
USITC Investigation Nos. 701-TA-573-574 and 731-TA-1349-1358 (Final)
Business Proprietary Information Released Under APO
Deleted from Pages: 3-4, 7-11, 13-15, Exhibit List and
Exhibits 1, 2, 4-8, 10, 11 and 14-16
PUBLIC VERSION

**BEFORE THE
U.S. INTERNATIONAL TRADE COMMISSION**

**CARBON AND ALLOY STEEL WIRE ROD FROM BELARUS, ITALY, KOREA,
RUSSIA, SOUTH AFRICA, SPAIN, TURKEY, UKRAINE, THE UNITED ARAB
EMIRATES, AND THE UNITED KINGDOM**

**POSTHEARING BRIEF OF PETITIONERS GERDAU AMERISTEEL US INC.,
KEYSTONE CONSOLIDATED INDUSTRIES, INC., AND CHARTER STEEL**

**PAUL C. ROSENTHAL
KATHLEEN W. CANNON
R. ALAN LUBERDA
GRACE W. KIM
KELLEY DRYE & WARREN LLP
3050 K Street, N.W., Suite 400
Washington, DC 20007
(202) 342-8400**

**Counsel to Gerdau Ameristeel US Inc., Keystone
Consolidated Industries, Inc., and Charter Steel**

**ECONOMIC CONSULTANTS:
MICHAEL T. KERWIN
W. BRADLEY HUDGENS
GEORGETOWN ECONOMIC SERVICES, LLC
3050 K Street, N.W.
Washington, DC 20007
(202) 945-6660**

November 27, 2017

Table of Contents

	<u>Page</u>
I. OVERVIEW	1
II. THE MARKET SHARE GAINED BY SUBJECT IMPORTS OVER THE POI IS STRONG EVIDENCE OF INJURY	3
A. Respondents' Claim that U.S. Producer Market Share Was Increasing Over the POI Is Wrong.....	3
B. Respondents' Assertion that No Injury Finding Can be Made If Unfair Subject Imports Replaced Unfair Imports from China is Unfounded.....	5
III. RESPONDENTS CONCEDED THAT PRICE DRIVES PURCHASING DECISIONS AND THE RECORD SHOWS THAT LOWER IMPORT PRICES DEPRESSED AND SUPPRESSED U.S. PRICES.....	7
IV. THE DOMESTIC INDUSTRY IS NOT INSULATED FROM INJURY AS THE PLUMMETING TRADE AND FINANCIAL PERFORMANCE OF THE INDUSTRY OVER THE POI DEMONSTRATES	9
V. RESPONDENTS' CONTENTION THAT THE COMMISSION SHOULD REVISIT AND REVISE ITS PAST DECISIONS THAT 1080 TIRE CORD AND TIRE BEAD ARE PART OF A SINGLE CASWR LIKE PRODUCT CONTINUUM SHOULD BE REJECTED.....	12

PETITIONERS' POSTHEARING BRIEF – WIRE ROD

I. OVERVIEW

At the staff conference, Respondents argued that this is “a price case.” See Transcript of ITC Staff Conference, dated April 18, 2017 (“Conf. Tr.”) at 190-91. At the hearing, Respondents proved their statement with the following admissions with respect to price:

The world and import prices for carbon steel wire rod are lower than in the United States because countries such as Ukraine and China “and other import sources compete amongst themselves” and “only the best most competitive price will get the order.”

U.S. purchasers bought subject imports because of lower prices: “We’re not here to argue that there are some cases in which the domestic customer buys from an import source at a lower price.”

Imports undersold the domestic industry: “We are not here to argue that there is no underselling.”

See Transcript of ITC Hearing, dated November 16, 2019 (“Tr.”) at 188-89, 209.

When asked by Commissioner Broadbent whether customers had conceded that “{t}hey’re buying imports {because} they are lower priced,” Respondents’ counsel replied, “I don’t deny it. I would not question the fact in the transactions and volumes quoted here.” Tr. at 211. And when pressed further by Commissioner Broadbent, “So you are conceding, and just, we need to go look at the impact,” Respondents’ counsel replied, “Yeah....” Id.

When it comes to the question of impact, Respondents admitted that there was a “cost-price squeeze,” but denied that imports were responsible. Tr. at 200-02. Respondents conveniently ignore the data in the record that show purchasers who account for a large volume of sales admit to forcing domestic producers to lower prices by 5 to 15 percent in order to obtain sales. Exh. 2, Slide 13. Notably, Respondents never contended that the abysmal and declining performance of the domestic industry was not injury, they simply try to deflect attention from subject imports.

In particular, Respondents ignore the Commission's "C Table" and instead gerrymander a data base to support their claim that domestic industry market share is "increasing" when, in fact, it is not. Tr. at 24-25. Respondents exclude data from two companies that ceased operations during the period of investigation ("POI") on the basis of their factually erroneous claim that the companies ceased operations for reasons having nothing to do with imports. Both of those companies' own contemporaneous statements upon closing, however, identify imports as a cause of the closure. Exh. 2, Slide 29. Further, the law requires imports only to be a cause—not the entire cause—of the injury to the domestic industry. See section II.A.

Even more lacking in credulity is Respondents' claim that the surge in unfairly-traded subject imports did not injure the domestic industry because they merely replaced unfairly-traded imports from China. Tr. at 25. Not only are the cases Respondents cite to support their claim inapposite, cases directly on point stand for the opposite proposition. There is no exemption in the law for unfairly-traded imports that simply replace other unfairly-traded imports. The serial hammering effect is real, and Congress has never suggested otherwise. Further, the subject imports did more than simply take the share of market held by the unfair Chinese imports; they took additional market share from the domestic industry as well.

Moreover, when asked by Commissioner Broadbent if the recent decline in subject import volume is attributable to the pendency of this investigation, Respondents' counsel replied: "Subject import volume declined after the filing of the petitions. I don't think I have a good answer for that. Often happens because there's a potential of imposing duties." Tr. at 233. Similarly, Respondents have no good explanation for the domestic industry's decline in trade and financial indicators. As further explained below, nothing can explain the injury suffered by the domestic industry over the POI other than the unfairly-traded subject imports.

II. THE MARKET SHARE GAINED BY SUBJECT IMPORTS OVER THE POI IS STRONG EVIDENCE OF INJURY

A. Respondents' Claim that U.S. Producer Market Share Was Increasing Over the POI Is Wrong

Ignoring the data set forth in the Commission's prehearing report,¹ Respondents assert that "the share of the U.S. wire rod market held by the domestic industry increased significantly during the period of investigation." British Steel Prehrg. Brf. at 3. Respondents' contention is premised on their recalculation of U.S. shipment data that wrongly deduct shipments by ArcelorMittal USA and Republic Steel.² *Id.* at 5 n.17. This proposed adjustment to the Commission's database is legally and factually flawed.

As a matter of law, the Commission must consider the domestic industry "as a whole" and is not to focus on individual firms, disaggregate data or exclude producers from its analysis.³ As a matter of fact, exclusion of companies that have each expressly cited injurious imports as a cause of their closure would be particularly inappropriate. *See* Exh. 2, Slide 29; Gerdau Prehrg. Brf. at Exh. 5.⁴ Indeed, the workers at ArcelorMittal USA's Georgetown plant filed for and obtained

¹ The Prehearing Report shows that the domestic industry's market share declined from an already low level of 59.3 percent in 2014 to 58.2 percent in 2016 (and further to 56.6 percent in interim 2017), as subject import volumes and market shares surged. ITC Prehrg. Rep. at C-5.

² Not only are no adjustments appropriate, the adjustments to U.S. shipments that British Steel has undertaken in its brief are mathematically wrong. British Steel deducted data for Republic Steel from the total shipment data in the final database, even though the Commission's report expressly states that the Republic data is not included in its final database. Compare ITC Prehrg. Rep. at III-1 n.1 with British Steel Prehrg. Brf. at 5 fn. 17, 18.

³ 19 U.S.C. §1677(4)(A); *Calabrian Corp. v. United States*, 794 F. Supp. 377, 385-86 (Ct. Int'l Trade 1992) ("This Court has repeatedly affirmed that Congress intended the ITC to determine whether or not the domestic industry (as a whole) has experienced material injury due to the imports.").

⁴ Notably, at least [

]

Trade Adjustment Assistance upon its closure, referencing the company's public statement that "the reason for plant closure has been imports." Exh. 3. In addition to Republic's reference to imports at the time of its closure, [

] That other factors may also have caused harm to those plants' operations does not allow the Commission to disregard both U.S. producers' express identification of imports as a cause of their shutdowns.⁵

Given that both ArcelorMittal and Republic cited imports as a reason for their closure, the cases Respondents cite are distinguishable. In each of the cases Respondents rely upon, the U.S. producer closing its facility expressly stated that its closure was due to factors other than imports.⁶ By contrast here, statements by both ArcelorMittal and Republic – neither of which is a petitioner in this case – expressly cited imports as a cause of the closure when the closure occurred. Exh. 2, Slide 29; Gerdau Prehrg. Brf. at Exh. 5. These very different fact patterns between the current record and the cases on which Respondents rely render Respondents' arguments meritless.

⁵ The law does not require that the material injury to the domestic industry be caused solely by subject imports but recognizes that there may be more than one cause of injury. S. Rep. No. 96-249, 1st Sess. at 74-75 (1979) (the Commission need not determine that subject imports are the sole or even a substantial cause of material injury); Nippon Steel Corp. v. United States, 345 F.3d 1379, 1381 (Fed. Cir. 2003).

⁶ See British Steel Prehrg. Brf. at 7-8, citing Liquid Sulfur Dioxide from Canada, USITC Pub. 3826 (Prel.) (2005) (U.S. producer closing its operations "specifically stated that it did not leave the industry for reasons related to subject imports"); Titanium Sponge from Japan and Kazakhstan, USITC Pub.4736 (Prel.) (2017) at 29-30 (U.S. producer ATI that shutdown facility reported the closure was not due to imports); Steel Wire Rope from China and India, USITC Pub. 3406 (Final) (2001) at 19 n.151 (U.S. producer attributed its closure to factors other than subject imports at the time of the closure).

B. Respondents' Assertion that No Injury Finding Can be Made If Unfair Subject Imports Replaced Unfair Imports from China is Unfounded

Perhaps most startling of Respondents' many arguments was their claim subject imports cannot be a cause of injury if they are replacing the unfair imports from China rather than displacing further U.S. sales. Tr. at 193-95; British Steel Prehrg. Brf. at 18-20. Leaving aside the fact that subject imports did displace additional U.S. market share,⁷ this argument is legally invalid and inconsistent with Commission precedent.

There is no requirement in the statute that the domestic industry lose market share to subject imports to demonstrate injury. 19 U.S.C §1677(7). The cases on which Respondents rely in support of this argument involve very different facts. Tr. at 193-94. Both the Butt-Weld Pipe Fittings and Polyvinyl Alcohol from Germany cases involved significant increases in U.S. industry market share over the periods of investigation – by as much as 21 percent in the pipe fittings case – while here the U.S. CASWR industry's market share is dropping.⁸ In Pipe Fittings, the largest domestic producer conceded it was not injured by imports. USITC Pub. 2870 at I-31. In Polyvinyl Alcohol, the Commission cited improved industry profits (here, industry profits are in decline). USITC Pub. 3604 at 26; ITC Prehrg. Rep. at C-3. In neither case did the Commission state that unfairly-traded imports were entitled to increased market share if they were replacing other unfair imports, as Respondents claim.

⁷ See ITC Prehrg. Rep. at C-3. It should also be noted that simply because customers shifted from purchasing imports from China to purchasing imports from the subject countries does not mean that U.S. producers did not lose sales. Domestic producers were actively attempting to sell to purchasers throughout the POI, but consistently lost sales to subject imports priced at lower levels. Gerdau Prehrg. Brf. at 45-50. Thus, even if the U.S. producers did not regain the accounts they had lost to China, there are still lost sales to subject imports.

⁸ See Certain Carbon Steel Butt-Weld Pipe Fitting from France et al., USITC Pub. 2870 (Final) (1995) at I-25-I-26; Polyvinyl Alcohol from Germany and Japan, USITC Pub. 3604 (Final) (2003) at 25; ITC Prehrg. Rep. at C-3.

The Commission has, however, seen similar scenarios to that presented here – and reached affirmative findings in those cases. In Sulfanilic Acid from Hungary and Portugal, when one country replaced another country's sales of the same product, the Commission stated:

As noted earlier, non-subject imports from China had a substantial presence in the U.S. market in 1999 and 2000 but fell to *** by 2001. However, the rapidly increasing volume of subject imports between 1999 and 2001 captured the portion of the market previously held by imports from China. . . . Although Respondents argue that the domestic industry is not injured by reason of subject imports because subject imports merely replaced imports from China, we disagree. The fact that subject imports from Hungary and Portugal have replaced imports from China does not decide the independent inquiry of whether subject imports from Hungary and Portugal are a cause of material injury to the domestic industry.

USITC Pub. 3554 (Final) (2002) at 31-32 (footnotes omitted). Thus, the Commission expressly recognized that sequential imports of a product that are simply replacing prior imports can cause injury to an industry under the law.

Moreover, while Respondents cite the 2003 Polyvinyl Alcohol case, they ignore the 2007 Polyvinyl Alcohol from Taiwan case that reached a very different conclusion:

From 2001 to mid-2003, the downward pressure on U.S. prices was caused in part by dumped imports from China, Japan, and Korea, which the Commission found in the previous investigations were having adverse price effects and injuring the U.S. industry Although some price increases reportedly did take effect, prices continued at suppressed levels, even after the other imports became subject to antidumping duties, because the imports from China, Korea and Japan were largely replaced by increased volumes of low-priced import from Taiwan. We thus find that the subject imports from Taiwan continued and even exacerbated the injury caused by the previous unfairly traded imports and prevented the industry from raising its prices sufficient to recover rising costs and expense and improve its performance.

USITC Pub. 3920 (Prel.) (Remand) (2007) at 18, 21 (emphasis added). The findings of the Commission in the Taiwan case – where unfairly-traded imports from China, Japan and Korea were replaced by unfairly-traded imports from Taiwan, continuing and exacerbating the injury – are directly on point to the current record. Unfairly-traded imports from China were replaced by

unfairly-traded imports from the ten subject countries, continuing and exacerbating the injury that China had inflicted. Gerdau Prehrg. Brf., section VII. This precedent debunks respondent claims that the replacement of prior unfairly-traded imports with new sources of unfairly-traded imports is not actionable or evidence of injury under the law. Indeed, given the intense vulnerability of the domestic CASWR industry that has been pummeled by two rounds of unfairly-traded imports, the injury suffered is now even worse. Exh. 2, Slides 24 and 25.

III. RESPONDENTS CONCEDED THAT PRICE DRIVES PURCHASING DECISIONS AND THE RECORD SHOWS THAT LOWER IMPORT PRICES DEPRESSED AND SUPPRESSED U.S. PRICES

Respondents conceded at the staff conference that price drives purchasing decisions of CASWR and that subject imports overwhelmingly undersold the domestic product. Tr. at 188-89, 200-02, 211. The Commission's record confirms that U.S. imports undersold the domestic product in the vast majority of instances and volume of sales reported. Based on revised importer pricing data received by the Commission after the ITC hearing, U.S. imports undersold the domestic product in [] of [] possible comparisons, or [] percent of the time. Exh. 5. Subject imports also undersold the corresponding domestic product in [] percent of the volume of sales reported. *Id.* Respondents admitted at the hearing that "we're not here to argue that there's no underselling." Tr. at 209.

Further, the Commission's record demonstrates that purchasers shifted purchases from U.S. producers to subject imports due to lower prices. Of the 24 responding purchasers that reported that they purchased CASWR from the subject countries instead of the domestic product since 2014, 18 reported that the subject imports were priced lower and 17 reported that price was a primary reason for the shift. ITC Prehrg. Rep. at V-32, Exh. 2, Slide 11. The volume of purchases that purchasers admitted were shifted due to price was [] tons. *Id.* Despite Respondents'

argument that the volume shift due to price was small (Tr. at 239-40), the Prehearing Report indicates otherwise. With the responding purchasers reporting total subject import purchases of [] tons in 2016, the shift of [] tons to subject imports by those same purchasers is significant by any measure. Id. at V-33-37.

Respondents argued that cost declines, especially pertaining to stainless steel scrap, fully explained the decline in CASWR prices during the POI. Tr. at 25. Respondents cited to the variance analysis in the preliminary report to support this argument at the staff conference. Id. The preliminary report, however, indicates that:

With respect to the merchant market, operating income decreased primarily because of the favorable net cost/expense variance was not large enough to offset unfavorable price variances (i.e., prices decreased more than costs and expenses).

USITC Pub. 4693 at VI-14-15 (emphasis added). In response to Vice Chairman Johanson's question regarding the correlation between scrap and wire rod prices, Mr. Cunningham admitted that the U.S. producers were experiencing a price-cost squeeze during the POI, testifying that "I think the price versus COGS has squeezed them {domestic producers} to some extent." Tr. at 200. Information gathered in this final phase of the case demonstrates that U.S. prices indeed did decline by more than scrap costs. ITC Prehrg. Rep. at IV-10. Specifically, U.S. unit net sales values for CASWR fell to a greater degree than did unit raw material costs and unit COGS, as low-priced imports surged. Id. Unit net sales declined by \$24 per ton more than unit raw material costs and \$7 per ton more than unit COGS, leading to the domestic industry's decline in operating income. Id. These declines occurred despite the domestic industry already being in a weakened condition in the first year of the POI, as it was then attempting to recover from an onslaught of dumped and subsidized CASWR imports from China.

Respondents also argued that the domestic industry has benefitted from higher prices due to recent price increase announcements. Tr. at 157-158. As the domestic industry witnesses testified, U.S. producers attempted to increase prices in the second and third quarters of 2017, but their price increase announcements were rejected by the market. Tr. at 77, 78. Mr. Armstrong indicated that [

]

Indeed, the Commission's record establishes that the increasing volumes of low-priced subject imports caused depression of U.S. producer prices. Purchasers admitted to forcing domestic producers to lower prices by 5 to 15 percent in order to obtain sales. *Id.* at V-41., Exh. 2, Slide 13. Respondents even admitted at the hearing that "most transactions where you buy, you'll buy from the lower price." Tr. at 214. With such pervasive underselling by subject imports during the POI, the Commission's record demonstrates that the increasing volume of low-priced subject imports played a pivotal role in the U.S. producers' price declines.

IV. THE DOMESTIC INDUSTRY IS NOT INSULATED FROM INJURY AS THE PLUMMETING TRADE AND FINANCIAL PERFORMANCE OF THE INDUSTRY OVER THE POI DEMONSTRATES

The record does not support Respondents' contention that the domestic industry is insulated from import competition through downstream and upstream integration, "Buy American" requirements, logistical advantages, growing demand, or recent price increase announcements. Tr. at 254. U.S. producers do not obtain any advantage in securing raw materials from U.S. affiliates, as they [

] percent of U.S. producers' shipments are either internally consumed or transferred to affiliated downstream operations. *Id.* and ITC Prehrg. Rep.

at III-9 and III-11. The testimony by Mr. Armstrong of Keystone that his company “will place on hold” its own internal needs to satisfy external customers’ needs demonstrates U.S. producers do not sell to their own downstream affiliates over external customers. Id. and Tr. at 121. Moreover, [

] Id. at III-11. These facts belie Respondents’ assertion that U.S. producers are shielded from competition with imports through vertical integration.⁹

Similarly, “Buy American” sales represent [] of the U.S. market. Exh. 8 and ITC Prehrg. Rep. at C-5. Notably, U.S. producers generally do not know if the wire rod they are selling will ultimately be used in a “Buy American” project. Exhs. 6 and 7. As Mr. Armstrong of Keystone states, [

] Exh. 6. Claims that domestic producers receive a price premium on “Buy American” sales, thus, are simply not true. Id. Purchasers often leverage lower-priced imports to force U.S. producers’ to meet the import prices if they do not want to lose additional sales. Tr. at 56, 80; see also Exhs. 6 and 7. Further, the Commission has previously found that “Buy American” preferences do not insulate the domestic industry from imports when the preferences only apply to a relatively small share of purchases in the U.S. market, as is true in this case. See Rebar, USITC Pub. 4705 at 27.

⁹ See Steel Concrete Reinforcing Bar from Japan and Turkey, USITC Pub. 4705 (Final) (July 2017) (“Rebar”) at 26-27 (finding that the domestic industry’s vertical integration did not insulate the domestic industry from competition with subject imports because transfers to related firms occurred at fair market value and corporate relationships did not prevent downstream affiliates from purchasing the product from other sources, including subject imports).

Logistical advantages cited by Respondents also did not prevent domestic producers from losing sales to imports.¹⁰ [

] Exh. 7. Respondents' assertion that U.S. producers are now benefiting from growing demand and higher prices as further support for their insulation claim is equally unpersuasive. The uptick in apparent domestic consumption during the interim 2017 period reflects the stockpiling of wire rod by importers and purchasers in advance of the provisional duties and does not reflect true demand. Exh. 6 and Tr. at 38-39, 77, 118, and 132. Moreover, many of the U.S. producers' price increase announcements did not stick to any significant extent, as demonstrated by the weak financial performance of the industry through the third quarter of 2017. Tr. at 33, 76-77, and 117; and ITC Prehrg. Rep. at C-5.

The supposed insulation of the domestic industry did nothing to stop the surge in subject imports over the POI, which gained market share at the domestic industry's expense. ITC Prehrg. Rep. at C-4 and C-5. The domestic industry not only suffered significant declines in key trade variables over the POI due to subject imports, but also saw its net sales value decline by [] percent and its operating profit to net sales ratios drop from their already minimal level of [

] ITC Prehrg. Rep. at C-5. The harm subject imports have inflicted on the domestic CASWR industry has been severe.

¹⁰ Respondents also cited purported logistical disadvantages of U.S. producers that are incorrect. Mr. Moffitt of Heico Wire Group testified that "imported rod must be carried in inventory for longer periods," demonstrating that any advantage that domestic producers may have had with regard to lead times were eliminated as purchasers were able to buy imported wire rod from U.S. inventory. Tr. at 156. In addition, Mr. Johnson of Mid-South Wire testified that imported rod had an "important advantage" over domestic producers because of the importers' ability to deliver in barge lot quantities. Tr. at 147. [

] Id.

V. **RESPONDENTS' CONTENTION THAT THE COMMISSION SHOULD REVISIT AND REVISE ITS PAST DECISIONS THAT 1080 TIRE CORD AND TIRE BEAD ARE PART OF A SINGLE CASWR LIKE PRODUCT CONTINUUM SHOULD BE REJECTED**

The Commission found in the Preliminary Determination, and in each of the Commission's prior CASWR investigations since 2002, that all CASWR, including grade 1080 tire cord and tire bead ("TCTB") CASWR, constitutes a single continuum like product with no clear demarcations by type, grade, size, or use. Gerdau Prehrg Brf. at 4-5, and cases cited therein. Respondents have not challenged the correctness of any of those determinations, and instead have claimed that there are various new or changed facts not previously considered in prior investigations that should lead to a different outcome. See, e.g., Tr. at 217-18, 226; POSCO Prehrg. Brf. at 2. The allegedly new facts proffered by Respondents are either not new, have been misstated or create no clear dividing line between grade 1080 TCTB CASWR and other CASWR.¹¹

First, Respondents argue that with the exit of ArcelorMittal from the market the domestic industry no longer produces grade 1080 TCTB CASWR in commercial quantities or with consistent quality, and therefore should be treated as though it produces no grade 1080 TCTB CASWR. See, e.g., Tr. at 206; POSCO Prehrg. Brf. at 2.¹² The facts of record, however, demonstrate that there are two current domestic producers, Evraz and Keystone, producing grade 1080 TCTB CASWR

¹¹ The Commerce Department similarly considered and rejected all of the same arguments raised by Respondents before the Commission in determining that grade 1080 TCTB CASWR does not constitute a separate class or kind of merchandise from other CASWR. See Exh. 9.

¹² If the Commission were to find no domestic shipments of grade 1080 TCTB CASWR contrary to the record facts, the Commission would be legally precluded from finding a separate like product because the statute requires the Commission to define a domestic like product and a domestic industry based on the U.S. product and U.S. production. 19 U.S.C. §§1677 (10). The Commission has consistently rejected basing a separate like product on a lack of domestic production. See, e.g., Cold-Drawn Mechanical Tubing from China, Germany, India, Italy, Korea, and Switzerland, USITC Pub. 4700 at 8-9, n. 22. If the Commission were to find a separate like product, it would need to examine the import-caused injury to the industry producing the most similar product to the imported product, and not simply find no injury because of no production. Id. at 9, n. 22.

in commercial quantities. ITC Prehrg. Rep. at I-34, Tr. at 203, 225-26. The domestic industry shipped this product in commercial quantities in every year of the POI. Id. at I-34. In 2016, for example, the domestic industry shipped [] tons of grade 1080 TCTB CASWR, a volume that exceeds the []

J). Id. Respondents' claims that the domestic industry did not ship 1080 TCTB CASWR in commercial quantities, therefore, is in error.

Respondents also claim that to the extent that domestic producers do produce grade 1080 TCTB CASWR, they produce only tire bead and no tire cord. Tr. at 217-218. This claim is both wrong and irrelevant. []

[] Moreover, Respondents specifically defined the separate like product to include both grade 1080 tire cord and grade 1080 tire bead CASWR. The domestic industry's production of grade 1080 tire bead, therefore, reflects production of the 1080 TCTB proposed separate like product.

Respondents' alleged new fact with regard to physical characteristics is that the Commission has only previously considered carbon content and has not taken into account the differences in the silicon, manganese and chromium content of grade 1080 TCTB CASWR from other CASWR. POSCO Prehrg. Brf. at 23. The chemistry of grade 1080 TCTB CASWR creates no clear dividing lines however. []

[] despite Respondents' claims the Commission should draw a clear dividing line between them. See Exh. 1, Q 7; [] Moreover, contrary to British Steel's claims (British Steel Prehrg. Brf. at 23), the "key technical parameters for tire cord and tire bead" such as surface defect,

decarburization, microstructure, centerline segregation, and inclusion standards [

] There is no bright line at grade 1080 based on physical characteristics or technical requirements. See also Exh. 1, Q. 4, Q. 7.

The key “new” alleged fact on which the Respondents pin their like product argument with regard to manufacturing facilities is the claim that grade 1080 and higher TCTB CASWR cannot be produced using EAF-melted steel. POSCO Brf. at 25-26; British Steel Prehrg. Brf. at 24. Record evidence demonstrates, however, that the domestic producers [] are producing grade 1080 TCTB CASWR in the same facilities, and on the same equipment using EAF steel as they produce other TCTB CASWR and all other CASWR. See Exh. 1, Q 4, Exh. 6. [

] At least two subject foreign producers, Global Steel Wire and Byelorussian Steel Works are also producing grade 1080 TCTB CASWR using EAF-melted steel. Exh. 1, Q. 4; Exhs. 12 and 13.¹³ Finally, the Respondents expressly admitted that it is feasible to produce grade 1080 TCTB CASWR on an EAF mill using a greater proportion of pure iron inputs and high grade scrap. Tr. at 223-24.¹⁴

¹³ Note also that [

]

¹⁴ British Steel also described a number of detailed processes it employs to produce grade 1080 TCTB CASWR with its BOF and rolling facilities. British Steel Prehrg. Brf. at 24-26. As the Commission has already explained, however, differences between the foreign and domestic production process are irrelevant to the like product determination because the like product is determined based on any differences in domestic production of the products being compared. See CASWR from Belarus Prelim., USITC Pub. 4693 at 10.

PUBLIC VERSION

The only other alleged “new” fact offered by Respondents is their claim that customers no longer perceive 1080 and higher TCTB CASWR to be comparable with any other CASWR due to changes in standards and the market, citing to the purchaser questionnaire responses of [

] among others. POSCO Brf. at 24-27. This argument is not new and has been rejected by the Commission dating back to the 2002 investigations. See Gerdau Prehrg. Brf. at 12. The changes in standards for tires date back to 2002 and 2009, are not a new fact in this investigation, and have increased the use of higher grades of wire rod rather than changing the wire rod specification. Exh. 1, Q. 7. More importantly, as discussed above, that [

] undermines any claim that purchasers perceive clear dividing line between the products.

In sum, there are no new record facts in this investigation that would justify the Commission finding that grade 1080 TCTB CASWR is a separate like product from other CASWR.

Respectfully submitted,



PAUL C. ROSENTHAL
KATHLEEN W. CANNON
R. ALAN LUBERDA
GRACE W. KIM

Counsel to Gerdau Ameristeel US Inc., Keystone
Consolidated Industries, Inc., and Charter Steel

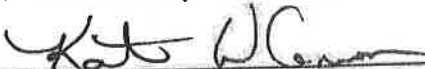
November 27, 2017

CERTIFICATION

CITY OF WASHINGTON)
)
DISTRICT OF COLUMBIA) ss:


In accordance with section 201.6(b)(3)(iii) of the Commission's regulations, 19 C.F.R. § 201.6(b)(3)(iii), I, Kathleen W. Cannon, hereby certify on November 27, 2017, that information substantially identical to that for which business proprietary treatment has been requested in this document is not available to the general public.

In accordance with section 207.3(a) of the Commission's regulations, 19 C.F.R. § 207.3(a), I, Kathleen W. Cannon, hereby certify on November 27, 2017, that the information contained in this document is accurate and complete to the best of my knowledge.



Kathleen W. Cannon

Subscribed and sworn to before me on November 27, 2017.



Notary Public

Jerome Oyenein
Notary Public District of Columbia
My Commission Expires 03-31-2021

My Commission Expires: _____



INDEX TO EXHIBITS

Exhibit No.	Description of Exhibit	Public/BPI/APO
1	Responses to ITC Commissioner Questions	APO/BPI
2	Domestic Industry Presentation (November 16, 2017)	APO
3	Trade Adjustment Assistance Information	Public
4	[]	APO
5	Price Comparisons, by Country, 1Q 2014 – 3Q 2017	APO
6	Declaration of Chris Armstrong	BPI
7	Declaration of Marcelo Canosa	BPI
8	CASWR Purchasers' Total Purchase Volumes and Percent "Buy American"	APO
9	DOC Final Scope Memorandum	Public
10	[]	BPI
11	[]	BPI
12	Global Steel Wire TCTB Specifications	Public
13	Byelorussian Steel Works TCTB Specifications	Public
14	Declaration of []	APO
15	[]	BPI
16	[]	BPI

EXHIBIT 1

ANSWERS TO COMMISSIONER QUESTIONS

1. **Chairman Schmidlein:** *“... in their brief, AWPAs says that throughout 2016 and into late 2017 that there have been numerous price increases, so can the witnesses talk about those and how have you been able to ...” (Tr. at 76)*

As discussed in the brief, the domestic producers' price increase announcements were largely rejected by the market, as demonstrated by the weak performance of the domestic industry through third quarter 2017. See Gerdau Posthrg Brf. at sections III, IV and Exh. 6.

2. **Commissioner Williamson:** *“Can other grades below 1080 be used for tire cord and tire bead? Does anybody have any idea of what share of the – what is their relative share?” “How significant is that?” (Tr. at 91-92).*

Yes, other grades below 1080 can be used for tire bead and, presumably, for tire cord as well. Tr. at 91. [

]

Sales of grades below and above 1080 tire cord and tire bead account for a [

] of the U.S. market for wire rod. See ITC Prehrg. Rep. at C-3-C-7; Exh. 2, Slide 34.

3. **Commissioner Williamson:** *“What uses determine the grade of tire or bead? And is there any production equipment adjustments needed to make tire cord and tire bead wire rod?” (Tr. at 92)*

The particular end use application of tire cord and tire bead wire rod determines which grade is required. In particular, tire size influences the grade of tire cord and tire bead wire rod used. The Respondents testified that smaller tires that were previously more common (in 13 to 15 inch sizes) use the grades of tire cord and tire bead that are less than grade 1080, while larger sizes of tires (18 to 24 inch tires for cars) use the higher carbon grades of tire cord and tire bead of grade 1080 or more. Tr. at 229 (Mr. Minnick). The strength of the wire (and therefore the

carbon content) has also increased as tire producers have tried to make tires lighter. Id. Again, this is consistent with a continuum like product – the physical characteristics gradually change to meet the precise needs of the end-users.

As testified by the Respondents, tire bead and tire cord wire rod comes in grades both below grade 1080 and in grades that are 1080 and above. Tr. at 207 (Mr. Cameron). According to the testimony of the witness for Kiswire, 20 to 30 percent of its bead wire rod is in grades below 1080 and about 5 percent of its usage of tire cord wire rod is at grades below 1080. Tr. at 207. Common grades of tire cord and tire bead wire rod below grade 1080 include [

] See Q. 2, above. Thus, the grades of tire cord and tire bead above and below grade 1080 are part of a continuum of tire bead and tire cord CASWR products, which are themselves part of the larger CASWR continuum.

As Mr. Nystrom testified, the steel is produced “in the same type of rolling mill, same type of melt shop.” Tr. at 93. The steel can be melted in either an Electric Arc Furnace (“EAF”) using high quality iron units such as DRI and pig iron, or in a Basic Oxygen Furnace (“BOF”). Id.¹ Respondents also expressly admitted that it is feasible to produce grade 1080 TCTB CASWR on an EAF mill using a greater proportion pure iron inputs and high grade scrap. Tr. at 223-24 (Mr. Hughes). [

¹ [

]

] As a result, no further adjustment to the production process or additional production equipment is necessary for the domestic industry to produce grade 1080 tire cord and tire bead wire rod.

For those producers not currently qualified to make grade 1080 tire cord and tire bead wire rod, further investment in equipment would be necessary. To produce grade 1080 and higher tire cord, [

] Mr. Armstrong testified that his company had a fully evaluated plan to make such investments in tire cord production, but found that the subject-import driven prices available in the market did not warrant the further investment. Tr. at 70-71. As long as the Respondents are allowed to dump grade 1080 tire cord and bead into the U.S. market, import prices will remain low and there will be no incentive for the tire wire producers to work with domestic CASWR producers in a manner that would warrant that further investment. As Mr. Rosenthal testified, after grade 1080 tire cord and tire bead CASWR was excluded from the 2002 order, tire wire producers no longer needed to develop domestic sources of grade 1080 TCTB. Tr. at 103-04.

4. Commissioner Williamson: *"I was wondering, do difference between the EAF and BOF production processes impact the requirements that in -- by end users. In other words, do your end users say, you gotta make it by this process or by that process?" (Tr. at 93).*

Despite the Respondents' statements to the contrary, record evidence demonstrates that the end-users do not specify that TCTB CASWR must be produced using the BOF production process rather than the EAF process. [

] the purchasers control quality by adherence to the required chemistry and testing, not by specifying a particular steel melting process.

The record evidence also flatly contradicts the Korean and British Respondents' claim that it is impossible for an EAF producer to make grade 1080 TCTB to the required chemistry. See POSCO Prehrg. Brf. at 25; British Steel Brf. at 24; see also Tr. at 204 (Mr. Cameron) and 202-03 (Mr. Connelly). Record evidence shows that domestic producers Evraz and Keystone both produce grade 1080 TCTB CASWR using their EAF mills to supply the steel. As Mr. Armstrong testified, Keystone produces grade 1080 tire bead CASWR with its existing electric arc furnace and rolling mills. Tr. at 41. While Keystone does not now produce grade 1080 tire cord CASWR on its mill, the grade 1080 tire bead CASWR it produces is within the separate like product that Respondents have proposed that encompasses both grade 1080 tire bead and 1080 tire cord CASWR. See Section V of the brief.

Mr. Cameron admitted that Evraz produces grade 1080 tire cord CASWR, but claimed that Evraz had to use BOF ingots to do so. Tr. at 204. This claim is wrong. [

]² [

] Id.; ITC Prehrg Rep. at I-30, n.55.

[

] Thus, the record shows that the domestic industry is today producing grade 1080 TCTB using the EAF process.

Respondents' testimony, in fact, confirms the domestic industry's position that an EAF process utilizing a high quantity of pure iron inputs could produce grade 1080 TCTB wire rod. Tr. at 93 (Mr. Nystrom) and 223 (Mr. Hughes); Conf. Tr. at 156-57; Gerdau Posthrg. Brf. Exh. 1, Q.2. Bekaert's Mr. Hughes explained that an EAF melting 50 to 60 percent pure iron inputs could produce clean enough steel to make grade 1080 TCTB. Tr. at 223 (Mr. Hughes) ("It's the direct reduced iron and pig iron that you heard in this morning's testimony . . . and the amount to take out the impurities from the scrap, it might be 50 or 60 percent . . ."). This is consistent with the statement in [

]

²

[

]

Nor are domestic producers the only producers of grade 1080 TCTB using an EAF process for their steel melt. As discussed at the hearing and in Gerdau's Postconference Brief, Spanish CASWR producer GSW produces grade 1080 tire cord and tire bead CASWR from steel melted in its EAF. See Exh. 12; Gerdau Postconf. Brf. at Exh. 21. Consistent with []

GSW explains that "the use of high direct reduced iron (CRI/HBI) levels in the raw materials mix allows us to guarantee the regular attainment of the desired chemical composition." Id. []

[] The Belarus producer Byelorussian Steel Works also produces grade 1080 TCTB CASWR utilizing EAF mills. See Exh. 13.

Finally, Respondents' claims that EAF steel cannot be used to produce grade 1080 TCTB CASWR in commercial quantities because it inherently produces inconsistent quality is misplaced. Inconsistent quality is more a function of the overall practices of the producer than the EAF or BOF production process. For example, POSCO's witness testified at the hearing that it took POSCO five years to be able to qualify to make grade 1080 TCTB wire rod despite the fact that it is a BOF producer. Tr. at 166 (Mr. Rhee).³ []

³ Contrary to Mr. Connelly's claim, POSCO's experience is not evidence that it would take five years for any producer to qualify to produce grade 1080 TCTB CASWR. Tr. at 219-20. []

[] and Kiswire's witness testified that it takes one year to qualify to produce tire bead and two years for tire cord wire rod. [] Tr. at 164 (Mr. Minnick).

] The same purchaser reported
that it [

] Thus, it is the
producer's overall production process rather than the inherent use of EAF or BOF billets that
determines its success of grade 1080 TCTB CASWR production.

The record demonstrates overwhelmingly that purchasers do not require that grade 1080
TCTB CASWR be produced with BOF steel, completely undermining the cornerstone of
Respondents' separate like product argument.

5. **Commissioner Broadbent:** *"... could someone just put on the record how much it
would cost to do that dredging and whether it was really possible for Georgetown to do
it itself, how much investment it would need?" (Tr. at 102).*

The cost of dredging the river near ArcelorMittal's Georgetown plant is estimated to be
around \$70 million. Tr. at 24, 139. Although the Army Corps of Engineers is responsible for
dredging the port, ArcelorMittal or another local sponsor could have funded the dredging project.
If it were not for the devastating impact of unfairly traded imports, ArcelorMittal may have had
sufficient returns to invest in dredging the river over a period of time, rather than all at once,
which would have reduced the cost of dredging below the current \$70 million estimate and
spread out the costs. In any event, ArcelorMittal's announcement at the time it closed
Georgetown expressly cited subject imports as a reason for the closure. Exh. 2, Slide 29; Gerdau
Prehrg. Brf., Exh. 5. Whether ArcelorMittal faced dredging costs as well does not negate the
fact that subject imports were a cause of the closure – which is all the law requires. See section
II.

6. Chairman Schmidlein: *“If we were to split the products and find that there is a separate like product for tire cord and bead, based on the data that we collected, and the fact that non-subject gained market share in that market, U.S. lost, but so did subject, do you think the record would support an affirmative determination if we were to find separate like products?” (Tr. at 105)*⁴

As described in our Prehearing Brief at 6-13, and discussed further in section V of this brief, Petitioners believe there is sufficient case precedent and record evidence that grade 1080 and higher tire cord and tire bead wire rod (“TCTB”) not be considered a separate like product. Based on the application of its six-factor like product in the Preliminary Determination, the Commission rejected Respondents’ argument regarding the 1080 product in the past, and found a single continuum like product consisting of all CASWR, including 1080 and higher TCTB CASWR. Accordingly, we urge the Commission to reach the same conclusion in this final phase of the case.

If the Commission were to make a separate like product determination with regard to TCTB, however, the Commission’s record still supports an affirmative injury finding despite having incomplete import data on the 1080 and higher TCTB product. Specifically, the Commission only received data on nonsubject imports of 1080 or higher TCTB from Japan. According to the purchaser questionnaires, however, purchasers sourced TCTB from [

] during the POI. See Purchasers QRs at II-1(b). [

] Exh. 7. That these nonsubject imports are omitted from the Commission’s database provides an incomplete and potentially distortive picture of subject and nonsubject imports. Accordingly, given the limitations in the non-subject import data, those data and trends and other data affected by these non-subject import data (i.e., other market share levels and trends) should be viewed with caution.

⁴ The transcript incorrectly indicates that Commissioner Broadbent asked this question.

Based on the current record, however, it is apparent that the volume of subject 1080 or higher TCTB increased from [] tons in 2014 to [] tons in 2016, or by [] percent. ITC Prehrg. Rep. at C-6-7. [

] Imp. QR at IV-6.

The market share of subject imports of TCTB increased from [] percent in 2014 to [] percent in January-September 2017. ITC Prehrg. Rep. at C-6-7. As subject imports captured [] percentage points of market share during the POI, U.S. producers experienced [] Id. U.S. producers' financial performance declined from [] in 2014 to [] in January-September 2017. Id.

[

]

Other U.S. producers reported that their anticipated effects of the subject TCTB imports were as follows:

[

]

[

]

[

]

[

]

In sum, as subject imports of TCTB increased during the POI, U.S. producers of TCTB

[

] Accordingly, the Commission's record establishes that the domestic industry producing TCTB experienced material injury due to the increase of low-priced subject TCTB imports.

7. **Chairman Schmidtlein:** *“Can you respond to the argument from the Respondents that the specifications have become more stringent for this over time?” (Tr. at 106-107).*

The specifications have not become more stringent for grade 1080 tire cord and tire bead wire rod since the 2002 case, contrary to the claims of the Respondents. Rather, the use of higher grades of tire cord and tire bead simply have become more common as tire sizes have increased in the U.S. market. See Answer to Q.3 above. The change in tire standards mandated by Congress in 2002 and 2009 did not change the specifications for 1080 or 1090 TCTB CASWR; the standards simply led to the higher grades of steel be used in more tires. See Tr. at 171-174 (Norburg).

Respondents imply that the existence of the higher grades of tire cord and tire bead wire rod above grade 1080 are new since the previous investigations, but that is not true. The Commission noted the existence of grade 1090 TCTB CASWR in its 2002 CASWR decision. See CASWR from Brazil OI, USITC Pub 3546 at 7 (“Commerce’s scope of investigation includes 1070 and 1090 tire bead and tire cord wire rod.”). The Commission’s discussion makes clear that already in 2002, grades of TCTB higher than 1080 existed and were not distinguishable from lower grades under the Commission’s like product test:

Grade 1080 is one particular grade of tire cord and tire bead wire rod. There is no information on the record indicating significant differences among grades of tire bead wire rod, and the record reflects only minimal differences among grades of tire cord wire rod. Tire cord wire rod may be either regular-tensile (AISI grade 1070) or high-tensile (AISI grade 1080 or 1090). Grade 1080 and grade 1090 tire cord wire rod are finer grades of tire cord wire rod than 1070 grade, with more stringent specifications.

CASWR from Brazil OI, USITC Pub 3546 at 8-9 (footnotes omitted). Moreover, tire companies themselves were arguing in that earlier case that there was no significant difference between grades 1070, 1080 and 1090 to justify different treatment:

Respondent Michelin argues, and the record indicates, that no significant distinctions exist between grades 1070, 1080, or 1090 tire cord wire rod relevant to the Commission's like product analysis. Michelin states that all three grades have the same physical characteristics, uses, prices, channels of distribution and production processes. Michelin asserts that all three grades must satisfy the same restrictive requirements for cleanliness, segregation, decarburization, chemistry and surface imperfections that are not required in "ordinary" wire rod products.

Id. at 9 (footnotes omitted).⁵ What was true in 2002 is true today. The specifications themselves have not become more stringent, but the proportion of tire cord and tire bead requiring the higher grades has increased. As in 2002, the various grades of tire cord and tire bead are just additional points on the continuum of all CASWR products, and the Commission should continue to find a single domestic like product encompassing all CASWR.

The restrictive requirements for cleanliness, segregation, decarburization, chemistry and surface quality for TCTB CASWR were already in place since the Commission found a single like product including grade 1080 TCTB wire rod in 2002. CASWR from Brazil OI, USITC Pub. 3546. The definition of grade 1080 TCTB in the 2002 investigation was as follows:

Also excluded from the scope are 1080 grade tire cord quality wire rod and 1080 grade tire bead quality wire rod. This grade 1080 tire cord quality rod is defined as: (i) grade 1080 tire cord quality wire rod measuring 5.0 mm or more but not more than 6.0 mm in cross-sectional diameter; (ii) with an average partial decarburization of not more than 70 microns in depth (maximum individual 200 microns); (iii) having no inclusions greater than 20 microns; (iv) having a carbon segregation per heat average of 3.0 mm or better using European Method NFA 04-114; (v) having a surface quality with no surface defects of a length greater than 0.15 mm; (vi) capable of being drawn to a diameter of 0.30 mm or less with 3 or fewer breaks per ton; and (vii) containing by weight the following elements in the proportions shown: (1) 0.78 percent or more of carbon, (2) less than 0.01 percent of aluminum, (3) 0.040 percent or

⁵ That Michelin was arguing for the exclusion of all tire cord and tire bead wire rod from that order does not change the characteristics of the products that they identified.

less, in the aggregate, of phosphorus and sulfur, (4) 0.006 percent or less of nitrogen, and (5) not more than 0.15 percent, in the aggregate of copper, nickel and chromium.

This grade 1080 tire bead quality rod is defined as: (i) grade 1080 tire bead quality wire rod measuring 5.5 mm or more but not more than 7.0 mm in cross-sectional diameter; (ii) with an average partial decarburization of no more than 70 microns in depth (maximum individual 200 microns); (iii) having no inclusions greater than 20 microns; (iv) having a carbon segregation per heat average of 3.0 or better using European Method NFA 04-114; (v) having a surface quality with no surface defects of a length greater than 0.2 mm; (vi) capable of being drawn to a diameter of 0.78 mm or larger with 0.5 or fewer breaks per ton; and (vii) containing by weight the following elements in the proportions shown: (1) 0.78 percent or more of carbon, (2) less than 0.01 percent of soluble aluminum, (3) 0.040 percent or less, in the aggregate, of phosphorous and sulfur, (4) 0.008 percent or less of nitrogen, and (5) either not more than 0.15 percent, in the aggregate, of copper, nickel and chromium (if chromium is not specified), or not more than 0.10 percent in the aggregate of copper and nickel and a chromium content of 0.24 to 0.30 percent (if chromium is specified).

CASWR from Brazil OI, USITC Pub. 3546 at 5-7. This exclusion language essentially conforms to the tire industry's definition of grade 1080 TCTB CASWR today. The tire industry imports grade 1080 TCTB CASWR from Brazil today under an exclusion to the orders in place against Brazil since 2002 using this definition, thereby avoiding the nearly 100 percent combined antidumping and countervailing duties applicable to other wire rod from Brazil.

The grade 1080 TCTB wire rod exclusion proposed by the Respondents would meet the definition of grade 1080 TCTB set forth in 2002. Respondents have asked for the separate like product in this case to encompass products with 0.8 percent or higher carbon content, a manganese content in the range of 0.25 percent to 0.6 percent, a diameter measuring 5.0 mm or more but not more than 6.5 mm in cross-sectional diameter and having no inclusions greater than

20 microns. ITC Prehrg. Rep. at I-25, n.32.⁶ These factors do not create a bright line between grade 1080 TCTB CASWR and other CASWR, particularly other TCTB CASWR below grade 1080. The Commission has consistently determined that the 0.8 percent carbon content does not distinguish grade 1080 TCTB CASWR from other high carbon CASWR products. [

)]⁷

[

] Moreover, contrary to British Steel's claims (British Steel Brf. at 23), the "key technical parameters for tire cord and tire bead" such as surface defect, decarburization, microstructure, centerline segregation, and inclusion standards are identical for all grades of TCTB [

] To the extent there has been any evolution in the

⁶ [

]

⁷ [

] This further undermines Respondents' arguments.

specifications, it has applied to all TCTB products, not just those of grade 1080 and above. There is no bright line at grade 1080 based on evolving technical requirements. See also answer to Q. 4, above.

8. Commissioner Williamson: *“Do any of your firms source billets from BOF, from the BOF process to produce wire rod, and how often do you buy billets for wire rod, particularly for the 1080 or other grades?” (Tr. at 118).*

[

] More importantly, as Petitioners noted at the hearing, there are at least two subject countries – Belarus and Spain – that are making tire bead and tire cord using the EAF process. Tr. at 243-244; see also Q. 4 above. In fact, as discussed in answer to Q. 4 above, [

] See Q. 4,

above.

As discussed in detail in Question 4, [

] These facts undermine Respondents' assertions that grade 1080 TCTB CASWR must be produced with BOF steel and remains the linchpin in Respondents' entire like product argument.

9. Commissioner Williamson: *"Are any U.S. producers currently pursuing certifications or capabilities to produce tire cord of a quality greater than the 1080 grade, and again that might be a post-hearing one too. And then Table I-8 shows U.S. production of grade 1080 and higher. Do we know if this production involved any electric arc furnaces? So I'm asking not what you're capable of, but what's actually happening."* (Tr. at 119).

As discussed in section V of the brief, [

] See Section V of brief and Exhs. 4 and 14. [

]

Domestic producers would like to enter the tire cord market, but low import pricing on those products has significantly depressed the domestic producers' profit margins to levels below those needed to justify additional capital investment to produce 1080 tire cord. Exhs. 6 and 7.

[

I

As Mr. Rosenthal testified, the domestic producers excluded 1080 tire cord and tire bead products in the prior 2002 investigations, with the understanding that the customers would work with U.S. producers to develop this product so that they could make the product in the future. Tr. at 103. Unfortunately, once the exclusion was granted in that case, the volume of lower-priced 1080 tire cord and tire bead wire rod increased to the United States. Id. Because U.S. customers have access to cheap tire cord and bead products, they do not have any incentive to work with the domestic producers to produce this product at prices that would cover their costs and justify the necessary investment. Id. Customers simply want access to the cheaper imports.