 2014? The international economy is expected to move back to more traditional growth levels, with world economic growth expected to increase almost a full percentage point, according to the IMF. But there are more improvements on the horizon closer to home:

Home building is expected to see strong gains. The slowdown in household formations during the foreclosure crisis is expected to reverse, and steady gains in house prices will bolster confidence that it's once again safe to buy a home. The consensus is that housing starts will increase 25 percent this year, but even that pace of growth would only produce between 1.1 and 1.2 million starts, well below long-term trends.

Energy is a net-positive for the economic outlook. After decades in which energy costs were a principal risk factor to the economy, they have transformed into a positive benefit. In recent years, hydraulic fracturing has dramatically increased domestic production of both crude oil and natural gas. As a result, household energy costs have been trending down for the past five years.

The manufacturing sector is strong. After a steep downturn in production output during the recession, the manufacturing sector has come roaring back. In spite of relatively weak growth in the overall economy, industrial production has averaged gains of almost 4 percent per year over the past four years, the strongest four-year performance since the late 1990s. Lower energy costs are a major factor in making domestic manufacturing more attractive, particularly for energy-intensive industries like steel and chemicals.

Consumer spending is increasing. Consumer spending for large-ticket purchases has been one of the bright spots in the economy in recent years, having grown 6 percent or more for each of the past four years. With household wealth levels now 10 percent above their pre-recession high, consumer spending is likely to continue. Encouragingly, a higher share of the wealth gain now comes from home equity, which is more broadly enjoyed than other forms of wealth.

This is not to say that there won't be economic challenges moving forward. The unemployment rate remains high, and 2013 ended with fewer workers on payrolls than before the recession. The U.S. has a large and growing federal debt level, a situation that is likely to be a contentious political issue as the next debt ceiling limit approaches in the next few months. And it is still too early to tell how the economy will respond to the Fed's winding down of its bond-buying program.

Construction on a solid footing

With the economy finally stabilizing, there should finally be some substantial improvement in the construction outlook. Both design activity at architecture firms and the fundamentals of the commercial property market point to healthy growth moving forward.

Even with a modest dip last November and December, the AIA's Architecture Billings Index (ABI) has risen in the vast majority of the last 16 months. With such sustained growth in design activity, continued improvement in construction activity will follow suit. While the residential sector has led the upturn in the ABI, firms specializing in the commercial/industrial sector have reported solid results for most of the past year. Even firms serving the institutional sector have generally been reporting modest levels of growth over the past year.

In recent months, Sunbelt firms have enjoyed the best business conditions. These regions tended to be the most overbuilt prior to the downturn. Now that growth is returning, markets in these regions are capturing a disproportionate share of activity. For example, a recent analysis of construction employment growth in metro areas conducted by the Associated General Contractors (AGC) using U.S. Department of Labor data reported that metro areas in the West accounted for five of the top 10 areas in the country in terms of construction jobs added over the past year. Three of these top growth markets were in California. Two additional growth markets were in the South. Still, in Boston, New York, and Minneapolis/St. Paul, which have not seen much population growth in recent years, a strong economy has put these three in the top 10 in terms of gains in construction employment over the past year.

In addition to increased workloads at architecture firms, indicators from the construction sector point to increased activity levels moving forward. Commercial property values—which declined at a steeper rate nationally than did house prices during the recession—have recovered nicely. As of late 2013, commercial property values had gained back almost two-thirds of their losses, according to data from Moody's/RCA Commercial Property Price Index.

Other commercial market indicators point to strength. Vacancy rates for offices and retail facilities have been declining recently, and occupancy rates at hotels have been increasing. Over the next two years, vacancy rates are expected to continue to decline for offices and retail facilities, and rents are projected to increase, according to a consensus forecast of industry experts conducted last October by the Urban Land Institute. These indicators reflect a growing demand for commercial space.

Supply conditions still a concern

In spite of a weak overall recovery to date, supply conditions for nonresidential building are unusually tight. Construction financing remains a problem. Bank credit standards for construction and land development loans have eased modestly, according to the October Federal Reserve Board Senior Loan Officer Survey. However, the modest easing does not offset the sharp increase in demand for these loans that many of the loan officers are reporting.

Contractors are having difficulty finding workers. In spite of a high unemployment rate among construction workers, home builders and nonresidential building contractors report difficulties filling positions. A survey by the AGC in August found that almost three-quarters of contractors reported problems filling at least some of their craft positions, and over half were having trouble filling professional positions. Only 12 percent of contractors that were hiring reported no problems filling positions.

Construction costs are also rising. In a low-inflation environment with weak levels of construction activity, construction costs would be expected to be stable at worst. However, the U.S. Department of Labor reported that producer prices for major nonresidential building types have risen in the 3 to 4 percent range over the past year. Overall consumer inflation increased by only 1 percent over this period, and producer prices were up only 0.7 percent. Lumber, plywood, and gypsum prices were up at a double-digit pace over this period, with insulation materials up almost as much.

Building activity resumes

With less of a decline in government spending, and with healthy fundamental conditions in the nonresidential building sector (growing property values, declining vacancies, and increasing rents), 2014 should produce healthy gains in nonresidential building activity. With spending stronger in the private side of the economy, the commercial/industrial building sector is expected to be resurgent. In 2013, when overall nonresidential building spending saw almost no growth, spending on commercial and industrial facilities increased about 5 percent. Growth in this sector will accelerate this year, reaching 10 percent, according to the consensus forecast panel, and will see slightly stronger growth in 2015. The hotel sector is expected to be the strongest commercial sector this year, but offices and retail space also should see healthy gains.

Institutional building lost ground last year, but 2014 should usher in the long-awaited institutional building recovery. Spending gains are expected to reach 3.4 percent this year, and accelerate to 6.3 percent in 2015. Healthcare is expected to be one of the stronger institutional sectors this year and next, but the education market should also see healthy gains.

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EXHIBIT 2C

Forbes

Erin Carlyle, Forbes Staff
Real estate: luxury homes and the people behind the big deals.

BUSINESS | 2/19/2014 @ 10:38AM | 1,314 views

New Housing Starts Fall 16%, Thanks To Cold Wave Winter

Groundbreaking on new U.S. homes dropped 16% in January compared to December, and dipped 2% lower than their level one year earlier, data released by the government today shows. The decrease had been widely expected, thanks to January's cold and stormy weather.

New home starts in January were at an annual rate of 880,000 (seasonally adjusted), well below December's revised estimate of 1,048,000. In January 2013, the annualized rate was 898,000 (seasonally adjusted). The rate of groundbreaking on single-family homes, by far the largest piece of the market, saw a 15.9% dip in January compared to December.

The news comes just a couple months after groundbreakings were at a particularly strong level: in November the rate of new housing starts hit its highest level in five years. Ahead of today's report, economists predicted a drop in new construction due to the harsh winter. Market watchers also blame the slowing on increased mortgage rates.

Indeed, the rate of new groundbreakings fell most precipitously in the snow-covered Midwest, where the pace dropped 67.7% (seasonally adjusted annual rate) in January compared to December. The pace of groundbreakings fell 12.5% in the South, which has also been hit hard by winter weather this year. The West saw groundbreaking slow 17.4% in January. Only the staunch

Northeast increased its rate of groundbreakings, with 61.9% (seasonally adjusted annual rate)more starts in January compared to December.

Each month the U.S. Census Bureau and the Department of Housing and Urban Development measures construction activity on new residences—single-family homes, townhomes or condos, and apartment buildings of at least five units. The government report includes data on building permits, housing starts (meaning groundbreakings) and housing completions.

Permits—which are an indicator for future construction of new residences—also dipped in January compared to December, by 5.4% to a seasonally adjusted annual rate of 937,000. However, this rate is still 2.4% above the rate in January 2013.

This article is available online at:
http://www.forbes.com/sites/erincarlyle/2014/02/19/new-housing-starts-fall-16-thanks-to-cold-wave-winter/

EXHIBIT 2D

DAILY NEWS

Auto sales reach six-year high of 15.6 million vehicles sold, Ford F-Series takes the lead

In 2013, automakers reached the best numbers in six years in the United States, with a total of 15.6 million vehicle sold. The Ford F-Series was the best-selling vehicle overall, while the Toyota Camry was the top-selling car.

THE ASSOCIATED PRESS

MONDAY, JANUARY 6, 2014, 1:20 PM

JUSTIN SULLIVAN/GETTY IMAGES

The Ford F-Series truck marked its 32nd year as the top-selling vehicle in the United States.

Automakers are going to have to work a little harder for your business in 2014.

ter four years of strong sales increases - and limited discounts - as the economy improved, U.S. demand for w cars and trucks is expected to slow this year. That could mean better deals for buyers as car companies fight to increase their share of the market.

PHOTOS: TOP-SELLING VEHICLES IN THE U.S. IN 2013

U.S. sales rose 8 percent to 15.6 million in 2013, thanks largely to a surge in pickup truck sales from the home construction and energy industries. For the 32nd year in a row, the Ford F-Series pickup was the country's best-selling vehicle, with 763,402 sold. The Toyota Camry was the best-selling car with 404,484 sold.

But the industry got a taste of what's to come when December sales slowed to a crawl. General Motors, Toyota and Volkswagen all saw sales declines as competitors offered better deals, according to TrueCar.com, which tracks car prices. Cold weather and strong sales tied to Black Friday in November also pinched December sales, automakers said. Overall industry sales were flat compared with last December.

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A slowdown is inevitable, analysts say. Many people who held on to their cars through the recession have now bought new ones. Those who haven't may not be in any rush, because cars are lasting longer than ever before. And unless there's a strong uptick in employment, families aren't likely to buy an extra car.

Alec Gutierrez, senior analyst for Kelley Blue Book, expects U.S. sales to increase by around 700,000 to 16.3 million in 2014. That compares to increases of more than 1 million each year since 2009, when U.S. sales bottomed out at 10.4 million. U.S. sales peaked at 17.3 million in 2000.

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Gutierrez says sales are approaching a natural level of demand for a country with 210 million licensed drivers, especially since people are traveling fewer miles than they used to. Add to that increasingly competitive vehicles from all manufacturers and you have a buyer's market, particularly in popular and crowded segments like midsize cars.

"It's not a forgone conclusion anymore that the Toyota Camry and Honda Accord will be the only players," he said. "Automakers have invested so much to be so competitive and segment growth just isn't there. They're going to have to get creative."

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Jeff Schuster, senior vice president of auto sales forecasting for LMC Automotive, an industry consulting firm, expects annual auto sales to grow in the 1 to 2 percent range through 2015, when sales will plateau.

"We are in what we believe are the final stages of the recovery, which naturally leads to slower growth rates," Schuster said.

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So 2013 could be remembered as the last of the boom years. Last year was the industry's best performance since 2007, when 16.1 million new cars and trucks were sold.

Ford led all major automakers in 2013 with an 11 percent sales gain to almost 2.5 million vehicles. Chrysler and Nissan posted 9 percent gains. GM, Toyota and Honda each posted 7 percent gains. GM sold 2.8 million cars and trucks in the U.S., compared to just over 2.2 million for Toyota. Hyundai's sales rose 2.5 percent.

RELATED: AUTOMAKERS RUSH TO ADAPT AS TRUCK SALES 'PICK-UP' THE AUTO MARKET

Among smaller automakers, Subaru was a star, with a 26-percent increase in sales. Only Volkswagen struggled, with sales falling 7 percent as its vehicles aged compared with rivals.

Luxury car sales had an especially strong year in 2013, with Mercedes setting a sales record to win the race against BMW and Toyota's Lexus for the top-selling brand.

"We expect the luxury market will continue to expand in 2014," said Jeff Bracken, Lexus group vice president.

Holiday lease deals helped close the year on a high note for luxury makers. But non-luxury brands also juiced sales with some deals.

Gutierrez said Honda offered $3,000 in bonus cash to dealers in December for every vehicle they sold beyond their 2012 numbers. That helped the Honda Accord sedan outsell the Camry in December. And Ford said it spent $600 more per vehicle on incentives in December, likely taking aim at GM's new pickup trucks.

Those are the kinds of tricks buyers can expect to see more of this year, particularly in segments like pickups, where older vehicles like the F-Series are competing with newer models from GM and Chrysler.

On a conference call to discuss December results, General Motors executives made several references to competitors raising discounts to boost sales, especially on full-size pickup trucks. While they pledged to stick to their strategy of selling on value rather than price, U.S. sales chief Kurt McNeil said GM also has to respond to the market.

The average price of a new vehicle in December was $32,890, which was about the same as a year ago, according to Kelley Blue Book.

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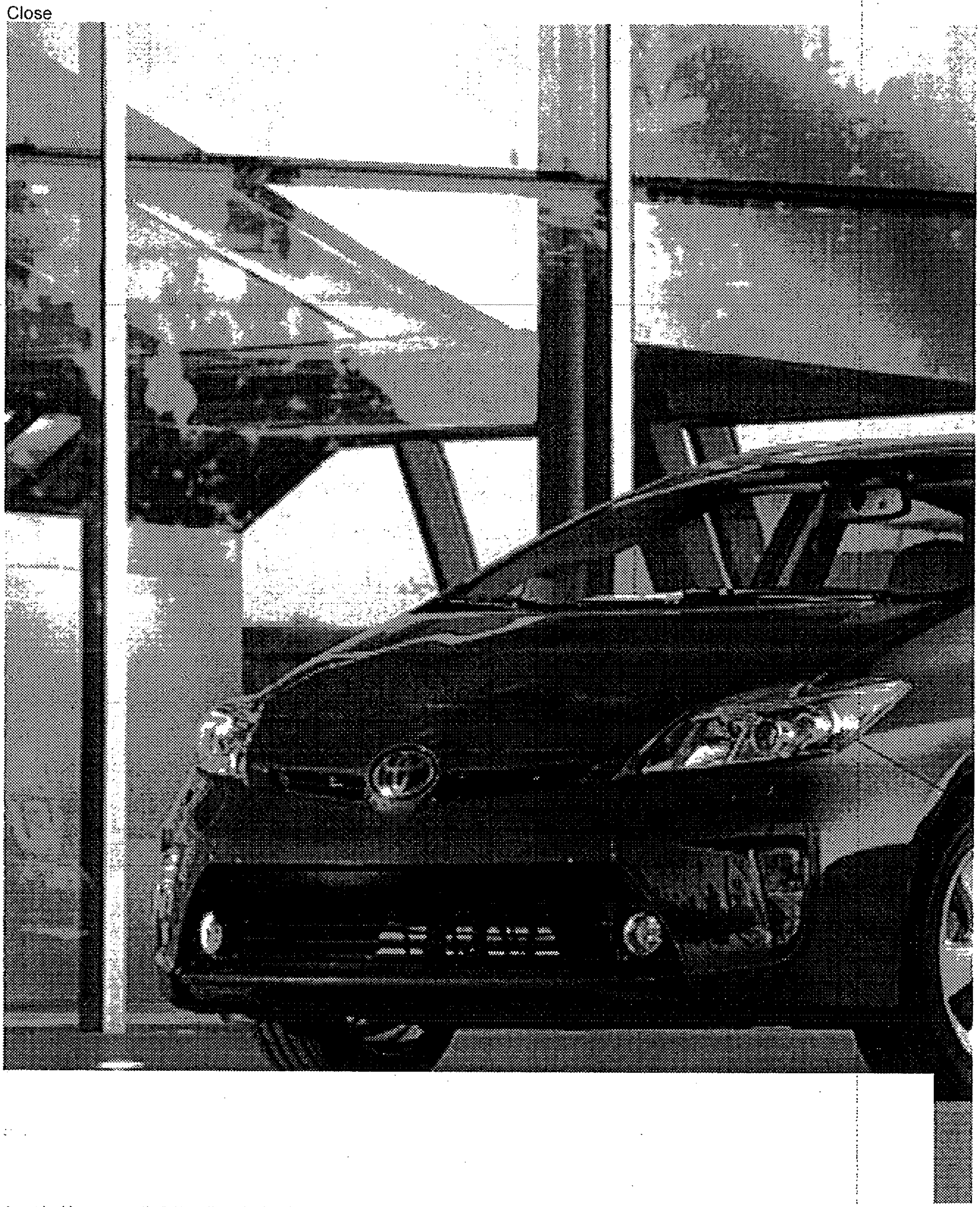

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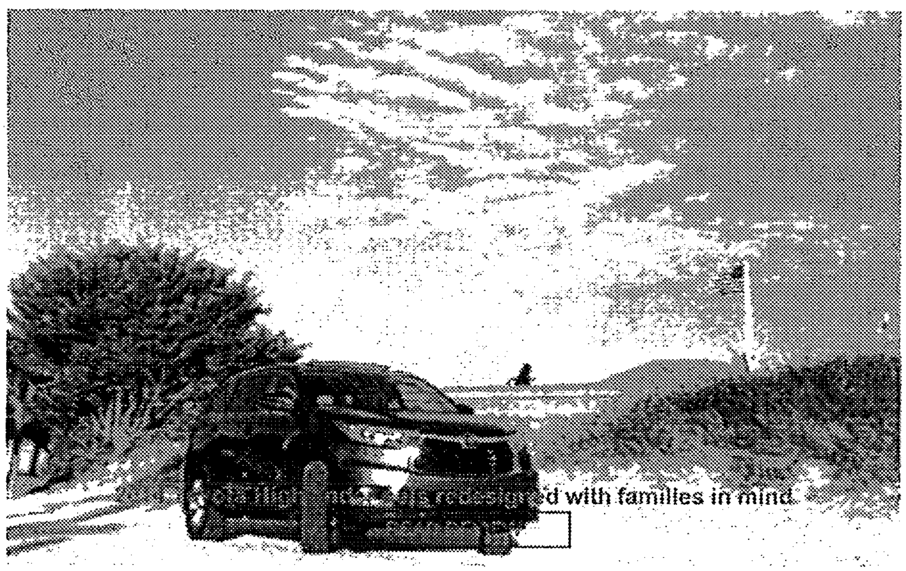


EXHIBIT 2E

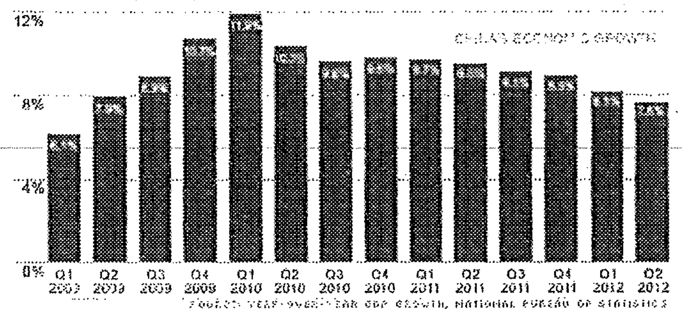
CNNMoney

A Service of CNN, Fortune & Money

China's slowdown deepens, raises risks to global economy

By Annalyn Censky @CNNMoney July 13, 2012: 11:07 AM ET

GROSS DOMESTIC PRODUCT



China's economic growth recently slowed to its weakest pace since early 2009.

NEW YORK (CNNMoney) -- China is growing at its slowest pace since the recession -- a worrisome sign for the broader global economy.

Compared to a year earlier, China's economy grew 7.6% in the second quarter, the National Bureau of Statistics said Friday, marking a deceleration from an 8.1% growth rate in the prior quarter and the slowest growth since early 2009.

While the rate still sounds fast compared to paltry 2% growth in the United States, it marks an uncomfortable soft patch for China. Over the last three decades, the country has barreled ahead at an average of about 10% a year.

The slowdown can be blamed on a variety of factors. China's government was aiming for a slight deceleration, as it tried to tame its real estate boom and rapid inflation.

Those measures have largely worked, with ongoing real estate regulations weakening property sales. Meanwhile, **inflation** recently fell to its lowest rate in two years.

But the timing of those efforts has coincided with turmoil in the global economy. Weaker demand from foreign customers, especially in Europe and the United States, has hit Chinese exports hard, and its **manufacturing sector has slowed**.

Overall, the economy is now slowing more quickly than initially hoped, and the ripple effect can be felt especially at large multi-national companies.

China is the United States' third largest customer for exports, after Canada and Mexico, and many **American companies are relying** on strong sales there to boost their bottom lines.

"American and European companies that have been seeing really poor performance at home, were coming to rely on China to be the growth engine for their company," said David Hartman, practice director at Blue Canyon Partners in Beijing. "They're worried now, what happens if that growth engine slows down?"

Advanced Micro Devices (**AMD**, **Fortune 500**), a chip maker based in Sunnyvale, Calif., lowered its sales outlook earlier this week, citing softer demand in China. So too did Cummins, an engine-maker based in Columbus, Ind.

Chinese steel manufacturer Baoshan Iron & Steel announced it will lower steel prices, implying demand from infrastructure projects is waning. Aluminum maker Alcoa (**AA**, **Fortune 500**) also cited "delayed infrastructure spending" in China in its **latest earnings release**.

Related: Meet China's middle class

While the construction and industrial boom has been slowing, Chinese consumers have not been feeling the slowdown as dramatically. Retail sales have been holding up strong -- a sign that government efforts to shift the economy toward more domestic demand may be working.

Income for urban households was up 9.7%, comparing the first half of 2012 to that same period last year. For rural households, income was up 12.4%, adjusted for inflation.

"On the street there is absolutely no visible slowdown at all," Hartman said. "The retail stores are still full. People are still shopping and buying things."

Stabilizing the economy is now China's top priority, Premier Wen Jiabao said this week.

"As a developing nation, China needs to maintain a certain level of economic growth so as to provide a foundation for economic and social development, as well as the improvement of people's livelihoods," Wen said, according to official news agency Xinhua.

As part of its stimulative efforts, the People's Bank of China **cut interest rates twice** since June and has also tried to spur growth by **freeing up bank reserves**.

Bank lending has started to pick up in China, and economists are hopeful that this will lead to stronger economic growth in the second half of the year. ■

First Published: July 12, 2012: 10:12 PM ET

EXHIBIT 2F

UPDATE 1-China's steel sector troubles can't be solved easily - CISA

Mon, Feb 24 2014

* China has around 300 mln T of surplus steel output capacity

* China iron ore imports seen up 6 pct in 2014 vs 10.2 pct rise in 2013 (Adds CISA executive's quotes, details from CUsteel report)

By David Stanway

BEIJING, Feb 25 (Reuters) - China's steel industry will not see a quick end to its troubles as overcapacity has reached staggering proportions and structural adjustments to the economy have complicated the sector's situation, the nation's top steel association said.

The world's largest steel industry has been struggling with overcapacity for years, causing mills to suffer razor thin margins and saddling them with debt.

While giant iron ore producers are banking on continued growth in Chinese steel production and consumption to justify their massive expansion plans, Beijing is anxiously trying to curb production growth amid fears that persistent losses among mills could spark a collapse in the heavily indebted sector.

Li Xinchuang, Executive Vice Secretary-General of the China Iron & Steel Association (CISA), said overcapacity in the sector was "probably beyond our imagination" and added that the sector was facing an extremely complicated situation as a result of slowing growth, structural adjustments in the economy and policies to close old capacity.

However, demand was still rising steadily, which, combined with the desire to gain market share, has prompted mills to continue adding capacity.

China has around 300 million tonnes of surplus steel output capacity, equivalent to nearly twice the output of the European Union last year. Still, mills have continued to expand, adding new capacity of 69.2 million tonnes in 2013, according to a report by consultancy CUsteel earlier in February.

"These are problems we cannot solve quickly," Li said at an industry conference on Tuesday.

Iron ore imports by the world's top buyer is expected to reach 870 million tonnes in 2014, with growth decelerating by four percentage points from last year's 10.2 percent, Li said.

CISA has forecast China's annual steel output growth to slow in 2014 to around 3 percent to 810 million tonnes.

Steel product demand is expected to rise 3.2 percent to 715 million tonnes this year, Li said.

Despite poor sector profits and an overall slowdown in economic growth, Chinese crude steel output grew 7.54 percent last year to 779 million tonnes, amounting to 48.5 percent of total global production.

China's steel production capacity stood at about 1.04 billion tonnes in 2013, according to the report by CUsteel. (Editing by Paul Tait and Muralikumar Anantharaman)

EXHIBIT 2G

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Home > News > Company News > **China's finished steel inventory increases further--StellOrbis**

China's finished steel inventory increases further--StellOrbis

2013-01-09 15:06:02

As of December 28 this year, inventory of the main finished steel products (plate, hot rolled coil (HRC), cold rolled coil (CRC), rebar and wire rod) in 26 major steel markets in China totaled 11.88 million mt, up 107,000 mt compared to the previous week following a week-on-week increase of 48,000 mt in the previous week, according to the China Iron and Steel Association (CISA). Meanwhile, on the same date, finished steel inventory in China was down 1.02 1 million mt year on year.

In particular, inventory of rebar indicated an increase of 101,000 mt, while hot rolled coil inventory in China was down 5,000 mt, both compared to the previous week. As of the same date, domestic inventories of wire rod, cold rolled coil and plate were respectively up 4,000 mt, 2,000 mt and 5,000 mt on week-on-week basis.

The rapid increase in iron ore prices in December limited mills¡¯ profit margins and this had a negative impact on their production activities. Meanwhile, shortages of funds at the end of the year also inhibited the flow of finished steel.

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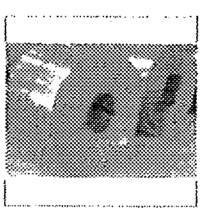

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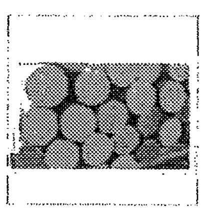

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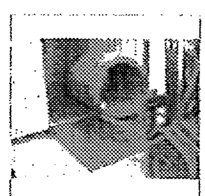

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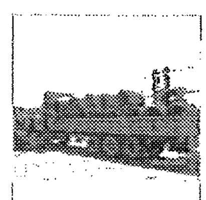

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EXHIBIT 2H

Bloomberg Businessweek

Global Economics

http://www.businessweek.com/articles/2013-12-11/overcapacity-threatens-china-growth

Overcapacity Threatens China Growth

By Dexter Roberts December 11, 2013

The biggest obstacle facing China's economy? Massive industrial overcapacity is near the top of the list as the country prepares to launch major reforms but seems intent on keeping gross domestic product growth from falling off too quickly.

"What's the principal contradiction for China's economy? I think it is overcapacity. Future reforms and structural adjustment should focus on this problem, or it will be hard to see results," Wang Jian, secretary general of the China Society of Macroeconomics, was quoted saying in the Chinese media on Nov. 30.

Not surprisingly, steel is an industry in which the problem is particularly severe. That's because China's growth in recent years has been propelled by a massive investment splurge, much of which has gone towards building things—trains, bridges, high-rises, and new factories—all of which use rebar and other steel products.

"The net profit margin of large and medium Chinese steel companies has fallen to zero as capacity growth has exceeded demand growth," writes economist Zou Jiming in a report (subscription required) released by Moody's Investors Service (MCO) on Dec. 11. "Steelmakers profits will remain at historically low levels as output remains high and demand growth slows."

The problem extends far beyond steel, afflicting aluminum, cement, coal, solar panels, and ship-building. According to a recent survey of 3,545 enterprises by the State Council's Development Research Center, 71 percent of respondents called overcapacity "relatively serious" or "very serious."

Meanwhile, factories are running at an average of 72 percent of capacity, down 0.7 percentage points from 12 months ago. About 68 percent of companies said they would need more than three years to work through their overcapacity.

Chinese officials have warned of a possible explosion of bad loans in industries facing the excess inventory problem. Banks must "seek channels to clean up bad loans by industries with overcapacity to prevent new risks from brewing," warned China's top banking regulator Shang Fulin last month, reported Bloomberg News.

Roberts is *Bloomberg Businessweek*'s Asia News Editor and China bureau chief.

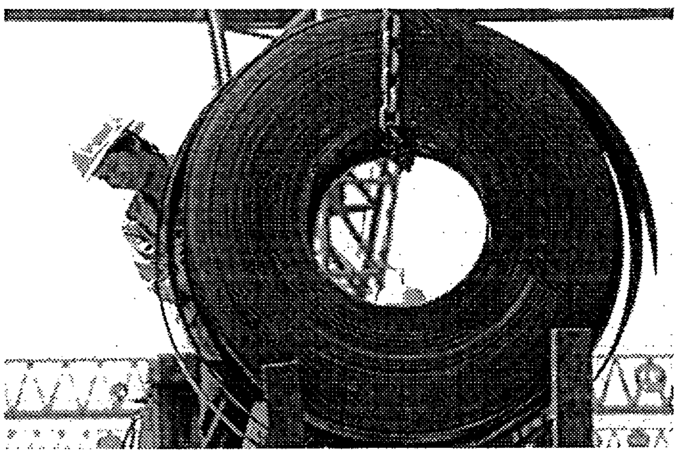
EXHIBIT 2I

THE WALL STREET JOURNAL.
WSJ.com

November 15, 2013, 5:09 PM HKT

First Up on the Reform Plans: Tackling Overcapacity

Tackling China's problems with industrial overcapacity will likely be a top priority for the new Chinese leadership, which unveiled a portion of its first policy and reform blueprint this week.



Associated Press

A w orker loads rolled steel shipped onto a truck at a dock in Guangzhou.

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Although details of the Communist Party leadership's reform plans remain sparse (a fuller document is expected in the near future), some of the issues addressed are already starting to trickle out.

In an interview about the plan published Friday in the People's Daily, the party's mouthpiece newspaper, a government official responsible for shaping economic policy suggested overcapacity would be a major target of reforms, saying the "core problem" with China's economy is "excessive allocation of resources" and "unreasonable intervention" by local governments.

Local governments have promoted "blind investment," which has led to severe overcapacity in sectors such as steel, cement, glass, shipbuilding, wind power and solar energy, said Yang Weimin, deputy director at the Office of the Central Leading Group for Financial and Economic Affairs. That office advises Chinese President Xi Jinping and six other members of the Politburo Standing Committee and operates somewhat like the White House's National Economic Council.

Beijing has long tried to shutter inefficient manufacturing capacity in its efforts to rise from manufacturing inexpensive goods to making higher-value products, but it has encountered stiff resistance from local governments who rely on these industries to meet local economic growth and employment targets.

In the solar sector, high-profile solar-equipment manufacturers such as Suntech Power Holdings Co. and LDK Solar Co. have found themselves teetering on the brink of collapse due to a world-wide glut of solar panels—half of which are made in China. However, both companies benefited from 11th-hour rescues by local-government-controlled companies.

In the steel sector, Beijing has sought for more than a decade to curb excess capacity that it views as weighing down the industry's ability to respond effectively to market changes. The country's top economic planners estimate that China has about 20% more steel output capacity than it needs. As a result, the central government has halted approvals of new production capacity unless it replaces less efficient capacity or leads to higher-value steel products.

Still, analysts say that steel mills often pretend to shutter unnecessary production only to restart it later, while others have been secretly adding new capacity as local governments—which depend on steelmakers for jobs and revenue—look the other way.

For instance, China's northwestern Xinjiang region, already home to more than 40 million metric tons of steel production capacity, added almost 20 new blast furnaces in the first half of the year (many of them illegal), according to state media.

Mr. Yang's comments in the People's Daily suggest that Beijing recognizes that local governments are the main roadblock to reform and may clamp down harder on industrial overcapacity in the near future.

– Wayne Ma and Chuin-Wei Yap

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EXHIBIT 2J

The Economist

Steel

An inferno of unprofitability

The world's overcapacity in steelmaking is getting worse, and profits are evaporating

Jul 6th 2013 | From the print edition

THE importance of steel is in no doubt. It is the material from which much of the modern world is made, from skyscrapers to washing machines. Governments everywhere regard a strong steelmaking business as a sign of economic virility, and thus hover anxiously over their domestic producers. A French minister recently threatened to nationalise ArcelorMittal's Florange plant if it pursued plans to cut jobs and close two blast furnaces. Despite a weak world economy, global production of steel rose by 1.2% last year to a record 1.55 billion tonnes.

Yet importance does not always translate into financial success. Steelmaking scrapes by on microscopic margins that make even airlines look like paragons of profitability. This is most apparent in Europe, whose steelmakers are the most beleaguered. Yet China, where the industry is booming—it has enjoyed almost all of the global production growth in the past decade—faces many of the same problems.

The most pressing concern is an old one: overcapacity. In Europe especially, the drive to build lots of vast steelworks in the post-war reconstruction effort continued into the booming 1960s, only for demand to hit a wall in the oil shocks of the 1970s. Too little was done to adjust capacity to the meagre growth rates that followed. The financial crisis delivered the latest blow. Around half of steel output is used in construction, an industry that took a heavy battering. Steel consumption in Europe, at around 145m tonnes in 2012, is nearly 30% below its pre-crisis level and demand is still falling.

A declining domestic market is far from Europe's only ill. Labour costs are sky-high (only Japan's are greater). Feisty unions and fussy governments make closing steel plants a difficult, expensive and lengthy process. And energy, two-fifths of steelmakers' operating costs, is pricey. Wolfgang Eder, president of Eurofer, a steel-industry body, and boss of Voestalpine, Austria's biggest steelmaker, reckons that the continent's unused capacity is 50m tonnes.

American steelmakers, though they are struggling to compete with Latin American rivals, have it a bit better. Signs that the economy is recovering, cheap energy from shale gas and a resurgent motor industry are all bringing good cheer to steel firms. Jefferies, a bank, reckons America's steel consumption will grow by 2.8% this year.

In Europe, despite some efforts to manage capacity by idling facilities, there is little chance of the big closures required. No firm wants to be first to shut plants and let competitors reap the benefit. And deals struck when times were good still haunt steelmakers. ArcelorMittal, which became the world's biggest steelmaker in a huge merger in 2006, agreed to maintain jobs and production to persuade European governments to wave the deal through. Now it will be a struggle to break these promises.

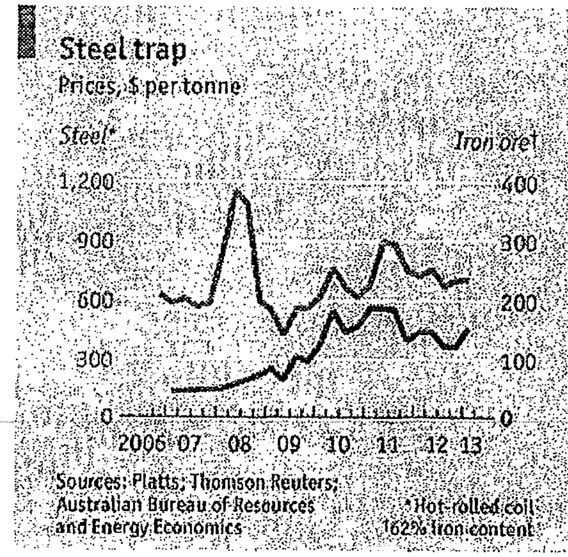
Adding to the pressure on steelmakers' profitability is China's growing capacity, which is denting steel prices around the world. After a decade of rapid expansion, Chinese firms are now responsible for half of global production. Although the government seems determined to cover the entire country with steel and concrete in its drive for growth, the steelmakers have expanded so rapidly that they now suffer from massive overcapacity. Yet more is being added: Jefferies reckons that another 105m tonnes of new capacity is under construction or planned.

China's stated aim of reining back steelmakers and consolidating state-run firms has happened "mostly on paper", according to Philipp Englin of World Steel Dynamics, a consultancy. The central government wants cheap steel, so it is unwilling to take radical steps to curtail overcapacity. Meanwhile local governments are encouraging more steel mills to set up shop. They are a vital source of direct and indirect employment, and tax revenues. To these enterprises, profits are unimportant.

Since China itself will have little need for this unprofitable steel, it will inevitably add to the country's exports, further depressing world prices. Chinese exports are likely to be 30m-50m tonnes in each of the next few years—a small share of the country's total production of almost 750m tonnes, but an amount that now exceeds the tonnage sold abroad by longer-established exporters such as Japan, South Korea, Ukraine and Russia.

The expansion of Chinese steelmaking has pushed up the cost of the industry's main raw material, iron ore, squeezing margins further (see chart,). The supply of ore is dominated by four big mining firms, which supply 70% of all the ore traded by sea around the world. Until 2010 ore prices were fixed in annual negotiations between big steelmakers and the four miners.

Now the steelmakers have to pay at, or close to, spot-market prices, and these have proved volatile. The futures market is still underdeveloped, with puny volumes and thin liquidity, so hedging is hard. This has made the struggle for profits only more arduous.



Iron ore is a sellers' market but steelmaking, since there has been little global consolidation, is a buyers' one. ArcelorMittal, way out in front of any rival, has only 6% of the world market, and 60 firms produce 5m tonnes or more, says Nicholas Walters of the World Steel Association. Buyers, such as carmakers, are bigger and more powerful, and thus can negotiate hard. These pressures have made the steel industry a mere "conversion business", making wafer-thin profits, at best, by transforming ore into metal, laments Colin Hamilton of Macquarie, a bank.

China's continuing economic growth offers the prospect of its excess capacity eventually being used up, if the central government can somehow restrain local authorities' zeal for new plants. Europe's outlook is gloomier. Its firms face an unwelcome choice between abrupt closures and death by a thousand cuts. Although the world still needs plenty of steel it doesn't need as much as steelmakers are able to supply.

From the print edition: Business

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EXHIBIT 2N

CHINA ECONOMIC REVIEW Independent news, analysis and commentary on the world's most exciting economy Since 1990

Every time the Chinese government tries to clamp down on the steel sector, the mills manage to wriggle out

China's steel mills dodge another bullet

Tuesday, July 27, 2010

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Last week, China withdrew the export tax rebates on 400 products, the first time that tax breaks have been removed since the financial crisis began in September 2008.

Exporters immediately complained that they had been badly hit and that the withdrawal of the tax breaks, coupled with the rising value of the renminbi, made their products uncompetitive.

Hot rolled coil steel, for example, made in China is now apparently uncompetitive in Asia without the tax breaks, according to Steel Business Briefing, although Chinese steel mills can still make money selling it into Europe.

The steel industry was one main target of the rebate withdrawal, since China is trying to force consolidation in the sector. Steel exports between January and May were up 127% from 2009 to 17.96m tons. Experts predicted the removal of the tax breaks would force smaller mills to shut and overall production to drop.

But this, of course, is China, and the ingenuity of Chinese mills knows no bounds. Michelle Applebaum of Steel Market Intelligence has discovered that steel mills are simply adding small quantities of boron to their steel and reclassifying it so that they can continue to enjoy the tax rebate.

"Boron-added hot rolled coil and H-beams will continue to be exported enjoying a 9% rebate. Boron-added SS400 HRC is currently offered at $560-570 a ton from China, but SS400 without boron is $600-610 a ton," said Ms Applebaum.

Adding 0.08% boron makes no real difference to the steel's chemistry but allows it to be called "alloy steel", rather than normal steel. There are some questions, however, about whether the boron-added steel has problems with some welding and bending applications.

The steel mills are shipping the boron-added steel in small sizes to avoid the suspicion of the Chinese customs. And there you have it: another new market created in just a few days.

Manufacturing This Week in China

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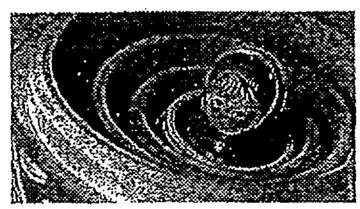

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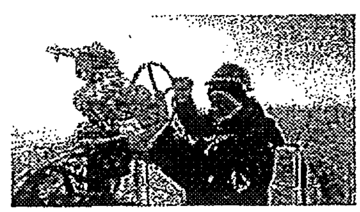

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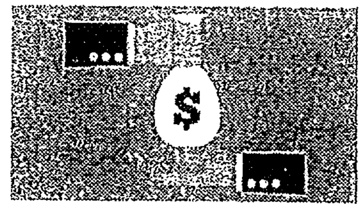

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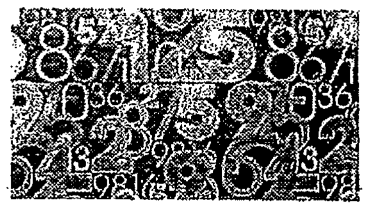

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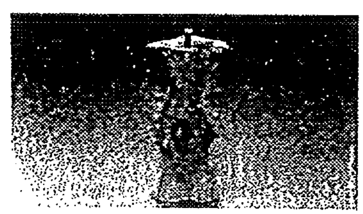

Apple in China

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Business Standard

Cheaper Chinese imports may spoil Indian steel party

Newswire18 | Mumbai July 09, 2010 Last Updated at 00:23 IST

Rising imports of cheaper steel from China is crippling the Indian steel industry, that too, when demand outlook for the alloy is robust due to strong economic growth in the country.

"China has dumped over 1 million tonne of structural grade steel (in India) at a much cheaper rate during May-Jun. Due to this, the domestic steel industry is facing severe problems," said steel trader Dhanesh Mehta, owner of Delta Iron and Steel Co.

He further added that the structural products from China are lower grade and are used in the infrastructure, engineering and fabrication segments in place of the locally produced standard and good quality structural steel. The Chinese steel is also cheaper by around 15-16 per cent than the Indian steel.

At present, basic price (excluding excise duty and freight rate) of IS 2062 Grade B is Rs 34,000 a tonne, much higher than all-inclusive Rs 32,000 a tonne for Chinese structurals, traders said.

China factor

Traders say that the shipment from China has been on the rise over the last few months primarily due to the European debt crisis. "Demand for Chinese steel has declined sharply in the European market due to the debt crisis. Owing to this, China is shipping huge quantities of the alloy to India, in turn creating a glut here," said Ashokbhai Thosani, owner of Arihant Steel Corp, a steel trading company.

China annually produces over 600 million tonne of steel and exports nearly 200 million tonne. Europe, Turkey and India are the key importers of Chinese steel.

Most traders do not expect China's plan to scrap the 9 per cent export rebate on select steel items to be of any help to the Indian steel industry.

"There is a loophole in the Chinese export rebate policy. Boron steel is excluded from the list of commodities placed under abolishment of export rebate," said Mehta of Delta Iron and Steel.He fears this may enable Chinese traders to ship structural steel to India as boron steel—a strong but light weight alloy widely used in cars.

In its bid to ease trade frictions, the Chinese government has decided to remove, from July 15, the 9 per cent tax rebate it offers on hot-rolled coil, sections, some cold-rolled coil products and hot-dipped galvanised coil.

On the Chinese central bank's decision to make the yuan more flexible, most traders said it would be too early to comment.

"China is unpredictable. The decision on the yuan revaluation may not necessarily lead to any material change," said a city-based steel trader.

Since July 2008, the yuan had been pegged at 6.83 to the dollar. During 2005-08, China allowed the currency to strengthen 21 per cent but during the financial crisis, the central bank set a fixed exchange rate to protect the country's exports. China is now facing international pressure to allow its currency to strengthen as a weaker yuan is giving an unfair trade advantage to exporters there.

India demand

India's steel demand is expected to rise 10 per cent during 2010-11 (Apr-Mar) on the back of increased consumption from auto and infrastructure sectors, traders said.

"Demand from the auto sector is seen 20-22 per cent higher compared with last year's, while that from infrastructure may rise over 50 per cent year on year," said Vinesh Mehta, president of Bombay Iron Merchants' Association.

India produces over 60 million tonne steel annually and its consumption is also around the same level.

Economic growth is expected to prompt development in the infrastructure sector through expansion of roads, ports and bridges, said Vinesh Mehta.

In 2009-10 (Apr-Mar), Indian economy grew 7.4 per cent. The Reserve Bank of India has projected an 8.2 per cent growth for 2010-11.

The Centre for Monitoring Indian Economy, however, expects the economy to grow 9.2 per cent this financial year on the back of rebound in industrial, services and manufacturing sectors.

Latest reports suggest that growth for the industrial sector, including construction, would be 9.6 per cent as against last year's 9.2 per cent.

In its bid to boost economic growth, the government has announced an ambitious plan to build 24,000 km National Highways across the country by the end of 2010-11.

After a difficult year in 2008 amid global financial crisis, buoyancy is returning to the automobile sector in the country piggybacking the overall economic growth.

According to the Society of Indian Automobile Manufacturers, the country's passenger car sales rose 30.5 per cent year on year in May to 148,481 units. It was the 11th consecutive month that domestic passenger car sales rose more than 20 per cent on year.

A surge in steel demand is for certain. But cheaper Chinese imports are likely to become the party pooper for the local industry.

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Indonesian government to review alloy steel import policy

17/06/2013

Jakarta (ANTARA News industrial affairs ministry said the government pla review its policy of all imports due to indicat manipulation.

"We are still investigating a proven that manipulatior occurred the policy w corrected," the director ge basic manufacturing ir Panggah Susanto, saic contacted over the issue here on Sunday.

He said the ministry of industrial affairs has received a lot of compla domestic steel producers with regard to a lot of imported alloy steel pr the country.

The Indonesian government imposes a zero percent import duty on iron products that contain alloy.

Importers are suspected to have manipulated the policy by stating that and steel products they import contain alloy to avoid paying the import du

The government will check alloy content in imported steel products in co with Sucofindo and the customs office, Panggah said.

He said in certain cases alloy had only been added to the products just the duty-free facility.

Panggah said that investigation would be carried out immediately domestic producers would not be hurt for long.

The Indonesian government has so far imposed an anti-dumping safeguard national steel industries due to increasing flows of impor products especially from China, he said.

The executive director of the Indonesia Iron and Steel Industry As (IISIA), Edward R Pinem, said earlier that alloy steel imports had i drastically every year while the use of alloy steel products in the country much.

The amount must not have reached hundred thousand tons, he added.

In view of that he suspected that a lot of importers have misused the facility and put alloy in their steel products just to make them able to declare them as steel alloy products to avoid the import duty.

Edward said the increasing flows of alloy steel products have hurt domestic carbon steel market.

At present there are around 20 producers of wire rod, iron profiles and iron steel in addition to companies producing hot rolled steel, cold rolled steel.

Sun, June 16 2013 21:36

Edit by Priyambodo RH

Source: antara.co.id

more

Vietnam seeks anti-dumping duties on 4 steel exporters

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EXHIBIT 2S

WantChinaTimes.com Knowing China through Taiwan

News Economy

Taiwan's steel industry calls for level playing field

Staff Reporter | 2013-08-22 | 11:36 (GMT+8)

Taiwan's steel industry has urged the government to devise national standards as the country's government plans to lift bans against imports of more than 200 types of steel material from China, without taxes, our sister paper Commercial Times reported on Aug. 21.

Anonymous figures from the local steel industry say they want steel from China to be screened to ensure the safety of future infrastructure and construction projects and to protect their interests.

"We need the government to help us make sure our existence will not be jeopardized because of the new policy," an anonymous source told the paper.

The new policy on Chinese steel imports is certain to be implemented before the end of this year, the paper said, with more negotiations on cars and heavy machinery industry set for next year.

However, Taiwan Steel Industry Association chairman Tsou Jou-chi said he had not heard anything about the policy. "I just visited our counterpart in China few weeks ago. Nobody mentioned anything about it at all," Tsou said. "Also, I think the government should come up with a related mechanism."

Commercial Times reported that many Chinese steel companies plan to export boron steel to Taiwan to take advantage of lower tariffs. This move would interfere with Taiwan's steel prices, however, an anonymous source told the paper.

The source said that most steel businesses in Taiwan are prepared to compete with Chinese companies but want the government to ensure a level playing field.

References:

Tsou Jou-chi 鄒若齊

EXHIBIT 2T

get houses. The peninsula has many farmers with large land plots.

Healthcare hike lifts August CPI

The Consumer Price Index (CPI) edged up 0.83 per cent in August hitting a 7.5 per cent year-on-year increase, the General Statistics Office (GSO) announced on Saturday.

The jump represents a 3.53 per cent increase on last December and saw prices rise between 0.22 and 4.11 per cent in 10 out of 11 goods categories. The biggest hike was felt across medicine and healthcare, with the lowest price increase in household commodities. Prices remained constant in the postal, telecoms and service sectors.

Petrol price adjustments in June and July were believed to be behind 0.08 per cent of the CPI increase, according to the Head of GSO Price Statistics, Nguyen Duc Thang.

The price of food and foodstuffs also increased as major storms battered agricultural yields nation-wide, while education services saw a month-on-month surge of 0.9 per cent as tuition fees for the new school year were increased in several cities and provinces.

The price of gold saw a slight increase while the US dollar price remained stable at 21,036 VND, he said.

Thang warned that the country needed to prepare for unexpected price movements until the end of this year.

The country's two major economic hubs, Ha Noi and HCM City posted a CPI increase of 3.16 per cent and 0.36 per cent, respectively.

Manufacturing continues to lead nation's FDI charge

Foreign investors poured a total of US$12.63 billion in Viet Nam during the past eight months, an increase of 19.5 per cent over the same period last year.

The Foreign Investment Agency (FIA), under the Ministry of Planning and Investment, reports that as of August 20, nearly 770 new projects were licensed, representing registered capital of over $7.4 billion, a year-on-year increase of 12.2 percent.

At the same time, 296 projects contributed an additional $5.22 billion in capital, 31.7 per cent higher than the previous period.

The FIA says foreign investment was funnelled into 18 industries, of which processing and manufacturing took the lead with 370 projects worth $10.817 billion, accounting for 85 percent of total foreign investment capital.

The real estate sector ranked second with more than $588 million, representing 4.7 percent of the total flow.

Japan is the largest of Viet Nam's 47 foreign investors with $4.35 billion (34.5 percent of the total), followed by Singapore ($3.78 billion, 29.9 per cent) and Russia ($1 billion, 8.1 percent).

Foreign businesses have invested in 50 cities and provinces across the country, not including offshore oil projects.

With an additional $2.8 billion in investment for the Nghi Son oil refinery, the central province of Thanh Hoa received the largest amount of FDI (an increase of 23.3 percent).

It was followed by the northern mountainous province of Thai Nguyen with $2.185 billion, while the Red River Delta province of Bac Ninh came third with $1.39 billion.

FDI disbursement in the period stood at $7.560 billion, up 3.8 percent from last year.

The FDI sector's export earnings surged 21.7 per cent against last year's level to more than $7.56 billion, accounting for 66.1 per cent of the country's total export revenue.

It imported $48.297 billion worth of goods, again representing 66.1 per cent of the national total and up 25.1 percent on 2012.

VSA: Steel price-slash wars badly damaging the market

The Viet Nam Steel Association (VSA) required steel makers to stop reducing the selling price of their products to make the local steel market healthier.

The association said that local steel makers slashed their selling price by VND100,000-200,000 per tonne and even a few producers cut the price by VND1 million, though the rate was lower than production cost.

That created an unhealthy steel market, said Nguyen Tien Nghi, VSA deputy chairman.

Additionally, local steel products must compete with steel products containing boron imported at cheaper prices from China because these products receive a zero tax rate.

The association said last year that the volume of steel products containing boron imported from China to Viet Nam reached 679,000 tonnes for rolled steel products and 275,000 tonnes for flat steel.

The large volume of imported Chinese steel products have impacted local makers, especially now when they have had difficulties in production and business due to the economic downturn, the association said.

The producers have new products and they cut selling prices to attract customers. The association called on producers to stop reducing their selling price to fight for market share because reductions in selling price create losses and then they do not have the capital for continued production.

The producers should cut production cost and balance supply and demand to ensure adequate production and reduce inventories, the association said. They should also continue to expand export markets to increase sales.

The association also suggested that the State cut value-added-tax for steel products from 10 per cent to 5 per cent to promote sales.

Meanwhile, steel producers should strengthen improvements in technological production to decrease production costs and to improve competitiveness.

Steel consumption in August was expected to reach 360,000-370,000 tonnes but was 395,000 tonnes lower than July,

EXHIBIT 2U

The Jakarta Post

Search

Industry demands review of trade regulation

Linda Yulisman, The Jakarta Post, Jakarta | Business | Thu, August 29 2013, 11:08 AM

The Industry Ministry has urged the Trade Ministry to curb an influx of alloy steel imports, which it says poses a threat to the domestic steel industry due to unfair practice.

Industry Minister MS Hidayat requested Trade Minister Gita Wirjawan to assess the alloy steel import mechanism made available by the Trade Ministry for producer importers or registered importers, through a letter dated July 29, a copy of which was obtained by The Jakarta Post.

"We opine that it will be necessary to evaluate the Trade Ministry's 2012 regulation on iron and steel imports, which revises the previous regulation issued in 2010, by including alloy steel tariffs in the addendum of the new rule," Hidayat said in the letter. "Import proposals from producer importers/registered importers or addition/change of harmonized system codes or volume/types of products should consider technical advice from the Industry Ministry."

The letter responds to complaints lodged by domestic steel producers who said steel imports had jumped significantly since 2009 in the domestic iron and steel market due to unfair practice, as confirmed by the Industry Ministry's latest study.

They alleged that the importation of steel alloyed with low boron content had provided a leeway for importers to avoid regular import duties, anti-dumping duties and safeguard duties imposed by the government.

Non-alloy steel products are subject to those duties, while steel with low boron content enjoys free or lower duties.

Profile steel, for example, a boron-contained alloy steel product, enjoys import duties of only up to 5 percent, while non-alloy steel is charged with 15 percent duties.

Anti-dumping duties are also applied on non-alloy steel or carbon steel in the form of hot rolled coil (HRC), cold rolled coil (CRC) and profile. Little additions of boron would convert non-alloy steel and carbon steel into alloy steel, thereby lifting the products concerned from punitive duties.

Imports of non-alloy steel in the form of HRC and CRC slumped by 44 percent in 2010, 40 percent in 2011 and 25 percent in 2012, and are suspected to have been delivered into types of alloy steel, whose imports from China, Japan and Taiwan, have perked up considerably, the Industry Ministry's study suggests.

The practice has caused the government to suffer Rp 145 billion (US$12.87 million) in losses each year.

Indonesian Iron and Steel Industry Association (IISIA) vice chairman Irvan Kamal said the alleged unfair trade practice had injured the local industry.

"As imported steel gets a tax reduction, the competitive edge of the

The Jakarta Post

s," he said. Imports of boron-contained steel st year, according to the association.

Trade Minister Gita Wirjawan said he was yet to receive a copy of the letter sent by his counterpart.

"We will follow up the issue in near time," he told the Post.

Indonesia's local steel output is expected to rise by 23.1 percent to 4.8 million tons this year, while domestic consumption will surge by between 6 and 9 percent this year to an estimated 11.4 million tons, with between 35 and 40 percent of that consumption coming from imports due to limited domestic capacity, according to IISIA.

Steel has long been a hot topic to trade remedy measures worldwide due to allegations that countries put subsidies on production, or that producers dump their products overseas.

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Paper Edition | Page: 14

EXHIBIT 3

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CASWR VOLUMES AND MARKET SHARES
Annual 2011 - 2013

	2011	2012	2013
Import Volume (in short tons)			
China	144	241,938	618,818
All Others	1,253,534	1,276,956	1,089,819
Total	1,253,678	1,518,894	1,708,637
U.S. Shipments	[		]
Apparent Domestic Consumption	[		]
Market Share of:			
Imports from China	[		]
Imports from All Others	[		]
U.S. producers	[		]

Source: U.S. Department of Commerce and ITC producers' questionnaires.

Prepared by Georgetown Economic Services

EXHIBIT 4

Non-Confidential Version

Business Proprietary Information
Has Been Deleted

U.S. CASWR Producers' Trade and Financial Data
Annual 2011-2013
(Quantity in short tons, Value in $1,000, Average Unit Values ("AUV") in $/short tons)

		2011	2012	2013	% Change 2011-2013	
Trade Data:						
Capacity	[					]
Production	[					]
Capacity Utilization	[					]
Commercial Shipments (Q)	[					]
Commercial Shipments (V)	[					]
Commercial Shipments (AUV)	[					]
Internal Consumption (Q)	[					]
Internal Consumption (V)	[					]
Internal Consumption (AUV)	[					]
Internal Transfers (Q)	[					]
Internal Transfers (V)	[					]
Internal Transfers (AUV)	[					]
U.S. Shipments (Q)	[					]
U.S. Shipments (V)	[					]
U.S. Shipments (AUV)	[					]
End-of-Period Inventories	[					]
PRWs	[					]
Hours Worked by PRWs	[					]
Wages Paid to PRWs	[					]
Financial Data:						
Net Sales (Q)	[					]
Net Sales (V)	[					]
Net Sales AUVs	[					]
Unit COGS						
Gross Profit	[					]
SG&A	[					]
Operating Income	[					]
Operating Income to Net Sales Ratio	[					]
Operating Income to Net Sales Ratio (Commercial shipments only)	[					]

Source: AMUSA, Cascade, Charter, Evraz, Gerdau, Keystone, Nucor, Oklahoma, and Sterling Producers' QRs.

EXHIBIT 5

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EXHIBIT 6

American Wire Producers Association

CONTACT US SITE MAP

AWPA Home
Upcoming Events
Search for Wire and Wire Products
Search for Rod
Member Companies
Member's Home Page
About AWPA
AWPA Profile
Benefits of Membership
Membership Categories
Join AWPA
Publications & Standards
Industry Links

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

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
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

EXHIBIT 7

UNITED STATES
INTERNATIONAL TRADE COMMISSION

In the Matter of:	)	
	)	Investigation Nos.:
PRESTRESSED CONCRETE STEEL	)	701-TA-464 and
WIRE STRAND FROM CHINA	)	731-TA-1160 (Final)

Pages: 1 through 152

Place: Washington, D.C.

Date: May 6, 2010

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economics likely apply to the Chinese, I assume. I mean, I agree. The point is well-taken. There's a lot of capacity there. I'm just wondering, are they going to run it and look for someplace to sell the stuff or are they going to make sure they have a buyer before they run the plant? Mr. Luberda?

MR. LUBERDA: In fact, the same economics don't apply to the Chinese. I mean, they do have to buy rod, but they get rod at subsidized prices from the Chinese government-owned firms, they have export tax differentials. They get a lot of advantages that U.S. producers don't get. When you have 6.6 billion pounds of capacity, you know, that achieves world market demand for this product, the same rules of economics don't apply. They have to ship no matter what. If they close, then they just wait for changes in the economy to occur and they start shipping again. The government of China will make sure that they don't necessarily have to go under like one of our clients do.

Had we not brought this case for the clients, we would have ended up in 2009 with a much higher import penetration than we had. As Mr. Johnson testified, he was going to go back to buying Chinese if he had to. So for us, the implication that we should -- looking at the first half versus second half doesn't necessarily prove something. That implication is we've got to wait until somebody goes out of business at the end of 2009 to come and tell the Commission that we're being injured, so then we can show they kept their market share really high. We have demonstrated as much indicia of direct injury to the industry as we possibly can. There's lots of evidence on the record. We just don't want to find our clients in a position where somebody has to go out of business before we can prove that they've been injured in this period.

VICE CHAIRMAN PEARSON: Right. It's not uncommon that the Commission, in cases dealing with China where we have more input from Respondents, have a better sense of what the domestic industry looks like, to see a substantial amount of unused capacity. We often write that into our opinions, you know? We're worried about the unused capacity. I'm guessing that in the current global market they probably aren't just running every plant full tilt and dumping it into the ocean. I mean, it's very likely there's a lot of unused capacity in China right now because the global economics would seem to dictate that. You're comfortable with that view?

EXHIBIT 8

UNITED STATES
INTERNATIONAL TRADE COMMISSION

In the Matter of:	)	Investigation Nos.:
	)	701-TA-479 and
	)	731-TA-1183-1184
GALVANIZED STEEL WIRE	)	(Preliminary)
FROM CHINA AND MEXICO	)	

Pages: 1 through 169

Place: Washington, D.C.

Date: April 21, 2011

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be pleased to answer any questions you have.

DR. MAGRATH: If I could have a time check, please.

MR. CORKRAN: 29 minutes.

DR. MAGRATH: Okay.

MR. CORKRAN: Dr. Magrath, before you start, would you like to introduce this as Exhibit 1 to the conference transcript?

DR. MAGRATH: Yes.

MR. CORKRAN: Okay.

DR. MAGRATH: After 25 years of attending these ITC proceedings, and representing the Petitioners' side of things, this is going to be weird to say, but good afternoon, Members of the Commission, Staff, ladies and gentlemen.

My name is Patrick Magrath, and I am a consultant for the Petitioners in this case. I am here to discuss the volume and prices of imports from China and Mexico, and their impact on the galvanized steel wire, or galv wire, or GSW, industry's overall trade, financial, and pricing experience during the POI.

From the perspective of the overall market, the relatively short three year period the ITC examines nevertheless encapsulates an entire business cycle for galv wire.

In terms of overall galv wire demand, a very good year in 2008 was followed as we all too painfully aware, by a decline into recession in 2009, for the market for galv wire, as well as the overall economy.

2010 has brought an encouraging recovery, although the level of demand for galvanized wire fell short of 2008. It is in our petition as Exhibit 15. Not so the accumulated imports from China and Mexico.

In 2009, all volumes, including subject imports, declined. But subject imports staged a remarkable comeback in 2010 as Mr. Waite has already mentioned, increasing 24 percent from the 2009 market bottom.

By contrast, overall demand and consumption only rose 11 percent, less than half the rate of the increase of subject imports. Such an outsized increase translated into steady increases in the U.S. market share for these dumped and subsidized imports, as this summary index chart that we provided, Chart One, shows.

Their market share is on the green line, which as you see goes straight up. It is very important to note here that in terms of the volume of affected imports, that although subject import volumes declined in the recession, their market shares actually went up in 2009.

So the pie may have contracted dramatically, but the subject imports ate more of it. This compounded the injury already being suffered by the domestic industry due to the economic downturn.

Then as demand mercifully began to recover in 2010, subject imports scored their greatest market jump of the POI as Chart One shows here. What the chart does not show, but which is equally important, is the sheer size of the chuck that unfair imports took out of the market through each year of the POI, well over 20 percent in 2008, increasing each year to almost 30 percent by 2010 on a commercial market basis.

Subject imports also held a significant increasing share of the market even if internal consumption of U.S. producers is included. Members of the Staff may breath a sigh of relief when they first looked at the import categories in this petition. No basket categories.

No confusion, no allocation, no scrambling after importer questionnaires, and no controversy, or at least I think no controversy over what imports actually are, and in what vague all other categories that they may or may not be hiding.

Instead, we have a single HTS wire number, 7217.20, that is dedicated to "unalloyed steel wire, plated or coated with zinc." Galvanized steel wire under the single category separates out to nine specific 10 digit numbers based on carbon content and diameter.

So these clean HTS categories, specific to wound galvanized steel wire, are all that you really have to know about the volume and price effects of imports in this case.

We have already talked about the import statistics in terms of volume, and how their increases doubled the increase in overall consumption in 2010, and increased as a share of consumption in each year,

The other fact that you can glean from these import statistics concerns average unit values, or AUVs. Because of the clean categories the AUVs tell Petitioners' price in commodity type products well.

In this case, unlike so many other cases that the ITC sees, AUVs are an excellent proxy for actual galvanized import prices for two reasons.

First, the very specific product categories, and second, the fact that about 90 percent of the burgeoning imports from Mexico, and 70 percent of the imports from China, enter under a single 10 digit HTS category, 7217 and 203000.

That is galvanized wire over 1.5 millimeters, .0585 inch diameter, with a carbon content of less than .25 percent. This galvanized wire in these diameters is generally called low carbon wire, and is the meat of the market for both imports and U.S. producers.

This is the specific category that the Chinese and Mexican suppliers are targeting with low prices and injuring the domestic industry. This chart shows the level and trend of China and Mexico's AUVs, versus those of U.S. producers, commercial and total shipments, as well as those of other import sources.

Chart 2. As you can see, subject imports, AUVS, always in red, are in a class of their own. Throughout the POI, their AUVs dropped, and were lower than any other source, and dropped more than any other source.

During the recession, they grabbed more market share in a contracting market, and then continued to drop, and in fact substantially, even as the economy recovered in 2010.

In this basic industrial commodity type product, non-subject imports paid a heavy price for their attempt to price fairly. Their volumes declined, and basically I am talking about Canada.

U.S. shipments did increase in 2010, but these increases lagged badly of those of subject imports. Although questionnaire data will show that U.S. producers tried to raise prices, what increases they were able to achieve were short-lived and U.S. prices were declining, and again by the end of 2010 remaining well below 2008 levels.

Before we leave the pricing issue, import AUVs should also track closely with what you should get back in Deacero's questionnaire response, and on the Chinese importer responses.

With about 200 known importers, you may get a few of those, although given their track record, it is not encouraging. These questionnaire responses should closely approximate the AUVs charted here, Chart 2, and it is taken from Exhibit 12, Table 1, of our petition, which tracks all galvanized wire import categories.

And, Chart 3, which tracks AUVs from imports from China and Mexico, and other sources for this all important single category of low carbon galvanized wire, HTS 7217203000.

As Chart 2 shows, as fairly traded imports from other countries, and U.S. producers increased prices somewhat in the recovery year of 2010, and subject countries AUVs continued to go down, and went down substantially, matching each other's declines in what was in essence a price war between Deacero and Chinese suppliers.

Chart 3 shows even deeper price cuts for this meat of the market low carbon product. So later this afternoon, don't let Respondents claim that they make something different, or that it was other imports, or that their prices were too low, or for any other reason.

They are dumping here in a calculated strategy to dominate the U.S. market. The AUVs in Charts 2 and 3 readily show why subject imports and market share kept going up through both bad and good markets.

The aggressive price cutting of subject imports should be noted, especially in 2010, as fairly priced foreign producers and U.S. producers tried to raise profits from unprofitable recession lows.

Second, the AUV comparisons in chart two and three show a large and growing gap between subject imports and U.S. producers AUVs. Again, since these subject AUVs are a very good proxy for actual prices, your analysis should show increasing margins of underselling my imports from China and Mexico that got wore as the POI progressed.

Finally, a review of the import tables, Exhibit 12 of our petition, shows that the subject import price declines during the most recent period of 2010 are consistent for 8 out of the 9 HTS categories.

Again, these price trends are not accidents. Unfair imports are not just after the meat of the market, but the carrots and parsley as well. The effect of the volume increases and price declines of subject imports on the domestic galvanized wire industry, is demonstrated by the declining levels of trade indicators, and the deteriorating financial conditions in the U.S. industry.

U.S. shipments, both on a commercial and total basis, fell over the period of investigation. Production and capacity utilization fell substantially in 2009, and then recovered weakly in 2010 to levels well below that of the beginning of the period.

At the end of the POI capacity utilization stood at 62 percent. Thus, the industry had nearly 40 percent of its productive capability unused. Employment of production related work fell as well.

Every one of the companies in our

petitioning group has detailed the injurious impact of imports from China and Mexico in response to the question about the actual and anticipated effects of the subject imports. I know that you will give that your usual close analysis.

Given the commodity nature of this product, an encroachment on the market by unfair imports through good times and bad, I am confident that non-petitioning companies will provide similar assessments of the imports negative impact on their operations.

All these factors that we have mentioned so far, as well as the volume market share and price declines of imports, all of them have their dovetail and have their inevitable impact on the domestic galvanized steel wire industry's financial performance.

The Petitioners do not claim that the recession in 2009 was an insignificant factor. The industry reported an operating loss in galvanized wire sales in 2009, with the downturn demand combining with imports increased market share in the depths of the recession, and their sharp drops in prices, which made that increase possible, to make a bad situation much worse.

But the overall economy is not an alibi for the Respondents in 2008, which Mr. Weinand, and indeed one Respondent, both characterized as a "historic year" for galvanized wire demand, and 2010, in which both the general economy and demand improved.

Well, domestic industry profits sure didn't improve. Chart 4 shows the industry's operating profits to sales ratio for all three years of the POI. Now, the Respondents can once again try to blame all of this on the recession, but what about the historic year of 2008 and 2010?

Two of the years in the POI were good years for demand in the overall market, but we believe that U.S. producers will report less than a three percent operating profit in 2008, and an operating loss in 2010.

Whether the staff focuses on 2008, 2009, or 2010, you see little or no profits being generated, large unused capacity, and employment dwindling. By the way, in the opening remarks, one of the Respondent's counsel emphasized the point that the imports have been in the market for a long time. No kidding.

You never see, and they have been at dumped prices. You never see producers prices generating the kind of profit needed to invest and to grow companies.

It is a fact that Mr. Jee, the accountant, will see when he compiles the CAPEX expenditures and the R&D expenditures, as well as calculating the falling asset base in this industry.

In fact, the CAPEX will be reported as generally for maintenance of existing, and in many cases aging equipment only, and is inflated in 2010 by the one-time expenses associated with Mid-South's flood.

What you also see in the record is unfair imports increasing their substantial market share in each year of the POI. Starting in 2009, their already low prices plunged, but the cost of goods sold, and sales, and the profit to sales ratio show that they have injured the U.S. industry all along in each period of 2008 to 2010.

I have been talking for a while now, and I am tempted to summarize our threat case, which is also strong, with just two facts. Imports from Mexico increased 71.4 percent over the POI, while their AUVs dropped by 36 percent.

And that although China's U.S. export volume went down over the POI, its AUVs dropped by 24 percent, and because it is China. It is China, a country with 279 producers, exporters of galvanized steel wire at least.

It is the Plaintiffs largest producer of galvanized wire, with the most galvanizing capacity, and its exports alone -- its exports, and not its production, but its exports, exceed our estimate of total U.S. consumption by well over a hundred-thousand tons.

It is China, with its plethora of subsidies, its undervalued currency, and its 15 percent export tax on wire rod, which serves to push its huge capacity into downstream products like galvanized wire.

But don't take our word for it. Here is what Raul Gutierrez, who is the head of Deacero, had to say about the Chinese competition, "Competitors such as China are subsidized in every way, shape, and form, from currency, to labor, to taxes. So it is impossible to compete with them in terms of pricing." That is in our petition at Exhibit 22.

Let me finish up with one more chart, Chart 5. This chart goes back to my favorite set of data in this case, in case the staff has not guessed, the public import statistics.

Again, specific HTS categories are wonderful analytical tools if you have got them. This chart

EXHIBIT 9

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
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EXHIBIT 10

Non-Confidential Version

Business Proprietary Information Deleted

EXHIBIT NOT CAPABLE OF PUBLIC SUMMARY

EXHIBIT 11

CASWR VOLUMES AND MARKET SHARES BASED ON COMMERCIAL SHIPMENTS ONLY
Annual 2011 - 2013

	2011	2012	2013
Import Volume (in short tons)			
China	144	241,938	618,818
All Others	1,253,534	1,276,956	1,089,819
Total	1,253,678	1,518,894	1,708,637
U.S. Commercial Shipments	[		]
Apparent Domestic Consumption	[		]
Market Share of:			
Imports from China	[		]
Imports from All Others	[		]
U.S. producers	[		]

Source: U.S. Department of Commerce and ITC producers' questionnaires.

EXHIBIT 12

U.S. Imports of Carbon and Alloy Steel Wire Rod
Annual 2011-2013*
Quantity in Short Tons, Value in U.S. Dollars, AUV in $/ton

Quantity

	2011	2012	2013
China	144	241,938	618,818
All Others	1,253,534	1,276,956	1,089,819
Total	**1,253,678**	**1,518,894**	**1,708,637**

Value

	2011	2012	2013
China	143,155	137,591,869	313,019,316
All Others	1,076,369,396	1,044,946,658	829,887,424
Total	**1,076,512,551**	**1,182,538,527**	**1,142,906,740**

AUV

China	994.13	568.71	505.83
All Others	858.67	818.31	761.49
Total	**858.68**	**778.55**	**668.90**

Source: U.S. Department of Commerce

Prepared by Georgetown Economic Services

EXHIBIT 13

Seeking Alpha α

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.

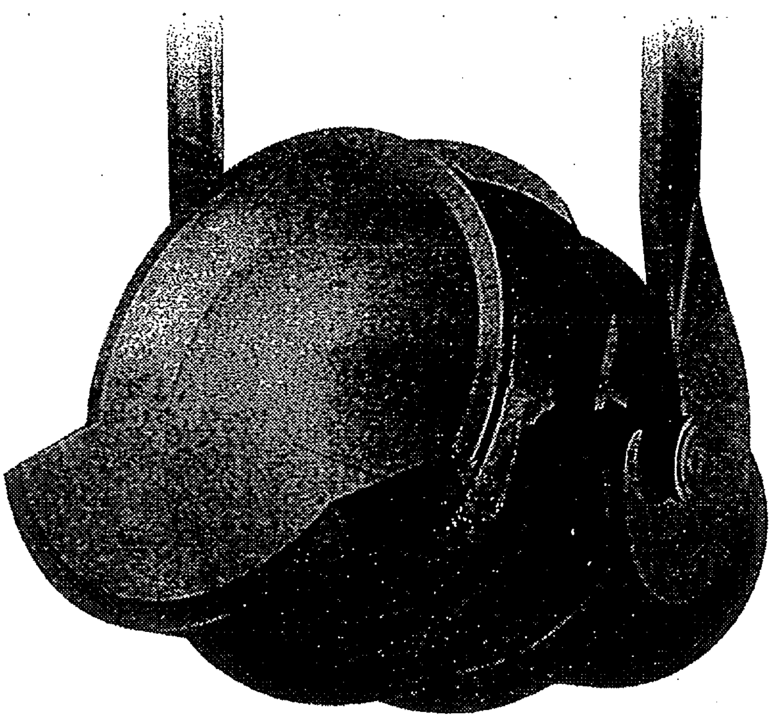
Michael C. Gazmarian - Vice President, Chief Financial Officer and Treasurer

EXHIBIT 14

platts

SPECIAL REPORT: STEEL

What hurdles need to be overcome for India to achieve second top steel producing status?



December 2012

By Anitha Krishnan,
Associate Editor, Metals
Platts

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DEMAND GROWTH SLOWS

The trend of stunted output growth has continued so far this fiscal with finished steel production rising only 3.1% y-o-y to about 37.5 million mt during April-September (H1 FY 2012-13), compared to a 9.3% y-o-y growth in the same period a year ago.

But in the face of decelerating demand growth, some industry sources reckon it is just as well that output is restrained. "If we were producing more, we wouldn't know where to sell it all," commented an Essar Steel official.

Real consumption of finished steel in India grew 5.4% y-o-y to 36.7 million mt during April-September. But some analysts attribute this healthy looking growth in part to low steel consumption in the same period of the previous fiscal (up only 1.8% y-o-y).

This October, the World Steel Association forecast Indian steel demand growth would slow down from 7.5% in 2011 to 5.5% in 2012 and to 5% in 2013 owing to unfavorable domestic and external economic conditions.

UNSEASONAL PRICES

That domestic demand was sagging became more evident when steel prices defied seasonal trends and tumbled in early November. This is traditionally when domestic demand and prices start to ascend as construction activity resumes after the end of the monsoons, and the festive season in October-November spurs sales of auto and white goods. This trend was sorely missing from the Indian market this year, with steel demand and market sentiments remaining muted.

In the domestic market, transaction levels for IS 2062 grade A/B structural hot rolled coil, 3mm thick and above, fell gradually through the year to Rs 33,000-34,000/mt ($621-640/mt) ex-works in early October. At the start of the year prices had averaged Rs 36,000-36,500/mt ($700-710/mt).

The lack of a seasonal pick-up in demand thereafter saw prices falling further to Rs 31,000-32,000/mt ($577-596/mt) ex-works in early November.

In December, however, Indian producers have attempted to arrest the price decline by lifting base prices by Rs 1,000-1,500/mt ($18-27/mt) on the back of higher international prices and a weak rupee ($1 =Rs 54.8).

IMPORT TARIFFS UP

As mentioned earlier, in a much anticipated move in March, India lifted the customs duty levied on imports of coated and uncoated non-alloy flat steel products to 7.5% from 5% previously. Since alloyed carbon steel was exempted from this tariff hike, Indian imports of such material jumped by more than 45% y-o-y during April-September, driven chiefly by supplies of boron-added HRC from China (see table 1).

Table 1 - Indian imports of alloy steel ('000t)

	Apr-Sep 2012	Apr-Sep 2011
China	477	287
Russia	74	12
Japan	70	48
Korea	51	69
Germany	41	46
Malaysia	16	1
Turkey	15	0
Total	**917**	**626**

* Includes Stainless
Source: Joint Plant Committee, Indian steel ministry

Russian and Iranian mills were also seen offering boron-added coils. The tariff structure was subsequently amended in July to include certain alloy flat steel products such as boron-added material under the higher rates.

TIGHTER QUALITY CONTROL

Following an unsuccessful attempt last year, in March 2012 the Indian government announced plans to enforce a quality control regulation by September which would require both domestic and foreign suppliers of certain steel products to have their material certified by New Delhi's Bureau of Indian Standards (BIS). Steel customers decried this regulation as a non-tariff import barrier being sought by domestic steelmakers.

But given the lengthy registration process, the regulation was enforced for only some products; for others implementation was deferred until the end of March 2013 so as to allow more time for foreign mills to have material certified.

Cold rolled grain-oriented electrical steel sheet and strip was one product granted extra time – a pragmatic move given India's complete dependence on imports and the fact that only a handful of foreign suppliers had registered by September.

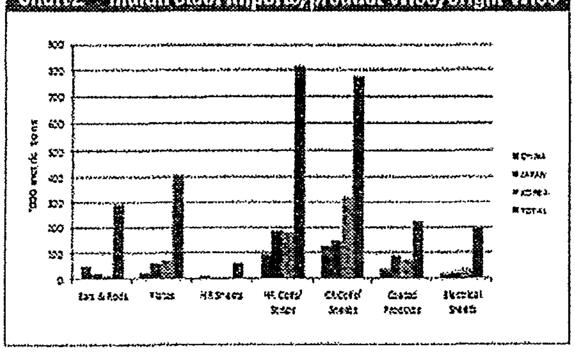
JAPAN/KOREA IMPORT SURGE

The above moves did little to stem steel import volumes into India, which, on the contrary, surged by more than 35% y-o-y during April-September. This was chiefly because supplies from Japan and Korea swelled, as imports from these nations are taxed at lower rates under the comprehensive economic partnership agreements (CEPAs) they currently enjoy with India.

The CEPA with Korea took effect from August 2009 and with Japan, two years later. Imports of Korean-origin HRC presently attract a 3.125% import tariff and those from Japan are taxed at 3.3%. These rates will progressively be reduced to nil within five years from the start dates of the agreements.

Over the past two years these nations have displaced China as the top supplier of steel to India, much to the consternation of Indian producers. Imports of carbon steel originating from Japan and Korea accounted for more than 37% of India's total imports during April-September 2012, and dominated flat product imports (see chart 2).

Chart 2 – Indian steel imports, product-wise, origin-wise



Source: Joint Plant Committee, Indian steel ministry

Indian mills have been demanding that New Delhi eliminate steel products from the scope of the CEPAs, and some have made thinly veiled threats to cut domestic prices at the time of import arrivals should buyers resort to foreign purchases.

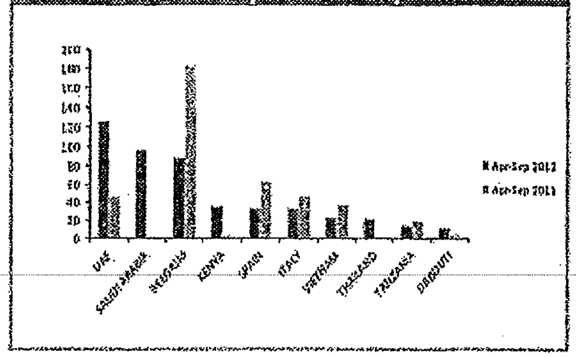
EXPORTS SURGE

Significant new steelmaking capacity in India began to be commissioned since early-to-mid 2011, which was also when domestic steel demand had started to sag. Producers consequently turned to exports to reduce the pressure on the domestic market.

During 2011-12, overall Indian steel exports rose by more than 11% y-o-y to reach 4.3 million mt, with flat products representing about 80% of the total, and in the first half of FY 2012-13 exports topped 2.4 million mt. However, it should be remembered that export volumes account for only 5-6% of total Indian steel production.

The most significant jump in export volumes was seen in the case of hot rolled coil/strip, which more than doubled y-o-y in FY 2011-12. But while Europe had previously been the favored destination, it has now been replaced by the UAE, Saudi Arabia, Africa and even some Southeast Asian markets (see chart 3).

Chart 3 – Indian HRC Export Volumes by Destination



Source: Joint Plant Committee, Indian steel ministry

ANTI-DUMPING BENEFITS

Indian exporters have been snapping up export opportunities in regions from which Chinese steel is being discouraged on anti-dumping grounds. For instance, Russia's move to slap anti-dumping duties on imports of Chinese-origin organic-coated products made it a new export destination for India. During April-September 2012, Indian coated product exports to Russia more than tripled year-on-year to 53,680 mt, making it the third largest destination after the USA and UAE.

Ongoing inquiries in Thailand into the alleged dumping of Chinese-origin boron-added HRC saw some Indian producers moving in to make sales there. Thailand has previously been a virtually non-existent market for Indian HRC on which the country has levied anti-dumping duties of 27-32% since May 2003.

CHANGING TRENDS IN LONGS

Smaller steelmakers operating electric arc and induction furnaces have traditionally dominated more than 50% of India's long products market, but they have been beset with issues throughout the year owing to electricity supply cuts, shortages of raw materials and volatile input costs.

Consequently longs production has faltered since the beginning of 2012, sending prices surging and generating unusual import buying interest. Prices for 8-32mm diameter thermo-mechanically treated Fe500 rebar rose by at least Rs 3,000-4,000/mt ($59.6-79.5/mt) early this year to average Rs 40,000-42,000/mt ($795-835/t) ex-works in mid-March, while import offers for equivalent material from Russia and Turkey averaged $720-730/t cfr India at the time.

However import buying interest evaporated shortly afterwards as buyers reckoned that cargoes for any orders placed then would arrive at the end-May/early-June, just when the monsoon season was underway and construction activity would have slowed down. Delayed monsoons and a quiet construction market thereafter have dampened longs demand.

Electric steelmakers are also being compelled by a new steel quality control regulation to invest in upgrading and/or modernizing their facilities, and the general consensus is that these developments will force smaller inefficient players out of the market. Expansions by Sail and state-owned Rashtriya Ispat Nigam Ltd (RINL) in the longs sector will further shrink the market share of secondary producers in the long run.

DRI CONSTRAINED

Although India is the world's largest producer of direct reduced iron (DRI, or sponge iron), a large part of it coal based, production has suffered on coal, gas and iron ore supply constraints, dipping by more than 10% in FY 2011-12 to 20.5 million mt.

Larger mills are resorting to alternative fuel supplies for their upcoming DRI plants. JSW Steel is installing a new 1.2 million mt/year Midrex DRI plant at its Vijayanagar, Karnataka works, scheduled for a mid-2013 start-up, but the plant will be fuelled with gas from the steelworks' two Corex ironmaking units. Up until now this gas has been used for generating electricity.

LONG TERM OUTLOOK

Developments over the past two years have significantly altered the Indian market and industry scenario. What has remained unchanged however, are the usual predictions for ambitious growth in Indian steel demand and capacity.

The India Steel Vision 2020 report, unveiled during the World Steel Association's annual conference in New Delhi this October, forecasts domestic finished steel demand to more than double this decade to reach 155 million mt/year by FY 2020-21 from an estimated 71 million mt/year in FY 2011-12 (assuming the GDP growth rate averages 8% during this period). Demand from the construction and infrastructure sectors is expected to continue to account for more than 60% of domestic steel demand, as it does today.

SLOWER END-USER GROWTH

This demand forecast is despite the fact that the pace of growth in most end user sectors is expected to slow down this decade from previously seen levels, with the steepest drop forecast for the automotive sector. Although this is still projected to achieve an annual growth of 11.5-12.5% this decade, higher than any other sector, the most recent half year figures suggest this could be rather too high.

Some pundits continue to make predictions of India achieving more than 200 million mt/year of crude steelmaking capacity by the year 2020, a target that industry sources dismiss as "overtly optimistic". Issues pertaining to land acquisition, raw materials availability, and inadequate infrastructure continue to hinder the development of new steelmaking capacity.

Foreign investors such as ArcelorMittal and Posco have so far been unsuccessful in progressing their Indian steelmaking ambitions, plans for which they had first mooted nearly a decade ago. The steel ministry has also dropped plans to facilitate the development of ultra-mega steel plants. These were large projects of 10 million mt/year capacity each for which the central and state governments were to guarantee the availability of land, raw materials, infrastructure and other resources. The steel ministry cited lack of support from the various state governments and other ministries governing land, mines etc. as reasons for shelving the idea.

Authors of the India Steel Vision 2020 report, however, remain optimistic that the government will implement policies to eliminate these hindrances and accelerate growth in the steel industry.

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EXHIBIT 15

WORLD TRADE ORGANIZATION

G/ADP/N/252/MYS

23 January 2014

(14-0353)

Page: 1/6

Committee on Anti-Dumping Practices

Original: English

SEMI-ANNUAL REPORT UNDER ARTICLE 16.4 OF THE AGREEMENT

MALAYSIA

Reproduced herewith is the semi-annual report for the period 1 July-31 December 2013 from **Malaysia**.

Reporting Member: MALAYSIA[1]

SEMI-ANNUAL REPORT OF ANTI-DUMPING ACTIONS[2]

FOR THE PERIOD 1 JULY-31 DECEMBER 2013

Original Investigations

Country or customs territory	Product	Initiation	Provisional measures and preliminary determinations	Final measures: Definitive duty	Final measures: Price undertaking	No final measures / termination	Other	Trade data (from published report(s))	Trade data (from published report(s))	Basis for normal value determination
	Description; HS 6-digit category covering investigated product[3]; ID number; (*) if investigation of >1 country	Date; period of investigation (D-dumping; I-injury)	Date of duties; range of individual dumping margins; "other" rates; [range of applied rates if different, reason]	Date of duties; range of individual dumping margins; "other" rates; [range of applied rates if different, reason]	Date of application; range of individual dumping margins or minimum prices	Date, Reason	Date, explanation	Import volume or value (units / currency); product coverage, period, if different from cols. 2 / 3	Import volume as % of apparent domestic consumption or as % of total imports	Codes for all bases used in proceeding;
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
Belgium	Newsprint in rolls (4801.00.10) AD02/13/BEL	05.04.2013 D: 01/07/11-30/09/12 I: 01/07/09-30/09/12				02.08.2013 Terminated (Public Interest)				
China	Electrolytic tinplate (7210.12.200) AD01/13/CHN	20.02.2013 D: 01/10/11-30/09/12 I: 01/10/09-30/09/12	20.07.2013 Nil to 16.00%	16.11.2013 Nil – 9.78%						
	Stranded wire (7312.10.00) AD03/13/CHN	10.04.2013 D: 01/07/11-30/09/12 I: 01/01/09-30/09/12	06.09.2013 Nil to 12.39% Affirmative PD. No provisional measure been imposed							
Germany	Newsprint in rolls (4801.00.10) AD02/13/GER	05.04.2013 D: 01/07/11-30/09/12 I: 01/07/09-30/09/12				02.08.2013 Terminated (Public Interest)				
Korea, Rep. of	Electrolytic tinplate (7210.12.200) AD01/13/KOR	20.02.2013 D: 01/10/11-30/09/12 I: 01/10/09-30/09/12	20.07.2013 3.31% to 25.00%	16.11.2013 3.46% – 9.78%						

[1] Website address where published reports on investigations are available: www.miti.gov.my
[2] All terms and column headings used in this format have the meanings assigned to them in the instructions.
[3] For reference purposes only.

1	2	3	4	5	6	7	8	9	10	11
Sweden	Newsprint in rolls (4801.00.10) AD02/13/SWE	05.04.2013 D: 01/07/11-30/09/12 I: 01/07/09-30/09/12				02.08.2013 Terminated (Public Interest)				
Thailand	Fibre cement board (6811.82.100, 6811.82.900) AD04/13/THAI	02.07.2013 D: 01/01/12-31/12/12 I: 01/07/09-30/09/12	30.11.2013 13.96% to 63.10%							
United Kingdom	Newsprint in rolls (4801.00.10) AD02/13/GBR	05.04.2013 D: 01/07/11-30/09/12 I: 01/07/09-30/09/12				02.08.2013 Terminated (Public Interest)				

Reviews / Other subsequent proceedings

Country or customs territory	Product	Initiation	Preliminary results / determination	Final results		Revocation of Measures	Other (e.g., procedures not affecting the duty level)	Trade Data (if available from published report(s) on proceeding)		Basis for normal value determination
				Definitive duty	Price undertaking					
	Description; HS 6-digit category covering investigated product; ID number; (*) if investigation of >1 country	Date, Type of Review or Procedure (code), Period Covered	Effective date; range of individual dumping margins; "other" rates; [range of applied rates if different, reason]	Effective date, range of individual dumping margins; "other" rates; [range of applied rates if different, reason]	Effective date; range of individual dumping margins or minimum prices; or other outcome (code)	Date Reason	Date, explanation	Import volume or value (units /currency); product coverage, period, if different from cols. 2 / 3	Import volume as % of apparent domestic consumption or as % of total imports	Codes for all bases used in proceeding
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
NIL										

ANNEXES

DEFINITIVE ANTI-DUMPING MEASURES IN FORCE
AS OF 31 DECEMBER 2013

Country/ Customs Territory	Product, investigation ID number	Measure(s)	Date of original imposition; publication reference	Date(s) of extension; publication reference(s)
Canada	Newsprint AD 01/03/CAN	Duties	27.09.2003 Gazette, P.U. (A) 370	21.03.2009 Gazette, P.U. (A) 125
China	Steel Wire Rod AD01/12/CHN	Duties	20.02.2013 Gazette, P.U. (A) 53	
	Biaxially oriented polypropylene film AD03/12/PRC	Duties	23.04.2013 Gazette, P.U. (A) 146	
	Electrolytic Tinplate AD01/13/CHN	Duties	16.11.2013 Gazette, P.U. (A) 339	
Indonesia	Newsprint AD 01/03/IDN	Duties	27.09.2003 Gazette, P.U. (A) 370	21.03.2009 Gazette, P.U. (A) 125
	Steel Wire Rod AD01/12/IDN	Duties	20.02.2013 Gazette, P.U. (A) 53	
	Biaxially oriented polypropylene film AD03/12/IDN	Duties	23.04.2013 Gazette, P.U. (A) 146	
Korea, Rep. of	Newsprint AD 01/03/KOR	Duties	27.09.2003 Gazette, P.U. (A) 370	21.03.2009 Gazette, P.U. (A) 125
	Steel Wire Rod AD01/12/KOR	Duties	20.02.2013 Gazette, P.U. (A) 53	
	Electrolytic Tinplate AD01/13/KOR	Duties	16.11.2013 Gazette, P.U. (A) 339	
Philippines	Newsprint AD01/03/PHL	Duties	27.09.2003 Gazette, P.U. (A) 370	21.03.2009 Gazette, P.U. (A) 125
Chinese Taipei	Steel Wire Rod AD01/12/TPKM	Duties	20.02.2013 Gazette, P.U. (A) 53	
	Biaxially oriented polypropylene film AD03/12/TPKM	Duties	23.04.2013 Gazette, P.U. (A) 146	
Thailand	Polyethylene Terephthalate AD 01/05/THA	Duties	23.10.2005 Gazette, P.U. (A) 414	21.04.2011 Gazette, P.U. (A) 142
	Biaxially oriented polypropylene film AD03/12/THAI	Duties	23.04.2013 Gazette, P.U. (A) 146	
United States	Newsprint AD 01/03/USA	Duties	27.09.2003 Gazette, P.U. (A) 370	21.03.2009 Gazette, P.U. (A) 125
Viet Nam	Biaxially oriented polypropylene film AD03/12/Viet Nam	Duties	23.04.2013 Gazette, P.U. (A) 146	

REFUND REQUESTS UNDER ARTICLE 9.3 DURING THE PERIOD
1 JULY THROUGH 31 DECEMBER 2013

Country/Customs Territory	Product, Investigation ID number	Original effective date; date of most recent extension	Number of refund requests received	Number of refund reviews commenced, completed
NIL				

TERMINATION OF MEASURES DURING THE PERIOD
1 JULY THROUGH 31 DECEMBER 2013

Country/Customs Territory	Product, investigation ID number	Date of termination	Reason for termination
NIL			

EXHIBIT 16

WORLD TRADE ORGANIZATION

G/ADP/N/244/EU

20 September 2013

(13-5029)

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Committee on Anti-Dumping Practices

Original: English

SEMI-ANNUAL REPORT UNDER ARTICLE 16.4 OF THE AGREEMENT

EUROPEAN UNION

Reproduced herewith is the semi-annual report for the period 1 January-30 June 2013 from the **European Union**.

Reporting Member: EUROPEAN UNION[1]

SEMI-ANNUAL REPORT OF ANTI-DUMPING ACTIONS[2]

FOR THE PERIOD 1 JANUARY-30 JUNE 2013

Original Investigations

Country or customs territory	Product	Initiation	Provisional measures and preliminary determinations	Final measures		No final measures/ termination	Other	Trade data (from published report(s)		Basis for normal value determin-ation
				Definitive duty	Price undertaking					
	Description; HS 6-digit category covering investigated product[3]; ID number; (*) if investigation of >1 country	Date; period of investigation (D-dumping; I-injury)	Date of duties; range of individual dumping margins; "other" rates; [range of applied rates if different, reason]	Date of duties; range of individual dumping margins; "other" rates; [range of applied rates if different, reason]	Date of application; range of individual dumping margins or minimum prices	Date, Reason	Date, explanation	Import volume or value (units /currency); product coverage, period, if different from cols. 2/3	Import volume as % of apparent domestic consumption or as % of total imports	Codes for all bases used in proceeding
1	2	3	4	5	6	7	8	9	10	11
Argentina	Biodiesel(*) CN codes ex 1516 20 98, ex 1516 20 98, ex 1516 20 98, ex 1518 00 91, ex 1518 00 91, ex 1518 00 91, ex 1518 00 95, ex 1518 00 99, ex 1518 00 99, ex 1518 00 99, ex 2710 19 43, ex 2710 19 46, ex 2710 19 46, ex 2710 19 46, ex 2710 19 47, ex 2710 19 47, ex 2710 19 47, ex 2710 20 11, ex 2710 20 15, ex 2710 20 17, ex 3824 90 97, ex 3824 90 97, ex 3824 90 97, ex 3826 00 10, ex 3826 00 90, ex 3826 00 90, ex 3826 00 90 AD593 AR	29.08.2012 I.P.(D) 01.07.2011 - 30.06.2012 I.P.(I) 01.01.2009 - 30.06.2012	28.05.2013 65.24 E/unit - 104.92 E/unit All others 104.92 E/unit					1 263 230	10.8%	CV/HMP
China	Agglomerated stone CN codes ex 6810 11 90, ex 6810 19 00, ex 6810 91 00, ex 6810 99 00, ex 7016 10 00, ex 7016 90 40, ex 7016 90 70, ex 7020 00 80 AD600 CN	28.06.2013 I.P.(D) 01.04.2012 – 31.05.2012 I.P.(I) 01.01.2010 - 30.04.2013								

[1] Website address where published reports on investigations are available: http://eur-lex.europa.eu
[2] All terms and column headings used in this format have the meanings assigned to them in the instructions.
[3] For reference purposes only.

1	2	3	4	5	6	7	8	9	10	11
China (Cont'd)	Aluminium foil in rolls CN codes ex 7607 11 11, ex 7607 19 10 AD582 CN	20.12.2011 I.P.(D) 01.10.2010-30.09.2011 I.P.(I) 01.11.2008-30.09.2011-	18.09.2012 13%-16.3% All others 35.4%,	13.03.2013 13% - 16.3% All others 35.6%				12 994	13.4%	CV/TMP
	Ceramic tableware and kitchenware CN codes ex 6911 10 00, ex 6912 00 10, ex 6912 00 30, ex 6912 00 50 AD586 CN	16.02.2012 I.P.(D) 01.01.2011-31.12..2011 I.P.(I) 01.01.2009-31.12..2011	15.11.2012 23%-31.2% All others 58.8%	15.05.2013 13.1% - 23.4% All others 36.1%				486 170	66.8%	CV/TMP
	Large seamless pipes and tubes CN codes 7304 19 90, 7304 29 90, 7304 39 98 and 7304 59 99.AD597 CN	16.02.2013 I.P.(D) 01.01.2012 – 31.01.2013 I.P.(I) 01.01.2010 - 31.01.2013I								
	Organic coated steel CN codes ex 7210 70 80, ex 7212 40 80, ex 7225 99 00, ex 7226 99 70 AD584 CN	21.12.2011 I.P.(D) 01.10.2010-30.09.2011 I.P.(I) 01.01.2008-30.09.2011	19.09.2012 13.2%,-55.3% All others 57.8%,	15.03.2013 0% - 55.3% All others 13.6%				702 452	14.6 %	CV/TMP
	Solar glass AD598 CN	28.02.2013 I.P.(D) 01.01.2012 – 31.01.2013 I.P.(I) 01.01.2010 - 31.01.2013I -								
	Solar panels (crystalline silicon photovoltaic modules and key components) CN codes ex 3818 00 10, ex 8501 31 00, ex 8501 32 00, ex 8501 33 00, ex 8501 34 00, ex 8501 61 20, ex 8501 61 80, ex 8501 62 00, ex 8501 63 00, ex 8501 64 00, ex 8541 40 90 AD590 CN	06.09.2012 I.P.(D)01.10.2011 – 01.09.2012 I.P.(I) 01.10.2009 – 01.09.2012	05.06.2013 37.3% - 67.9% All 11.8% until 05 August 2013 05.06.2013 37.3% - 67.9% All others 67.9% from 6 August 2013					13 986 modules 1 019 cells 711wafers	80% modules 25% cells 33% wafers	CV/TMP
	Stainless steel tube and pipe butt-welding fittings, whether or not finished(*) CN codes ex 7307 23 10, ex 7307 23 90 AD596 CN	10.11.2012 I.P.(D) 01.11.2011 – 01.10.2012 I.P.(I) 01.11.2009 – 01.10.2012-								

1	2	3	4	5	6	7	8	9	10	11
China (Cont'd)	Threaded tube or pipe cast fittings, of malleable cast iron (MTF)(*) CN code ex 7307 19 10 AD585 CN	16.02.2012 I.P.(D) 01.01.2011-31.12..2011 I.P.(I) 01.01.2009-31.12..2011	15.11.2012 32.1% -67.8%, All others 67.8%	14.05.2013 24.6 % - 67.8% All others 57.8%				28 894	43.5%	CV/TMP
India	Stainless steel wires (SSW) AD591 IN	10.08.2012 I.P.(D) 01.07.2011 – 01.08.2012 I.P.(I) 01.07.2009 – 01.08.2012-	08.05.2013 12.9% - 24.4% All others 27.8%					35 398	17.9%	CV/HMP
Indonesia	Biodiesel(*) CN codes ex 1516 20 98, ex 1516 20 98, ex 1516 20 98, ex 1518 00 91, ex 1518 00 91, ex 1518 00 91, ex 1518 00 95, ex 1518 00 99, ex 1518 00 99, ex 1518 00 99, ex 2710 19 43, ex 2710 19 46, ex 2710 19 46, ex 2710 19 46, ex 2710 19 47, ex 2710 19 47, ex 2710 19 47, ex 2710 20 11, ex 2710 20 15, ex 2710 20 17, ex 3824 90 97, ex 3824 90 97, ex 3824 90 97, ex 3826 00 10, ex 3826 00 90, ex 3826 00 90, ex 3826 00 90 AD593 ID	29.08.2012 I.P.(D) 01.07.2011 - 30.06.2012 I.P.(I) 01.01.2009 - 30.06.2012	28.05.2013 0 E/unit - 83.84 E/unit All others 83.84 E/unit					995 663	8.5%	CV/HMP
	Threaded tube or pipe cast fittings, of malleable cast iron (MTF)(*) CN code ex 7307 19 10 AD585 ID	16.02.2012 I.P.(D) 01.01.2011-31.12..2011 I.P.(I) 01.01.2009-31.12..2011				14.05.2013 termination of the proceeding				
Kazakhstan	White phosphorus (elemental or yellow phosphorus) CN code ex 2804 70 00 AD583 KZ	17.12.2011 I.P.(D): 01.01.2011-31.12.2011 I.P.(I): 01.01.2008-31.12.2011				14.02.2013 termination of the proceeding				
Russian Federation	Certain tube and pipe fittings of iron or steel(*) CN codes ex 7307 93 11, ex 7307 93 19, ex 7307 99 30, ex 7307 99 90 AD579 RU	01.11.2011 I.P.(D) 01.10.2010-30.09.2011 I.P.(I) 01.01.2008-30.09.2011	31.07.2012 All 23.8 %	29.01.2013 All 23.8 %				n/a	n/a	HMP

1	2	3	4	5	6	7	8	9	10	11
Chinese Taipei	Stainless steel tube and pipe butt-welding fittings, whether or not finished(*) CN codes ex 7307 23 10, ex 7307 23 90 AD596 TW	10.11.2012 I.P.(D)01.11.2 011 – 01.10.2012 I.P.(I) 01.11.2009 – 01.10.2012-								
Thailand	Threaded tube or pipe cast fittings, of malleable cast iron (MTF)(*) CN code ex 7307 19 10 AD585 TH	16.02.2012 I.P.(D) 01.01.2011- 31.12..2011 I.P.(I) 01.01.2009- 31.12..2011	15.11.2012 15.9% - 39.7% All others 39.7%,	14.05.2013 14.9% - 39.7% All others 15.5%				3 485	5.2 %	HMP
The former Yugoslav Republic of Macedonia	Welded tubes, pipes and hollow profile of square or rectangular cross-section, of iron other than cast iron or steel other than stainless(*) CN code ex 7306 61 92, 7306 61 99 AD588 MK	31.03.2012 I.P.(D) 01.01.2011 - 31.12.2011 I.P.(I) -				14.02.2013 termination of the proceeding				
Turkey	Certain tube and pipe fittings of iron or steel(*) CN codes ex 7307 93 11, ex 7307 93 19, ex 7307 99 30, ex 7307 99 90 AD579 TR	01.11.2011 I.P.(D) 01.10.2010- 30.09.2011 I.P.(I) 01.01.2008- 30.09.2011	31.07.2012 2.9%-12.1% All others 16.7%,	29.01.2013 2.9% - 12.1% All others 16.7%				n/a	n/a	HMP
	Welded tubes, pipes and hollow profile of square or rectangular cross-section, of iron other than cast iron or steel other than stainless(*) CN code ex 7306 61 92, 7306 61 99 AD588 TR	31.03.2012 I.P.(D) 01.01.2011 - 31.12.2011 I.P.(I) -				14.02.2013 termination of the proceeding				
Ukraine	Welded tubes, pipes and hollow profile of square or rectangular cross-section, of iron other than cast iron or steel other than stainless(*) CN code ex 7306 61 92, 7306 61 99 AD588 UA	31.03.2012 I.P.(D) 01.01.2011 - 31.12.2011 I.P.(I) -				14.02.2013 termination of the proceeding				
United States	Bioethanol CN codes ex 2207 10 00, ex 2207 20 00, ex 2208 90 99, ex 2710 11 11, ex 2710 11 15, ex 2710 11 21, ex 2710 11 25, ex 2710 11 31, ex 2710 11 41, ex 2710 11 45, ex 2710 11 49, ex 2710 11 51, ex 2710 11 59, ex 2710 11 70, ex 2710 11 90, ex 3814 00 10, ex 3814 00 90, ex 3820 00 00, ex 3824 90 97 AD580 US	25.11.2011 I.P.(D) 01.10.2010- 30.09.2011 I.P.(I) 01.01.2008- 30.09.2011		22.02.2013 All 62.3 E/unit				686 185	15.7	HMP

Reviews / Other subsequent proceedings

Country or customs territory	Product	Initiation	Preliminary results / determination	Final results: Definitive duty	Final results: Price undertaking	Revocation of Measures	Other (e.g., procedures not affecting the duty level)	Trade Data (if available from published report(s) on proceeding)		Basis for normal value determination
	Description; HS 6-digit category covering investigated product; ID number; (*) if investigation of >1 country	Date, Type of Review or Procedure (code), Period Covered	Effective date; range of individual dumping margins; "other" rates; [range of applied rates if different, reason]	Effective date, range of individual dumping margins; "other" rates; [range of applied rates if different, reason]	Effective date; range of individual dumping margins or minimum prices; or other outcome (code)	Date Reason	Date, explanation	Import volume or value (units /currency); product coverage, period, if different from cols. 2 / 3	Import volume as % of apparent domestic consumption or as % of total imports	Codes for all bases used in proceeding
1	2	3	4	5	6	7	8	9	10	11
Canada	Biodiesel AD531 CA [R573]	30.04.2013 I.P. 01.03.2012 – 31.03.2013 IR (partial)								
China	Aluminium foil CN code ex 7607 11 19 AD534 CN	23.10.2012 I.P. 01.10.2011 - 30.09.2012 AC								
	Bicycles and other cycles (including delivery tricycles, but excluding unicycles), not motorised CN codes ex 8712 00 30, ex 8712 00 70 AD287 CN	09.03.2012 I.P.: 09.01.2011 - 09.01.2012 IR					05.06.2013 amending Regulation (EC) No 88/97 on the authoriza-tion of the exemption of imports of certain bicycle parts originating in the People's Republic of China			
	Bicycles(*) AD287 CN	26.09.2012 I.P. 01.09.2011 - 31.08.2012 AC		05.06.2013 0 % - 19.2% All others 48.5%				411 642		TMP

1	2	3	4	5	6	7	8	9	10	11
China (Cont'd)	Certain iron or steel fasteners(*) CN codes ex 7318 12 90, ex 7318 14 91, ex 7318 14 99, ex 7318 15 59, ex 7318 15 69, ex 7318 15 81, ex 7318 15 89, ex 7318 15 90, ex 7318 21 00, ex 7318 22 00 AD525 CN [R575]	14.05.2013 I.P.01.04.2013 – 30.04.2013 IR (partial)								
	Certain iron or steel fasteners (DBS Fasteners) AD525 CN	06.03.2012 I.P 05.01.2011-05.01.2012 IR (partial)								
	Certain molybdenum wires CN codes ex 8102 96 00, ex 8102 96 00 AD540 CN	20.12.2012 I.P. 01.12.2011 - 30.11.2012 AC								
	Certain open mesh fabrics of glass fibres(*) CN codes ex 7019 51 00, ex 7019 59 00 AD558 CN	24.05.2012 I.P.01.05.2011 - 30.04.2012 AC (Chinese Taipei – Thailand)								
	Certain stainless steel fasteners and parts thereof (*) CN codes 7318 12 10, 7318 14 10, 7318 15 30, 7318 15 51, 7318 15 61 and 7318 15 70 AD482CN	14.6.2012 IP: 01.05.2011-31.05.2011 AC								
	Certain tungsten electrodes CN codes ex 8101 99 10, ex 8515 90 00 AD502 CN	09.03.2012 I.P. 01.01.2011 - 31.12.2011 SNR		04.06.2013 17% - 41% All 63.5%				56 289	45-50%	TMP
	Citrus fruits (namely mandarins etc.) AD524 CN	03.12.2011 I.P. 02.12.2010-02.12.2011 IR (partial)								
	Dicyandiamide (DCD) CN code ex 2926 20 00 AD512 CN	15.11.2012 I.P. 01.09.2011 - 31.10.2012 SNR								
	Ferro-silicon(*) AD516 CN [R572]	28.02.2013 I.P. 01.01.2012 – 31.01.2013 SNR								
	Gas-fuelled, non-refillable pocket flint lighters(*)CN code ex 9613 10 00 AD264CN	26.6.2012 IP: 01.05.2011-31.05.2011 AC								

1	2	3	4	5	6	7	8	9	10	11
China (Cont'd)	Hand pallet trucks and their essential parts CN codes ex 8427 90 00, ex 8431 20 00 AD474 CN	14.02.2012 I.P. 01.01.2011 – 31.12.2011 IR (partial)		24.04.2013 70.8% All others 70.8%						CV/TMP
	Ironing boards(*) CN codes ex 3924 90 00, ex 4421 90 98, ex 7323 93 00, ex 7323 99 00, ex 8516 79 70, ex 8516 90 00 AD506 CN	25.04.2012 I.P. 01.01.2011 – 31.12.2011 SNR								
	Peroxosulphates, including potassium peroxymonosulphate (persulphates) CN codes ex 2833 40 00, ex 2842 90 80 AD511 CN	10.10.2012 I.P. 01.10.2011 - 30.09.2012 SNR								
	Silicon metal(*) AD245 CN	30.04.2012 I.P. 29.04.2011-29.04.2012 AC								
	Stainless steel fasteners(*) CN codes ex 7318 12 10, ex 7318 14 10, ex 7318 15 30, ex 7318 15 51, ex 7318 15 61, ex 7318 15 70 AD482 CN [R576]	06.06.2013 I.P. 01.04.2012 - 31.03.2013 IR (partial)								
India	Certain open mesh fabrics of glass fibres(*) CN codes ex 7019 51 00, ex 7019 59 00 AD558 IN [R571]	10.04.2013 I.P.01.04.2012 – 01.04.2013 AC								
	Polyethylene terephthalate (PET)(*) CN code ex 3907 60 20 AD425 IN	24.02.2012 I.P. 20.01.2011 – 20.01.2012 SNR				23.05.2013 Termination and repeal of the measures				
	certain fatty alcohols and their blends(*) AD563 IN [AD563b]	28.02.2013 I.P.01.01.2012 – 31.01.2013								
Indonesia	Bicycles(*) AD287 ID [R563]	26.09.2012 I.P. 01.09.2011 - 31.08.2012 AC		5.06.2013 All others 48.5%				612 448		
	Certain open mesh fabrics of glass fibres(*) CN codes ex 7019 51 00, ex 7019 59 00 AD558 ID [R571]	10.04.2013 I.P.01.04.2012 – 01.04.2013 AC								

1	2	3	4	5	6	7	8	9	10	11
Indonesia (Cont'd)	Polyethylene terephthalate (PET)(*) CN code ex 3907 60 20 AD425 ID	24.02.2012 I.P.20.01.2011-20-01-2012 SNR				23.05.2013 Termination and repeal of the measures				
	Certain fatty alcohols and their blends(*) AD563 ID [AD563b]	28.02.2013 I.P. 01.01.2012-31.01.2013								
Malaysia	Bicycles(*) AD287 MY [R563]	26.09.2012 I.P. 01.09.2011 - 31.08.2012 AC		5.06.2013 All others 48.5%				185 158		
	Certain iron or steel fasteners(*) CN codes ex 7318 12 90, ex 7318 14 91, ex 7318 14 99, ex 7318 15 59, ex 7318 15 69, ex 7318 15 81, ex 7318 15 89, ex 7318 15 90, ex 7318 21 00, ex 7318 22 00 AD525 MY [R575]	14.05.2013 I.P 01.04.2012-30.04.2013 IR (partial)								
	Certain stainless steel fasteners and parts thereof(*)CN codes 7318 12 10, 7318 14 10, 7318 15 30, 7318 15 51, 7318 15 61 and 7318 15 70 AD482MY	14.6.2012 IP: 01.05.2011-31.05.2011 AC				12.03.2013 termination of the proceeding				
	Polyethylene terephthalate (PET)(*) CN code ex 3907 60 20 AD425 MY	24.02.2012 I.P. - 20.01.2011 – 20-01-2012 SNR				23.05.2013 Termination and repeal of the measures				
	Certain fatty alcohols and their blends(*) AD563 MY [AD563b]	28.02.2013 I.P. 01.01.2012-31.01.2013								
Philippines	Certain stainless steel fasteners and parts thereof(*)CN codes 7318 12 10, 7318 14 10, 7318 15 30, 7318 15 51, 7318 15 61 and 7318 15 70 AD482PH	14.6.2012 IP: 01.05.2011-31.05.2011 AC		12.03.2013 24.7% all others						
Russian Federation	Ferro-silicon(*) AD516 RU [R572]	28.02.2013 I.P. 01.01.2012 - 31.01.2013 SNR								
	Steel ropes and cables CN codes ex 7312 10 81, ex 7312 10 83, ex 7312 10 85, ex 7312 10 89, ex 7312 10 98 AD429 RU [R559]	27.10.2012 I.P. 01.10.2011 - 30.09.2012 SNR								
South Africa	Certain Manganese dioxides CN code ex 2820 10 00 AD520 ZA [R561]	12.03.2013 I.P. 01.01.2012-31.01.2013 SNR								

1	2	3	4	5	6	7	8	9	10	11
Sri Lanka	Bicycles(*) AD287 LK [R563]	26.09.2012 I.P. 01.09.2011 - 31.08.2012 AC		5.06.2013 All others 48.5%				953 169		
Chinese Taipei	Certain open mesh fabrics of glass fibres(*) CN codes ex 7019 51 00, ex 7019 59 00 AD558 TW	24.05.2012 I.P. 23.05.2011 - 23.05.2012 AC		16.01.2013 All others 62.9 %				17,07 (millions of m 2)		
	Polyethylene terephtalate (PET) CN code ex 3907 60 20 AD425 TW [R557]	18.07.2012 I.P. - NER				23.05.2013 Termination and repeal of the measures				
	Polyethylene terephthalate (PET)(*) CN code ex 3907 60 20 AD425 TW	24.02.2012 I.P 20.02.2011 – 20-02-2012 SNR								
	Silicon metal(*) AD245 TW	30.04.2012 I.P. 29.04.2011- 29.04.2012 AC		05.04.2013 19% Al others				2 707		
	Stainless steel fasteners(*) CN codes ex 7318 12 10, ex 7318 14 10, ex 7318 15 30, ex 7318 15 51, ex 7318 15 61, ex 7318 15 70 AD482 TW [R576]	06.06.2013 I.P. 01.04.2012 - 31.03.2013 IR (partial)								
Thailand	Certain open mesh fabrics of glass fibres(*) CN codes ex 7019 51 00, ex 7019 59 00 AD558 TH	24.05.2012 I.P 23.05.2011 – 23.05.2012 AC		16.01.2013 All others 62,9 %				24,11 (millions of m 2)		
	Certain prepared or preserved sweetcorn in kernels CN codes ex 2001 90 30, ex 2005 80 00 AD507 TH [R567]	14.02.2013 I.P. 01.01.2012 – 31.01.2013 IR (partial)								
	Certain prepared or preserved sweet corn in kernels CN code ex 2001 90 30, ex 2005 80 00 AD507TH	19.6.2012 IP: 01.05.2011- 01.05.2012 SNR								
	Certain stainless steel fasteners and parts thereof(*)CN codes 7318 12 10, 7318 14 10, 7318 15 30, 7318 15 51, 7318 15 61 and 7318 15 70 AD482TH	14.6.2012 IP: 01.05.2011- 31.05.2011 AC				12.03.2013 termination of the proceeding				
	Polyethylene terephthalate (PET)(*) CN code ex 3907 60 20 AD425 TH	24.02.2012 I.P. 23.05.2011 – 23.05.2012 SNR				23.05.2013 Termination and repeal of the measures				

1	2	3	4	5	6	7	8	9	10	11
Tunisia	Bicycles(*) AD287 TN [R563]	26.09.2012 I.P. 01.09.2011 - 31.08.2012 AC		5.06.2013 All others 48.5 %				501 853		
Ukraine	Ironing boards(*) CN codes ex 3924 90 00, ex 4421 90 98, ex 7323 93 00, ex 7323 99 00, ex 8516 79 70, ex 8516 90 00 AD506 UA	25.04.2012 I.P. 01.01.2011 - 31.12.2011 SNR								
	Ironing boards CN codes ex 3924 90 00, ex 4421 90 98, ex 7323 93 00, ex 7323 99 00, ex 8516 79 70, ex 8516 90 00 AD506 UA	12.06.2012 IP:01.04.2011-31.05.2011 IR								
United States	Ethanolamines CN codes ex 2922 11 00, ex 2922 12 00, ex 2922 13 10 AD302 US	11.04.2012 I.P. 10.03.2011 - 10.03.2012 IR (partial)								
	Ethanolamines CN codes ex 2922 11 00, ex 2922 12 00, ex 2922 13 10 AD302 US	21.01.2012 I.P. 01.01.2011 - 31.12.2011 SNR				26.03.2013 Termination and repeal of the measures				
	Ethanolamines CN codes ex 2922 11 00, ex 2922 12 00, ex 2922 13 10 AD302 US [R460a]	18.10.2012 I.P. - OTH								
Viet Nam	Gas-fuelled, non-refillable pocket flint lighters(*)CN code ex 9613 10 00 AD264VN	26.6.2012 IP: 01.05.2011-31.05.2011 AC		22.03.2013 EUR 0,065 per lighter					84 %	

CF – Information not provided for reasons of confidentiality
n/a – not available
LDR – Lesser duty
SNR – Sunset review
IR – Interim Review
NER – New exporter review
AC – Anti-circumvention
EXP – Measure expired without review
HMP – Home market price
TMP – Third country price
CV – Constructed value
P – Publication date
C – Date of commencement of duty collection

ANNEXES

DEFINITIVE ANTI-DUMPING MEASURES IN FORCE
AS OF 30 JUNE 2013

Country/ Customs Territory	Product, investigation ID number	Measure(s)	Date of original imposition; publication reference	Date(s) of extension; publication reference(s)
Armenia	Aluminium Foil AD 534 - AR	Duties	06.10.2009 L 262, p.1	
Belarus	Welded tubes and pipes, of iron or non-alloy steel AD523BY	Duties	19.12.2008, L 343, p.1	
Bosnia and Herzegovina	Zeolite A powder AD553 BA	Duties Undertakings	14.05.2011 L 125, p. 1 14.05.2011 L 125, p. 26	
Brazil	Aluminium Foil AD 534 - BR	Duties Undertakings	06.10.2009 L 262, p.1 06.10.2009 L 262, p.50	
Canada	Biodiesel (ext.) R506 CA	Duties (ext.)	11.05.2011 L 122, p. 12	
China	Aluminium Foil AD 534 CN	Duties Undertakings	06.10.2009 L 262, p.1 06.10.2009 L 262, p. 50	
	Aluminium foil in small rolls AD582 CN	Duties	13.03.2013 OJ L 69, p. 11 [AD582]	
	Aluminium radiators AD578 CN	Duties	09.11.2012 L 310,p. 1	
	Aluminium road wheels AD541CN	Duties	28.10.2010 L 282 p. 1	
	Barium carbonate AD475CN	Duties	21.07.2005 L 189, p.15 corrected by L 181, 04.07.2006, p. 111	19.08.2011 L 214, p. 1
	Bicycles AD287CN	Duties	09.09.1993 L 228, p.1	14.07.2000 L 175, p.39 14.07.2005 L 183, p.1 06.10.2011 L 261,p.2 05.06.2013 L 153 p. 17
	Bicycle parts AD287CN AC	Duties	18.01.97 L 16, p.1	14.07.2000 L 175, p.39 28.02.2008 L 55, p.1
	Candles, tapers and the like AD528CN (AD528 CH)	Duties	14.05.2009 L 119, p. 1	
	Cargo Scanning Systems AD522 CN	Duties	16.06.2010 L 150 p.1	
	Ceramic tableware and kitchenware AD586 CN	Duties	15.05.2013, L 131 p. 1	

Country/ Customs Territory	Product, investigation ID number	Measure(s)	Date of original imposition; publication reference	Date(s) of extension; publication reference(s)
China (Cont'd)	Ceramic tiles AD560 CN	Duties	L 238 15.09.2011 p. 1	
	Chamois leather AD496 CN	Duties	L 251 14.09.2006, p. 1	06.12.2012 L 334, p. 31
	Citric acid AD522CN	Duties Undertakings	03.12.2008 L 323, p.1	
	Citrus fruits (namely mandarins) AD524 CN	Duties	22.02.2013 L 49, p. 29	
	Coated fine paper AD552CN	Duties	14.05.2011 L 128, p. 1	
	Continuous filament glass fibre products AD549CN	Duties	15.03.2011 L 67, p. 1	
	Dicyandiamide AD512CN	Duties	15.11.2007 L 296, p.1	
	Fasteners, iron or steel AD525CN	Duties	31.01.2009 L 29, p.1	26.07.2011 L 194 p. 6
	Glass fibres (certain open mesh fabrics) AD558CN	Duties	09.08.2011 L 204, p.1	
	Hand pallet trucks and their essential parts AD474CN	Duties	21.07.2005 L 189, p.1	13.10.2011 L 268 p.1
	Ironing boards AD506CN	Duties	26.04.2007 L 109, p.12	
	Ironing boards (Since Hardware) AD548CN	Duties	22.12.2010 L 338 p. 22	
	Lever arch mechanisms AD491CN	Duties	27.07.2006 L 205, p.1	04.09.2012 L 238, p. 5
	Melamine AD554CN	Duties	13.05.2011 L 124, p. 2	
	Molybdenum Wires AD540CN	Duties	16.06.2010 L 150, p.17	12.01.2012 L 8, p. 22
	Monosodium glutamate AD521CN	Duties	02.12.2008 L 322, p.1	
	Okoumé plywood AD471CN	Duties	12.11.2004 L 336, p.4	02.02.2011 L 28, p. 1
	Organic coated steel products AD584 CN	Duties	15.03.2013 L 73, p. 1	
	Oxalic acid AD568 CN	Duties	18.04.2012 L 106, p. 1	
	Peroxosulphates AD511CN	Duties	11.10.2007 L 265, p.1	
	Polyester high tenacity filament yarn AD547CN	Duties	01.12.2010 L 315, p. 1	
	PET (polyethylene terephthalate) AD468CN	Duties	19.08.2004 L 271, p.1	L 300 17.11.2010 p. 1
	Powdered activated carbon (PAC) AD325CN	Duties	05.06.1996 L 134, p.20	14.06.2002 L 155, p.1 10.07.2008 L 181, p.1
	Ring binder mechanisms AD350CN	Duties (4 years)	24.01.1997 L 22, p.1	04.12.2004 L 359, p.11 26.02.2010 L 45, p.1
	PSC wires and strands AD529CN	Duties	13.05.2009 L 118, p.1	

Country/ Customs Territory	Product, investigation ID number	Measure(s)	Date of original imposition; publication reference	Date(s) of extension; publication reference(s)
China (Cont'd)	Seamless pipes and tubes of iron and steel AD533CN	Duties	06.10.2009 L 262, p.19	
	Seamless pipes and tubes of stainless steel AD565CN	Duties	20.12.2011 L 336, p. 6	
	Silicon metal AD245CN	Duties	28.07.1990 L 198, p.57	16.12.1997 L 345, p.1 04.03.2004 L 66, p.15 29.05.2010 L 131, p.1
	Sodium cyclamate AD467CN	Duties	11.03.2004 L 72, p.1	08.06.2010 L 140, p.2
	Sodium gluconate AD544CN	Duties	28.10.2010 L 282, p. 24	
	Stainless steel fasteners and parts thereof AD482CN	Duties	19.11.2005 L 302, p. 1	07.01.2012 L 5, p. 1
	Steel ropes and cables AD384CN	Duties	17.08.1999 L 217, p.1	16.11.2005 L 299, p.1 11.05.2010 L117, p. 1 09.02.2012 L 36 ,p. 1
	Sulphanilic acid AD444CN	Duties	25.07.2002 L 196, p.11	16.10.2008 L 275, p.1
	Tartaric acid AD488CN	Duties	27.01.2006 L 23, p.1	24.04.2012 L 110, p. 3
	Threaded tube or pipe cast fittings, of malleable cast iron AD585 CN	Duties	14.05.2013 L 129, p. 1	
	Trichloroisocyanuric acid AD480CN	Duties	07.10.2005 L 261, p.1	30.12.2011 L 346, p. 6
	Tube and pipe fitting, of iron or steel AD323CN	Duties	03.04.1996 L 84, p.1	06.06.2003 L 139, p.1 04.09.2009 L 233, p.1
	Tungsten carbide and fused tungsten carbide AD238CN	Duties	27.09.1990 L 264, p.7	09.04.1998 L 111, p.1 31.12.2004 L 395, p.56 24.03.2011 L 78, p. 1
	Tungsten electrodes AD502CN	Duties	13.03.2007 L 72, p.1.	
	Welded tubes and pipes, of iron or non-alloy steel AD523CN	Duties	19.12.2008 L 343, p.1	
	Wire Rod AD530CN	Duties	05.08.2009 L 203, p.1	
India	Fatty alcohols and their blends AD563IN	Duties	L 293 11.11.2011 p. 1	
	Graphite electrode systems AD469IN	Duties	18.09.2004 L 295, p.10	16.12.2010 L 332, p. 17
	Oxalic acid AD568 IN	Duties	18.04.2012 L 106, p. 1	
	Sulphanilic acid AD444IN	Duties Undertakings	25.07.2002 L 196, p.11 26.01.2006 L 22, p.52	16.10.2008 L 275, p.1

Country/ Customs Territory	Product, investigation ID number	Measure(s)	Date of original imposition; publication reference	Date(s) of extension; publication reference(s)
India (Cont'd)	Synthetic fibre ropes AD365IN	Duties	26.06.1998 L 183, p.1	08.10.2004 L 311, p.1 22.12.2010 L 338, p. 10
Indonesia	Bicycles (ext) AD287 ID AC	Duties	05.06.2013 L 153, p. 17	
	Fatty alcohols and their blends AD563ID	Duties	L 293 11.11.2011 p. 1	
	Sodium cyclamate AD467ID	Duties	11.03.2004 L 72, p.1	08.06.2010 L 140, p.2
	Tube and pipe fitting, of iron or steel (original measures on China extended to Indonesia) AD323 ID	Duties	06.06.2003 L 139, p.1	04.09.2009 L 233, p.1
Korea, Rep. of	Silicon metal AD245KR	Duties (ext.)	19.01.2007 L 13, p.1	
	Steel Ropes and cables AD384KR	Duties	11.05.2010 L 117, p.1	09.02.2012 L 36 ,p. 1
	Tube and pipe fittings, of iron or steel AD442KR	Duties	24.08.2002 L 228, p.1	16.10.2008 L 275, p.18
Lao, PDR	Ring binder mechanisms (extension from same imports from China) AD350LAO	Duties (4 years)	12.01.2006 L 7, p.1	26.02.2010 L 49, p.1
Malaysia	Bicycles (ext) AD287 MY AC	Duties	05.06.2013 L 153, p. 17	
	Fatty alcohols and their blends AD563MY	Duties	L 293 11.11.2011, p. 1	
	Fasteners, iron or steel AD525 MY AC	Duties	L194 26.07.2011, p. 6	
	Glass fibres (certain open mesh fabrics) AD558 MY AC	Duties (ext.)	24.07.2012 L 196p. 1	
	Molybdenum wires AD540MY	Duties	L 8 12.01.2012, p. 22	
	Tube and pipe fittings, of iron or steelAD442MY	Duties	24.08.2002 L 228, p.1	16.10.2008 L 275, p.18
Moldova, Republic of	Steel ropes and cables (ext. of measures originally applied to Ukraine) AD384MD	Duties (ext.)	24.04.2004 L 120, p.1	16.11.2005 L 299, p.1 9.2.2012 L 36, p.1
Morocco	Steel ropes and cables (ext. of measures originally applied to China) AD384MOR	Duties (ext.)	30.10.2004 L 328, p.1	16.11.2005 L 299, p.1 9.2.2012 L 36, p.1
Philippines	Stainless steel fasteners and parts thereof AD482 PH	Duties (ext.)	12.03.2013 L 68, p. 1	
	Tube or pipe fittings, of iron or steel AD323PH (AD323PH)	Duties (ext.)	29.04.2006 L 116, p.1	04.09.2009 L 233, p.1
Russian Federation	Ammonium nitrate AD330RU	Duties Undertakings	23.08.1995 L 198, p.1 12.07.2007 L 185, p.43	18.04.2002 L 102, p.1 12.07.2008 L 185, p.1

Country/ Customs Territory	Product, investigation ID number	Measure(s)	Date of original imposition; publication reference	Date(s) of extension; publication reference(s)
Russian Federation (Cont'd)	Seamless pipes and tubes of iron or steel AD490RU	Duties	29.06.2006, L 175, p.4	04.07.2012 L 174, p. 5
	Steel ropes and cables AD384RU	Duties	04.08.2001 L 211, p.1	31.10.2007 L 285, p.1
	Welded tubes and pipes, of iron or non-alloy steel AD523RU	Duties	19.12.2008 L 343, p. 1	
South Africa	Manganese dioxides AD520ZA	Duties	13.03.2008 L 69, p.1	
Sri Lanka	Bicycles (ext) AD287SL AC	Duties	05.06.2013 L 153, p. 1	
	Tube and pipe fitting, of iron or steel (ext. of measures originally applied to China) AD323SL	Duties (ext.)	01.12.2004 L 355, p.4	04.09.2009 L 233, p.1
Chinese Taipei	Glass fibres (certain open mesh fabrics) AD558 TW AC	Duties	16.01.2013 L 11, p. 1	
	Silicon metal AD245 TW AC	Duties (ext.)	05.04.2013 L 95, p. 1	
	Stainless steel fasteners and parts thereof AD482TW	Duties	19.11.2005 L 302, p.1	07.01.2012 L5, p.1
	Tube and pipe fitting, of iron or steel AD323TW	Duties	14.04.2000 L 94, p.1	06.06.2003 L 139, p.1 04.09.2009 L 233, p.1
Thailand	Hand pallet trucks and their essential parts (ext. of measures originally applied to China) AD474TH	Duties	16.06.2009 L 151, p.1	13.10.2011 L268, p.1
	Glass fibres (certain open mesh fabrics) AD558 TH AC	Duties	16.01.2013 L 11, p. 1	
	Ring binder mechanisms AD559THA	Duties	09.08.2011 L 204, p. 1	
	Sweet corn (prepared or preserved, in kernels) AD507TH	Duties	20.06.2007 L 159, p.14	
	Tube and pipe fitting, of iron or steel AD323TH	Duties	03.04.1996 L 84, p.1	06.06.2003 L 139, p.1 04.09.2009 L 233 p.1
	Welded tubes and pipes, of iron or non-alloy steel AD443TH	Duties	27.09.2002 L 259, p.8	19.12.2008 L 343, p.1
Tunesia	Bicycles (ext) AD287TU AC	Duties	05.06.2013 L 153, p. 1	
Turkey	Tube and pipe fittings, of iron or steel AD579 TR	Duties	29.01.2013 L 27,p. 1	
Ukraine	Ironing boards AD506UA	Duties	26.04.2007 L 109, p.12	
	Seamless pipes and tubes of iron or steel AD490UA	Duties	29.06.2006 L 175, p.4	04.07.2012 L 174, p. 5
	Steel ropes and cables AD384UA	Duties	17.08.1999 L 217, p.1	16.11.2005 L 299, p.1 09.02.2012 L 36, p. 1

Country/ Customs Territory	Product, investigation ID number	Measure(s)	Date of original imposition; publication reference	Date(s) of extension; publication reference(s)
Ukraine (Cont'd)	Welded tubes and pipes, of iron or non-alloy steel AD443UA	Duties	27.09.2002 L 259, p.8	19.12.2008 L 343, p.1
United States	Biodiesel AD531US	Duties	10.07.2009 L 179, p.26	
	Ethanolamines AD302US	Duties (2 years)	01.02.1994 L 28, p.40	25.07.2000 L 185, p.1 25.10.2006 L 294, p.2 22.01.2010 L 17, p.1
Viet Nam	Ring binder mechanisms (extension of measures originally applicable to China) AD350VN	Duties (4 years)	04.12.2004 L 359, p.11	26.02.2010 L 48, p.1

REFUND REQUESTS UNDER ARTICLE 9.3 DURING THE PERIOD
1 JANUARY THROUGH 30 JUNE 2013

Country/Customs Territory	Product, Investigation ID number	Original effective date; date of most recent extension	Number of refund requests received	Number of refund reviews commenced, completed
China	Castings	29.07.2005 02.09.2011	0	0,1
	Footwear with uppers of leather	06.10.2006 30.12.2009	1	1,1
	Compressors	20.03.2008 23.03.2010	0	0,1
India	Stainless Steel Bars	28.04.2011	1	1,0
Russian Federation	Ferro-silicon	28.02.2008 25.01.2012	1	1,0

*The number of refund requests corresponds to the number of applicants, for which investigation commenced, per reporting period.
** Where several requests correspond to the same exporter, only one investigation is commenced and completed

TERMINATION OF MEASURES DURING THE PERIOD
1 JANUARY THROUGH 30 JUNE 2013

Country/Customs Territory	Product, investigation ID number	Date of termination	Reason for termination
China	Coke 80 + AD518	15.03.2013	Normal expiry period
	Ferro-silicon AD516	28.02.2013	Normal expiry period
Egypt	Ferro-silicon AD516	28.02.2013	Normal expiry period
India	Dihydromyrcenol AD514	25.01.2013	Normal expiry period
	Polyethylene terephthalate (PET) AD425	23.05.2013	Normal termination period
Indonesia	Polyethylene terephthalate (PET) AD425	23.05.2013	Normal termination period
Kazakhstan	Ferro-silicon AD516	28.02.2013	Normal termination period
Malaysia	Polyethylene terephthalate (PET) AD425	23.05.2013	Normal expiry period

Country/Customs Territory	Product, investigation ID number	Date of termination	Reason for termination
Russian Federation	Ferro-silicon AD516	28.02.2013	Normal termination period
Chinese Taipei	Polyethylene terephthalate (PET) AD425	23.05.2013	Normal termination period
Thailand	Polyethylene terephthalate (PET) AD425	23.05.2013	Expiry
The former Yugoslav Republic of Macedonia	Ferro-silicon AD516	28.02.2013	Normal expiry period

EXHIBIT 17

(Unofficial Translation)

Department of Foreign Trade Notification on an Initiation of Anti-Dumping Investigation of High Carbon Steel Wire Rod including High Carbon Steel Wire Rod Added Other Elements Originating in the People's Republic of China B.E. 2555 (2012)

Whereas the Committee on Dumping and Subsidy under the Anti-Dumping and Countervailing Act, B.E. 2542 (1999) determined on November B.E. 2555 (2012) that the petition as lodged under Section 33 of the Anti-Dumping and Countervailing Act, B.E. 2542 (1999) by N.T.S. Steel Group Public Company Limited requesting for the initiation of an anti-dumping investigation of high carbon steel wire rod including high carbon steel wire rod added other elements originating in the People's Republic of China demonstrates sufficient prima facie evidence regarding dumping and injury to justify the initiation of an investigation.

As statutorily provided in Section 37 and Section 39 of the Anti-Dumping and Countervailing Act, B.E. 2542 (1999), Director General of the Department of Foreign Trade herein initiates an anti-dumping investigation as follows:

1. The Subject Merchandise: High carbon steel wire rod including high carbon steel wire rod added other elements, hotrolled, in irregularly wound coils, circular crosssection measuring less than 14 mm in diameter classified under the Thai Customs Tariff Code as HS 7213.9190.021, 7213.9190.022, 7213.9190.030, 7213.9190.031, 7213.9190.090, 7227.9000.014 and 7227.9000.090 originating in the People's Republic of China.

2. Dumping and Injury Determination: The Committee on Dumping and Subsidy found that the petition submitted by N.T.S. Steel Group Public Company Limited contains sufficient prima facie evidence to demonstrate that there has been dumping of the subject merchandise and that such dumping has caused injury to the domestic industry as follows:

2.1 Dumping Margin

The subject merchandise originating in the People's Republic of China is *prima facie* dumped at a margin of 15.98 % of the CIF price.

2.2 Injury

The domestic industry has materially been injured by the importation of the subject merchandise as evidenced by

(1) the increasing imports of the subject merchandise originating in the People's Republic of China and

(2) the effects of such imports on prices and on the overall performance of the petitioner.

3. <u>The Investigating Procedures</u>: The Department of Foreign Trade shall send questionnaires to the interested parties known to exist for a purpose of gathering information for the investigation. Interested parties who do not receive questionnaires but wish to cooperate in this investigation should send a written request for questionnaires from the Department of Foreign Trade within fifteen days from the date of publication of this notification in the Royal Gazette.

4. <u>Presentation of Facts and Opinions</u>: Interested parties may, in writing, present facts and opinions or notify the Department of Foreign Trade of their intentions to give an oral presentation of facts and opinions for the investigation of dumping and injury, within thirty days from the date of publication of this notification in the Royal Gazette.

5. <u>Request for Information</u>: Those who wish to receive the information relating to this investigation may make a request to the Bureau of Trade Interests and Remedies, the Department of Foreign Trade, No. 44/100 Nonthaburi 1 Road, Muang, Nonthaburi 11000. Tel : +662 547 4742 Fax : +662 547 4741. The fees for requesting information are as specified in the Ministry of Commerce Notification on Anti-Dumping and Countervailing (No.6) B.E. 2544 (2001), dated on 26 March B.E. 2544 (2001).

This notification is made on 23 November B.E. 2555 (2012).

-signature-
(Mrs.Pranee Siriphand)
Director General of the Department of Foreign Trade

Published in the Royal Gazette Vol. 129 Special Section 182 Ngor, dated 29 November, B.E.2555 (2012)

EXHIBIT 18

Thailand Sets Hearing On High-C Alloy-Added Wire Rod Imports

http://en.steelhome.cn [SteelHome] 2014-01-07 11:37:27

Thailand's Ministry of Commerce will hold a public hearing in Bangkok on January 13 over its final determination of its pending anti-dumping investigation against imports of alloy-added high-carbon wire rod from China, informed Bangkok-based sources said Thursday.

In its draft, the ministry has determined that imports from Jiangsu Shagang International Trade face a duty margin of 11.52%, Qingdao Iron & Steel 17.04%, Benxi Beiyin (Beitai) 12.17% and all others 33.98%. All concerned parties including exporters, importers and the domestic industry representatives are asked to give written comments, if any, by January 10.

Preliminary anti-dumping duties were imposed on the subject imports but they lapsed after the four-month period effective August 9 last year. Imports from Jiangsu Shagang International Trade were hit with duties of 16.14%, from Qingdao Iron & Steel penalties of 26.96% and those of other Chinese origin 33.98%.

"The last day for the preliminary duties was December 8. No anti-dumping duties were applied from December 9,"a Thai industry sources said.

The targeted products have 0.76-0.92% carbon content, are below 14mm in diameter, and are covered under the HS tariff codes of 7213.9190.021, 7213.9190.022, 7213.9190.30, 7213.9190.031, 7213.9190.090, 7227.9000.014 and 7227.9000.090.

A final decision will be made within the investigation period which ends on March 28, 2014.

Source: Sattep.net

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