American Wire Producers Association
PO Box 151387
Alexandria, VA 22315

May 30, 2017

**SECTION 232 INVESTIGATION—STEEL**

**VIA ELECTRONIC SUBMISSION (STEEL232@BIS.DOC.GOV)**

Brad Botwin
Director, Industrial Studies
Office of Technology Evaluation
Bureau of Industry and Security
U.S. DEPARTMENT OF COMMERCE
1401 Constitution Avenue, NW, Room 1093
Washington, DC 20230

Re: *Section 232 Investigation of Steel Imports—Comments of the American Wire Producers Association*

Dear Director Botwin:

The American Wire Producers Association ("AWPA") respectfully submits these comments in connection with the recently initiated Section 232 investigation to determine the effects of imports of steel on the national security of the United States.[1]

## I. INTRODUCTION TO THE AMERICAN WIRE PRODUCERS ASSOCIATION

A vigorous and healthy domestic steel wire and wire products industry is essential to our country's economic prosperity and national security. The 87 member companies of the AWPA supply critical steel inputs that are used in every sector of the U.S. economy, including aerospace, agriculture, appliance, automotive, construction, defense, energy generation and transmission, infrastructure, material handling, and oil and gas. The companies of

[1] *Notice Request for Public Comments and Public Hearing on Section 232 National Security Investigation of Imports of Steel*, 82 Fed. Reg. 19,205 (April 26, 2017).

the AWPA employ 20,000 workers in over 200 plants and facilities located in 35 states and have annual sales exceeding $11 billion. Collectively, the members of the AWPA represent between 80 and 90 percent of total production of carbon, alloy, and stainless steel wire and wire products in the United States.

American manufacturers of steel wire and wire products are entrepreneurial and committed to maintaining a strong and dependable supply chain for their customers. They achieve high productivity and product quality by constantly reinvesting in the latest technology and equipment and by supporting their workforce of hard-working Americans in hundreds of communities throughout the country. As a result, the American steel wire industry is one of the most globally competitive segments of the domestic steel industry.

## II. RELIANCE OF THE AMERICAN WIRE INDUSTRY ON U.S. WIRE ROD PRODUCERS

The U.S. wire and wire products industry relies on domestic producers of steel wire rod for the vast majority of its basic raw material—carbon, alloy, and stainless steel wire rod. As Exhibits 1 and 2 show, the largest supplier of wire rod to purchasers in the United States is the American rod industry. This reliance on domestic sourcing was repeatedly confirmed at a recent public hearing before the U.S. International Trade Commission. For example, the President of Mid-South Wire Company of Nashville, Tennessee, reported that his company purchases about 200,000 tons of wire rod annually, and it has historically sourced the majority of

those tons from domestic wire rod mills.[2] Similarly, Insteel Industries Inc. of Mt. Airy, North Carolina, purchases 70 to 75 percent of its annual wire rod requirements of 450,000 tons from U.S. sources.[3] The Heico Wire Group is the largest consumer of steel wire rod in western North America, and it prefers to buy domestically—sourcing 70 to 75 percent of its rod purchases from U.S. mills.[4] Thus, a robust domestic wire rod industry is a precondition for the success of the downstream wire industry and its hundreds of customers.

## III. NEED FOR MULTIPLE SOURCES OF STEEL WIRE ROD—INCLUDING INTERNATIONAL SOURCES

In addition to a heavy reliance on the domestic industry, access to global sources of wire rod is also important for the continued viability of the U.S. wire and wire products industry. While domestic wire producers rely on U.S. rod mills for most of their raw material, American manufacturers of steel wire and wire products have found that maintaining multiple sources of their key raw material is an indispensable part of their business plans and operations. Disruptions in supply occur even from long-established sources—so U.S. wire producers must maintain multiple sources of supply of this essential component for the production of wire and wire products.

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2 Exhibit 3 at 22–23.

3 Exhibit 3 at 28.

4 Exhibit 3 at 32–33.

As the Vice President of Purchasing for the Heico Wire Group recently explained to the U.S. International Trade Commission:

> Although we prefer to buy from the domestics, we have learned through experience that it is essential to maintain multiple sources of wire rod—which is our basic raw material. Disruptions caused by planned and unplanned outages, mill closures, labor disputes, and even trade cases can interrupt the supply of rod and threaten our business. As a result, we made a strategic business decision some years ago that we would purchase between 25 and 30 percent of our wire rod requirements from offshore producers and the remaining—between 70 and 75 percent—domestically. . . . I mentioned earlier our strategy of multiple-sourcing, and we do this for several reasons—to guarantee access to sufficient quantities of wire rod, to avoid supply disruptions, and to ensure our ability to meet our customers' demand for wire and wire products.[5]

Other American wire companies expressed the same reasons for multiple-sourcing wire rod from domestic mills and imports. Insteel Industries stated that, while "we consistently buy from domestic and import sources . . . our commitments to our customers require a continuous supply of rod from all sources."[6] Bekaert Corporation, which purchases 350,000 to 360,000 tons of wire rod annually, noted that "{m}ultiple sourcing is very important for us as we try to manage the risks of our business."[7]

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5 Exhibit 3 at 33–36.

6 Exhibit 3 at 29.

7 Exhibit 3 at 37.

Thus, steel wire companies have learned the necessity for multiple sourcing their raw material. Rather than relying on a single domestic supplier for any one rod product, wire companies try to select at least two domestic mills—more if possible—to supply the product, as well as identifying foreign producers as potential sources. In this way, wire companies can minimize the effect on their operations when one supplier's steel wire rod becomes unavailable for any reason.

The wisdom of this multiple-sourcing strategy is demonstrated when there are availability issues with domestic sources, which have been a persistent problem for the U.S. rod industry and are continuing today. As manufacturers themselves, independent wire producers must be able to ensure the availability of adequate quantities and qualities of their wire rod requirements. They cannot permit disruptions or delays at one source to impact adversely their operations and their ability to meet the demand of their customers. The President of Mid-South Wire recently described the delays and limitations on rod supply that his company has seen:

> {W}e are already hearing from some U.S. rod mills about allocations in the near future and they tell us they are either fully booked or getting booked. Of course, they don't call them allocations. Instead they call them "controlled order entry." We are already experiencing delivery delays on orders that we placed before these cases were filed. Some domestic mills have experienced unplanned outages and other production issues which could create supply issues as well . . . . {W}e have found

> that lead times and deliveries from some of the U.S. Mills have been irregular and unpredictable.[8]

Insteel Industries expressed similar concerns that "in any year the domestic {rod} industry will have planned and unplanned outages, as well as production schedules running at 100 percent of current capacity utilization as the {rod} mills define scheduled capacity."[9] Given these circumstances, it is clear why multiple sourcing is essential to Insteel and other U.S. wire producers.

## IV. SPECIFIC EXAMPLES OF WIRE ROD PRODUCTS NOT PRODUCED BY OR AVAILABLE FROM THE DOMESTIC WIRE ROD INDUSTRY

There is another compelling reason for the need for access to imported wire rod. The U.S. rod mills are unable to produce certain types and grades of wire rod, some of which are vital to the national security and defense of the United States.

### A. VALVE SPRING QUALITY WIRE ROD FOR THE PRODUCTION OF VALVE SPRINGS AND INJECTOR SPRINGS FOR ENGINES IN TRUCKS, AUTOMOBILES, AND OTHER VEHICLES

Valve spring quality wire rod is used by American wire drawers to produce the wire from which valve springs are formed for the automotive sector. Every internal combustion engine—whether for civilian or military vehicles—must have valve springs in order to function because they control the flow of air in internal combustion engines. The valves are mechanically opened

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8 Exhibit 3 at 24–25.

9 Exhibit 3 at 31.

by a camshaft and closed by the valve springs. Valve spring quality wire is also used in injector springs for diesel engines.

The United States Armed Forces procure substantial quantities of vehicles and other military equipment which use internal combustion or diesel engines. These vehicles are essential to our national security. In addition, the civilian sector which supports national defense requirements as well as the economy generally relies on trucks and other vehicles to move goods, build infrastructure, and perform a myriad of other functions.

U.S. manufactures of valve spring wire have tried repeatedly to qualify domestic rod mills as a source of valve spring quality wire rod. All of these efforts have been unsuccessful. Consequently, American wire companies must rely on offshore sources of this critical input, primarily Japan, Germany, and Korea. These countries are long-standing and close allies of the United States—Japan through the Treaty of Mutual Cooperation and Security between the United States and Japan, Germany as a member of the North Atlantic Treaty Organization ("NATO"), and Korea through the Mutual Defense Treaty Between the United States and the Republic of Korea. Each of these countries is a long-time, reliable supplier of valve spring quality wire rod and is expected to remain so, thereby contributing to—not threatening—the national security of the United States.

### B. TIRE CORD QUALITY WIRE ROD FOR THE PRODUCTION OF TIRE CORD WIRE FOR VEHICLE TIRES

Tire cord quality wire rod of grade 1080 or higher is likewise an essential component for the American automotive industry because it is used to make steel cord to reinforce tires for

trucks, automobiles, construction equipment, and other vehicles. Thus, this product is important for the national security because it is needed for the vehicles procured by the United States Armed Forces as well as for trucks and other equipment necessary for the movement of goods, infrastructure maintenance and development, and other applications which contribute to our country's economic wellbeing.

As shown in the current investigation of carbon and alloy steel wire rod by the U.S. International Trade Commission, the domestic rod mills cannot produce tire cord wire rod with the necessary quality—*i.e.*, grade 1080 and higher. Bekaert Corporation is one of the largest American producers of tire cord wire, and it has recently invested several million dollars in its Rome, Georgia, plant that uses tire cord wire rod to produce steel wire for the North American tire and reinforced hose markets.[10] Bekaert had also planned a major expansion at its plant in Rogers, Arkansas, to increase its tire cord production capacity by 50 percent and add over 100 new jobs, but concerns over availability of tire cord wire rod have put those plans on hold.[11] Bekaert must obtain this particular wire rod input for its operations from offshore sources because Bekaert has been unable to qualify any U.S. rod mill. Similarly, Kiswire America, another U.S. producer of tire cord wire, must also rely on overseas sources of tire cord quality wire rod for its U.S. production of tire cord wire.[12] As with the case of valve

10 Exhibit 3 at 38–39.

11 Exhibit 3 at 38.

12 Exhibit 3 at 41–42.

spring quality wire rod, American producers of tire cord wire have tried to qualify domestic rod mills as suppliers, but these efforts have been unsuccessful.[13]

As shown in Exhibit 4, the offshore sources that supply tire cord quality wire rod to the domestic wire industry actually enhance the security interests of the United States. The largest single supplier—Brazil—is aligned with the United States through the bilateral Defense Cooperation Agreement and the General Security of Military Information Agreement. Other sources include Japan, Korea, and NATO allies—Canada, Germany, Spain, and the United Kingdom. Accordingly, each of these countries is a reliable supplier of the tire cord quality wire rod unavailable from domestic sources, and, therefore, imports from these countries contribute to—rather than threaten—the national security and economic wellbeing of the United States.

### C. OTHER WIRE ROD PRODUCTS AVAILABLE PRIMARILY FROM OFFSHORE SOURCES

1. *High-Quality Aerospace Grades of Alloy Steel Wire Rod:* This group of rod products is used for specialized automotive as well as aerospace applications. It is largely sourced from Japan, which is a reliable supplier that—as noted above—has close political, military, and commercial ties with the United States.

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13 Exhibit 3 at 39 and 43.

2. *Certain Nickel-Based High Temperature Wire Rod:* Wire made from this type of wire rod is used by the aerospace and automotive industries. It is supplied by France, a member of NATO.

## V. NUMEROUS STEEL WIRE AND WIRE PRODUCTS ARE USED IN U.S. DEFENSE AND NATIONAL SECURITY APPLICATIONS

In addition to the wire and wire products mentioned above—particularly the valve spring quality wire and tire cord wire essential for the manufacture and performance of trucks, cars, and other vehicles—many types of wire and wire products have direct applications that promote and protect the national security of the United States.

The following list represents only a small sampling of the countless uses of steel wire and wire products in defense and national security applications in the United States:

1. Steel wire used to make nuts, bolts, screws, and other fasteners for fixed-wing military and civilian aircraft and helicopters.

2. Steel wire used to make nuts, bolts, screws, and other fasteners for all types of military and commercial vehicles.

3. Steel wire used by the transportation, nuclear, oil and gas, mining, telecommunications, and electronics industries.

4. Prestressed steel wire strand for aircraft hangars and other structures.

5. Steel wire used to make pallets and bomb fin pallet adaptors.

6. Steel wire and wire products for transportation and logistics infrastructure, such as prestressed concrete steel wire strand (PC strand), rebar tie wire, and wire mesh and reinforcement products for columns, pipes, walls, and other structures.

7. Steel wire for electrical transmission towers, generators (including portable generators for the Armed Services), and wind turbines.

8. Steel wire rope for control cables on virtually all military aircraft.

9. Steel wire for TOW (tube-launched, optically-tracked, wire-guided) anti-tank missiles.

10. Steel wire mechanical springs for a wide variety of applications in military and law enforcement vehicles and equipment.

11. Steel wire for bedding and other furniture for use in military offices, barracks, and other facilities.

12. Steel wire reinforcement for hoses used in fire suppression systems on vessels and at airfields.

13. Steel wire rope isolators for multiple applications in military vehicles, medical equipment, generators, motors, and pumps.

14. Steel wire for continuous track propulsion systems for light vehicles.

15. Steel wire for cables used in aircraft control.

16. Steel wire formed into handles for military vehicles.

17. Steel guy wire for tents, ship masts, and broadcasting towers.

18. Steel wire for surgical tools.

19. Steel wire for firearm recoil springs.

20. Steel wire and steel wire cables in oil and gas production.

21. Steel barbed wire and chain link fence for the security of military and other installations.

22. Steel wire baskets for combat shelters.

23. Steel wire for cables for securing cargo and used in winches and pulleys.

24. Steel wire mesh for partitions, enclosures, office dividers, window guards, panels, and storage lockers.

25. Steel wire cages and baskets to protect military surveillance equipment.

These examples are intended to highlight just a few applications of steel wire and wire products in the defense, law enforcement, and related sectors. The range of applications for these products is virtually limitless and demonstrates how critical wire and wire products are to America's national security.

## VI. CONCLUSION

The members of the American Wire Producers Association respectfully urge the U.S. Department of Commerce, when it evaluates the effect of steel imports on the Nation's security, to consider the indispensable role of American-made steel wire and wire products in maintaining a strong defense and a prosperous economy. It is also important to recognize that the supply chain for the U.S. steel wire and wire products industry depends on both domestic and foreign sources and that the foreign sources are comprised almost exclusively of the closest allies of the United States.

Sincerely,

John T. Johnson
President
AMERICAN WIRE PRODUCERS ASSOCIATION

Attachments

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# COMMENTS OF THE AMERICAN WIRE PRODUCERS ASSOCIATION

MAY 30, 2017

## EXHIBIT LIST



BEFORE THE OFFICE OF TECHNOLOGY EVALUATION, BUREAU OF INDUSTRY AND SECURITY
U.S. DEPARTMENT OF COMMERCE

**SECTION 232 INVESTIGATION OF STEEL IMPORTS**
**COMMENTS OF THE AMERICAN WIRE PRODUCERS ASSOCIATION**

MAY 30, 2017

# EXHIBIT 1

## TEN LARGEST SOURCES
## OF
## CARBON AND ALLOY STEEL WIRE ROD FOR THE U.S. MARKET

## (CALENDAR YEARS 2014–2016 AND JANUARY–MARCH 2017)

BEFORE THE OFFICE OF TECHNOLOGY EVALUATION, BUREAU OF INDUSTRY AND SECURITY
U.S. DEPARTMENT OF COMMERCE

**SECTION 232 INVESTIGATION OF STEEL IMPORTS**
**COMMENTS OF THE AMERICAN WIRE PRODUCERS ASSOCIATION**

MAY 30, 2017

## Ten Largest Sources
## of
## Carbon and Alloy Steel Wire Rod for the U.S. Market

### Calendar Years 2014–2016 and January–March 2017

*(All quantity figures are in net tons.)*

| | Source | 2014 | 2015 | 2016 | January–March 2017 |
|---|---|---|---|---|---|
| 1 | United States | 2,319,878 | 2,064,763 | 1,715,265 | 511,907 |
| 2 | Canada | 432,713 | 460,284 | 426,163 | 60,022 |
| 3 | Japan | 124,172 | 191,841 | 199,422 | 18,590 |
| 4 | Ukraine | 14,626 | 79,053 | 161,451 | 38,530 |
| 5 | Brazil | 103,483 | 128,799 | 143,861 | 32,282 |
| 6 | Russia | 13,329 | 6,857 | 103,322 | 19,467 |
| 7 | Korea | 109,026 | 128,862 | 101,970 | 3,583 |
| 8 | Turkey | 210,096 | 258,245 | 98,497 | 13,300 |
| 9 | Spain | 35,357 | 74,113 | 78,310 | 10,689 |
| 10 | Mexico | 29,008 | 42,713 | 59,305 | 8,673 |

*Source* : *AIS 10* , *Net Shipments of Steel Mill Products, All Grades Including Carbon, Alloy and Stainless* (2014—2016 and March 2017); *AIS Imports 3* , *Imports of Steel Products* (2014—2016 and March 2017).

# EXHIBIT 2

## TEN LARGEST SOURCES OF STAINLESS STEEL WIRE ROD FOR THE U.S. MARKET

## (CALENDAR YEARS 2014–2016 AND JANUARY–MARCH 2017)

BEFORE THE OFFICE OF TECHNOLOGY EVALUATION, BUREAU OF INDUSTRY AND SECURITY
U.S. DEPARTMENT OF COMMERCE

**SECTION 232 INVESTIGATION OF STEEL IMPORTS**
**COMMENTS OF THE AMERICAN WIRE PRODUCERS ASSOCIATION**

MAY 30, 2017

## Ten Largest Sources
## of
## Stainless Steel Wire Rod for the U.S. Market

### Calendar Years 2014–2016 and January–March 2017

*(All quantity figures are in net tons.)*

| | Source | 2014 | 2015 | 2016 | January–March 2017 |
|---|---|---|---|---|---|
| 1 | United States | 53,530 | 35,998 | 42,318 | 12,299 |
| 2 | Taiwan | 13,332 | 11,762 | 5,571 | 1,256 |
| 3 | United Kingdom | 6,170 | 5,809 | 5,221 | 1,522 |
| 4 | Korea | 0 | 0 | 4,819 | 0 |
| 5 | Sweden | 4,443 | 4,329 | 4,762 | 1,403 |
| 6 | France | 3,854 | 3,361 | 2,617 | 637 |
| 7 | India | 849 | 1,448 | 1,174 | 0 |
| 8 | Italy | 89 | 404 | 249 | 74 |
| 9 | Japan | 64 | 176 | 199 | 33 |
| 10 | Germany | 19 | 46 | 92 | 216 |

*Source :* *AIS 10 , Net Shipments of Steel Mill Products, All Grades Including Carbon, Alloy and Stainless* (2014—2016 and March 2017); *AIS Imports 3 , Imports of Steel Products* (2014—2016 and March 2017).

# EXHIBIT 3

EXCERPTS FROM A TRANSCRIPT OF A HEARING
BEFORE THE U.S. INTERNATIONAL TRADE COMMISSION
*IN THE MATTER OF CARBON AND CERTAIN ALLOY STEEL WIRE ROD FROM BELARUS, ITALY, KOREA, RUSSIA, SOUTH AFRICA, SPAIN, TURKEY, UKRAINE, THE UNITED ARAB EMIRATES, AND THE UNITED KINGDOM,*
USITC INV. NOS. 701-TA-573–574 AND 731-TA-1349–1358
(PRELIMINARY) (APRIL 18, 2017)

BEFORE THE OFFICE OF TECHNOLOGY EVALUATION, BUREAU OF INDUSTRY AND SECURITY
U.S. DEPARTMENT OF COMMERCE

**SECTION 232 INVESTIGATION OF STEEL IMPORTS**
**COMMENTS OF THE AMERICAN WIRE PRODUCERS ASSOCIATION**

MAY 30, 2017

# UNITED STATES
# INTERNATIONAL TRADE COMMISSION

| | | |
|---|---|---|
| **In the Matter of:** | ) | **Investigation Nos.:** |
| **CARBON AND CERTAIN ALLOY STEEL WIRE** | ) | **701-TA-573-574 and** |
| **ROD FROM BELARUS, ITALY, KOREA, RUSSIA,** | ) | **731-TA-1349-1358** |
| **SOUTH AFRICA, SPAIN, TURKEY, UKRAINE,** | ) | **(PRELIMINARY)** |
| **THE UNITED ARAB EMIRATES, AND THE** | ) | |
| **UNITED KINGDOM** | ) | |

**Pages: 1 – 204**
**Place: Washington, D.C.**
**Date: Tuesday, April 18, 2017**

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UNITED STATES OF AMERICA

BEFORE THE

INTERNATIONAL TRADE COMMISSION

| | |
|---|---|
| IN THE MATTER OF: | ) Investigation Nos.: |
| CARBON AND CERTAIN ALLOY STEEL WIRE | ) 701-TA-573-574 AND |
| ROD FROM BELARUS, ITALY, KOREA, | ) 731-TA-1349-1358 |
| RUSSIA, SOUTH AFRICA, SPAIN, TURKEY, | ) (PRELIMINARY) |
| UKRAINE, THE UNITED ARAB EMIRATES, | ) |
| AND THE UNITED KINGDOM | ) |

Main Hearing Room (Room 101)
U.S. International Trade
Commission
500 E Street, SW
Washington, DC
Tuesday, April 18, 2017

The meeting commenced pursuant to notice at 9:30 a.m., before the Investigative Staff of the United States International Trade Commission, Michael Anderson, Director of Investigations, presiding.

results in lost sales for the domestic rod industry. We look forward to responding to your questions at the conclusion of our Panel's presentation. Our first AWPA witness is John T. Johnson, AWPA President.

STATEMENT OF JOHN T. JOHNSON

MR. JOHNSON: Good morning, how are you all? I'm John T. Johnson the Owner and President of Mid-South Wire in Nashville, Tennessee. I am also the current President of the American Wire Producers Association. Mid-South wire was founded in 1967 as a family owned business that draws steel wire rod into wire for a wide variety of wire products. In fact, ironically this week we are celebrating the 50th anniversary of our company.

Together with our affiliated sister company, Nashville Wire Products, we employ approximately one thousand workers in plants located in Tennessee, Alabama, Kentucky and Missouri. Mid-South produces wire for the automotive, agricultural, appliance, closet shelving, material handling, construction reinforcement and other industries in the United States. We also produce galvanized wire for a variety of end-uses such as chain link fence, nails, chicken coups, garment hangers and wire handles for paint cans.

Each year Mid-South purchases about 200 thousand tons of wire rod and during the period covered by this

investigation we source the majority of those tons from U.S. rod mills. I want to emphasize up from that we rely on domestic rod industry for the lion's share of our material. We have a good relationship with them and we want to continue to work with them closely. However we cannot survive if we are limited to outsourcing only domestic rod.

Like other independent wire producers and by what I mean wire companies that are not vertically integrated with the rod mill, we are frequently caught in a cost/price squeeze when it comes to our raw material input. Our downstream wire customers are caught in the same squeeze. When rod prices increase this results in increased wire prices and wire manufacturers simply cannot continue to pass the increasing costs to their customers.

Our customers are continually faced with the "import or build" decision. That is, whether to import the finished wire products or continue to purchase wire from us and make their finished products here in the United States. Our customers demand that we be competitive if they are to continue to buy from us and make their products here in the U.S.

Obviously, we want our customers to continue buying our wire and this benefits the U.S. rod mills as well. Unfortunately over the past several years a number of our end-use customers have moved some or all of their

production out of the United States. One great example of that is the barbecue grill industry that has virtually disappeared from the U.S. Manufacturing landscape. They have gone offshore to tide the rising rod and wire prices.

If we are held hostage by the domestic rod mills and denied the ability to buy rod in a globally competitive market our customers will have to consider import options instead of buying from us to meet their needs. As a result, wire rod consumption in the United States will likely continue to decline hurting both the domestic rod mills and wire producers.

Another point I want to highlight is the fact that we compete in our downstream wire markets with our domestic wire rod suppliers including all four of the Petitioners in this case. They compete with us in the chain link fence market, lawn and garden products, in the appliance industry and on drawn wire to name just a few. In the event of competing demands for a finite supply of wire rod, we'd expect that these mills will take care of their internal and related wire operations before they ship to outside customers like Mid-South.

In fact, we are already hearing from some U.S. rod mills about allocations in the near future and they tell us they are either fully booked or getting booked. Of course, they don't call them allocations. Instead they call

them "controlled order entry". We are already experiencing delivery delays on orders that we placed before these cases were filed. Some domestic mills have experienced unplanned outages and other production issues which could create supply issues as well.

As I mentioned, we have found that lead times and deliveries from some of the U.S. Mills have been irregular and unpredictable. When we buy imported rod, the transaction price is not the only factor we consider. Quality is also key. Some of our customers request that we provide them with wire drawn from steel produced by certain foreign mills, especially those that use the BOF method of melting steel.

According to our customers the BOF steel works better in their processing operations than some of the domestic scrap-based steel. Some of the advantages of BOF steel include better residuals, lower tensiles and overall better consistency. Rod mills in Korea, South Africa, The UK and Ukraine supply the BOF rod. None of the domestic mills are BOF. They all use electric arc technology.

Another key is that buying imported rod allows us to secure business that requires guaranteed long-term pricing. We have customers who request confirmed pricing for two quarters up to a year but the domestic rod mills are unable to provide that kind of predictability. We have to

negotiate for volumes with our domestic suppliers and generally they will confirm pricing for one month at a time.

Domestic rod mill prices are generally tied to scrap prices which have been extremely volatile lately with a dramatic swings both up and down. We have found while U.S. rod prices follow scrap prices up when scrap prices fall the domestic mills don't always reduce their prices. For example, scrap recently dropped 30 dollars a ton but the U.S. rod mills have sent out letters stating that they are retaining their current pricing levels and not acknowledging the scrap decrease.

Another advantage of import rod is that we can purchase in larger quantities. Our national plant is strategically located on the Cumberland River so we prefer to buy barge loads of 1500 tons per barge. All of our imported rod arrives by barge at our plants. However, only two of the petitioners can deliver to us by barge. Each barge that we receive is equivalent to 75 truck loads. It takes only four hours to unload a barge but to marshal 75 truckloads of domestic material in our receiving yard takes considerably more time and manpower and leaves a much higher carbon footprint.

So there are real cost savings and environmental benefits in receiving rod by barge. As you can see, we have to consider a number of factors which affect the total cost

of our rod in our purchasing decisions. Price is only one of those factors. Domestic rod industry's reliance on trade cases to restrict our access to the global rod market makes us uncompetitive in a global economy making it impossible for us to be the lowest cost producers and forcing our customers to move production and jobs overseas.

If the domestic mills are the only game in town, I have real concerns about whether my company and other independent wire producers will be able to get the rod tons needed to operate their businesses. Ultimately, if we lose customers, so will the rod mills. Thank you.

STATEMENT OF CHRISTIAN STAUFFER

MR. STAUFFER: Good morning. My name is Christian Stauffer and I am Vice President for Sourcing and Logistics at Insteel Industries in Mount Airy, North Carolina. Insteel is the nation's largest manufacturer of steel wire reinforcing products from concrete construction applications. We manufacture and market drawn wire, pre-stressed concrete strand and welded wire reinforcement products such as engineered structural mesh, concrete pipe reinforcement and standard welded mesh products.

Our sales of these products exceeds $400 million annually. Insteel operates ten plants in eight states of North Carolina, Florida, Pennsylvania, Tennessee, Kentucky, Missouri, Texas and Arizona, and we employ nearly

1,000 American workers. We have pursued an ambitious capital expenditure program to strengthen our position in the market. Total outlays this year will be expected to reach 25 million as we complete the expansion of our PC strand facility in Houston, and a new production line in St. Joseph, Missouri, and continue to upgrade our production technology and information systems.

Insteel consumes more than 450,000 tons of wire rod annually, and we source between 70 and 75 percent of that tonnage from domestic rod mills. We buy from all the Petitioners in this case. Since 2014, our purchasers of U.S.-made have steadily increased. In making Insteel's purchasing decisions, I consider quality, availability and price in that order. Of course price is a factor in negotiations with our rod suppliers, but quality and availability are our primary considerations when decided from whom to purchase.

Other important factors in our purchasing decisions are transportation costs and the condition of the wire rod upon arrival at our plants. Wire rod prices tend to fluctuate based on changes in scrap and other metallic prices. Rod prices also vary based on volume commitments to suppliers, which can be monthly, quarterly, semi-annually or annually.

Domestic rod producers change their prices

monthly in order to maintain their profit margins, as their raw material, scrap, DRI and pig iron costs increase. The industry as a whole regularly sends out price increase letters. With no predictable pricing algorithm month to month, our efforts to maintain steady inventories and ensure that we have sufficient wire rod for our multiple locations puts us at the mercy of the domestic industry.

I would also note in purchasing wire rod Insteel does not buy imported rod instead of domestic rod. We consistently buy from domestic and import sources because our commitments to our customers require a continuous supply of rod from all sources. Many of Insteel's customers supply products to the U.S. infrastructure projects which are subject to Buy America or Buy American requirements. So we must purchase domestically produced wire rod for these purposes.

In order to comply with these domestic content requirements, we work closely with our domestic suppliers to be able to certify that the rod they supply to us is melted and poured in the United States. These Buy America and Buy American requirements apply to segments of the PC strand market and the majority of our concrete pipe reinforcement and engineered structural mesh products.

We have to certify to our customers that our products are in compliance with various federal and state

regulations requiring domestic materials. We cannot use imported rod for these purposes. This affects a significant part of our total business and the percentage is even higher when you consider that most of our customers in these markets do not want to maintain separate inventories of Buy America qualified materials, so Insteel must supply those customers with products that satisfy domestic content requirements.

Like other wire producers here today, we compete with our domestic suppliers with downstream wire and wire products. Each of the petitioning customers is also a competitor. They are vertically integrated producing both wire rod and wire products including welded wire reinforcement and PC strand.

They compete with us at every level in the markets we serve throughout the United States in every geographic area. Our downstream operations also compete for supplies of wire rod, which we know -- in which we know they will be given preference if rod shortages develop in the market or deliveries are delayed or cancelled.

One of our petitioners even told my CEO that their rod production is a tool to out-compete Insteel. The exact quote is "We will out-Insteel Insteel." In our tight supply conditions caused by restricting access to global sources of rod, the domestic industry will be in a position

to limit the supply to Insteel, while continuing to support their downstream wire companies in direct competition to us.

For most sectors of the U.S. market, domestic demand for wire rod exceeds production, domestic production capacity. It has been this way for some time. The ITC's own case records can readily support the notion that there has been a flow of imported wire rod to the United States for many, many years.

Imports of wire rod are necessary to satisfy the supply requirements of the U.S. market. I am very concerned about the supply and demand imbalance, because in any year the domestic industry will have planned and unplanned outages, as well as production schedules running at 100 percent of current capacity utilization as the mills define schedule capacity.

Twice last year, one of the petitioning mills reduced our wire rod order by ten percent because the mill was overbooked. We were told that the overbooking was due to strong rebar and rod orders, and that the mill was cutting all customer orders as a result. Insteel was forced to cover our full production requirements elsewhere. The same petitioner informed us that our April 2017 orders would be pushed into May because the mill was full in both March and April.

At the end of 2016, another petitioner

informed us that they had no production space left in their mill for December, and that they would be unable to produce material for Insteel until January 2017 rolling.

In circumstances like these, the integrated rod mills in the United States, including all of the Petitioners, will have a higher priority to their own captive consumption of wire rod to make downstream wire products, which compete directly with Insteel and other independent wire companies, and we would have no alternative sources of supply. This would be disastrous for the U.S. wire and wire products industry. Thank you.

STATEMENT OF BOB MOFFITT

MR. MOFFITT: Good morning. My name is Bob Moffitt and I am Vice President of Purchasing for the Heico Wire Group, which includes Davis Wire and National Standard. The Wire Group is the largest consumer of wire rod in western North America, and one of the largest in the United States. We employ approximately 650 people in our plants in California, Washington, Oklahoma and Michigan. A fifth mill in Colorado was closed in mid-2015 because of poor wire market conditions.

We draw wire for use in agricultural and merchant products, industrial and specialty products, building and reinforcing products and the automotive industry. We purchase low carbon, high carbon, tire bead

and weld wire rod for these applications. The Heico Wire Group is a strong supporter of the U.S. rod industry. We prefer to buy domestically.

In fact, during the period being investigated by the Commission, we bought between 75 and 85 percent of our total requirements from U.S. sources. Although we prefer to buy from the domestics, we have learned through experience that it is essential to maintain multiple sources of wire rod.

As a result, we made a strategic business decision some years ago that we would purchase between 25 and 30 percent of our wire rod requirements from offshore producers, and the remaining between 70 and 75 percent domestically. This is why I take exception to the question in the purchasers' survey that I received from the Commission, which asked whether I purchased imported rod instead of domestic material.

It is not a question of either/or. It is question of having both sources available to us. In deciding where to source rod, the three most important considerations for me are the relationship I have with the vendor, the cost of the rod as opposed to its price and timely delivery. Vendor relationships are important because I am aware of the capabilities, quality and reliability of each of my suppliers, and I know the mills that I can depend

on to ship rod that meets our company's standards.

At times we pay a higher price to these domestic mills than their domestic competitors because of these relationships. The cost of the rod is critical. By cost, I do not mean the price on the supply contract, but the actual cost to my company for using the rod in our wire drawing operations.

Prior to any rod negotiations, I must evaluate several factors including coil size, scale weight, mill trimming practices, surface quality and the physical and mechanical properties of the wire rod. These factors are critical because the lowest priced rod is not necessarily the lowest cost rod.

For example, the weight of a coil is important because a smaller coil requires more welds to maintain continuous drawing and smaller coils generate more scrap. So more steel is lost per ton. This increases our costs. With imported rod, we often find damage from mishandling and poor packaging, which contributes to breaks during the wire drawing process. Higher breakage rates and slower drawing speeds mean that fewer pounds of rod can be drawn per hour. This increases our costs.

Domestic mills ship via rail and truck, usually with one heat per load. A heat is a unique melt of steel with consistent physical properties throughout, and we

inventory our rod purchases by heat. Imported rod comes in consignments of five to 30,000 tons and heats are always commingled. This makes it more difficult for us to manage our inventory and thus increases our costs.

Imported rod must be carried in inventory for longer periods of time because of the larger consignments, which further adds to the cost of the material. So I must always consider the effect of these various factors on the cost of our raw material, and not simply the purchase price from the rod mill.

Another key consideration in my purchasing decision is timely delivery. Our wire companies cannot operate efficiently without a reliable and predictable supply. The cheapest rod in the world is of little use to me if it is delivered late or not at all, or if it arrives in an unacceptable condition.

Today, lead times from domestic mills, which had been four to six weeks, have been stretched to six to eight weeks. Like the other wire companies on this panel, Heico competes in downstream markets with many of the same mills who sell us rod. This puts us in a difficult position, especially if there are shortages of domestic supply, because we know that the domestic mills will take care of their own wire companies before they take care of us.

These are all instances where the domestic rod mills are competing with other domestic mills, even with themselves. For example, one domestic mill complained to me about losing business to imports when it was actually other domestic mills that offered us better pricing.

Another domestic rod supplier sells us wire rod that we use to make weld wire, which we in turn sell the supplier's affiliate. However, when the rod supplier increases rod price to us, its affiliate refused to pay more for the wire made from that rod.

In another case, a domestic supplier who sells rod to us for our galvanized wire lines has imported the very product we have in the past produced from their rod. I feel it important to point out that the real threat to the domestic rod industry is not imported rod but rather imported wire. As Ms. Korbel said earlier, the problem facing the domestic rod mills is that total rod demand has declined as a result of their trade cases.

The 2014 AD CVD affirmative decision on China is a perfect example of the damage that a trade case can do to the domestic rod industry. My company actually bought fewer tons of rod, domestic or imported, as a result of that case. Our largest competitor on the west coast is located in Vancouver, British Columbia. After the U.S. case against China, our competitor had no restrictions on imports abroad

from China, and Canadian statistics show a dramatic increase in shipments of wire rod from China to British Columbia.

They also can buy rod from Mexico, another country under order in the U.S. This rod from China and Mexico is being converted in Canada to wire, wire products and exported to the U.S. at prices substantially below what we could offer our wire. In the end, countries denied access to the U.S. market will continue to produce wire rod, but it will end up in the U.S. as a finished wire product, not only from that country but from third countries as well. Thank you.

STATEMENT OF TERRY HUGHES

MS. HUGHES: Good morning. My name is Terry Hughes, and I am the Director of Procurement from BeKaert Corporation in North America. I have been with BeKaert since 2004 and I have a degree in Metallurgical Engineering and a Master's degree in Business Administration. Bekaert is the world's leader in steel wire technology and production. Our headquarters are located in Marietta, Georgia and we operate five plants in the U.S., one each in Georgia, Kentucky and Ohio and two in Arkansas.

We employ more than 1,344 workers in the U.S. Our normal rod usage is 350,000 to 360,000 tons annually. Multiple sourcing is very important to us, as we try to manage the risks of our business. We purchase about

one-half of our requirements from U.S. rod mills, including all four Petitioners. We also purchase from all subject countries but one.

Half of our wire sales are to the automotive sector, and the remainder to agricultural, construction, fencing, energy and utility segments of the U.S. market. Tire cord is one of the largest product segments, consuming one-third of our total rod purchases. Our capital expenditures have been substantial, related mainly to investments in tire cord production.

For example, Bekaert has recently invested several millions dollars in our Rome, Georgia facility, that uses steel tire cord wire rod to produce material for North American tire and reinforced hose markets. Automotive markets performed well throughout 2016 and are projected to remain strong this year.

To meet the growing demand from tire manufacturers, we had planned to implement a major expansion in our Rogers, Arkansas plant, which would increase North American tire cord production capacity by 50 percent at that plant and add over 100 new jobs. At this point, our investment plans are on hold pending resolution of this case, as undertaking such commitment does not make business sense if the steel tire cord wire rod will not be available from imported BOF suppliers.

Domestic mills cannot produce steel tire cord wire rod with the quality necessary to fine-draw these products to meet our requirements. Steel tire cord wire rod has been excluded from prior case. Nevertheless, it has been included in this one and Bekaert strongly believes that it should be excluded once more.

Because this rod is not available domestically, we have to source it from other countries. Our customers need and specify basic oxygen furnace or BOF material because the BOF process produces a very pure input. In other words, the steel that does not have high residual or tramp elements and tensile properties is more consistent.

BOF material is available only from mills outside the United States including Ukraine, South Africa, Korea, UK, Turkey and Spain. We purchase imports based on the type of production, BOF, and not electric arc furnace or EAF, because the recycling in the EF process results in increased percentages of tramp elements.

So steel tire cord wire rod used in the manufacture of tire and high pressure hoses, must be -- must be BOF to work at peak performance. I would also like to mention that it takes about two years to qualify a supplier of steel tire cord wire rod. It is a demanding process because these products are used in high liability downstream markets like automobile tires and high pressure hoses.

Each time we want to qualify a new rod supplier, Bekaert has to requalify itself with the tire manufacturers. This process is not only time-consuming but also expensive for all parties involved. Other grades requiring BOF production are bookbinding wire used in spiral notebooks and automotive springs.

Therefore, sourcing high quality BOF material is one of the most considerations when I purchase wire rod. Also important is the total cost of ownership, as Mr. Moffitt explained, which also includes the production capacity of the supplying mill and the suppliers' ability to meet Bekaert's delivery requirements and lead times.

If domestic suppliers are full and cannot supply in a timely manner, we must go offshore to become less reliant on these highly occupied mills. One domestic mills has Bekaert on monthly allocations, and lead times have been extended by domestic rod mills including all four petitioners. We tried to rely heavily on the domestic suppliers during the past two quarters, but they are behind in deliveries.

A number of domestic mills have told us that they are almost fully booked through the end of the second quarter 2017. Bekaert must be able to source tire cord wire rod and other BOF materials to meet our customers' demands. We would like to highlight that we have made significant

efforts to partner with domestic suppliers, negotiate key supplier agreements and purchase locally when possible.

However, we must have the possibility to purchase globally when BOF quality material is not available in a domestic market. Thank you.

STATEMENT OF DAVID MINNICK

MR. MINNICK: Good morning. My name is David Minnick and I'm the CEO of Kiswire America, a U.S. producer of tire cord and bead wire used in the production of vehicle tires. I have been in the bead wire and tire cord business for 18 years. Simply stated, Kiswire America depends on high-quality wire rod of 1080 grade and above to produce tire cord and bead wire that is acceptable to the tire manufacturer.

Kiswire America was established in 1999 and now operates four plants with the capacity of 115,000 tons. Kiswire America employed 610 workers. We have two bead wire plants and two tire cord plants which are located in South Carolina and Arkansas.

We have invested $250 million in these plants, and are investing an additional $50 million to expand the tire cord production. When Kiswire America was first established, it used only POSCO wire rod because Goodyear had approved POSCO as a wire rod supplier. Since then, Kiswire America has expanded its supplier. However, it

takes roughly six months to one year for a tire company to approve bead wire and two or more years to approve steel cord.

Kiswire America's position is that the Commission should find that 1080 grade wire rod for the tire cord and bead wire is a separate like-product from other wire rod. We can discuss the criteria in response to questions.

In the Chinese wire rod case in 2014, the Commission staff observed that ArcelorMittal makes a wide variety of wire rod grades at its facilities, including low, medium, high carbon, tire cord, tire bead, and welding wire rod. This statement is no longer correct insofar as U.S. production of tire cord and tire bead wire rod is concerned.

Arcelor's U.S. production ended with the shutdown of Georgetown Steel, Kiswire's America facility in Pine Bluff that was owned by ArcelorMittal prior to 2014. And during this time, the ArcelorMittal Pine Bluff facility worked closely with the ArcelorMittal Georgetown facility to try and help them achieve a quality that was suitable for high tensile tire cord wire products. That mill was never capable of achieving a 1080 grade steel that would meet the specification needed to produce high tensile wire products.

The Georgetown mill was officially closed by ArcelorMittal in 2015. Kiswire purchased the Pine Bluff facility in May of 2014. ArcelorMittal does not have--does

have foreign mills producing steel cord and bead wire quality wire rod, but these mills are located in Europe and Brazil.

We have worked with domestic suppliers in the U.S. to qualify them to produce the 1080 and higher grade wire rod for tire cord and bead wire. Those efforts have been unsuccessful. U.S. manufacturers of tire cord and bead wire require carbon wire rod of .08 percent carbon and higher. At present, U.S. producers can only produce up to .07 carbon content. Because no U.S. producer can produce what is required, Kiswire America relies on various foreign suppliers.

Another important requirement is that the wire rod be cleaned of any metals and have a smooth finish free of defects. We reduce the 5.5 millimeter wire down to ranges of 0.15 millimeters to 0.2 millimeters. This is a 97 percent reduction in area. You can see the samples that we provided to you today.

In order to perform this reduction and achieve the correct physical properties, the rod must not have impurities and the surface must be free of defects. We request that the Commission consider the absence of U.S. production, despite the demand of the tire companies for such product, in evaluating this case.

Tire cord capacity in the U.S. currently stands

at approximately 170,000 tons and is growing with demand of approximately 350,000 tons. Demand exists and is being serviced by imports because U.S. wire rod producers are unable to produce wire rod of this carbon content and cleanliness.

Our explanation is that wire rod produced by EAF, which is all U.S. producers, have difficulty eliminating copper and other impurities because they use scrap. Producers that use blast furnaces can and do produce high-carbon fewer inclusions and uniform content.

Thank you.

STATEMENT OF JOHN RYOO

MR. RYOO: Good morning. My name is John Ryoo, a sales manager from POSCO America.

POSCO America imports and distributes POSCO--

MR. BISHOP: Please pull your microphone a little bit closer. Thank you.

MR. RYOO: POSCO America imports and distributes POSCO's steel wire rod. To my knowledge, POSCO accounts for most production and virtually all exports of steel wire rod from Korea to the U.S.

POSCO's strategy has been to focus mostly on selling high-quality wire rod, especially tire cord quality rod, for downstream manufacturers that supply the automotive sectors like Kiswire. Wire rod is a critical component of

# EXHIBIT 4

U.S. IMPORTS
OF
TIRE CORD QUALITY WIRE ROD

(CALENDAR YEARS 2014–2016 AND JANUARY–MARCH 2017)

BEFORE THE OFFICE OF TECHNOLOGY EVALUATION, BUREAU OF INDUSTRY AND SECURITY
U.S. DEPARTMENT OF COMMERCE

**SECTION 232 INVESTIGATION OF STEEL IMPORTS**
**COMMENTS OF THE AMERICAN WIRE PRODUCERS ASSOCIATION**

MAY 30, 2017

**HTS - 7213913011: TIRE CORD-QLTY RODS, STAT NOTE 4, IRON/NONALLOY STEEL, IRREG COILS, CIRC SECTION**

**First Unit of Quantity by HTS Number, Quantity Description and First Unit of Quantity for ALL Countries**

**U.S. Imports for Consumption**

**Annual + Year-To-Date ("YTD") Data from January—March**

| | Country | 2014 | 2015 | 2016 | January—March 2017 (YTD) |
|---|---|---|---|---|---|
| | | *Actual Quantity in Kilograms* | | | |
| 1 | Brazil | 93,878,603 | 116,844,400 | 130,447,325 | 36,989,224 |
| 2 | Japan | 77,245,447 | 85,522,280 | 93,400,588 | 15,904,337 |
| 3 | Spain | 7,238,852 | 9,678,352 | 20,874,909 | 3,749,152 |
| 4 | United Kingdom | 24,070,418 | 8,314,431 | 7,206,212 | 2,817,546 |
| 5 | Germany | 3,008,980 | 927,243 | 968,334 | 1,859,312 |
| 6 | Korea | 0 | 47,229 | 128,199 | 52,082 |
| 7 | Canada | 33,955 | 0 | 0 | 0 |

*Sources:* Data on this site have been compiled from tariff and trade data from the U.S. Department of Commerce and the U.S. International Trade Commission.