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**PUBLIC VERSION**

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

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

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

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**PETITIONERS' PREHEARING BRIEF – WIRE ROD**

This prehearing brief is submitted by Gerdau Ameristeel US Inc., Keystone Consolidated Industries, Inc., and Charter Steel, petitioners and domestic producers of carbon alloy steel wire rod (“CASWR”), in support of a finding that unfairly-traded imports of CASWR from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, the United Arab Emirates, and the United Kingdom are causing material injury, and the threat of material injury, to the domestic CASWR industry.

**I. INTRODUCTION**

Almost three years to the date of the staff conference in this case (April 22, 2014), the Commission held a hearing in connection with a sunset review of the outstanding antidumping orders on carbon and alloy steel wire rod (“CASWR”) from several countries, including Ukraine. At the time of the hearing, the Commission was in the midst of trade investigations on imports of CASWR from China. Those imports had surged from virtually zero to 600,000 tons over the period of investigation. At the time of the sunset hearing, both the Commerce Department and the Commission had made affirmative preliminary determinations and imports from China had already begun to recede. In addressing the question of vulnerability of the domestic industry in the sunset context, Mr. Lewis, counsel for the Ukraine exporters observed,

“With respect to ... the U.S. market very clearly, China’s left, leaving, if not completely left the U.S. market. As a vulnerability factor, that’s an anti-vulnerability factor. That’s a positive factor in terms of the foreseeable future for the U.S. industry. That’s close to over 600,000 tons of imports that are gone, that are open for the U.S. industry to take, so that’s a positive in terms of the future condition of the industry.”

Exhibit (“Exh.”) 4.

Ultimately, the Commission found that the low-priced imports from China had indeed injured the domestic CASWR industry, and antidumping and countervailing duty orders were imposed. Mr. Lewis was correct: as a result of those cases, imports from China rapidly exited the U.S. market. But Mr. Lewis's optimism about the future of the U.S. industry was misplaced. Remember the 600,000 tons that Mr. Lewis said "were open for the U.S. industry to take"? The U.S. industry got none of it. None. No sooner had imports from China receded, unfairly traded imports from ten other countries rushed in. The surge in the imports from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, United Arab Emirates, and the United Kingdom not only took all of the 600,000 tons that Mr. Lewis optimistically projected would be supplied by the domestic industry, but garnered another 100,000 tons plus. Thus, the subject imports not only continued the injury caused by the Chinese, they exacerbated it by taking additional market share from the domestic industry.

At the staff conference in this case, respondents called this "a price case" (see Transcript of ITC Staff Conference, dated April 18, 2017 ("Conf. Tr."), at 190-91), and suggested that the import volumes were not significant because they merely replaced imports from China. See Carbon and Certain Alloy Steel Wire Rod from Belarus, et al., USITC Pub. 4693 (Prelim.) (May 2017) ("CASWR from Belarus Prelim." or "Preliminary Determination") at 31. The Commission's Preliminary Determination in the case, however, properly rejected these claims on factual and legal grounds finding that:

{T}his argument is not relevant in the context of our statutory inquiry, which concerns whether subject import volume or the increase in that volume – and not total import volume – is significant. . . . Indeed, subject imports did not merely replace nonsubject imports from China, they also took market share from the domestic industry in the merchant market where the products competed.

Id. The Commission's conclusions as to volume are bolstered by the more fully developed record in this final investigation.

Of course, it is axiomatic that behind every volume case is a price case. The Commission has long understood the CASWR industry to be price-sensitive.<sup>1</sup> Low price is how the Chinese wire rod surged into this market.<sup>2</sup> And low prices are how the subject imports displaced the imports from China.

As the brief will further detail, the vast majority of U.S. purchasers indicated that they switched from buying from domestic products to subject imports because of lower import prices. See section VII.B.2. Not surprising, in this highly price-sensitive market, the record shows overwhelming underselling by the subject imports – in 83.1 percent of quarterly comparisons and 83.7 percent of sales reported based on volume. ITC Prehearing Report dated Nov. 2, 2017 (“ITC Prehrg. Rep.”) at V-31. This evidence belies the claims of respondents that somehow domestic producers' lack of production of a particular grade of tire cord accounts for the surge in subject imports. The acknowledged shifts of tonnage to the subject imports are shifts from sales made by U.S. producers. The Commission's finding in the Preliminary Determination that underselling is significant is corroborated by the data collected in this final investigation.

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<sup>1</sup> See Carbon and Certain Alloy Steel Wire Rod from Brazil, et al., USITC Pub. 3546 (Final) (Oct. 2002) (“CASWR from Brazil OI”), at 28-29; Carbon and Certain Alloy Wire Rod from Brazil, et al., USITC Pub. 4014 (Review) (June 2008) (“CASWR from Brazil 1st Rev.”), at 33 (nearly all purchasers reported price as a “very important” purchasing factor); Carbon and Certain Alloy Wire Rod from Brazil, et al., USITC Pub. 4472 (Second Review) (June 2014) (“CASWR from Brazil 2nd Rev.”), at 43 (“{S}ubject imports and domestically produced wire rod of the same type are highly substitutable” and “price is a very important factor in purchasing decisions.”); and Carbon and Certain Alloy Steel Wire Rod from China, USITC Pub. 4509 (Final) (Jan. 2015) (“CASWR from China OI”), at 14 (56 out of 57 purchases identified price as “very important”).

<sup>2</sup> CASWR from China OI, USITC Pub. 4509 at 17-18.

The subject import onslaught, following on the shock wave of imports from China, was too much for ArcelorMittal's Georgetown, South Carolina and Republic Steel's Lorain, Ohio steel mills to withstand. Those facilities were forced to close, and over 400 steelworkers lost their jobs. The situation is only slightly better for the surviving members of the U.S. industry. In the face of massive volumes of low-priced imports, the domestic industry lowered its prices to maintain what volume and capacity utilization it could. But the requirement to drop pricing to meet the import competition meant that profitability – which had declined due to the injurious imports from China – never recovered when the Chinese imports left the market. In fact, the industry profits have deteriorated even further.

While the respondents have argued that the falling prices of the domestic industry were simply a reflection of lower raw material costs, if that were the case, the domestic producers would have increased their profits. Unfortunately, the domestic industry's financial performance remained at inadequate, harmful levels throughout the period of investigation. The reason for the domestic industry's weak financial performance is inescapable: unfairly priced imports from the subject countries. Since the Commission's preliminary injury determination in this case, the record compiled by the staff overwhelmingly shows the subject imports have caused material injury to the domestic industry. This brief will demonstrate that the Commission should make affirmative determinations with respect to all of the subject imports.

## **II. DOMESTIC LIKE PRODUCT**

### **A. The Domestic Like Product Is Co-Extensive with the Scope of the Case and Consists of all CASWR**

As the Commission found in the Preliminary Determination, the domestic like product in this case mirrors the scope of the investigation and consists of all CASWR. Id., USITC Pub. 4693



at 10-11. This conclusion is also consistent with the Commission's findings in its prior investigations on CASWR from various countries.<sup>3</sup> In each of the Commission's prior CASWR investigations since 2002, the Commission has found all CASWR to comprise a single continuum like product with no clear demarcations by type, grade, size, or use. ITC Prehearing Report dated November 2, 2017 ("ITC Prehrg. Rep.") at I-25.<sup>4</sup> The Commission has done so while expressly acknowledging that there are at least 11 major categories of wire rod that comprise this continuum. CASWR from Belarus Prelim., USITC Pub. 4693 at 8; ITC Prehrg. Rep at I-17; CASWR from Brazil OI, USITC Pub. 3546 at 7 and I-7; CASWR from China Final, USITC Pub. 4509 at 7. Indeed, in the Commission's original investigations and subsequent first and second reviews on CASWR from Brazil OI, the Commission concluded "the wire rod industry is composed of so many different applications, that the only clear dividing line is between wire rod and other steel products." CASWR from Brazil OI, USITC Pub. 3546 at 12; see also id. at 7 ("the record demonstrates no clear demarcation between the various types of wire rod products"); CASWR

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<sup>3</sup> The statute defines the domestic like product as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation." 19 U.S.C. § 1677(10). In identifying the domestic like product, the starting point for the Commission's analysis is the scope of the case. See, e.g., Certain Aluminum Plate from South Africa, USITC Pub. 3734 (Final) (Nov. 2004) at 7. The Commission further looks for clear dividing lines between products, but disregards minor variations. See, e.g., Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996); Nippon Steel Corp., 19 CIT 450, 455 (Ct. Int'l Trade 1995); Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991).

<sup>4</sup> The Prehearing Report (at I-25-I-26) report cites CASWR from China OI, USITC Pub. 4509 at 6; Carbon and Alloy Steel Wire Rod from China, Germany and Turkey, USITC Pub. 3832 (Prelim) (Jan. 2006) at 11; and CASWR from Brazil OI, USITC Pub. 3546 at 7-13.

from Brazil 1<sup>st</sup> Rev., USITC Pub. 4014 at 6-8; CASWR from Brazil 2<sup>nd</sup> Rev., USITC Pub. 4472 at 9.

In the Preliminary Determination, the Commission again found a single continuum like product encompassing all carbon and alloy steel wire rod within the scope of the investigation based on the lack of clear dividing lines between products on the continuum:

In investigations such as these in which domestically manufactured merchandise is made up of a grouping of similar products or involves niche products, the Commission does not consider each item of merchandise to be a separate domestic like product that is only “like” its identical counterpart in the scope, but considers the grouping itself to constitute the domestic like product and “disregards minor variations,” absent a “clear dividing line” between particular products in the group. In prior investigations involving wire rod, the Commission has found that distinctions between different types of wire rod do not constitute “clear dividing lines” warranting the definition of separate domestic like products.

CASWR from Belarus Prelim., USITC Pub. 4693 at 11 (footnotes omitted). There are no new facts on the record of these final investigations that would alter the Commission’s analysis or findings from the CASWR from Belarus Prelim. or any of the previous investigations. The Commission should therefore again conclude that there is a single like product coextensive with the scope covering all carbon and alloy steel wire rod.

**B. The Commission Should Continue to Find that Grade 1080 and Higher Tire Cord and Tire Bead Is Not a Separate Like Product**

Respondents urged the Commission to find that grade 1080 and higher tire cord and tire bead (“TCTB”) wire rod is a separate like product from all other CASWR – including other grade 1080 CASWR. ITC Prehrg. Rep. at I-25; CASWR from Belarus Prelim., USITC Pub. 4693 at 8. Based on the application of its six-factor like-product in the Preliminary Determination, the Commission rejected this argument and found a single continuum like product consisting of all

CASWR, including grade 1080 and higher TCTB CASWR. *Id.* at 8-12. The same conclusion should be reached in this final stage of the case.

Specifically, in its preliminary decision, the Commission rejected respondents' arguments that grade 1080 TCTB CASWR should be a separate like product based on an alleged lack of differences in the six factors it examines in defining like products. ITC Prehrg. Rep. at I-25. Notably, the Commission has rejected virtually the same arguments on 1080 TCTB CASWR as a separate like product in each investigation of CASWR in which the question has been examined dating back to the 2002 decision in CASWR from Brazil OI. See CASWR from Brazil OI, USITC Pub. 3546 at 7-12<sup>5</sup>; Carbon and Certain Alloy Steel Wire Rod from China, USITC Pub. 4458 (Prelim.) (Mar. 2014) ("CASWR from China Prelim.") at 4-8.<sup>6</sup> In each case, the Commission concluded that there is no clear dividing line between grade 1080 TCTB CASWR and other types of CASWR. CASWR from Brazil OI, USITC Pub. 3546 at 12; CASWR from China Prelim., USITC Pub. 4458 at 8.<sup>7</sup> Nothing has changed since those cases that would justify a different result in these final investigations.

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<sup>5</sup> Further, the Commission reached that determination notwithstanding Commerce's exclusion of certain grade 1080 tire cord wire rod and grade 1080 tire bead wire rod from the scope of the 2002 investigation. See CASWR from Brazil 2<sup>nd</sup> Rev., USITC Pub. 4472 at 8-9 (citing to the related findings in CASWR from Brazil OI, USITC Pub. 3546 at 12 and CASWR from Brazil 1<sup>st</sup> Rev., USITC Pub. 4014 at 8). Here, tire cord and tire bead wire rod are included in the scope of this investigation (as in the Commission's most recent investigation on CASWR from China) providing even more compelling reason to treat the in-scope product spectrum as a single like product.

<sup>6</sup> See also CASWR from China Final, USITC Pub. 4509 at 12 (affirming preliminary determination without further analysis).

<sup>7</sup> The statute defines the domestic like product as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation." 19 U.S.C. § 1677(10). The Commission generally considers a number of factors in defining the like product, including physical characteristics and uses of the product, interchangeability, channels of distribution, customer and producer perceptions, common manufacturing facilities, production processes and employees and, where appropriate, price. See, e.g., Cleo, Inc. v. United States, 501

As summarized below, based on the six factor test, there is no clear dividing line between the grade 1080 tire cord and tire bead CASWR and other CASWR products produced by the U.S. industry.<sup>8</sup>

**1. Physical Characteristics and Uses Do Not Distinguish 1080 TCTB CASWR from Other CASWR**

As the Commission found in the Preliminary Determination, physical characteristics and uses do not create clear dividing lines between grade 1080 tire cord and tire bead wire rod and other subject wire rod. CASWR from Belarus Prelim., USITC Pub. 4693 at 8 (“All wire rod products within the scope, including grade 1080 tire cord and tire bead wire rod, are intermediate circular, hot-rolled steel products that are sold in irregularly wound coils and used for drawing and finishing into wire and wire products.”); see also CASWR from Brazil OI, USITC Pub. 3546 at 10; CASWR from China Prelim., USITC Pub. 4458 at 7. All CASWR is used for subsequent drawing and finishing into wire/wire products, which among other things, include tire cord wire and tire bead wire. CASWR from Belarus Prelim., USITC Pub. 4693 at 8. The Commission has consistently found no clear demarcation across the full range of the 11 different types of CASWR it has recognized to be within the continuum of CASWR products, despite each type having differing physical characteristics that make it suitable for its intended end use. Id. at 8-9; CASWR from Brazil OI, USITC Pub. 3546 at 11; CASWR from China Prelim., USITC Pub. 4458 at 6-7.

The Commission rejected respondents’ arguments that grade 1080 TCTB CASWR should be differentiated from other CASWR based on its high carbon content, a claimed need to use pure

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F.3d 1291, 1295 (Fed. Cir. 2007). The Commission looks for clear dividing lines between products, but disregards minor variations between products. Id.; see also S. Rep. No. 96-249 at 90-91, reprinted in 1979 U.S.C.C.A.N. 381, 476-77.

<sup>8</sup> For a detailed discussion of each factor, see also the Postconference Brief of Charter, Gerdau and Keystone (“Pet. Postconf. Brf.”) at Exhibit 1, Q.2.

iron rather than steel scrap to produce it, and the exacting standards to which it is produced. CASWR from Belarus Prelim., USITC Pub. 4693 at 8-9. The Commission found based on record evidence that the various broad end use categories that comprise all CASWR have “an overlap of metallurgical qualities, chemistries, and physical characteristics.” Id. at 10.

High carbon content does not establish a bright line given that there are a number of different CASWR products with carbon levels at 0.8 percent or more produced by the domestic industry, and respondents have not advocated for separate like products for those products. Id. at 9. [

]

Nor are the respondents’ continuing claims that grade 1080 TCTB CASWR must be made from pure iron a distinguishing factor. In fact, domestic producers [

] See [

]; Pet. Postconf. Brf. at Exh. 8; ITC Prehrg. Rep. at I-28. Moreover, the Commission has specifically recognized that other grades of CASWR made from different types of billets nonetheless fall within the same CASWR continuum. See CASWR from Brazil OI, USITC Pub. 3546 at 12 (noting that tire cord wire rod and other specialty grades like CHQ and CSPBIC quality CASWR are also produced from high quality scrap or raw iron billets).

The Commission has also previously rejected respondents' continued argument that the exacting standards to which grade 1080 TCTB CASWR must be made establish any bright line. ITC Prehrg. Rep. at I-17. As the Commission recognized, suspension spring wire rod, like grade 1080 TCTB CASWR also "is a highly specialized wire rod product" with "exacting metallurgical and mechanical standards." CASWR from Belarus Prelim., USITC Pub. 4693 at 9. Similarly, the record shows that both tire cord and music spring wire have "restrictive requirements for chemistry cleanliness, segregation, decarburization and surface imperfections." ITC Prehrg. Rep. at I-17. These facts demonstrate that "certain high-end wire rod products, including grade 1080 tire cord and tire bead wire rod, share stringent metallurgical and quality requirements," without any clear demarcations. CASWR from Belarus Prelim., USITC Pub. 4693 at 9; see also CASWR from Brazil OI, USITC Pub. 3546 at 9 (recognizing "the shared qualities among high-end wire rod products.").

**2. Lack of Interchangeability Is A Characteristic of Continuum Products**

As is true of continuum like products, different products positioned along the CASWR continuum are generally not interchangeable with one another because they would not meet the specification required for the end use. As the Commission has previously recognized, this is a characteristic of a continuum like product rather than a distinguishing factor between products along the continuum:

If we were to find a separate domestic like product for tire cord wire rod because it could not be used for music spring wire, we would also be obliged to find a separate domestic like product for music spring wire, which cannot be used for tire cord wire rod. The foregoing approach could be applied repeatedly across the spectrum of wire rod products falling within the scope of these investigations, thus reinforcing our view that the continuum itself constitutes the domestic like product.

CASWR from Brazil OI, USITC Pub. 3546 at 10. In the Preliminary Determination, therefore, the Commission did not find lack of interchangeability to be a distinguishing factor between grade 1080 TCTB CASWR and other in-scope CASWR:

Products in the various end use categories are not necessarily interchangeable, but this does not distinguish grade 1080 tire cord and tire bead wire rod from other types of wire rod within the scope.

CASWR from Belarus Prelim., USITC Pub. 4693 at 10.

**3. All CASWR Is Sold In Similar Channels of Distribution**

The record shows that grade 1080 TCTB CASWR, [ ] Id. at 10; ITC Prehrg. Rep. at I-34 (Table I-8) and II-3 (Table II-1). Thus, the record demonstrates that all CASWR travels through similar channels of distribution.

**4. All CASWR Is Made With Common Manufacturing Facilities, Employees, and Production Processes**

All grade 1080 TCTB CASWR is produced in the same facilities, using the same equipment and employees as other in-scope CASWR. ITC Prehrg. Rep. at D-5; CASWR from Belarus Prelim., USITC Pub. 4693 at 9 (“the basic equipment, machinery, and facilities remain the same for the production of all wire rod” including grade 1080 tire cord and tire bead wire rod). In questionnaire responses, certain foreign producers and purchasers nonetheless continue to argue that a separate like product definition for grade 1080 TCTB CASWR is required because the domestic industry cannot produce it. See, e.g., ITC Prehrg. Rep. at [ ] ). Data collected by the Commission, however, shows that the domestic industry produced [ ] of grade 1080 TCTB CASWR, accounting for [ ] percent of domestic consumption during the period of investigation. ITC Prehrg. Rep. at C-6 (Table C-3a). The [ ]

] that reported producing grade 1080 TCTB CASWR, [

] See Pet. Postconf. Brf. at

Exh. 8; [ ] Prod. QRs at V-1(c).<sup>9</sup> As the Commission explained, because all domestic producers of 1080 TCTB CASWR produce all in-scope CASWR on the same mills, “there is no distinction in production facilities and manufacturing processes between domestically produced grade 1080 tire cord and tire bead wire rod and other domestically produced wire products.” CASWR from Belarus Prelim., USITC Pub. 4693 at 10.

**5. Producer and Customer Perceptions Do Not Create A Bright Line**

There is some disagreement on the record between the purchasers and domestic producers as to whether the specialized end use and exacting standards create different producer and customer perceptions for grade 1080 TCTB CASWR that differentiate it from other in-scope CASWR products. ITC Prehrg. Rep. at D-5 and D-10. As the Commission found in the CASWR from Belarus Prelim., specialized end uses and stringent specifications apply to other types of specialized CASWR as well. CASWR from Belarus Prelim., USITC Pub. 4693 at 10-11. The domestic producers make a large variety of specialized CASWR products, all of which are distinctly different from one another yet appear along the same continuum of CASWR products. Under such circumstances, it is impossible to draw a bright line between grade 1080 TCTB CASWR, on the one hand, and other types of CASWR on the other hand. Id.; CASWR from Brazil OI, USITC Pub. 3546 at 12.

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<sup>9</sup> [

] Prod. QR at V-I(c).



**6. Prices of Grade 1080 TCTB CASWR Are Similar to Other Premium CASWR Products**

Finally, there is a continuum of prices for all CASWR products with industrial grades at the low end and high-carbon, specialty grades at the high end. Prelim. Determination, USITC Pub. 4693 at 11. Record evidence demonstrates that grade 1080 TCTB CASWR commands a price premium over lower end products, but so do other premium CASWR products. Id. For example, the average unit value of grade 1080 TCTB CASWR in 2016 was [ ] for subject imports and [ ] for the domestic product. ITC Prehrg. Rep. at I-36. The domestic industry's quarterly prices in 2016 for Pricing Product 6, SAE 9254 suspension spring steel wire rod, which is also a premium CASWR product, were [ ]

[ ] – undermining any claim that prices differentiate 1080 TCTB CASWR from other types of CASWR. Id. at V-19.

Thus, consistent with the Commission's like product findings in the Preliminary Determination and all other recent CASWR cases, the record evidence overwhelmingly supports defining the domestic like product as all CASWR, including grade 1080 TCTB CASWR, coextensive with the scope of the investigation.

**III. DOMESTIC INDUSTRY**

Based on the single like product definition, as discussed above, the Commission should continue to define the corresponding domestic industry as consisting of all U.S. producers of CASWR, as it did in the preliminary investigation and in prior CASWR investigations.<sup>10</sup> As the Commission found in its Preliminary Determination, there is no basis for excluding any U.S.

<sup>10</sup> See 19 U.S.C. § 1677(4)(A); CASWR from Belarus Prelim, USITC Pub. 4693 at 13; CASWR from China Final, USITC Pub. 4509 at 5-6; and CASWR from Brazil 2<sup>nd</sup> Rev., USITC Pub. 4472 at 11-12; and CASWR from Brazil 1<sup>st</sup> Rev., USITC Pub. 4014 at 9-10.

producer from the domestic industry in this case. See CASWR from Belarus Prelim, USITC Pub. 4693 at 12-13. Nothing has changed in these final investigations to alter the Commission's finding on this issue. As the record shows, no U.S. producer imported subject merchandise and none purchased subject merchandise from U.S. importers. ITC Prehrg. Rep. at III-3 and III-13. Although [

] <sup>11</sup> Id.

Accordingly, consistent with its Preliminary Determination, the Commission should continue to define the domestic industry as consisting of all U.S. producers of the domestic like product.

#### IV. NEGLIGIBILITY

As the Commission recognized preliminarily, imports of CASWR from each of the ten countries subject to the antidumping duty investigations surpass the negligibility thresholds established by the statute either individually or on an aggregate basis. See CASWR from Belarus Prelim., USITC Pub. 4693 at 13-17; 19 U.S.C. § 1677(24)(A). There is nothing on the record of

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<sup>11</sup> In its Preliminary Determination, the Commission found that [ ] "U.S. production in 2014 and 2015 was considerably larger than its affiliated firm's imports for those years, underscoring that its principal interest was in domestic production." See Confidential Views from Carbon and Certain Alloy Steel Wire Rod from Belarus, et al., (Prelim.) at 18; and CASWR from Belarus Prelim., USITC Pub. 4693 at 13. The data underlying the Commission's finding remain unchanged in these final investigations. Specifically, [

this final stage of the case to lead the Commission to alter its conclusion with regard to negligibility. Further discussion of this issue may be found in Nucor's prehearing brief.

V. **THE COMMISSION SHOULD CUMULATE IMPORTS FROM ALL TARGET COUNTRIES**

In assessing material injury, the statute requires the Commission to cumulate subject imports from all countries as to which petitions were filed on the same day, if such imports compete with each other and with the domestic like product in the U.S. market. See 19 U.S.C. § 1677(7)(G)(i). The threshold condition for cumulation has been met in this case because the antidumping duty petitions against all ten countries and the countervailing duty petitions against Italy and Turkey were filed simultaneously on March 28, 2017.<sup>12</sup> Once this condition is met, cumulation is required by the statute where there is a "reasonable overlap" of competition.<sup>13</sup> It is well-established that "{c}ompletely overlapping markets are not required."<sup>14</sup> The Commission typically considers four factors in determining whether there is a reasonable overlap of competition: (1) fungibility of the product from various sources,<sup>15</sup> (2) common or similar channels of distribution, (3) the presence of sales or offers to sell in the same geographic markets, and (4)

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<sup>12</sup> See CASWR from Belarus Prelim., USITC Pub. 4693 at 20. None of the statutory exceptions set forth in 19 U.S.C. § 1677(7)(G)(ii) are applicable here.

<sup>13</sup> See Uruguay Round Agreements Act, Statement of Administrative Action, H.R. Doc. No. 103-316, Vol. I. (1994), at 848 ("SAA") ("the statutory requirement is satisfied if there is a reasonable overlap of competition") (citing Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898, 902 (Ct. Int'l Trade 1988), aff'd, 859 F.2d 915 (Fed. Cir. 1988)).

<sup>14</sup> See Wieland Werke, AG v. United States, 718 F. Supp. 50, 52 (Ct. Int'l Trade 1989).

<sup>15</sup> Notably, "cumulation does not require two products to be highly fungible." See Goss Graphic Sys., Inc. v. United States, 33 F. Supp. 2d 1082, 1087 (Ct. Int'l Trade 1998).

simultaneous market presence.<sup>16</sup> No single factor is determinative.<sup>17</sup> Because the record evidence in this case demonstrates a reasonable overlap in competition, as the Commission preliminarily found,<sup>18</sup> CASWR imports from all subject countries should again be cumulatively analyzed in evaluating material injury to the domestic industry. Nothing has changed to warrant reconsideration of the Commission's preliminary finding in this case.

**A. Fungibility**

During the preliminary phase of these investigations, the Commission found CASWR to be a fungible product that is generally interchangeable whether produced by the domestic industry or producers in each of the subject countries. CASWR from Belarus Prelim, USITC Pub. 4693 at 20-21. The Commission should reach the same conclusion here. Based on the data gathered in the final phase of these investigations, the Commission staff concluded that "there is a moderate-to-large degree of substitutability between domestically produced wire rod and wire rod imported from subject sources." ITC Prehrg. Rep. at II-12. In fact, almost all U.S. producers reported that subject imports and domestic wire rod are "always" interchangeable, while most importers and purchasers reported that the subject imports and U.S.-produced wire rod are "frequently" interchangeable. Id. at II-31 (Table II-9a). Thus, there is a general consensus throughout the industry that CASWR from the United States and from each of the subject countries is interchangeable.

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<sup>16</sup> See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, USITC Pub. 1845 (Final) (May 1986), aff'd, Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898 (Ct. Int'l Trade 1988), aff'd, 859 F.2d 915 (Fed. Cir. 1988).

<sup>17</sup> See Wieland Werke, AG, 718 F. Supp. at 52.

<sup>18</sup> See CASWR from Belarus Prelim., USITC Pub. 4693 at 19-22.

As the Commission preliminarily recognized, “{t}he domestic like product and cumulated subject imports compete with one another in a range of products, but particularly in the industrial/standard quality wire rod category....” CASWR from Belarus Prelim, USITC Pub. 4693 at 29. The prehearing report contains further evidence showing overlap in the types of wire rod sold by U.S. producers and the subject countries. See ITC Prehrg. Rep. at IV-16 and IV-17 (Table IV-9). As shown in Table IV-9, U.S. producers’ U.S. shipments in 2016 consisted of all of the major types of wire rod products identified in the Commission’s questionnaire (low/medium-low carbon wire rod, high/medium-high carbon wire rod, all grades of tire cord and tire bead, welding quality wire rod, suspension spring wire rod, cold-heading quality (CHQ) wire rod, and other specialty wire rod), with a majority [ ] consisting of low/medium-low carbon wire rod. Id. Similarly, [ ] percent of U.S. importers’ shipments of subject imports in 2016 consisted of low/medium-low carbon wire rod and [ ] Id. In addition, there were significant sales of high/medium-high carbon wire rod by the U.S. industry and by [ ] further extending the competition overlap. Id.

Accordingly, the Commission should continue to find that CASWR is fungible whether sold by subject producers or domestic producers.

**B. Channels of Distribution**

During the preliminary phase of these investigations, the Commission found that subject imports from each subject country and the domestic like product “are sold in similar channels of distribution....” CASWR from Belarus Prelim, USITC Pub. 4963 at 21. This finding remains accurate in these final investigations. As shown in Table II-1 of the prehearing report, U.S. producers sold significant volumes to both distributors and end users throughout the period of

investigation, with a larger proportion of shipments sold to end users. ITC Prehrg. Rep. at II-2 and II-3. In 2016, subject imports from [ ] were sold to end-users as well. Id. Further, that [ ] subject countries and U.S. producers sold CASWR to distributors as well. Id. Moreover, there is [ ]

[ ] See Exh. 1. Thus, imports from all ten subject countries and the domestic like product are sold in the same channels of distribution, further supporting cumulation in this case.

**C. Geographic Overlap**

The Commission recognized in its Preliminary Determination that U.S. producers and importers sell CASWR in all regions in the contiguous United States and, thus, overlap geographically in sales. CASWR from Belarus Prelim, USITC Pub. 4693 at 21. Data collected in the final stage of these investigations confirms that U.S. producers and importers sold CASWR in all six major geographic regions in the United States: Northeast, Midwest, Southeast, Central Southwest, Mountain, and Pacific Coast. ITC Prehrg. Rep. at II-4 (Table II-2). Subject imports from each country were also sold in multiple regions throughout the United States. Id. Specifically, domestically-produced CASWR and subject imports from [ ]

[ ] U.S. Imp.

QRs at III-10 and Exh. 2. Further, information on ports of entry for subject imports also show an overlap, as imports from all ten subject countries entered through the South in 2016. ITC Prehrg. Rep. at IV-19. Imports from eight subject countries also entered through the East. Importantly, once imported, CASWR is distributed throughout the United States. Id. at II-4 (noting that importers sold 56.9 percent of wire rod within 100 miles of their U.S. point of shipment, 36.5 percent between 101 and 1,000 miles, and 6.6 percent over 1,000 miles). Thus, there can be no

question that imports from all ten subject countries and the domestic like product are present in the same geographic markets.

**D. Simultaneous Presence**

Imports of CASWR from each subject country were present in the U.S. market during most of the period of investigation, with subject imports from each country present in the United States in 2015 and 2016 and virtually all subject imports present in both 2014 and in the interim 2017 period as well. ITC Prehrg. Rep. at IV-4 (Table IV-2) and IV-29 (Table IV-14). Domestically-produced CASWR has been present in the U.S. market in every year of the POI, including the 2017 interim period. *Id.* at III-9 (Table III-5) and IV-29 (Table IV-14). Thus, there is more than sufficient overlapping presence of domestic CASWR and subject imports in the U.S. market during the POI to support cumulation, as the Commission recognized in its Preliminary Determination. CASWR from Belarus Prelim, USITC Pub. 4963 at 21.

In sum, each of the factors generally considered by the Commission indicate that cumulation is again mandatory in these final investigations. U.S. producers, importers, and purchasers all agree that imports from each subject country are generally interchangeable with each other and the domestic like product. Moreover, evidence gathered by the Commission staff demonstrates an overlap between all subject imports and the domestic like product when one considers the product type of wire rod sold by subject producers and U.S. producers. In addition, the domestic like product and imports from all ten subject countries are sold in similar channels of distribution, compete in the same geographic markets, and were simultaneously present in the U.S. market. In short, the record overwhelmingly demonstrates that subject imports “compete with each other and with the domestic like product in the U.S. market.” 19 U.S.C. § 1677(7)(G)(i).

Accordingly, the Commission must cumulatively assess the volume and effect of imports from all subject countries in its material injury analysis.

## VI. CONDITIONS OF COMPETITION

### A. Captive Production

As the Commission preliminarily found, the captive production criteria are satisfied in this case. See 19 U.S.C. § 1677(7)(C)(iv) and CASWR from Belarus Prelim., USITC Pub. 4693 at 26-27. During the POI, the domestic industry either internally-consumed or transferred to related firms between [ ] and [ ] percent of U.S. producers' domestic shipments of wire rod, while between [ ] and [ ] percent of such shipments were sold commercially. ITC Prehrg. Rep. at III-9 (Table III-5). Notably, the domestic industry's combined captive production accounted for an increasing percentage of total U.S. shipments over the POI, as the domestic industry lost commercial sales to subject imports.<sup>19</sup> See id. and C-5, VI-5. Thus, the threshold condition of the captive production provision – that a significant portion of production of the domestic like product is internally transferred – is met in this case. 19 U.S.C. § 1677(7)(C)(iv); see CASWR from Belarus Prelim., USITC Pub. 4693 at 26 (finding application of the captive production provision satisfied when U.S. producers' merchant market sales accounted for between 69.0 percent and 71.2 percent of total U.S. market sales during the POI).

The record demonstrates that the two additional criteria of the captive production provision are also satisfied in this case.<sup>20</sup> The first criterion is that the domestic like product that is internally

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<sup>19</sup> Indeed, as the prehearing report states, "U.S. producers' commercial U.S. shipments decreased by 6.0 percent from 2014 to 2016, while their average unit values decreased by 26.1 percent." ITC Prehrg. Rep. at III-8.

<sup>20</sup> Section 503(c) of the Trade Preferences Extension Act eliminated the previous third requirement under the captive production provision of the statute. See Trade Preferences



transferred for processing does not enter the merchant market for the domestic like product. 19 U.S.C. § 1677(7)(C)(iv)(I). This statutory factor is satisfied because all of the CASWR internally consumed or transferred is processed into other downstream products, and thus, does not compete with the domestic like product in the merchant market. See ITC Prehrg. Rep. at III-11 and III-12.

The second criterion is also met because wire rod is the predominant material input in the production of the downstream article that is captively produced. See 19 U.S.C. § 1677(7)(C)(iv)(II). As set forth in the prehearing report, wire rod that is internally consumed or transferred accounts for the majority of the finished cost of a number of end-use products. ITC Prehrg. Rep. at III-12. Indeed, domestic producers reported that the wire rod internally consumed or transferred generally accounts for at least [ ] of the cost of the majority of the end-use products. Id. at II-8 and II-9 and U.S. Prod. QRs at IV-11(b).

Given that all of the statutory criteria of the captive production provision have been satisfied in these investigations, the Commission should continue to focus on the merchant market in analyzing market share and the financial performance of the domestic industry in the final phase of these investigations.

**B. The Effect of Unfairly-Traded Imports from China on the U.S. Industry, and the Reaction of Subject Imports to the Chinese Orders, Should Be Taken Into Account As a Condition of Competition in Analyzing Injury Here**

The assessment of the impact of subject imports on the domestic CASWR industry must take into account, as a condition of competition in the U.S. market, the effects of the imports from China that were targeted by a trade action filed during the period of investigation. In January 2014,

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Extension Act of 2015, Pub. L. 114-27 (June 29, 2015), at Title V (“American Trade Enforcement Effectiveness Act”), at Section 503(c); see also CASWR from Belarus Prelim., USITC Pub. 4693 at 26 n.144.

the domestic industry filed antidumping and countervailing duty petitions against wire rod from China, pointing to the surge in imports from China over the 2011 to 2013 period that injured the U.S. industry. See CASWR from China, 79 Fed. Reg. 7,225 (USITC Feb. 6, 2014). Data gathered by the Commission in that case showed that Chinese imports surged from 144 tons in 2011 to over 600,000 tons by 2013. Exh. 3. Imports from China also increased their penetration of the U.S. market from 0 percent to 11.7 percent of the total market, and from 0 to 14.4 percent of the merchant market, between 2011 and 2013. Id. As a result of these surging import volumes, domestic CASWR producers lost market share, suffered declines in production, shipments, and employment, and struggled financially as profits fell to anemic levels over the 2011 to June 2014 period of investigation. Exh. 3. In January 2015, the Commission found that CASWR imports from China were causing injury to the domestic industry and orders were imposed.<sup>21</sup> Thus, in 2014, the domestic CASWR industry was already in a severely weakened condition as a result of the injury inflicted by the dumped and subsidized imports from China.

When the orders were imposed against China, the domestic industry anticipated that it would be able to recover sales and improve profitability that had been decimated by the imports from China. See Exh. 4. Indeed, even respondents' counsel shared that view, citing his expectation that the domestic industry would regain the 600,000 tons of volume in the U.S. market that China had unfairly captured. Id. Unfortunately, subject imports deprived the U.S. industry of this much-needed sales increase and of desperately-needed increases in prices and profits. See infra sections VII.B. and C. Opportunistic and unfairly-traded imports from the subject countries

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<sup>21</sup> See CASWR from China Final, USITC Pub. 4509; see also CASWR from China, 80 Fed. Reg. 1,015 (Dep't Commerce Jan. 8, 2015) (AD Order); CASWR from China, 80 Fed. Reg. 1,018 (Dep't Commerce Jan 8, 2015) (CVD Order).

quickly surged into the U.S. market after the filing of the China trade case in 2014, to not only replace volumes and market share captured by China but to increase import volumes and market share even further. See infra sections VII.A., VII.D.1.; ITC Prehrg. Rep. at C-5.

Purchasers corroborated this shift in sourcing from Chinese wire rod to subject imports. For example, [

] These anecdotal examples confirm the macro trends reflected in the official import statistics.

As a result, any brief uptick to the domestic industry's performance in 2014 was short-lived, and the U.S. industry suffered further declines in its production, shipments, and profits over the 2014 to 2016 period. ITC Prehrg. Rep. at C-5. This backdrop of the injurious effects of imports from China is an important condition of competition facing the U.S. industry here.<sup>22</sup>

### **C. Demand Conditions**

Wire rod is an intermediate product intended for further processing. For that reason, demand for wire rod is derived from demand for downstream products, which can be broadly categorized into the construction and automotive markets. ITC Prehrg. Rep. at II-10. Specific

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<sup>22</sup> Petitioners are not seeking to expand the 2014 to 2016 period of investigation in this case but do believe it is critical that the domestic industry's condition in 2014 – the first year of the current POI – is placed in context. The U.S. industry was already in a weakened condition in 2014, the base year of this POI, due to injury inflicted by China. CASWR from China Final, USITC Pub. 4509. A comparison of the volumes and market shares captured by China – a country found to have caused injury – to those captured by subject imports is also instructive in assessing the impact of the unfairly-traded subject imports here. See section VII.D.1.; Exh. 3; ITC Prehrg. Rep. at C-5.

downstream applications include products such as industrial wire and wire mesh, racks and shelving, staples and nails, tire cord and bead, cold-finished bar, cold headed parts, and reinforced concrete construction. Id. at II-8.

During the period of investigation, U.S. consumption of CASWR declined over the 2014-2016 period but improved in interim 2017. On the basis of the total market, U.S. consumption of CASWR dropped from 5,447,162 short tons in 2014 to 5,430,928 tons in 2015 and 5,321,081 tons in 2016. ITC Prehrg. Rep. at IV-27. This amounted to a decline of 2.3 percent from 2014 to 2016. Id. For the merchant market alone, U.S. consumption of CASWR fell from 4,427,667 short tons in 2014 to 4,380,478 tons in 2015 and 4,241,954 tons in 2016, a decline of 4.2 percent. Id. at IV-29.

In interim 2017, consumption increased to 4,381,303 short tons, as compared to 4,104,862 tons in the first three quarters of 2016 in the total market, an increase of 6.7 percent. Id. at IV-27. Merchant market consumption increased to 3,530,204 tons as compared to 3,245,101 tons in the comparable period of 2016, in interim 2017 an expansion of 8.8 percent. Id. at IV-29.

Despite the decline in U.S. demand for CASWR during the 2014-2016 period, as discussed in section VI.C., subject imports actually increased in volume and directly took market share from the domestic industry. Domestic industry shipments consequently fell at a rate that exceeded the contraction in U.S. demand. ITC Prehrg. Rep. at C-5.

**D. Supply Conditions**

During the period of investigation, ArcelorMittal closed its CASWR production facility in Georgetown, South Carolina. ITC Prehrg. Rep. at III-4. When announcing the mill closure in the

middle of 2015, the company noted its long struggles with unfair imports of CASWR.<sup>23</sup> Even with the capacity of the Georgetown facility removed from the U.S. industry total, the U.S. industry remains capable of serving the vast majority of the U.S. market. U.S. capacity to produce CASWR fell from a total of 5,225,753 tons in 2014 to 4,823,902 tons in 2016, a 7.7 percent decline. ITC Prehrg. Rep. at III-5. Based on 2016 capacity, the domestic industry remains capable of serving [ ] percent of the total U.S. market for CASWR. *Id.* at III-5 and IV-25. Further, if the domestic industry's excess capacity on the common equipment upon which it makes CASWR and other products is considered, the domestic industry has more than sufficient excess capacity to meet the demand of the entire U.S. market for CASWR.<sup>24</sup>

Importantly, the U.S. industry also has substantial excess capacity to increase its production and shipments of CASWR. In 2016, the domestic industry had 1,253,542 tons of excess capacity to produce CASWR. *Id.* Given that U.S. imports of CASWR from subject sources in that year totaled 701,654 tons (*id.* at IV-4), the U.S. industry could have easily produced the entire volume of subject imports with the capacity currently in place. Thus, the increase in subject imports during the period of investigation was in no way justified by any lack of production capacity on the part of the domestic industry.

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<sup>23</sup> [ ] (May 15, 2015), attached at Exh. 5. Another [ ]

[ ] attached at Exh. 5.

<sup>24</sup> In 2016, the domestic industry had 2,033,211 tons of excess capacity on the common production equipment upon which it produces CASWR and other long products. ITC Prehrg. Rep. at III-7. In that same year, U.S. imports of CASWR from all sources totaled 1,772,581 tons. *Id.* at IV-25.

**E. Substitutability/Price Sensitivity**

The high degree of substitutability between wire rod from the various sources and resultant importance of price in purchasing decisions continue to be significant conditions of competition in the U.S. wire rod market. As discussed in section V.A., CASWR is a fungible and substitutable product regardless of whether it is produced by the domestic industry or by any of the ten subject countries. As a result, price becomes the key determinant of sales. Indeed, the Commission found in its Preliminary Determination that “subject imports and the domestically produced product of the same type are highly substitutable and that price plays an important role in purchasing decisions.” CASWR from Belarus Prelim., USITC Pub. 4693 at 29. In addition, the Commission recognized that the “domestic like product and cumulated subject imports compete with one another in a range of products, but particularly in the industrial/standard quality wire rod category....” Id.

In the final phase of these investigations, the record continues to indicate that both domestic and imported wire rod are highly substitutable and that the wire rod market is price sensitive. Almost all U.S. producers reported that U.S. produced wire rod is “always” interchangeable with subject wire rod, while importers and purchasers generally reported that U.S. produced and subject wire rod are “always” or “frequently” interchangeable. ITC Prehrg. Rep. at II-31.

Most purchasers (31 of 39) rated price as a “very important” factor in purchasing decisions. Id. at II-14 and II-15. In fact, the vast majority (36 of 39) of purchasers cited price as one of the top three factors considered in their purchasing decisions. Id. at II-14. A large number of those purchasers (22 of 39) purchasers reported that they “usually” purchase the lowest-price product. Id. All seven responding U.S. producers reported that factors other than price were “never” a significant factor in buying decisions. Id. at II-34 – II-35. Although most responding importers

reported that factors other than price were “frequently” or “sometimes” a significant factor, the majority of responding purchasers reported that non-price differences are “sometimes” or “never” significant factors when comparing U.S.-produced and subject wire rod. Id. Finally, several purchasers indicated the importance of price in their buying decisions in responding to allegations of lost sales and lost revenue and indicated that price was a primary reason for the decision to purchase subject imports rather than the U.S.-produced product. Id. at V-32; see also section VII.B.2.

All seven responding U.S. producers reported that factors other than price were “never” a significant factor in buying decisions. Id. at II-34 – II-35. Although most responding importers reported that factors other than price were “frequently” or “sometimes” a significant factor, the majority of responding purchasers reported that non-price differences are “sometimes” or “never” significant factors. Id.

Accordingly, the evidence in these final investigations continue to demonstrate that subject imports and the domestic product are highly substitutable and that price is very important in determining sales in the U.S. wire rod market.

**F. Raw Material Costs**

The primary raw material input used to produce CASWR using the electrical arc furnace production method is steel scrap. ITC Prehrg. Rep. at V-1. The Prehearing Staff Report states that steel scrap prices [ ] from January 2014 to September 2017. Id. During the staff conference, respondents argued that the CASWR price declines the U.S. industry has experienced during the POI were solely due to declines in scrap costs and not subject imports. Conf. Tr. at 61-62, 191-92 (Trendl, Nolan). Specifically, respondents asserted that U.S. CASWR prices are indexed to scrap prices reported using the American Metal Market. Id. at 105-07. The

Commission's record establishes, however, that the scrap price indexing did not insulate U.S. producers from the competitive effects of low-priced imports. As Mr. Canosa testified, U.S. producers have been forced to cut prices and profits despite the scrap index in an effort to compete with the absurdly low prices of subject imports. Conf. Tr. at 132-33. Mr. Canosa stated that:

We had an agreement with a customer with an index base -- again the base price was already low because it was set based on import price but throughout the year the imports became so aggressive that the customer decided to pull out of the agreement or we had to lower our base price even lower.

Id. at 188. While declining raw material costs should have resulted in some declines in U.S. prices of CASWR, U.S. CASWR prices have fallen to a greater degree than costs, preventing the U.S. producers from earning a reasonable rate of return throughout the POI. See section VII.B.3.

## **VII. MATERIAL INJURY BY REASON OF SUBJECT IMPORTS**

### **A. Volume of Subject Imports**

#### **1. Significance of Volume on Absolute and Relative Basis**

The cumulative volume of CASWR imports from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, the United Arab Emirates, and the United Kingdom, is significant on an absolute basis, as well as relative to consumption and production in the United States. As shown in Table 1, subject imports totaled 701,654 tons and accounted for 39.6 percent of CASWR imports in 2016.

Table 1 U.S. Imports of CASWR 2016		
Country	Volume (in short tons)	Percent of Total
Subject imports	701,654	39.6
All others	1,070,927	60.4
Total	1,772,581	100.0%
Source: ITC Prehrg. Rep. at IV-4 (Table (IV-2)).		



In interim 2017, subject imports remained significant, totaling 543,592 tons, accounting for 35.5 percent of all imports. ITC Prehrg. Rep. at IV-4 – IV-5.

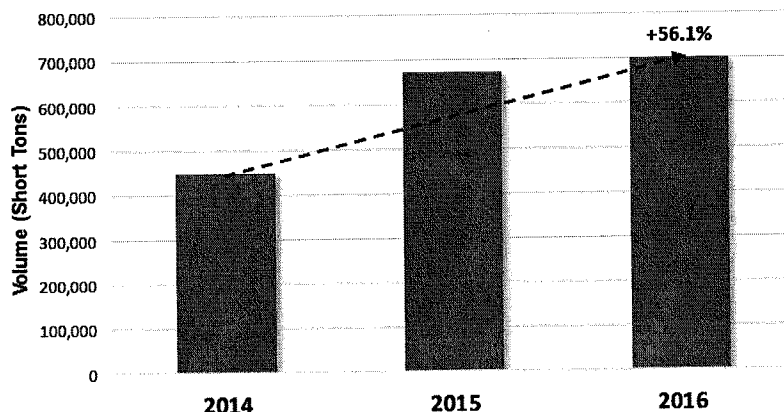
The share of total subject imports relative to consumption and production is also significant. In 2016, subject imports accounted for 16.5 percent of the U.S. merchant market and 19.7 percent of U.S. production of CASWR. ITC Prehrg. Rep. at III-5, IV-4, and IV-31. By interim 2017, subject imports were still sizeable, holding a 15.4 percent U.S. market share. *Id.* at IV-31.

## **2. Increasing Import Volumes on Absolute and Relative Basis**

As indicated in the chart below, cumulated imports of CASWR from the subject countries increased from 449,609 tons in 2014 to 701,654 tons in 2016, an increase of 56.1 percent. ITC Prehrg. Rep. at C-4. As Eric Nystrom of Nucor testified at the staff conference, “in 2015 and 2016, subject producers kept shipping massive volumes with no signs of slowing down.” Conf. Tr. at 127. With imports from non-subject countries declining by 20.7 percent from 2014 to 2016, the increase in subject imports accounted for all of the total increase in imports during the POI. ITC Prehrg. Rep. at C-4. Further, subject import volumes continued to increase in interim 2017 until this case was filed. The volume of subject imports in the first half of 2017, totaling 382,000 tons, exceeded the 349,000 tons of subject imports in the first six months of 2016. Exh. 6. Only when this case was filed did subject imports decline significantly, dropping in the third quarter of 2017, and resulting in an overall volume decline for the interim 2017 period. *Id.* and ITC Prehrg. Rep. at C-4. This decline was due directly to the filing of the trade case in March 2017. See section VI.B. [

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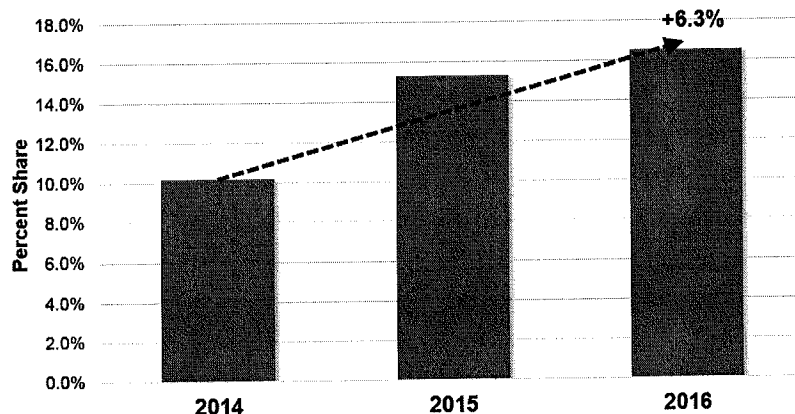
### Subject Import Volumes Are Large and Increasing



Source: ITC Prehrg. Rep. at IV-4 (Table IV-2).

As a share of the U.S. market, subject imports are also substantial and growing. The market share captured by subject imports of CASWR expanded from 10.2 percent in 2014 to 16.5 percent in 2016. ITC Prehrg. Rep. at C-5. Notably, the volume of subject imports increased by 56.1 percent over the 2014 to 2016 period despite a decline in U.S. demand for CASWR in the merchant market of 4.2 percent over that period. *Id.* That subject imports were growing even as demand was declining also explains their substantial market share gains. *Id.*

### Subject Imports Captured an Increasing Share of the U.S. Market From 2014 to 2016



Source: ITC Prehrg. Rep. at IV-31 (Table IV-15).

The market share of subject imports remained substantial in January-September 2017 at 15.4 percent – well above the 2014 subject import share. Id. at C-5. That this 15.4 percent share in interim 2017 was below the January-September 2016 level of 17.4 percent is directly related to the filing of the trade case, as discussed above and reflected in the monthly data. Exh. 6; see also section VII.C.4. The statute permits the Commission to consider whether changes in volume are related to the pendency of the investigation.<sup>25</sup> With the trade case being filed in March 2017, the case filing explains the slight decline in import market share due to the decline in imports in the third quarter of 2017. Id.

These data demonstrate that the increase in the volume of subject imports, both on an absolute and relative basis, is significant and increasing over the POI.

**B. Price Effects of Subject Imports**

CASWR is sold primarily on the basis of price. See section VI.E. Both domestic industry and respondent witnesses testified at the staff conference as to the importance of price in purchasing decisions. Conf. Tr. at 124-25 (Armstrong), 131-32 (Canosa), 126-28 (Nystrom), 106 (Stauffer). Indeed, Mr. Stauffer, Vice President for Sourcing and Logistics of Insteel Industries, indicated that “I have two mandates in my job. I’m supposed to buy cheaper than my competitors and I’m not supposed to run out.” Conf. Tr. at 106. Thus, as one of the largest U.S. purchasers of CASWR, Mr. Stauffer confirmed that CASWR is an extremely price-sensitive product.

Mr. Armstrong, of Keystone, testified that:

Wire rod customers are very price sensitive, as we’ve heard this morning, and the market pricing is quite transparent as also we heard this morning. It only takes one import source to offer lower prices to start the downward spiral.

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<sup>25</sup> See 19 U.S.C. § 1677(7)(I).

Conf. Tr. at 122-23. Similarly, Mr. Canosa of Gerdau stated:

Industry publications like American Metal Market, Platts, and CRU list wire rod prices which customers then collaborate through their own contacts with importers and through import license data. In this way, even a small volume of low-priced imports from one of the subject countries can have a big impact in U.S. pricing in a relatively short period of time.

Conf. Tr. at 131.

1. **Subject Imports Undercut U.S. Producer Prices in the Majority of Quarterly Comparisons and Volume Comparisons**

The data developed through the Commission's questionnaire process show that imports of CASWR from the subject countries have substantially undersold domestic producer prices throughout the POI in this very price-sensitive market.<sup>26</sup> Subject imports undersold the domestic product in 192 of 231 possible comparisons, or 83.1 percent of the time. ITC Prehrg. Rep. at V-29. Margins of underselling ranged up to [ ] percent. Id. The average margin of underselling for subject imports was [ ] percent. Id. Subject imports also undersold the corresponding domestic product in the vast majority (83.7 percent) of the volume of sales reported. Id. As indicated in the table below, imports from each of the subject countries individually undersold U.S. producers in the majority of possible comparisons [

] Id. at V-30.

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<sup>26</sup> Pricing data reported by these U.S. producers accounted for 45.3 percent of U.S. producers' shipments of CASWR and the following percentages of U.S. commercial shipments of subject imports in 2016: Belarus, [ ] percent; Italy, [ ] percent; Korea [ ] percent; Russia, [ ] percent; South Africa, [ ] percent; Spain, [ ] percent; Turkey, [ ] percent; Ukraine, [ ] percent; the United Arab Emirates, [ ] percent; and the United Kingdom, [ ] percent. ITC Prehrg. Rep. at V-8.

Significant Underselling by Subject Imports						
Country	Number of Quarters – Underselling	Underselling Volume	Number of Quarters – Overselling	Overselling Volume	Percent Underselling Based on Number	Percent Underselling Based on Volume
Belarus	12	[ ]	1	[ ]	92.3	[ ]
Italy	9	[ ]	2	[ ]	81.8	[ ]
Korea	17	[ ]	16	[ ]	51.5	[ ]
Russia	18	[ ]	0	[ ]	100.0	[ ]
South Africa	16	[ ]	4	[ ]	80.0	[ ]
Spain	35	[ ]	4	[ ]	89.7	[ ]
Turkey	34	[ ]	8	[ ]	81.0	[ ]
Ukraine	35	[ ]	1	[ ]	97.2	[ ]
UAE	4	[ ]	0	[ ]	100.0	[ ]
UK	12	[ ]	3	[ ]	80.0	[ ]
<b>Subject Imports</b>	<b>192</b>	<b>1,263,228</b>	<b>39</b>	<b>245,916</b>	<b>83.1</b>	<b>83.7</b>
Source: ITC Prehrg. Rep. at V-30 (Table V-10a).						

**2. Purchasers Shifted Significant Volumes from U.S. Producers to Subject Imports Due to Price**

Information on lost sales and lost revenue gathered from U.S. purchasers further confirms the adverse volume and price effects of subject imports. The 38 responding purchasers reported a significant increase in their purchases of subject imports during the POI, from 364,887 tons in 2014 to 608,253 tons in 2016, an increase of 66.7 percent. ITC Prehrg. Rep. at V-34. At the same time, the responding purchasers indicated that they reduced their purchases from U.S. producers. Id.

Of the 24 responding purchasers that reported that they had purchased CASWR from the subject countries instead of domestically-produced CASWR since 2014, 18 reported that subject imports were priced lower and 17 reported that price was a primary reason for the shift. Id. at V-

32. The quantity of purchases shifted that purchasers admitted were due to price was [ ] tons.<sup>27</sup> Id. at V-37.

Virtually All of U.S. Purchasers Reported Subject Imports Were Lower Priced and That They Shifted Purchases To Subject Imports Due To Price				
Number of purchasers having purchased CASWR from subject countries instead of domestic CASWR	Number of purchasers reporting that imports were lower priced	Percent purchasers reporting that price was lower	Number of purchasers that reported shifting purchases due to price	Quantity of subject country purchases instead of domestic purchases where subject imports were lower priced ( <i>tons</i> )
24	18	75.0%	17	[ ]
Source: ITC Prehrg. Rep. at V-32 and V-35 – V-37 (Table V-13).				

Specific purchaser comments include the following:

- [ ]
- [ ]
- [ ]
- [ ]
- [ ]

<sup>27</sup> This figure understates the volume of subject imports that were purchased due to price because the Commission did not received full questionnaire coverage from U.S. purchasers and several purchasers that did report shifting due to price did not report a specific volume shift ([ ]).

- [ ]
- [ ]
- [ ]
- [ ]
- [ ]
- [ ]
- [ ]
- [ ]

The record, therefore, demonstrates that underselling by the subject imports was significant throughout the POI. As described in section VII.B.1., due to this pervasive underselling, domestic producer prices declined substantially over the period, resulting in significant financial deterioration for the domestic industry.

3. **Subject Imports Have Depressed U.S. Prices to a Significant Degree Over the POI**

Domestic producers have suffered price depression over the POI due to competition with lower-priced CASWR imports from the subject countries. The average unit value of U.S. producers' net sales of CASWR fell from \$715 per ton in 2014 to \$529 per ton in 2016, or by 26.0 percent. ITC Prehrg. Rep. at III-9. The pricing data collected by the Commission demonstrate that domestic CASWR prices declined significantly (by between [ ] percent) during the POI. Id. at V-27-29. These trends are more significant if based on the period prior to the filing of the trade case – CASWR prices fell by between [ ] percent from first quarter 2014 to fourth quarter 2016. Id.

As Mr. Armstrong of Keystone testified at the preliminary conference, the surge in low-priced imports from the subject countries had a depressing effect on U.S. prices:

With import competition at even lower prices in 2016, we were forced to be aggressive in trying to match import prices to maintain our volume. As import prices fell, the volume became even more important. We found ourselves having to try to compete for every ton, no matter how small the order. Smaller orders also mean higher unit production costs, even in the face of those lower unit prices.

Conf. Tr. at 124. In its questionnaire response, purchaser [

]

At the staff conference, respondents attempted to blame the severe price declines the U.S. industry has suffered on declines in scrap costs alone and not subject imports. Conf. Tr. at 61-62, 191-92. The Commission's record, however, establishes that U.S. producers increasingly have had difficulty obtaining prices that enable them to receive a reasonable rate of return. Information



gathered in this final phase of the case demonstrates that U.S. prices declined by more than scrap costs. ITC Prehrg. Rep. at VI-9 and V-10. Specifically, U.S. unit net sales values for CASWR fell to a greater degree than did unit raw materials, as low-priced imports surged. Id. Unit net sales declined by \$24 per ton more than unit raw materials from 2014 to 2016, leading to the domestic industry's decline in operating income. Id.

These results are confirmed by individual producers' experience. [

]

[ U.S. Prod. QR at IV-3(b).

Thus, the financial deterioration of the domestic CASWR industry is due largely to declining prices and drastically reduced revenues resulting from significant and increasing volumes of unfairly traded low-priced imports from the subject countries.

4. **Purchasers Confirm That Subject Imports Caused the Price Depression and Suppression Suffered by Domestic Producers**

As Mr. Canosa of Gerdau testified, the surge of low-priced imports from the subject countries had a depressing effect on U.S. producer prices:

To respond to the import competition, we have been forced to institute foreign fighters' pricing with major customers to stand the loss of sales and protect our mills production. Foreign fighter pricing means customers tell us the foreign price and then we're forced to try to match it if we want to keep their business. Under these market dynamics, we're left with no choice but to lower our price to unsustainable levels just to keep our sales volume.

Conf. Tr. at 132. Information provided by purchasers provides evidence in support of Mr. Canosa's testimony that unfair imports from the subject countries were the cause of the price depression suffered by the domestic industry during the period of investigation. Indeed, [

] LSLR Survey at 5. [

] As summarized below, numerous purchasers stated that, in their experience, U.S. producers reduced their prices to compete with subject imports from subject countries during the POI. Further, the degree by which the domestic producers were forced to reduce their prices was significant:

- [ ]

- [ ]

- [ ]

- [ ]

- [

]

- [ ]
  - [ ]
  - [ ]
  - [ ]
- ]

In sum, a significant number of purchasers of CASWR in the U.S. market stated that price competition from subject imports forced domestic producers to reduce prices during the period of investigation and that those reductions were substantial, ranging from 5 to 15 percent. Id.

C. **Unfairly Traded Subject Imports Have Had a Significant Injurious Impact on the U.S. Industry**

1. **Domestic Producers Have Suffered Declines in Numerous Key Trade Variables**

The domestic industry has suffered significant declines in all of its trade variables over the POI, even beginning the investigatory period (2014) in a pummeled condition by China. See section VI.B. Domestic capacity, production, and shipments all fell over the 2014 to 2016 period, as U.S. producers struggled to compete with subject imports. ITC Prehrg. Rep. at C-5. Domestic industry commercial shipments dropped by 6.0 percent, outpacing the decline in demand in the merchant market of 4.2 percent. Id.

Notably, the domestic industry experienced a significant reduction in capacity of 7.7 percent over the POI, driven largely by the closure of Arcelor Mittal USA's Georgetown facility.

Id. at III-4; see sections VI.D. and VII.C.2. below and Exh. 5. Despite this decline in overall capacity, the domestic industry's capacity utilization levels never exceeded 74.0 percent over the past three years. Id. at C-4. This low capacity utilization rate occurred even as the industry attempted to regain sales in the wake of the decline in imports from China. Id. at C-4; Conf. Tr. at 124-25. In a capital-intensive industry such as the CASWR industry, these anemic levels of utilization are insufficient to maintain the industry's equipment and operations over the long-term.

The domestic industry also saw its merchant market share fall to the extremely low level of just [ ] percent by 2016 and [ ] percent by interim 2017.<sup>28</sup> ITC Prehrg. Rep. at C-5. As recently as 2011, before the unfair Chinese imports entered the United States in large volumes, the domestic industry's market share stood at 70 percent. Exh. 3. Even over the current POI, the U.S. industry's share declined from 59.3 percent in 2014 to 58.2 percent in 2016 and then to 56.6 percent in interim 2017. ITC Prehrg. Rep. at C-5. As the Chinese market share fell from 8.5 percent in 2014 to 0 in 2015 and 2016 as a result of the trade case, subject import market share jumped by 6.3 percentage points. Id. Subject imports took the vast majority of the market share China lost as well as additional market share from the domestic industry. The rapid erosion of U.S. sales and market share since 2011, first due to China, and since 2014 due to subject imports, is a strong indication of the injury unfairly-traded imports have inflicted on the U.S. industry.

2. **The Rapidly Deteriorating Condition of the Domestic Industry Has Led to Plant Closures, Lost Jobs, and Lost Sales Over the POI**

While the decline in the macro trade and financial data are significant, the injury to the domestic industry is also manifest in specific examples of plant closures and employee layoffs that

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<sup>28</sup> Domestic industry market shares as well as the U.S. industry's financial condition discussed in this brief are based on sales in the merchant market, given that the statutory criteria for applying the captive production provision are met in this case. See section VI.A.

provide a human face to the industry's struggles. Over the course of the POI, two significant domestic wire rod producers closed their doors. ArcelorMittal Georgetown shut down its wire rod production operations in 2015. Exh. 5. Republic Steel closed its Lorain, Ohio, operations in 2016. Id. Both of these plant closures were accompanied by substantial job losses to U.S. workers. ArcelorMittal Georgetown reported that 226 workers lost jobs as a result of the closure of that wire rod mill. Id. Republic Steel's mill resulted in the loss of over 200 more U.S. steelworker jobs. Id. As Ms. Brown of the United Steelworkers testified, "these lost jobs and wages hurt not only hard-working, highly skilled American steel workers, but also their families, retirees, and entire communities that depended on the success of the workers and their local mill." Conf. Tr. at 140.

When ArcelorMittal USA closed its Georgetown mill, it issued a press release expressly pointing to imports as the reason for the closure. As Mr. P.S. Venkat, CEO of ArcelorMittal Long Carbon North America stated: "Despite our joint efforts and a highly productive workforce, the facility has incurred significant losses since the restart due to high input costs and imports. . . . Imports have really been damaging to the Georgetown facility, and the business overall." Exh. 5 (emphasis added). In reporting the closure of the Georgetown mill in August 2015, another news article stated:

The plant is the company's main producer of wire rod in the United States and the company said it could no longer compete with foreign steel wire imports that it says are being unfairly traded domestically. The company said imported wire rod now makes up a third of the domestic market.

Id. (emphasis added). Similarly, Republic Steel cited dumped imports as leading to the closure of its Lorain facility. Id. According to Dennis Hamilton, President of the USW Local 1104, "That foreign trade is killing us." Id. "Nights are hard to sleep, thinking the next day is it going to get worse?" Id.

Further, [

] These plant closures and lost jobs punctuate the devastating effects subject imports have had on the U.S. industry.

3. **As Low-Priced Imports Depressed U.S. Prices, the Domestic Industry's Net Sales and Profits Plummeted**

Even worse than the downturn in the domestic industry's trade indicators has been the dire financial condition in which it has found itself over the POI. As low-priced subject imports surged and U.S. prices fell, so too did U.S. sales values and profits. The net sales value of the U.S. industry dropped by over 30 percent between 2014 and 2016. ITC Prehrg. Rep. at C-5. The domestic industry also suffered substantial declines in all profit indicia over the POI: gross profits of the industry fell by 21.2 percent, operating profits fell by 52.2 percent, and the net income of the industry plunged by 54.5 percent between 2014 and 2016. *Id.* Similarly, the industry's operating profit to net sales ratios – already at a minimal level of just 2.8 percent in 2014 – fell even further by 2016 to just 1.9 percent. *Id.*

Not only are all of these financial declines over the POI significant, but they were from a very low base in 2014. By 2014, there had been a substantial deterioration in each of the profit factors (gross profits, net profits, operating profits) from those reported in 2011. *See* Exh. 3 and ITC Prehrg. Rep. at C-5. Thus, the further decline in profits over the current POI is all the more devastating. Put another way, by 2016, the domestic industry's financial condition was far more

bleak than it was in 2013, when the Commission found it to have been materially injured due to imports from China. Compare Exh. 3 with ITC Prehrg. Rep. at C-5.

The result of this continued financial decline has been a significant reduction in the capital expenditures of the industry. Capital expenditures – already depressed by reason of competition from China – fell precipitously over the POI, by an additional [ ] percent. Id. at VI-15. When an industry's net income and operating income fall by over 50 percent in just two years to the abysmal levels shown in 2016, domestic producers simply have no funds with which to invest. Id. at C-5. Notably, while the Commission has often focused on the operating profit to net sales ratio of the industry as the main indicia of its financial condition (a factor which also shows injury here), the Commission must also examine the industry's actual net income and operating income on a dollars basis. Domestic producers cannot invest ratios; they must invest dollars to upgrade or expand operations. That is why there have been significant postponements or cancellations of planned investments (Conf. Tr. at 122, 133) and why the information provided by the industry contains detailed lists of these cancellations as well as downgrading of bonds and other signs of financial distress. ITC Prehrg. Rep. at VI-18 – VI-21.

Moreover, the domestic industry's financial declines are even worse than these figures depict. First, as the prehearing report recognizes, [

]

Second, [

]

4. **Some Slight Improvements in the U.S. Industry's Condition in Interim 2017 Reflect the Trade Case Effects**

The Petitions in this case were filed on March 28, 2017. Import volume and pricing data for the interim (three quarters) 2017 period were affected, to some degree, by the filing of the Petitions at the end of the first quarter of this year. While subject import volumes for the first two quarters of the year continued at significant volume levels, imports in the third quarter of 2017 showed significant declines. As shown in Exhibit 6, while the volume of subject imports in first quarter 2017 was 202,621 tons and in the second quarter of 2017 was 226,495 tons, subject imports dropped to just 55,717 tons by the third quarter of 2017. Exh. 6. Further, the average unit values



(“AUVs”) of subject imports increased after the case was filed, reaching their highest monthly levels of \$543 per ton in August and \$533 per ton in September 2017. Exh. 8.

The filing of these trade cases and imposition of provisional measures, thus, had some effect on cumulative subject import volumes and prices in interim 2017. Based on declines in import volumes in third quarter 2017, subject import volumes showed a slight overall decline of 3.6 percent in interim 2017, but still maintained a sizeable market share. Exh. 6; ITC Prehrg. Rep. at C-4, C-5. The prices of subject imports and of U.S. producers increased in interim 2017, particularly in the second and third quarters of the year after the case was filed. *Id.* at V-21–V-26. These increased prices allowed an uptick in shipments, net sales, and profitability of the domestic industry in interim 2017. *Id.* at C-5. Although the industry’s financial condition is still very weak – showing just a 3.8 percent operating profit to sales ratio in interim 2017 – it is slightly better than the profits earned in interim 2016 (of 2.5 percent). Thus, the interim 2017 data reflect the beginning of a recovery that is badly needed by this industry. *Id.*

**D. There Is a Causal Nexus Between the Surging Volumes of Low-Priced Subject Imports and the Trade and Financial Declines Suffered by the Domestic CASWR Industry**

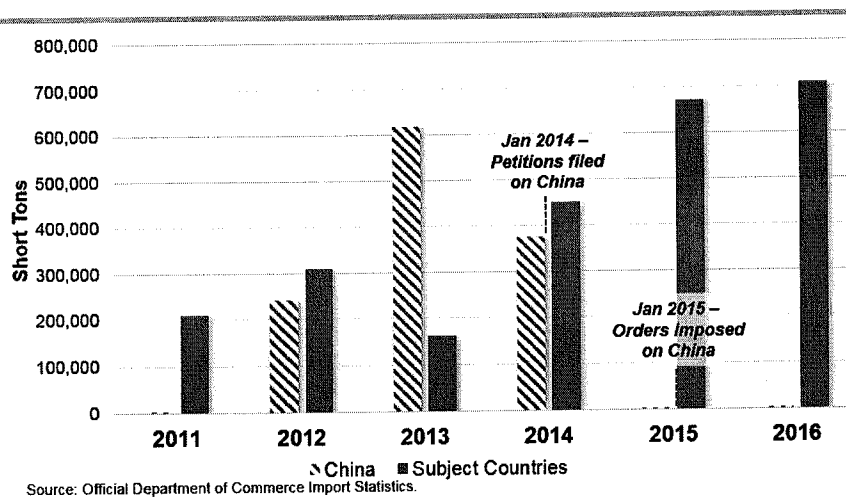
**1. Surging Subject Imports Prevented the U.S. Industry from Regaining Market Share and Improving Financially Once Orders Were Imposed on China**

As discussed in section VI.B., an important condition of competition facing the CASWR industry during the POI was the impact it suffered from the increasing volumes of unfairly-traded imports from China, which were remedied by orders imposed in January 2015. Although the domestic industry – and even some respondents (Exh. 4) – anticipated that the U.S. industry would regain sales and market share and improve its profitability once the imports from China were addressed, subject imports surged into the U.S. market and prevented that much-needed

improvement from occurring. Indeed, the volumes and market shares of the subject imports rose to even higher levels than those of China at its peak. *Id.* and ITC Prehrg. Rep. at C-5. Widespread underselling by the subject imports also prevented any price recovery by the domestic industry, leading to even lower profits for the industry and depriving the industry of the ability to undertake much-needed investments.

Specifically, as shown in the chart below, as imports from China began to recede from the U.S. market in 2014, and largely disappeared from the market altogether by 2015 and 2016, imports from the ten subject countries rapidly replaced the Chinese imports – and then some.

**Unfairly-Traded Subject Imports Surged Over the POI to Replace the Decline in Imports from China**



While imports from China at their peak totaled 618,790 tons, imports from the subject countries at their peak totaled 701,654 tons. Exh. 3; ITC Prehrg. Rep. at C-4. As a share of the merchant market, imports from China rose to 14.4 percent in 2013. Exh. 3. By 2016, imports from the subject countries had captured 16.5 percent of the U.S. merchant market – significantly more than China at its peak. ITC Prehrg. Rep. at C-5. As the chart above further indicates, subject imports were not merely regaining sales volumes that had been lost to China, as respondents preliminarily

claimed. Conf. Tr. at 14, 100, 194. Subject imports' sales volumes totaled only a little over 200,000 tons in 2011, before China became a significant U.S. market presence, but grew to over 700,000 tons by 2016. See above chart, Exh. 3, ITC Prehrg. Rep. at C-4.

At the preliminary stage of this case, respondents relied heavily on the lack of a substantial loss in U.S. industry market share over the POI as an alleged sign of no injury caused by subject imports. See, e.g., Conf. Tr. at 194. Such an argument ignores the competitive market conditions the domestic industry faced during the POI that provide context to the market share shift. In 2011, the domestic industry held 70.1 percent of the merchant market for CASWR. Exh. 3. That market share fell to 60.3 percent by 2013, as imports from China surged into the United States. Id. Thus, by the beginning of the POI here, the U.S. industry had already lost 10 percentage points of market share in just three years that it badly needed to regain. Instead, due to the surge in subject imports, the domestic industry's market share never recovered and, in fact, declined further to 58.2 percent in 2016 and 56.6 percent in interim 2017. ITC Prehrg. Rep. at C-5. That the U.S. producers' market share did not decline to a greater degree was a function of the very low base from which it started and the desperate need of U.S. producers to stem the loss of further sales and market share to unfairly-traded imports.

Moreover, as the Commission has previously recognized, subject imports are not entitled to increase sales and market share in the United States through the use of unfair trading practices, whether that increased share replaces other non-subject imports or replaces U.S. producer sales:

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. Moreover, Commerce, in an administrative

review, found imports from China to be sold in the U.S. market at less than fair value from March 1997 to February 1999. Thus, the imports from China were low priced and may have themselves had an adverse effect on the market and the domestic industry.

Sulfanilic Acid from Hungary and Portugal, USITC Pub. 3554 (Final) (Nov. 2002) at 13. Here, where there was already a finding of injury caused by unfairly-traded imports from China in the years immediately preceding the POI, the subject imports' replacement of China in the market is all the more devastating.

Second, subject imports did not merely replace the Chinese volumes, they exceeded the import volumes and market shares of China. Compare Exh. 3 with ITC Prehrg. Rep. at C-5. Thus, the unfairly-traded subject imports not only prevented the U.S. industry from regaining the market share it had lost to China, they took additional share from the U.S. industry as well. Id.

Third, there is no requirement that the domestic industry lose significant or even any market share in order for an injury finding to be reached or adverse volume effects found. The Court of International Trade has rejected the contention that a market share shift is necessary for an affirmative injury determination or a finding of significant import volumes. Hynix Semiconductor, Inc. v. United States, 431 F. Supp. 2d 1302 (Ct. Int'l Trade 2006). The Hynix Court held that under the law, "there is no minimum rate of increase in volume or baseline percentage increase required to be significant," and that market share fluctuations "are made more significant due to the fungibility of the goods in question and the price sensitive nature of the DRAMs market." Id. at 1308-09. The same is true of the price-sensitive CASWR market. See section VI.E. The Court in the Shandong case also rejected a challenge to a Commission finding that subject imports took market share largely from non-subject imports and not the domestic industry, finding that other factors including the large and increasing import volumes supported the affirmative Commission

determination. Shandong TTCA Biochemistry Co. v. United States, 774 F. Supp. 2d 1317, 1322-24 (Ct. Int'l Trade 2011).<sup>29</sup>

Unfortunately, the attempt of the U.S. industry to retain some market share in competition with subject imports came at a heavy price. Indeed, counsel for respondents at the preliminary staff conference characterized this as a “price” case. Conf. Tr. at 57.<sup>30</sup> The underselling and price depressing and suppressing effects of subject imports described in section VII.B., in turn, led to severe financial problems for the U.S. industry over the POI. Not only did the U.S. industry’s financial condition fail to improve from the downturn it suffered in 2011 to 2013 due to China, it actually grew worse. Operating income of the CASWR industry fell from \$159 million in 2011, to \$96 million in 2012, and then to \$68 million in 2013, as the industry was hammered by imports from China. Exh. 3. By 2016, as the low-priced subject imports continued to hammer the industry, its operating income had dropped to just \$25.1 million. ITC Prehrg. Rep. at C-5. Capital expenditures of \$183 million in 2013, the end of the China trade case POI (Exh. 3), had fallen to [ ] by 2016. Id. at VI-15.

<sup>29</sup> Indeed, the Commission has found, and the Court has sustained, affirmative determinations even where the domestic market share was increasing. See, e.g., Gold E. Paper (Jiangsu) Co. v. United States, 896 F. Supp. 2d 1242, 1262 (Ct. Int'l Trade 2012) (“In short, although the domestic industry was able to increase its market share during the period of investigation, the Commission acknowledged the increase and explained – by reference to numerous trends and indicators in the U.S. industry – why the increases in subject import volume and market share were significant.”); Companhia Paulista De Ferro-Ligas v. United States, 20 C.I.T. 473, 477, 1996 Ct. Intl. Trade LEXIS 72 at \*10 (“The Commissioners reasonably relied upon the evidence in the record that the volume of subject imports rose by over 200 percent and the importers’ share of domestic consumption increased substantially to make an affirmative injury finding despite evidence of stable or increasing domestic market share.”).

<sup>30</sup> As discussed in sections VII.A. and VII.C.1., this case is not limited to price-related injury, there is significant volume-related injury due to subject imports as well.

In sum, the injury the domestic industry experienced due to unfairly-traded imports from China not only continued but worsened, as unfairly-traded imports from the ten subject countries surged into the U.S. market to replace sales by China and to displace sales by U.S. producers.

**2. Other Factors Are Not the Cause of the Injury the U.S. Industry Has Suffered**

No other factor can be identified to explain the weak and declining condition of the U.S. industry over the POI. Demand is not the culprit here. Although demand for CASWR dropped by 4.2 percent over the 2014-2016 period, U.S. shipments fell to an even greater degree – by 6.0 percent – so those declines were not merely a reflection of a downturn in demand. ITC Prehrg. Rep. at C-5. Even more notably, despite the decline in U.S. demand, subject imports increased by 56 percent over this period. Id. at C-4. Subject imports grabbed a larger share of the smaller market at the expense of the U.S. industry. Id. These facts do not support the conclusion that the domestic industry's woes were caused by demand and not by subject imports.

Non-subject imports also cannot be pointed to as a cause of injury. The volumes and market shares of non-subject imports declined over the POI, as they too were displaced by subject import volumes. ITC Prehrg. Rep. at C-4. Collectively, non-subject import volumes fell by 20.7 percent over the 2014-2016 period. Id. Moreover, the prices of non-subject imports gathered by the Commission preliminarily showed [

] See

Pet. Postconf. Brf. at Exh. 1, Q.7 and Exh. 23. These higher prices of non-subject imports are further confirmed by the average unit value data in official import statistics. As shown in Exhibit 8, the AUV of subject imports was \$384 per ton in 2016, compared to an AUV of \$601 per ton for non-subject imports in 2016. Similarly, in interim 2017, the subject import AUV was \$447 per

ton, compared to \$611 per ton for non-subject imports. Exh. 8. Although there are some product mix issues for CASWR, these dramatically lower AUVs of the subject imports are consistent with the low prices U.S. producers have faced in the market from subject imports. These higher AUVs and prices of non-subject imports explain why they too lost market share to subject imports and provide further indication that non-subject imports were not the cause of the U.S. industry's injury.

#### **VIII. THREAT OF MATERIAL INJURY BY SUBJECT IMPORTS**

Gerdau, Keystone, and Charter support the threat of material injury discussion in Nucor's Prehearing Brief. As set forth in Nucor's Prehearing Brief, record evidence demonstrates that imports of CASWR from the subject countries also present an imminent threat of further material injury to the domestic industry. Subject imports rapidly and significantly increased in volume and captured an increasing share of the U.S. market. See section VII.A. supra. In addition, and as the Commission determined in its Preliminary Determination, the subject countries have substantial capacity and excess capacity to produce wire rod and are export-oriented. CASWR from Belarus Prelim., USITC Pub. 4693 at 39-40; ITC Prehrg. Rep. at VII-5, VII-11, VII-17, VII-23, VII-29, VII-36, VII-42, VII-49, VII-55, VII-63, and VII-67; see also Nucor Prehrg. Brf. Subject producers reported large and increasing volumes of exports of wire rod during the period of investigation. ITC Prehrg. Rep. at VII-67. At the same time, all subject countries face multiple barriers to entry in third country markets, increasing the likelihood that CASWR from the subject countries will be directed to the U.S. market if orders are not imposed. Id. at VII-72. Finally, the domestic industry, having been injured by CASWR imports from China with little time for recovery before the injurious imports from the ten subject countries surged into the U.S. market, is extremely vulnerable to the threat of further injury by reason of the subject imports. See section VII.C., supra.

**IX. CONCLUSION**

For the foregoing reasons, Gerdau Ameristeel, Keystone Consolidated and Charter Steel urge the Commission to issue an affirmative determination in this proceeding to remedy the injury the domestic CASWR industry has suffered by reason of the unfairly-traded imports.

Respectfully submitted,



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Consolidated Industries, Inc., and Charter Steel

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W. BRADLEY HUDGENS, Consultant

November 9, 2017



**INDEX TO EXHIBITS**

<b>Exhibit No.</b>	<b>Description of Exhibit</b>	<b>Public/BPI/APO</b>
1	Customer Overlap Summary	<b>APO</b>
2	Geographical Shipments Summary	<b>APO</b>
3	CASWR from China USITC Publication 4509 (January 2015)	<b>Public</b>
4	Excerpt from Hearing Transcript (April 22, 2014) (CASWR Brazil et al 2 <sup>nd</sup> Review 701-TA-417)	<b>Public</b>
5	Articles on U.S. Producers	<b>BPI</b>
6	Monthly U.S. Imports of CASWR (January 2016 – September 2017)	<b>Public</b>
7	U.S. Producers' Financial Data (Excluding [                      ])	<b>APO</b>
8	Monthly Import AUVs of CASWR (January 2016 – September 2017)	<b>Public</b>

**CERTIFICATION**

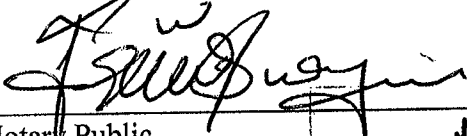
CITY OF WASHINGTON                    )  
  )  
DISTRICT OF COLUMBIA                )       ss:

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 9, 2017, that the information contained in this document is accurate and complete to the best of my knowledge.



Kathleen W. Cannon

Sworn to and subscribed before me in my jurisdiction aforesaid on November 9, 2017.



Notary Public

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

My Commission Expires:



# EXHIBIT 1

CASWR Customer Overlap

U.S.  
Producers   Belarus   Italy   Korea   Russia   S. Africa   Spain   Turkey   Ukraine   U.A.E   U.K.

### CASWR Customer Overlap

U.S.  
Producers   Belarus   Italy   Korea   Russia   S. Africa   Spain   Turkey   Ukraine   U.A.E   U.K.

Source: Purch. QRs at II-1.

# EXHIBIT 2

### Responses on Geographical Shipments

	U.S. Producers	Belarus	Italy	Korea	Russia	South Africa	Spain	Turkey	United Arab Emirates	Ukraine	United Kingdom	
Northeast	[											]
Midwest	[											]
Southeast	[											]
Central Southwest	[											]
Mountains	[											]
Pacific Coast	[											]
Other	[											]

Source: U.S. Producer QRs at IV.10; U.S. Importer QRs at III.10.

# EXHIBIT 3



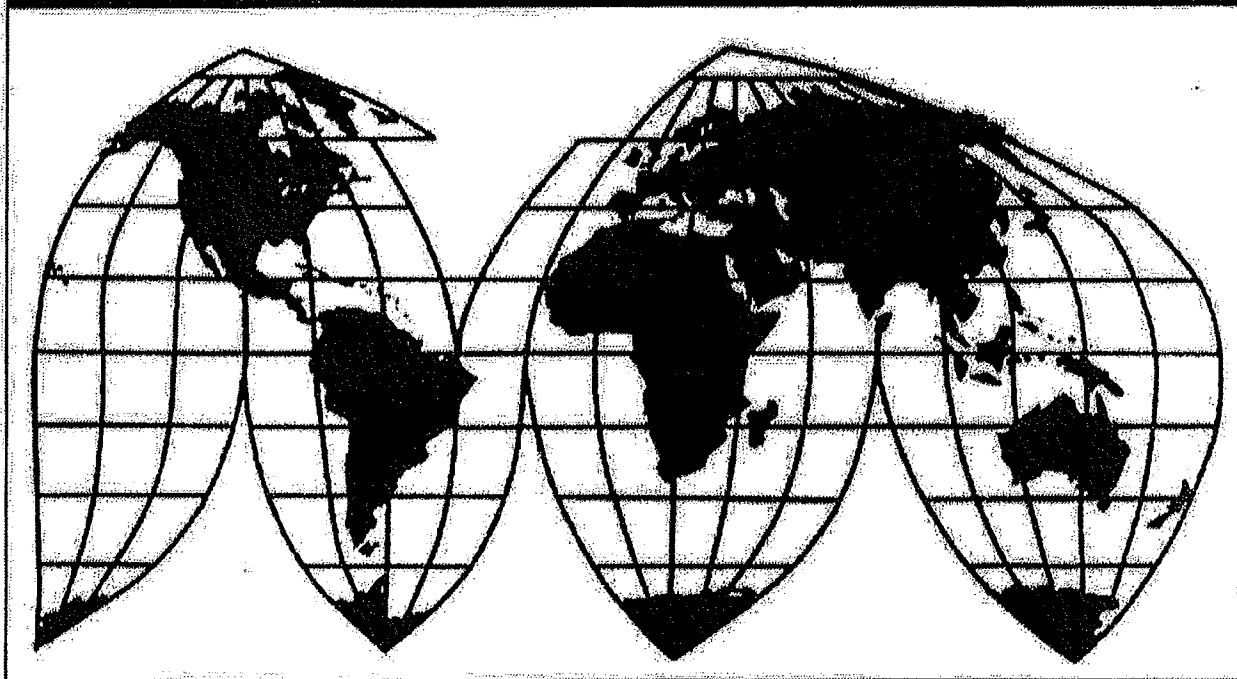
# **Carbon and Certain Alloy Steel Wire Rod from China**

Investigation Nos. 701-TA-512 and 731-TA-1248 (Final)

**Publication 4509**

**January 2015**

**U.S. International Trade Commission**



Washington, DC 20436

Table C-1

Wire rod: Summary data concerning the U.S. market, 2011-13, January to June 2013, and January to June 2014

(Quantity=short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	2011	Calendar year: 2012	2013	January to June 2013	January to June 2014	2011-13	Calendar year: 2011-12	2012-13	Jan-Jun 2013-14
<b>U.S. consumption quantity:</b>									
Amount (4)	5,130,187	5,328,848	5,308,086	2,735,825	***	3.5	3.0	(0.4)	***
Producers' share (1)	75.9	71.5	67.8	68.2	***	(7.7)	(4.1)	(3.7)	***
Importers' share (1)									
China (4)	0.0	4.5	11.7	10.0	***	11.7	4.5	7.1	***
All others sources	24.4	24.0	20.5	20.8	***	(3.9)	(0.5)	(3.4)	***
Total imports (4)	24.4	28.5	32.2	30.8	***	7.7	4.1	3.7	***
<b>U.S. consumption value:</b>									
Amount (4)	4,155,145	4,088,339	3,781,117	1,968,091	***	(9.5)	(1.8)	(8.0)	***
Producers' share (1)	72.5	69.1	67.3	68.4	***	(5.2)	(3.3)	(1.9)	***
Importers' share (1)									
China (4)	0.0	3.6	8.9	7.7	***	8.9	3.6	5.4	***
All others sources	27.5	27.3	23.6	23.9	***	(3.7)	(0.2)	(3.5)	***
Total imports (4)	27.5	30.9	32.7	31.6	***	5.2	3.3	1.9	***
<b>U.S. imports from:</b>									
<b>China:</b>									
Quantity (4)	144	241,966	818,790	274,868	***	429,750.0	167,907.9	155.7	***
Value (4)	162	146,243	335,057	151,946	***	207,712.0	80,386.2	129.7	***
Unit value	\$1,123	\$604	\$543	\$553	***	(51.7)	(46.2)	(10.2)	***
Ending inventory quantity	0	***	***	***	***	(n2)	(n2)	***	***
<b>All other sources:</b>									
Quantity	1,253,696	1,276,955	1,089,837	508,635	640,635	(13.1)	1.8	(14.7)	12.7
Value	1,142,860	1,115,083	895,744	468,082	484,782	(21.6)	(2.4)	(19.7)	3.3
Unit value	\$911	\$873	\$822	\$925	\$757	(9.8)	(4.2)	(5.8)	(8.3)
Ending inventory quantity	55,985	***	***	***	***	***	***	***	***
<b>Total imports:</b>									
Quantity (4)	1,254,042	1,518,921	1,708,627	843,524	***	36.2	21.1	12.5	***
Value (4)	1,143,021	1,281,306	1,231,801	621,028	***	7.7	10.3	(2.4)	***
Unit value	\$911	\$830	\$721	\$738	***	(20.8)	(8.0)	(13.2)	***
Ending inventory quantity	55,985	87,282	144,645	101,771	127,539	158.3	73.7	46.7	25.3
<b>U.S. producers:</b>									
Average capacity quantity (3)	5,160,148	5,117,686	5,051,499	2,557,566	2,610,949	(1.8)	(0.6)	(1.3)	2.1
Production quantity	3,807,416	3,879,081	3,855,088	1,970,026	1,809,784	(6.5)	(0.7)	(5.9)	(3.1)
Capacity utilization (1)	75.0	75.8	72.4	77.0	73.1	(3.4)	(0.1)	(3.4)	(3.9)
<b>U.S. shipments:</b>									
Quantity	3,878,145	3,809,727	3,506,459	1,892,301	1,850,061	(7.1)	(1.7)	(5.6)	(2.2)
Value	3,012,124	2,827,033	2,820,516	1,345,693	1,341,255	(16.0)	(8.1)	(10.5)	(0.3)
Unit value	\$777	\$742	\$793	\$711	\$725	(8.6)	(4.5)	(5.3)	1.9
<b>Export shipments:</b>									
Quantity	34,897	28,749	24,310	***	***	(29.9)	(25.7)	(9.1)	***
Value	28,898	31,507	22,568	***	***	(21.5)	9.4	(28.6)	***
Unit value	\$833	\$1,181	\$928	***	***	11.4	41.8	(21.4)	***
Ending inventory quantity	103,261	235,847	268,887	300,278	310,333	38.1	22.0	13.2	3.3
Inventories/total shipments (1)	4.0	6.1	7.4	***	***	2.4	1.2	1.2	***
Production workers	2,234	2,277	2,194	2,240	2,239	(1.8)	1.9	(3.8)	(0.7)
Hours worked (1,000s)	4,652	4,587	4,259	2,167	2,282	(6.4)	0.8	(7.2)	5.8
Wages paid (\$1,000)	166,365	174,846	158,836	81,172	85,022	(5.7)	5.0	(10.2)	4.7
Productivity (short tons per 1,000 hours)	858	846	868	913	837	(0.0)	(1.5)	1.5	(8.4)
Unit labor costs	\$42.59	\$45.02	\$42.81	\$41.20	\$44.52	0.8	5.7	(4.7)	8.0
<b>Net sales:</b>									
Quantity	3,910,032	3,838,475	3,623,777	1,905,307	1,865,857	(7.3)	(1.9)	(5.5)	(2.1)
Value	3,041,011	2,858,631	2,552,083	1,359,083	1,355,867	(16.1)	(6.0)	(10.7)	(0.2)
Unit value	\$778	\$745	\$704	\$713	\$727	(8.4)	(4.2)	(5.5)	1.9
Cost of goods sold (COGS)	2,735,762	2,821,410	2,357,315	1,248,827	1,264,985	(13.8)	(4.2)	(10.1)	2.9
Gross profit or (loss)	305,229	237,221	194,768	110,256	70,802	(36.2)	(22.4)	(17.0)	(35.7)
SG&A expenses	91,441	91,545	89,024	46,635	47,369	(1.8)	0.1	(1.9)	1.6
Operating income or (loss)	213,788	145,676	104,944	63,621	23,433	(50.9)	(31.0)	(28.0)	(69.0)
Capital expenditures	60,428	72,514	183,522	140,353	35,004	203.7	20.0	153.1	(75.0)
Unit COGS	\$700	\$803	\$651	\$655	\$689	(7.0)	(2.3)	(4.8)	5.1
Unit SG&A expenses	\$23	\$24	\$25	\$24	\$25	6.0	2.1	3.9	3.7
Unit operating income or (loss)	\$55	\$38	\$29	\$33	\$13	(47.0)	(30.5)	(23.7)	(62.2)
COGS/sales (1)	80.0	81.7	82.4	91.9	94.8	2.4	1.7	0.7	2.9
Operating income or (loss)/sales (1)	7.0	5.1	4.1	4.7	1.7	(2.9)	(1.5)	(1.0)	(2.9)

Notes:

(n1)--Reported data are in percent and period changes are in percentage points.

(n2)--Undefined.

(n3)--Excludes 750,000 short tons of capacity from Gerdau-Perth Ambry which has been idled since 2008.

(n4)--Adjusted for \*\*\*.

Source: Compiled from data submitted in response to Commission questionnaires and from official statistics of the U.S. Department of Commerce.

Table C-2

Wire rod: Summary data concerning the U.S. merchant market, 2011-13, January to June 2013, and January to June 2014

(Quantity—short tons; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per short ton; Period changes=percent—exceptions noted)

	Reported data					Period changes			
	2011	2012	2013	2013	2014	2011-13	2011-13	2012-13	2013-14
<b>U.S. consumption quantity:</b>									
Amount (3)	4,198,469	4,334,467	4,303,827	2,208,165	***	2.5	3.2	(0.7)	***
Producers' share (1)	70.1	85.0	80.3	81.8	***	(0.8)	(5.2)	(4.7)	***
Importers' share (1)									
China (3)	0.0	5.8	14.4	12.5	***	14.4	5.8	8.8	***
All others sources	29.9	29.5	25.3	25.8	***	(4.5)	(0.4)	(4.1)	***
Total imports (3)	29.9	35.0	39.7	38.2	***	9.6	5.2	4.7	***
<b>U.S. consumption value:</b>									
Amount (3)	3,483,780	3,405,201	3,107,228	1,613,767	***	(20.8)	(2.3)	(9.8)	***
Producers' share (1)	67.2	83.0	60.4	61.5	***	(0.6)	(4.2)	(2.6)	***
Importers' share (1)									
China (3)	0.0	4.3	10.8	9.4	***	10.8	4.3	8.5	***
All others sources	32.6	32.7	26.8	28.1	***	(4.0)	(0.1)	(3.0)	***
Total imports (3)	32.6	37.0	38.6	38.5	***	6.8	4.2	2.6	***
<b>U.S. imports from:</b>									
<b>China:</b>									
Quantity (3)	144	241,888	610,790	274,888	***	429,759.0	167,987.9	155.7	***
Value (3)	182	146,243	336,857	151,846	***	207,712.8	80,388.2	129.7	***
Unit value	\$1,123	\$604	\$543	\$553	***	(51.7)	(46.2)	(10.2)	***
Ending inventory quantity	0	***	***	***	***	(n2)	(n2)	***	***
<b>All other sources:</b>									
Quantity (3)	1,253,888	1,278,955	1,089,837	588,635	840,835	(13.1)	1.8	(14.7)	12.7
Value (3)	1,142,060	1,115,063	895,744	469,062	484,702	(21.0)	(2.4)	(19.7)	3.3
Unit value	\$911	\$873	\$822	\$825	\$757	(9.4)	(4.2)	(6.9)	(8.3)
Ending inventory quantity	55,895	***	***	***	***	***	***	***	***
<b>Total imports:</b>									
Quantity (3)	1,254,042	1,518,921	1,700,627	843,524	***	36.2	21.1	12.5	***
Value (3)	1,143,021	1,261,308	1,231,601	621,028	***	7.7	10.3	(2.4)	***
Unit value	\$911	\$830	\$721	\$736	***	(20.9)	(8.9)	(13.2)	***
Ending inventory quantity	55,895	97,282	144,845	101,771	127,539	158.3	73.7	48.7	25.3
<b>U.S. producers:</b>									
<b>Commercial shipments:</b>									
Quantity (3)	2,944,416	2,815,588	2,595,200	1,382,841	1,319,607	(11.8)	(4.4)	(7.8)	(3.1)
Value (3)	2,340,739	2,145,895	1,676,025	882,739	883,789	(19.0)	(8.4)	(12.5)	(0.9)
Unit value	\$795	\$761	\$723	\$729	\$745	(8.1)	(4.2)	(5.1)	2.3
<b>Commercial sales:</b>									
Quantity (3)	2,979,103	2,842,314	2,619,518	1,375,847	1,335,403	(12.1)	(4.6)	(7.8)	(2.9)
Value (3)	2,389,828	2,175,493	1,898,192	1,006,189	998,411	(19.0)	(8.2)	(12.7)	(0.8)
Unit value	\$795	\$765	\$725	\$731	\$748	(8.9)	(3.8)	(5.3)	2.2
Cost of goods sold (COGS)	2,137,131	2,008,484	1,781,539	828,824	850,194	(17.8)	(6.1)	(12.2)	2.3
Gross profit of (loss)	232,405	169,029	136,653	77,245	48,217	(41.2)	(27.3)	(19.2)	(37.0)
SG&A expenses	73,624	72,835	70,384	38,380	38,821	(4.4)	(1.3)	(3.1)	1.3
Operating income or (loss)	158,871	96,394	66,269	40,865	11,396	(58.3)	(39.3)	(31.2)	(72.1)
Unit COGS	\$717	\$708	\$672	\$676	\$712	(6.3)	(1.6)	(4.7)	5.4
Unit SG&A expenses	\$25	\$28	\$27	\$28	\$28	6.7	3.4	5.1	4.3
Unit operating income or (loss)	\$53	\$34	\$25	\$30	\$9	(52.5)	(36.4)	(25.4)	(71.3)
COGS/sales (1)	80.2	92.2	92.8	92.3	95.2	2.6	2.0	0.8	2.8
Operating income or (loss)/sales (1)	6.7	4.4	3.5	4.1	1.1	(3.2)	(2.3)	(0.9)	(2.9)

Notes:

(In1)--Reported data are in percent and period changes are in percentage points.

(In2)--Undefined.

(In3)--Adjusted for \*\*\*.

Source: Compiled from data submitted in response to Commission questionnaires and from official statistics of the U.S. Department of Commerce.

## CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Table VI-6 presents capital expenditures and research and development ("R&D") expenses by firm. The increase in capital expenditures in \*\*\*.

**Table VI-6**

**Wire rod: Capital expenditures and research and development expenses of U.S. producers, by firm, fiscal years 2011-13, January-June 2013, and January-June 2014**

Item	Fiscal year			January-June	
	2011	2012	2013	2013	2014
	Value (\$1,000)				
<b>Capital expenditures:</b>					
ArcelorMittal	***	***	***	***	***
Cascade	***	***	***	***	***
Charter	***	***	***	***	***
Evraz	***	***	***	***	***
Gerdau	***	***	***	***	***
Keystone	***	***	***	***	***
Mid American	***	***	***	***	***
Nucor	***	***	***	***	***
Republic	***	***	***	***	***
Sterling	***	***	***	***	***
Total	60,426	72,514	183,522	140,353	35,084
<b>R&amp;D expenses:</b>					
ArcelorMittal	***	***	***	***	***
Cascade	***	***	***	***	***
Charter	***	***	***	***	***
Evraz	***	***	***	***	***
Gerdau	***	***	***	***	***
Keystone	***	***	***	***	***
Mid American	***	***	***	***	***
Nucor	***	***	***	***	***
Republic	***	***	***	***	***
Sterling	***	***	***	***	***
Total	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.

The Commission's questionnaire requested firms to describe the focus or nature of their capital expenditures. Their responses are presented in the tabulation below:

\* \* \* \* \*

# EXHIBIT 4

1 THE UNITED STATES INTERNATIONAL TRADE COMMISSION

2

3 IN THE MATTER OF: ) Investigation Nos.:  
4 CARBON AND CERTAIN ALLOY STEEL WIRE ) 701-TA-417 AND  
5 ROD FROM BRAZIL, INDONESIA, MEXICO, ) 731-TA-953, 957-959,  
6 MOLDOVA, TRINIDAD AND TOBAGO, AND ) 961 and 962  
7 UKRAINE ) (Second Review)

8

9 Tuesday, April 22, 2014  
10 Main Hearing Room (Room 101)  
11 U.S. International Trade  
12 Commission  
13 500 E. Street, S.W.  
14 Washington, D.C.

15

16 The meeting commenced, pursuant to notice at 9:32  
17 a.m., Chairman Irving A. Williamson (presiding).

18

19 Commissioners Present:

20 Chairman Irving A. Williamson (presiding)  
21 Commissioner Dean A. Pinkert  
22 Commissioner David S. Johanson  
23 Commissioner Meredith M. Broadbent  
24 Commissioner F. Scott Kieff

25

1 likelihood of injury analysis, it"s a very healthy industry.

2 CHAIRMAN WILLIAMSON: Thank you.

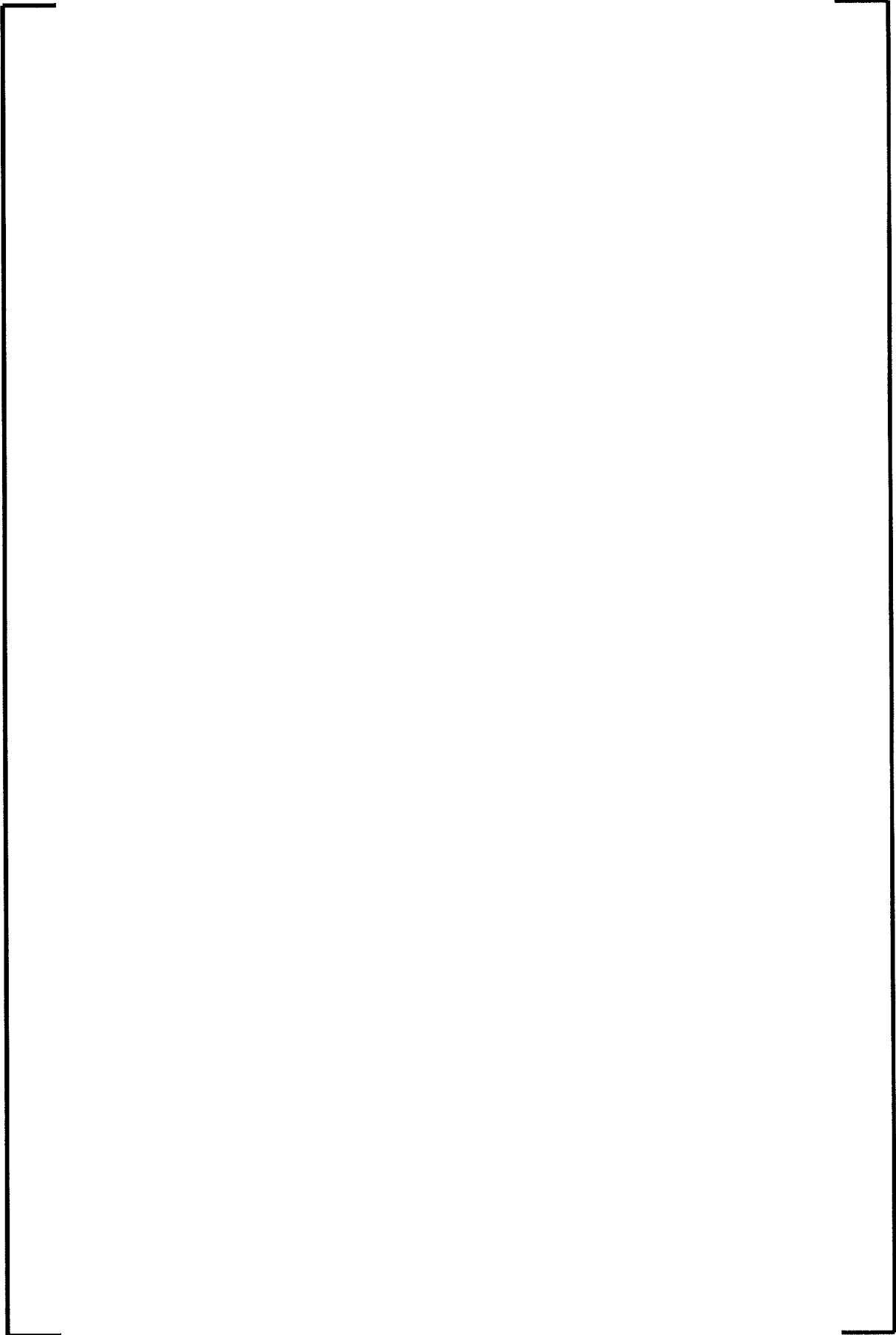
3 MR. LEWIS: Commissioner, Chairman Williams, if  
4 I could add to that, I think there are two ways to be  
5 looking at that. One is you know, what does China mean for  
6 the U.S. market and then the other is a question I think  
7 that was directed to Miss Dimitrova, what does it mean for  
8 producers like the Ukrainian producers in terms of their  
9 other markets?

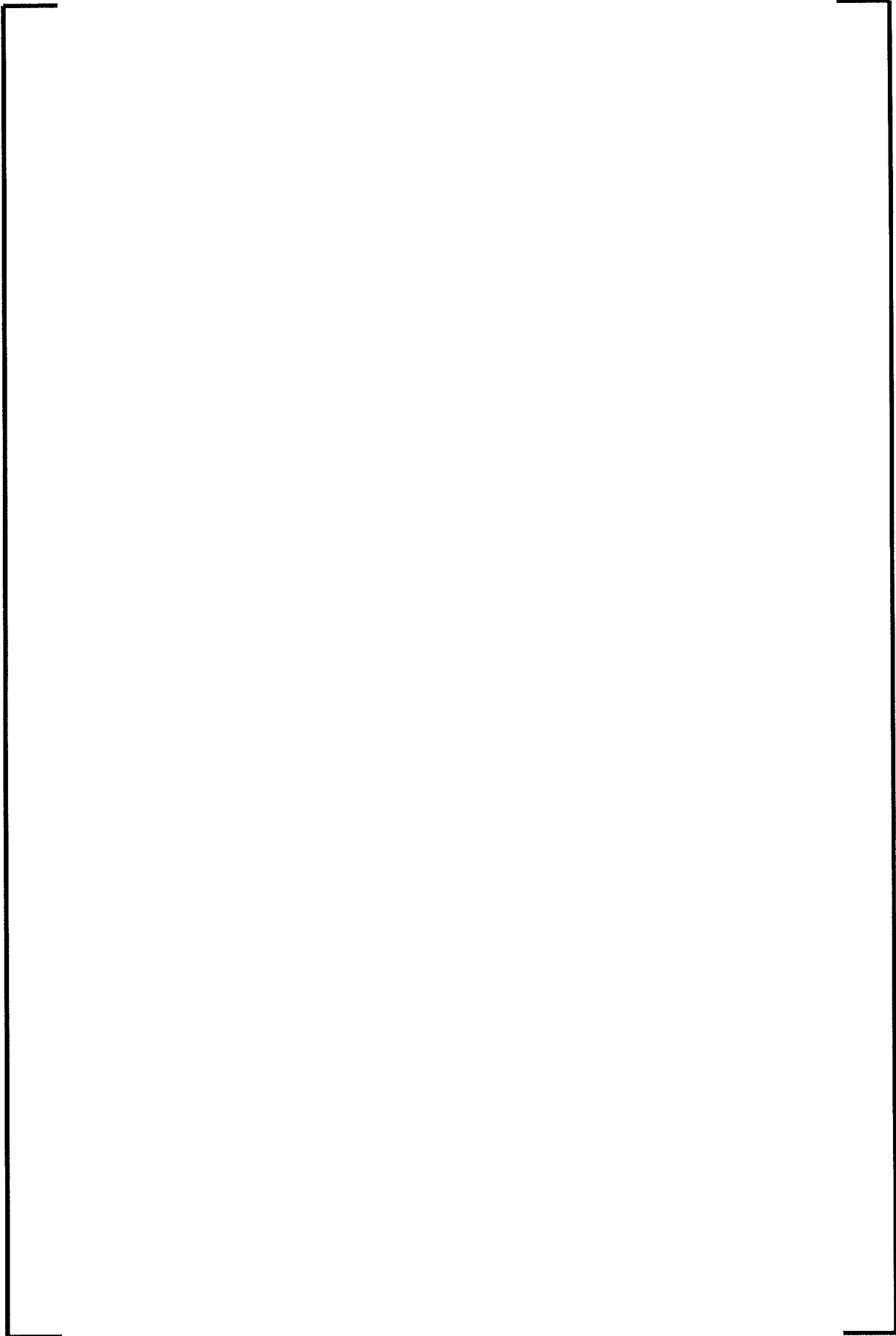
10 With respect to the first of those, the U.S.  
11 market very clearly, China"s left, leaving, if not  
12 completely left the U.S. market. As a vulnerability factor,  
13 that"s an anti-vulnerability factor. That"s a positive  
14 factor in terms of the foreseeable future for the U.S.  
15 industry. That"s close to over 600,000 tons of imports  
16 that are gone and that are open for the U.S. industry to  
17 take, so that"s a positive in terms of future condition of  
18 the industry.

19 And in terms of the other markets, I would draw  
20 your attention, as Miss Dimitrova testified to, an extremely  
21 important market for Yenakiieve and Ukranian producers and  
22 will only be growing as an importance given the late  
23 political events that are developing and if I read the chart  
24 correctly from petitioners, I think there were 49 tons of  
25 Chinese product. There is a dumping order on Chinese wire

# EXHIBIT 5









## ArcelorMittal announces closure of Georgetown wire rod facility

05.14.2015

**Chicago, May 14, 2015** – Due to challenging market conditions facing the USA business, ArcelorMittal has made the difficult decision to close its wire rod facility in Georgetown, S.C. The closure is expected to be complete in Q3 2015, pending customer requirements.

ArcelorMittal Georgetown, the company's primary producer of wire rod in the United States, has been severely impacted by waves of unfairly traded steel imports from China and other countries. Even in the most recent quarter, wire rod imports rose to account for 36 percent of the US market.

The facility was first idled in 2009 following the economic recession and was brought back online in February 2011 with a revised labor agreement and gain sharing program aimed at lowering fixed costs and rewarding employees when jointly identified production and quality targets were achieved.

"Despite our joint efforts and a highly productive workforce, the facility has incurred significant losses since the restart due to high input costs and imports," said P.S. Venkat, CEO, ArcelorMittal Long Carbon North America. "Georgetown is a very productive plant, making 300,000 tons of product per year with fewer than 200 full-time ArcelorMittal employees -- that's about 1,500 tons per worker. Imports have really been damaging to the Georgetown facility, and the business overall."

This development will impact 226 employees including salaried employees, hourly members of United Steelworkers Local 7898 and onsite contractors.

Due to challenges facing the ArcelorMittal USA -- the rise of imports, increasing competition within key domestic markets, and high legacy costs -- the company has been forced to take a deeper look at all USA operations in an effort to eliminate inefficiencies while investing in facilities that can compete effectively in all market conditions.

ArcelorMittal remains focused on running its best assets at world-class production levels and optimizing capabilities to meet market demand, without any loss of production or market share.

No other ArcelorMittal facilities are affected at this time.

### About ArcelorMittal

*ArcelorMittal is the world's leading steel and mining company, with a presence in 60 countries and an industrial footprint in 19 countries. Guided by a philosophy to produce safe, sustainable steel, we are the leading supplier of quality steel in the major global steel markets including automotive, construction, household appliances and packaging, with world-class research and development and outstanding distribution networks.*

*Through our core values of sustainability, quality and leadership, we operate responsibly with respect to the health, safety and wellbeing of our employees, contractors and the communities in which we operate.*

*For us, steel is the fabric of life, as it is at the heart of the modern world from railways to cars and washing machines. We are actively researching and producing steel-based technologies and solutions that make many of the products and components people use in their everyday lives more energy efficient.*

*We are one of the world's five largest producers of iron ore and metallurgical coal and our mining business is an essential part of our growth strategy. With a geographically diversified portfolio of iron ore and coal assets, we are strategically positioned to serve our network of steel plants and the external global market. While our steel operations are important customers, our supply to the external market is increasing as we grow.*

*In 2014, ArcelorMittal had revenues of US\$79.3 billion and crude steel production of 93.1 million metric tons, while own iron ore production reached 63.9 million metric tons.*

*ArcelorMittal is listed on the stock exchanges of New York (MT), Amsterdam (MT), Paris (MT), Luxembourg (MT) and on the Spanish stock exchanges of Barcelona, Bilbao, Madrid and Valencia (MTS).*

*For more information about ArcelorMittal please visit: [corporate.arcelormittal.com](http://corporate.arcelormittal.com) or [usa.arcelormittal.com](http://usa.arcelormittal.com).*

<< Back to announcements

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**For general inquiries:**

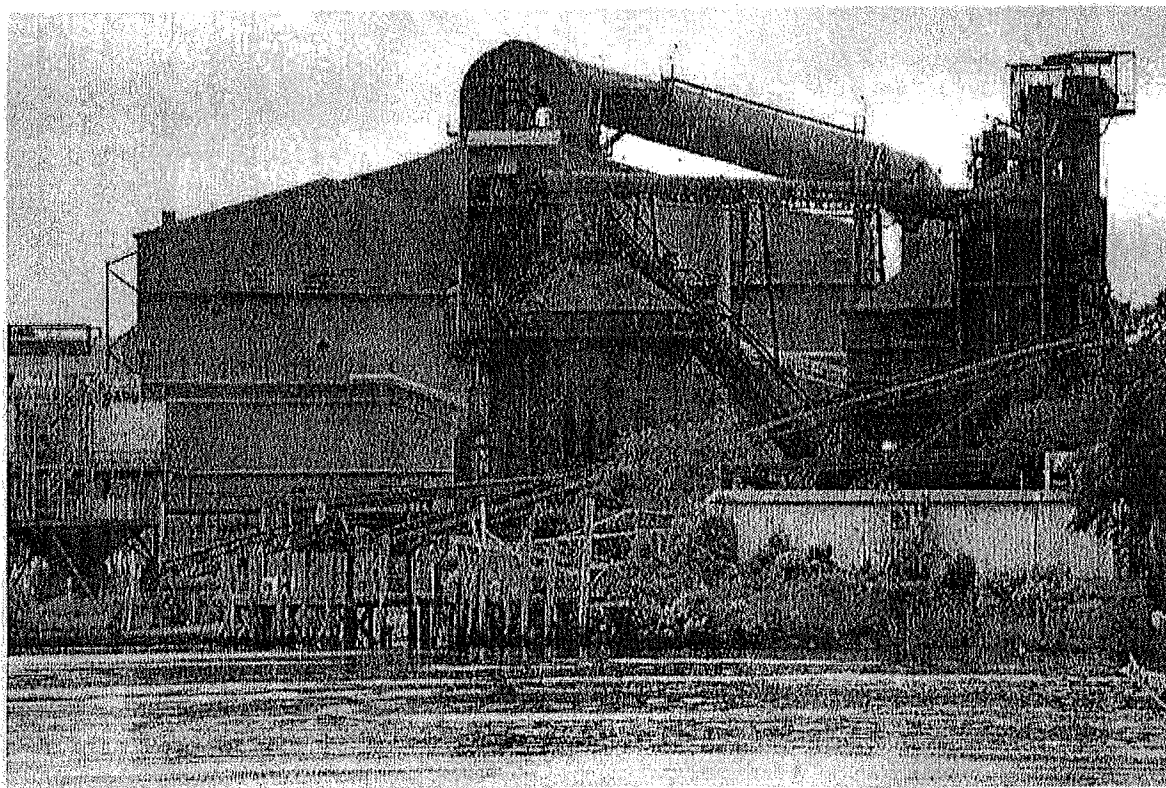
[USA.press@arcelormittal.com](mailto:USA.press@arcelormittal.com)



## Last day of work for Georgetown Steel Mill employees

By News 2 Staff (<http://counton2.com/author/news-2-staff/>)

Published: July 24, 2015, 9:26 am | Updated: July 24, 2015, 6:05 pm



Courtesy: <http://www.georgetown-sc.com/steel-mill.html>

GEORGETOWN, SC – A source tells News 2 that today is the last day for workers at ArcelorMittal Steel Mill in Georgetown. The lay-off will go into effect and employees will exit the plant at 3:00 P.M. on Friday, July 24.

There will be a union meeting at union hall at 3:15 P.M.

On May 14, 2015, the owner of the steel mill in Georgetown says it is closing the plant, leaving 226 workers without jobs. ArcelorMittal announced in a news release in May that the shutdown will be completed in the third quarter of the year.

The plant is the company's main producer of wire rod in the United States and the company said it could no longer compete with foreign steel wire imports that it says are being unfairly traded domestically.

The company said imported wire rod now makes up a third of the domestic market.

The Georgetown plant was closed in 2009 during the Great Recession. It was brought back online two years later under a revised labor agreement.

ArcelorMittal is based in Luxembourg and has 220,000 employees in 60 countries.

The Georgetown County Economic Development Department has issued the following statement:

*"We are saddened by the news today that ArcelorMittal will be closing its Georgetown plant. We will work with ArcelorMittal and the Department of Employment and Workforce to create a transition plan for impacted employees. Many of these employees have considerable experience and very sought-after skill sets. Even prior to today's announcement, we have been working with a number of our existing industries on expansion plans. These expansions all include additional jobs, and many of the impacted ArcelorMittal employees have the skills and experience to provide an immediate benefit to our other industries. We will make every effort to connect these employees with our industries."*

#### Related Posts

[Georgetown leaders, union at odds over future of steel mill property](#)



(<https://mgtvwcbd.files.wordpress.com/2015/07/2015-07-14-georgetown-steel-mill.jpg>)

Last day of work for many at steel mill in Georgetown, SC.

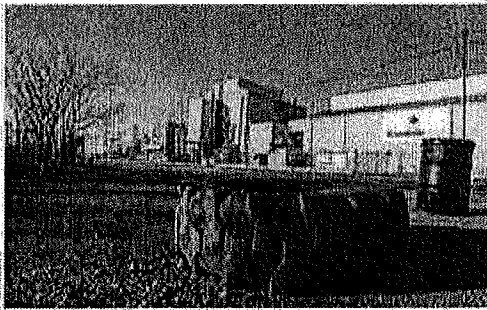
The Morning Journal (<http://www.morningjournal.com>)

## Republic Steel announces plan to idle Lorain mill

### 200 layoffs expected

*By Richard Payerchin, The Morning Journal*

Thursday, January 7, 2016



Republic Steel will idle its rolling mill operations at its Lorain steel mill, resulting in about 200 layoffs, according to an announcement on Jan. 7.

Meanwhile, United States Steel Corp. will work just two weeks, from now until the end of March, said the leader of the Lorain United Steel Workers Local 1104.

The news came out this week as Lorain steelworkers braced for job cuts coming in the first quarter of 2016.

Republic Steel and U.S. Steel sit next to each other in a sprawling complex between the Black River and East 28th Street in Lorain.

Canton-based Republic Steel announced the plant idling will be temporary, but there was no indication of when the local mill might go back into production.

"The Lorain plant has continued to struggle over the last year with a decline in the energy market and customer demand," a company statement said. "With a negative 2016 economic forecast and the continued dumping of steel imports, Republic had no other option but to idle the Lorain plant." ]

"We hope that we can resume the Lorain operations in the near future," said company President and Chief Executive Officer Jaime Vigil. "We are positioned for growth and will be ready to provide capacity once the market turns around."

The layoffs will be staggered over the next few months, with the majority being completed by the end of the first quarter. The United Steel Workers Local 1104, which represents hourly workers, was notified of the plans to idle the plant, according to Republic Steel's announcement.

Republic workers expected to start receiving notices as early as Jan. 8, said Dennis Hamilton, president of the USW Local 1104.

By March, the Republic Steel mill is expected to be "completely idled," he said.

"So there will be nothing going on at Republic at all, absolutely nothing," Hamilton said.

This month there are four days of operations scheduled at Republic Steel's bar mill, with another four days of work in February, Hamilton said. More information on exact dates was expected when the

steelworkers receive what are known as Worker Adjustment and Retraining Notification Act, or WARN Act, notices, he said.

The change will be devastating for the city of Lorain, the county of Lorain and the state of Ohio, Hamilton said.

Lorain Mayor Chase Ritenauer declined to comment before seeing details expected in the WARN Act notice.

City Interim Safety-Service Director Derek Feuerstein said the city administration did not receive advance notice from Republic Steel about the situation. "But it's sad to see it happen and it's sad for the workers involved," he said.

On Jan. 6, U.S. Steel management and workers had a layoff minimization plan meeting about reducing U.S. Steel's workforce drastically and shutting down part of its facility, Hamilton said.

U.S. Steel is expected to be on layoff now until Jan. 31; then have shifts of about 76 people working for two weeks.

The U.S. Steel side is expected to be shut down the work weeks starting March 13, 20 and 27. It was unclear if the plant would have work during the weeks starting Feb. 28 and March 6, Hamilton said.

"The big thing that would change things here for both sides is the current economic situation pertaining to steel," Hamilton said.

In July 2015, Republic Steel stopped supplying rounds to the U.S. Steel side, idling Republic Steel's electric arc furnace. The rounds were the solid metal bars that U.S. Steel reformed to create steel pipe, Hamilton said.

Republic Steel offered separations in September and November last year that resulted in more than 200 job cuts, according to Hamilton's January 2015 report to members.

Since then, Republic Steel in Lorain has made special bar quality steel for the automotive industry, Hamilton said. That industry is doing well, but is "very, very competitive," so orders have been slim for the Lorain plant, he said.

U.S. Steel's Lorain Tubular Operations have suffered largely due to low-cost imports "dumped" onto the steel market. Low gas and oil prices also mean there is less fracking and rigging for gas and oil exploration and drilling, Hamilton said.

Tariffs and the international market are hurting both Republic Steel and U.S. Steel, Hamilton said.

For years, the United States was the top producer of steel tubular products; now 70 percent of the world market for tubular products is made overseas, Hamilton said.

"That foreign trade is killing us," he said.

Meanwhile, negotiations between U.S. Steel and the USW made national news as both sides wrangled over a new contract. Local USW workers are expected to meet this month for a contract briefing and voting, with results counted starting Feb. 1, Hamilton said.



As of the first week of January 2015, the steel mills had more than 1,300 people working, Hamilton said.

As of this week, U.S. Steel has 637 workers on the books, with 337 working this week, 279 on layoff and 21 out on sick leave, Hamilton said.

Republic Steel had about 600 to 650 workers at the start off 2014 in Lorain. This week the company has 314 workers on the books, with 60 working this week and 254 on layoff, Hamilton said.

By Jan. 31, Republic Steel is scheduled to have 76 people working at its Lorain plant, he said.

By March, Republic Steel will have a minimal crew at the plant watching for fires and asset protection, Hamilton said.

Republic Steel said about 900 workers will continue at its mills in Canton, Massillon, Solon, and Lackawanna, N.Y., and Hamilton, Ontario.

Hamilton predicted layoffs are imminent at those facilities as well.

Based on the union contracts, idling a plant is different from shutting it down, which has different legal and financial obligations such as severance pay and entitlements, Hamilton said.

In Lorain, Republic Steel's blast furnace stopped production and has been "idled" since 2008, Hamilton said. The company must give a 90-day notice of shutting down a plant, "but they could say it's idle for years," he said.

URL: <http://www.morningjournal.com/general-news/20160107/republic-steel-announces-plan-to-idle-lorain-mill>

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# Republic Steel to lay off 200 employees from Lorain plant

POSTED 2:45 PM, JANUARY 7, 2016, BY KAILY CUNNINGHAM AND MATT WRIGHT



*This is an archived article and the information in the article may be outdated. Please look at the time stamp on the story to see when it was last updated.*

LORAIN, Ohio-- In a statement released on Thursday, Republic Steel announced that it is temporarily idling rolling mill operations at its Lorain facility. Two-hundred workers will be laid off.

Those 200 employees were the only workers at the facility. There will be 900 employees that will continue to be employed at Republic Steel's other locations, in Canton, Massillon, Solon, Lackawanna, New York and Hamilton, Ontario.

"We hope that we can resume the Lorain operations in the near future," stated President and CEO Jaime Vigil in the statement. "We are positioned for growth and will be ready to provide capacity once the market turns around."

They said in the statement that the Lorain plant has struggled throughout the last year and had no other option but to idle the mill operations at the Lorain plant.

"It really is kind of shocking," United Steelworkers Local 1104 President Dennis Hamilton told Fox 8 News, who said the plant has been struggling for the last year. "The steelworkers here in Lorain have been through a lot in the last year, and they're strong and they're good workers, and I think going forward we'll get through this together."

Hamilton said the union received word that U.S. Steel, which also operates out of the Lorain plant, is also cutting workers. Hamilton said the temporary layoffs will reduce the workforce from 370 to 75. That means only 75 workers would remain at the plant, which Hamilton said employed more than 1,200 workers one year ago.

U.S. Steel declined to release numbers of layoffs but External Communications Manager Sarah Cassella said in a statement, "we continue to adjust our production at Lorain to meet our operational and business needs."

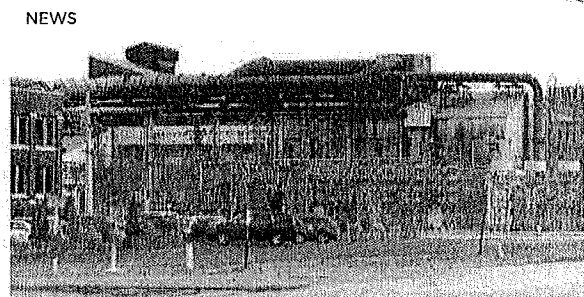
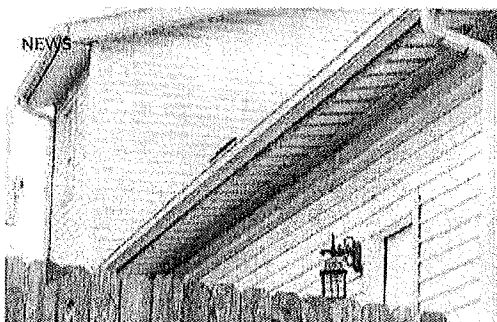
"Nights are very hard to sleep, thinking the next day is it going to get any worse?" Hamilton said, adding the impact on the Lorain economy will be huge. "It's gonna be devastating. Already, the City of Lorain has been struggling financially because of what we went through last year, and this is going to be another big blow for the community, the City of Lorain, Lorain County, as well as the state of Ohio. It's a domino effect."

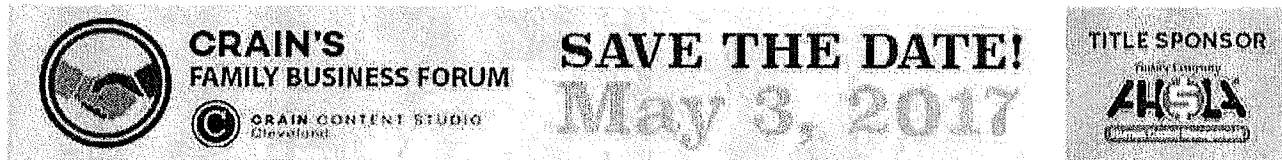
U.S. Congresswoman Marcy Kaptur, who represents Lorain, said she had not received official notification of the layoffs.

"These lost jobs reflect the total and repeated failure of our government to prevent other countries, including China, from raiding our economy, closing their own markets to our goods, and committing countless anti-competitive trade abuses including dumping cheap steel into our marketplace below cost," Kaptur said in a statement. ]

Kaptur said her proposed Balancing Trade Act would renegotiate any trade deal that has produced a deficit of more than \$10 billion for at least three consecutive years.

Back in March of 2015, 200 employees were laid off as well from the Lorain plant.





# CRAIN'S Cleveland Business

Originally Published: April 24, 2016 12:01 AM Modified: May 03, 2016 11:23 AM

## **Lorain's steel industry is almost at a standstill**

By Rachel Abbey McCafferty

If there's a city that encompasses the repercussions of the steel downturn, it's Lorain.

The city is home to two large steel plants, one of which is currently shut down. The other is only running one of its three mills, according to the union. Both have left hundreds without jobs and will contribute to a likely budget shortfall for the city.

The issues plaguing the plants aren't unique. The steel industry has been facing oversupply globally; domestically, producers have also been struggling with a strong dollar and low oil prices driving down demand for drilling-related products.

"It's going to be a rough couple years," said Brian Sealy, staff representative for the United Steelworkers.

Sealy, who worked in the Lorain plants for about 20 years before joining the USW staff, said he hasn't seen a downturn like this since at least 2009, when the entire economy took a dive. Even then, both mills "limped along" instead of shutting down, he said.

Canton-based Republic Steel shut its Lorain plant at the end of March and is just keeping security and a few people on site to protect its assets. Pittsburgh-based United States Steel Corp. is operating its Lorain plant on a limited basis.

Neither company would comment beyond confirming the status of the operations.

Sealy estimated that more than 300 people are currently laid off at U.S. Steel; another 550 are out at Republic. And Republic's parent company offered settlements or buyouts to its workers, he said. Sealy said more than 300 took them, which means that companies will have a hard time staffing their local mills if and when they get them running again.

But Sealy doesn't expect that to happen any time soon. He said he doesn't think the mills will restart until next year at the earliest.

"I mean, they're struggling, really struggling, now," he said.

And that struggle extends beyond the plants and workers directly affected.

Lorain Mayor Chase Ritenauer said he's expecting \$2 million to \$3 million less in tax collections from the companies because of their diminished workloads. The city's total general fund is about \$28 million to \$30 million, so a loss like that can be "catastrophic," he said.

Police and fire make up about 65% of the budget, he said. The police and fire departments have

offered concessions, but the city is still waiting to see if it gets a federal SAFER grant to cover the rest. If not, Ritenauer said, there will be layoffs. The city's other departments will have layoffs and furloughs, and capital projects without a dedicated revenue source, like street repairs, are on hold.

This is a stark change for Ritenauer, who entered office in 2012. 2014 was a "banner" year, he said, with hundreds of thousands of dollars of income tax coming in above budget. The layoff notices started in 2015.

"It's been longer and deeper than we can withstand without making sizable cuts on our own," Ritenauer said.

### **Root causes**

Sealy pointed to the downturn in the energy market and the low-cost dumping of foreign steel as the major factors contributing to the current environment, and he believes the Trans-Pacific Partnership trade deal will make things worse by allowing even more foreign goods to be sold in the U.S. The solution has to start at the top with the government, he said.

Companies currently have to show damages before tariffs can be applied — and by the time action is taken, employees, like those in Lorain, are already out of work.

Companies and politicians alike have been striving recently to get this issue addressed.

At the global level, United States officials on April 18 met in Brussels with representatives from the European Union, as well as from countries like Japan and Mexico, to discuss steps governments could take to deal with the overcapacity.

The week before, the Office of the U.S. Trade Representative and the Department of Commerce held a hearing on the state of the steel industry. U.S. Sens. Rob Portman, R-Cincinnati, and Sherrod Brown, D-Cleveland, were two of the politicians who testified.

Portman's testimony focused on creating a "level playing field" for U.S. steelworkers, noting that record amounts of foreign steel entered the United States last year while domestic exports declined.

Brown said in a call after the hearing that he follows the steel industry closely, because it is in many ways still the "foundation of manufacturing."

He wants to see the government renegotiate the Trans-Pacific Partnership to address dumping of products from countries such as China and Korea.

"When steel stumbles, so much of the rest of the economy is hurt," Brown said.

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# EXHIBIT 6

**U.S. Imports of CASWR, January 2016 - September 2017**  
Quantities in Short Tons

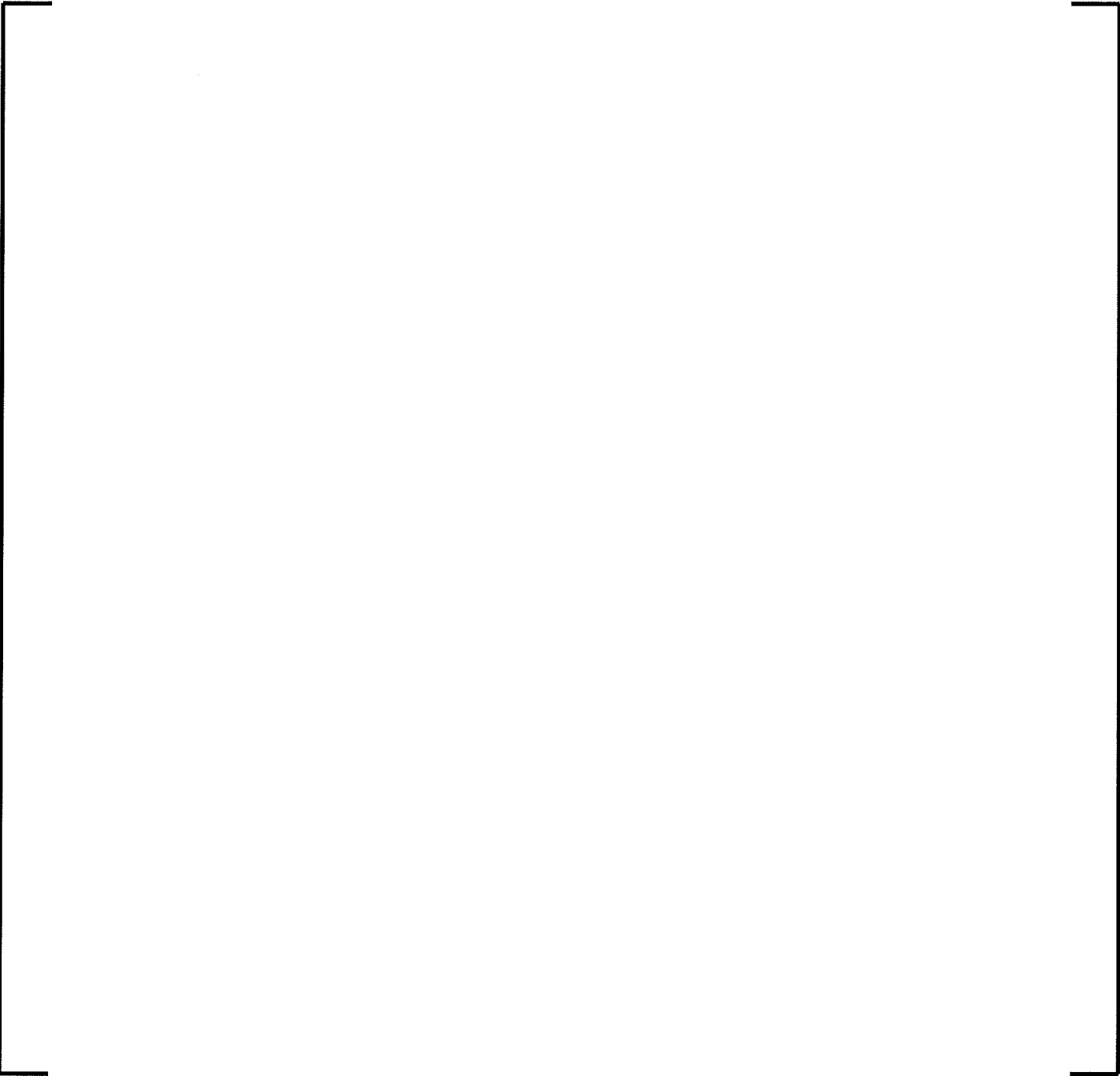
2016																
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Q1 Total	Q2 Total	Q3 Total	Q4 Total
Belarus	4,622	1,376	4,649	6,941	2,644	-	-	15,127	-	22	-	-	10,647	9,586	15,127	22
Italy	-	-	-	9	-	-	-	11,998	-	9,195	11,906	55	-	9	11,998	21,156
Korea	12,846	5,967	12,608	14,504	4,084	11,721	6,390	12,147	6,214	13,704	929	853	31,422	30,309	24,751	15,486
Russia	1,968	14,594	13,808	3,619	17,145	1,902	7,411	17,207	12,500	4,578	8,590	-	30,370	22,666	37,118	13,168
South Africa	-	4,769	124	9,286	4,528	3,342	-	-	-	-	-	-	4,892	17,157	-	-
Spain	3,568	1,063	1,001	2,581	7,507	9,891	4,810	1,838	16,987	10,286	8,751	4,496	5,633	19,979	23,635	23,533
Turkey	21,831	9,252	12,521	769	3,756	9,967	7,019	4,089	547	16,789	6,317	4,902	43,605	14,492	11,656	28,008
Ukraine	14,947	20,259	13,707	16,953	14,996	9,674	6,700	19,759	13,930	18,190	4,276	8,060	48,913	41,622	40,390	30,526
United Arab Em	-	-	27	3,349	54	8,065	5,189	-	5,447	-	27	-	27	11,469	10,636	27
United Kingdom	360	7,789	4,368	7,359	7,773	9,121	4,346	3,989	388	5,117	747	263	12,517	24,253	8,724	6,128
Subtotal	60,143	65,070	62,813	65,372	62,488	63,682	41,865	86,154	56,014	77,881	41,545	18,629	188,026	191,542	184,032	138,055
All Others	84,283	81,669	92,568	81,316	100,089	90,416	98,177	86,332	90,168	89,839	76,485	99,587	258,519	271,821	274,676	265,911
Total	144,426	146,739	155,381	146,688	162,576	154,099	140,042	172,486	146,181	167,720	118,031	118,215	446,545	463,363	458,709	403,966

2017															
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP				Q1 Total	Q2 Total	Q3 Total
Belarus	-	16,762	-	23	-	10,973	-	-	-				16,762	10,995	-
Italy	11,395	-	3,284	14,928	-	-	2	-	-				14,679	14,928	2
Korea	3,382	201	6,961	3,206	4,927	3,384	4,593	8,916	91				10,544	11,518	13,600
Russia	1,979	17,489	3,255	16,705	6,612	5,557	6,297	-	-				22,722	28,874	6,297
South Africa	-	3,231	1,699	2,281	21,774	2,171	-	-	-				4,930	26,226	-
Spain	9,267	1,422	7,949	9,129	10,471	3,727	3,548	3,802	24				18,638	23,327	7,373
Turkey	10,143	3,156	27,909	15,946	3,959	51,854	-	-	714				41,209	71,758	714
Ukraine	7,705	30,825	26,368	17,403	4,964	-	16,218	-	-				64,897	22,367	16,218
United Arab Em	-	-	-	-	-	-	-	-	-				-	-	-
United Kingdom	2,902	226	5,112	6,476	8,508	1,517	6,370	4,333	811				8,240	16,501	11,514
Subtotal	46,773	73,311	82,537	86,097	61,215	79,183	37,027	17,051	1,640				202,621	226,495	55,717
All Others	80,835	80,657	108,140	93,991	131,487	116,122	138,901	127,812	109,213				269,632	341,599	375,925
Total	127,608	153,968	190,677	180,088	192,701	195,304	175,928	144,862	110,852				472,253	568,094	431,642

Source: U.S. Department of Commerce and USITC



# EXHIBIT 7



# EXHIBIT 8

**U.S. Imports of CASWR, January 2016 - September 2017**  
**AUVs in \$/ST**

2016													
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Ann Total
Belarus	295	281	283	283	249	-	-	314	-	326	-	-	295
Italy	-	-	-	281	-	-	-	372	-	363	367	391	368
Korea	475	300	415	358	654	375	476	432	551	488	971	1,064	447
Russia	279	279	271	269	272	360	337	356	365	346	339	-	313
South Africa	-	325	343	313	325	324	-	-	-	-	-	-	320
Spain	606	477	503	899	457	514	519	433	469	504	571	707	531
Turkey	397	391	451	308	361	367	430	405	369	422	446	487	413
Ukraine	329	311	311	303	292	348	331	397	371	373	360	385	341
United Arab Em	-	-	485	293	395	298	287	-	381	-	399	-	316
United Kingdom	577	397	403	376	356	384	379	478	542	413	524	545	397
Subject Subtotal	398	327	359	344	343	380	392	381	421	421	432	523	384
Canada	525	527	531	545	586	617	615	609	584	570	549	571	568
Japan	833	991	810	725	914	778	821	681	750	793	813	755	795
Brazil	453	449	446	281	412	422	406	442	455	456	426	451	436
Germany	728	713	744	672	620	681	882	864	770	757	788	661	732
All Others	445	367	332	368	358	371	314	331	348	374	385	356	357
Nonsubject Subtotal	603	593	605	596	596	644	608	613	588	618	579	570	601
Total	518	475	505	484	499	535	543	497	524	526	527	562	515

2017													
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP				YTD Total
Belarus	-	346	-	286	-	413	-	-	-	-	-	-	372
Italy	349	-	363	402	-	-	1,423	-	-	-	-	-	378
Korea	915	576	540	494	498	519	501	498	943	-	-	-	549
Russia	351	369	429	411	421	431	432	-	-	-	-	-	403
South Africa	-	370	372	626	420	421	-	-	-	-	-	-	427
Spain	411	549	795	524	529	587	551	578	608	-	-	-	559
Turkey	467	424	422	422	676	432	-	-	447	-	-	-	440
Ukraine	441	371	434	422	418	-	391	-	-	-	-	-	406
United Arab Em	-	-	-	-	-	-	-	-	-	-	-	-	-
United Kingdom	460	429	438	455	572	599	578	605	560	-	-	-	528
Subject Subtotal	450	371	470	438	483	443	459	543	533	-	-	-	447
Canada	618	633	610	680	674	667	662	644	673	-	-	-	651
Japan	763	686	708	756	911	717	753	781	729	-	-	-	752
Brazil	429	450	473	519	533	517	580	555	528	-	-	-	508
Germany	801	692	736	666	481	670	476	500	707	-	-	-	526
All Others	458	370	356	375	450	426	438	442	455	-	-	-	433
Nonsubject Subtotal	612	592	613	662	621	621	573	600	619	-	-	-	611
Total	553	487	551	555	577	549	549	593	618	-	-	-	557

Source: U.S. Department of Commerce and USITC

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**USITC Investigation Nos. 701-TA-573-574 and 731-TA-1349-1358 (Final)**

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