

The US International Trade Commission (ITC) has released the public version of its preliminary report in the antidumping (AD) and countervailing duty (CVD) investigations of wire rod from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, the United Arab Emirates (UAE), and the United Kingdom.

The full report is available on the AWPA website.

Here are the ITC's findings on issues of importance to the AWPA:

- (1) Domestic like product (pages 5-12). The ITC considered the arguments of the AWPA, Kiswire, and British Steel that tire cord-quality and tire bead-quality wire rod should be considered "separate like products" and evaluated separately from other types of wire rod. The ITC found that tire cord-quality and tire-bead quality wire rod – like all other types of wire rod – "share certain basic physical properties, are generally manufactured in the same domestic facilities using the same processes, and are sold primarily to end users." Moreover, according to the ITC, "limited interchangeability in some end uses and price differences are consistent with a grouping of a range of similar products."
- (2) Domestic industry (pages 12-13). The ITC did not exclude any domestic producers of wire rod, including those affiliated with foreign producers and US importers, from consideration as part of the US industry for purposes of its preliminary injury determination.
- (3) Negligibility (pages 13-17). Based on the official import statistics, the ITC found that imports from five countries – Belarus, Italy, South Africa, UAE, and the United Kingdom – were individually below the 3% threshold but together exceeded the 7% threshold.
- (4) Cumulation (pages 18-22). Based on the four statutory criteria – fungibility, channels of distribution, geographic overlap, and simultaneous presence in the market – the ITC concluded that imports from all ten countries should be cumulated for purposes of its preliminary injury analysis.
- (5) Conditions of competition (pages 25-30). The ITC focused on the merchant market for wire rod because the captive production provision was applied. For example, the ITC found that the domestic wire rod industry internally transferred 27.6% to 30.0% of its wire rod production for processing downstream wire and wire products. Interestingly, the ITC found that subject imports were only the third largest source of wire rod in the US market – after the domestic industry and non-subject imports. Finally, the ITC found that "subject imports and the domestically produced product of the same type are highly substitutable and that price plays an important role in purchasing decisions."

(6) Reasonable indication of injury

(a) Volume of subject imports (pages 30-31), The ITC found that the volume of cumulated imports and the increase in volume were significant both in absolute terms and relative to domestic consumption.

(b) Price effect of subject imports (pages 31-34). The ITC found significant underselling and declining prices by subject imports. “Prices of the domestic like product declined while low-priced cumulated subject imports increased in volume and gained market share . . . at the expense of the domestic industry.”

(c) Impact of subject imports (pages 34-37). The ITC found that the impact of subject imports was significant. The domestic industry’s market share, capacity, production, shipments, and employment declined during the period of investigation (*i.e.*, 2014-2016). The domestic industry’s financial indicators – net sales, unit net sales value, gross profit, operating income, and net income – also declined during the period of investigation. In addition, capital expenditures fell during the period of investigation.

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