

Donald B. Cameron
202-216-4811
dcameron@mmmlaw.com
www.mmmlaw.com



Julie C. Mendoza
202-216-4817
jmendoza@mmmlaw.com
www.mmmlaw.com

R. Will Planert
202-216-4819
wplanert@mmmlaw.com
www.mmmlaw.com

Brady W. Mills
202-216-4116
bmills@mmmlaw.com
www.mmmlaw.com

November 28, 2017

NON-CONFIDENTIAL VERSION

Confidential Business Information Subject
to APO Removed from Page 7, the
Responses to Commissioner Questions,
Exhibit 1, and Exhibit 2

VIA ELECTRONIC FILING AND MANUAL FILING

Lisa R. Barton
Secretary
U.S. International Trade Commission
500 E Street, S.W.
Washington, D.C. 20436

Re: **Carbon and Certain Alloy Steel Wire Rod from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, United Arab Emirates, and the United Kingdom, Inv. Nos. 701-TA-573-574 and 731-TA-1349-1358 (Final): Post-Hearing Brief**

Dear Secretary Barton:

On behalf of Kiswire Ltd. and Kiswire America Inc. (collectively “Kiswire”) and Bekaert Corporation and in accordance with 19 C.F.R. § 207.25, the U.S. International Trade Commission’s (“Commission”) scheduling notice,¹ and the instructions given at the November 16, 2017 Hearing, we hereby submit our post-hearing brief in the above-referenced proceeding.

¹ *Wire Rod From Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, the United Arab Emirates, and the United Kingdom; Scheduling of the Final Phase of Countervailing Duty and Antidumping Duty Investigations*, 82 Fed. Reg. 44,001 (Sept. 20, 2017).

In accordance with 19 C.F.R. §§ 201.6 and 207.3, Kiswire requests business proprietary treatment for the information contained in brackets, which includes Kiswire's internal qualification results data, Kiswire's internal specifications, and other confidential company information, as well as information under copyright. Disclosure of this information would cause substantial commercial and competitive harm to Kiswire. Kiswire agrees to the disclosure of this proprietary information to parties under the administrative protective order ("APO") in this investigation.

In accordance with 19 C.F.R. § 207.3(c) and the Handbook on Filing Procedures, Kiswire today electronically files and manually submits nine copies of the confidential version of this submission. The following business day, we will electronically file and manually submit two copies of the non-confidential version of this submission. We are serving copies of this submission to parties authorized to have access to confidential business information under the Commission's APO as indicated in the attached certificate of service. We will also serve the non-confidential version of this submission on interested parties on the public service list.

Please contact the undersigned if you have any questions regarding this matter.

Sincerely,



Donald B. Cameron
Julie C. Mendoza
R. Will Planert
Brady W. Mills
Mary S. Hodgins
Eugene Degnan
Sarah S. Sprinkle
Paul J. McGarr, Trade Analyst

*Counsel to Kiswire Ltd., Kiswire America Inc.,
and Bekaert Corporation*

CERTIFICATION

I, Donald B. Cameron, of Morris, Manning & Martin LLP, certify that: (1) I have read the attached submission; (2) the information contained therein is accurate and complete to the best of my knowledge; and (3) the confidential business information contained in this submission is not available to the public in substantially similar form.



Donald B. Cameron

Morris, Manning & Martin, LLP

1401 Eye Street, NW

Suite 600

Washington, D.C. 20005-4781

(202) 216-4811

DISTRICT OF COLUMBIA: ss-

Sworn to and subscribed before me this 27th day of November 2017, in the District of Columbia in the United States of America.



Rosalind Cassell

Notary Public

ROSALIND CASSELL
NOTARY PUBLIC DISTRICT OF COLUMBIA
My Commission Expires February 28, 2022



PUBLIC CERTIFICATE OF SERVICE

Carbon and Certain Alloy Steel Wire Rod from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, the United Arab Emirates, and the United Kingdom; 701-TA-573-574 and 731-TA-1349-1358 (Final)

I hereby certify that the attached submission was served this 28th day of November 2017, on the following parties via hand delivery, unless otherwise noted:

On behalf of petitioners Gerdau Ameristeel US Inc., Keystone Consolidated Industries, Inc., and Charter Steel:

Kathleen W. Cannon, Esq.
Kelley, Drye & Warren LLP
Washington Harbour, Suite 400
3050 K Street, N.W.
Washington, D.C. 20007-5108

On behalf of Nucor Corporation:

Alan H. Price, Esq.
Wiley Rein LLP
1776 K Street, N.W.
Washington, D.C. 20006

On behalf of Public Joint Stock Company Yenakieve Iron and Steel Works and Metinvest International S.A.:

Craig A. Lewis, Esq.
Hogan Lovells US LLP
Columbia Square 555 Thirteenth Street, N.W.
Washington, D.C. 20004

On behalf of the American Wire Producers Association:

Frederick P. Waite, Esq.
Vorys, Sater, Seymour and Pease LLP
1909 K Street, N.W.
Suite 900
Washington, D.C. 20006-1152

On behalf of CELSA Group, Global Steel Wire S.A., CELSA Atlantic SA, and Compañía Española de Laminación:

David E. Bond, Esq.
White & Case LLP
701 Thirteenth Street, N.W.
Washington, D.C. 20005-3807

On behalf of Duferco Steel Inc.:

John M. Gurley, Esq.
Arent Fox LLP
1717 K Street, N.W.
Washington, D.C. 20006

On behalf of Icdas Celik Enerji Tersane ve Ulasim Sanayi A.S., The Istanbul Minerals and Metals Exporters Association and its members, and the Turkish Steel Exporters' Association (Çelik Ihracatçilari Birliği and its members:

Matthew M. Nolan, Esq.
Arent Fox LLP
1717 K Street, N.W.
Washington, D.C. 20006

On behalf of POSCO:

Jarrold M. Goldfeder, Esq.
Trade Pacific PLLC
660 Pennsylvania Avenue, S.E.
Suite 401
Washington, D.C. 20003

On behalf of Ferriere Nord S.p.A:

Daniel J. Cannistra, Esq.

Crowell & Moring LLP

1001 Pennsylvania Ave., N.W.

Washington, D.C. 20004-2595

On behalf of British Steel Limited:

Thomas J. Trendl, Esq.

Steptoe & Johnson, LLP

1330 Connecticut Avenue, N.W.

Washington, D.C. 20036-1795

On behalf of NLMK-Ural and Novex

Trading Swiss:

Peter Koenig, Esq.

Squire Patton Boggs (US) LLP

2550 M Street, NW

Washington, DC 20037

Alexander Zhmykhov

Trade Representation of the Russian Federation in the USA

2001 Connecticut Avenue, N.W.

Washington, D.C. 20008

Isabel Clavero

Economic and Commercial Office

Embassy of Spain in Washington, DC

2375 Pennsylvania Avenue, NW

Washington, DC 20037

Özgür Volkan AĞAR*

Acting Director General of Directorate General for Exports Ministry of Economy Directorate General for Exports

Sogutozu Mah. 2176 Sk No. 63 06530

Cankaya

Ankara, Turkey

On behalf of ArcelorMittal South Africa:

Kristin H. Mowry, Esq.

Mowry & Grimson, PLLC

5335 Wisconsin Ave., N.W. Suite 810

Washington, D.C. 20015

On behalf of Marubeni-Itochu Steel

America Inc.:

Richard P. Ferrin, Esq.

Drinker, Biddle & Reath, LLP

1500 K Street, N.W. Suite 1100

Washington, D.C. 20005-1209

Sibylle Zitko

Sr. Legal Advisor

European Union

2175 K Street, N.W.

Washington, D.C. 20037-1831

Vitalii Tarasiuk

Head of Economic and Trade Office

Embassy of Ukraine

3350 M Street, N.W.

Washington, D.C. 20007

Ms. A.A. Romazina*

Ministry of Industry and Trade of the Russian Federation

109074 Kitaygorodskiy Street, 7

Moscow, Russian Federation

Olena Iushchuk*

Head of the Defense on Foreign Markets Unit

Trade Defense Department Ministry of Economic Development and Trade of Ukraine

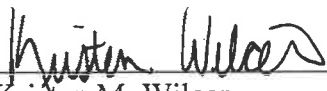
M. Hrushevskoho str. 12/2

Kyiv, 01008

Ukraine

Anatoly Chaplin*
**Deputy Director Department for
Coordination, Development and Regulation
of Foreign Economic Activity Ministry of
Economic Development of the Russian
Federation**
115324 Ovchinnikovskaya nab., 18/1
Moscow, Russian Federation

*Served via FedEx



Kristen M. Wilcer
International Trade Paralegal
Morris, Manning and Martin, LLP

**BEFORE THE UNITED STATES
INTERNATIONAL TRADE COMMISSION
WASHINGTON, D.C.**

Carbon and Certain Alloy Steel Wire Rod
from Belarus, Italy, Korea, Russia, South
Africa, Spain, Turkey, Ukraine, United
Arab Emirates, and the United Kingdom

NON-CONFIDENTIAL VERSION

Inv. Nos. 701-TA-573-574 and 731-TA-
1349-1358 (Final)

Confidential Business Information
Subject to APO Removed from Page 7,
the Responses to Commissioner
Questions, Exhibit 1, and Exhibit 2

**POST-HEARING BRIEF ON BEHALF OF KISWIRE LTD., KISWIRE
AMERICA INC., AND BEKAERT CORP.**

Donald B. Cameron
Julie C. Mendoza
R. Will Planert
Brady W. Mills
Mary S. Hodgins
Eugene Degnan
Sarah S. Sprinkle
Paul J. McGarr, Trade Analyst

November 27, 2017

MORRIS, MANNING & MARTIN LLP
1401 Eye Street, N.W.
Suite 600
Washington, D.C. 20005

*Counsel to Kiswire Ltd., Kiswire America
Inc., and Bekaert Corporation*

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**BEFORE THE UNITED STATES
INTERNATIONAL TRADE COMMISSION
WASHINGTON, D.C.**

Carbon and Certain Alloy Steel Wire Rod
from Belarus, Italy, Korea, Russia, South
Africa, Spain, Turkey, Ukraine, United Arab
Emirates, and the United Kingdom

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

I. INTRODUCTION

This post-hearing brief is submitted on behalf of Kiswire Ltd. and Kiswire America Inc. (collectively “Kiswire”) and Bekaert Corporation (“Bekaert”). Kiswire and Bekaert address solely the issue of whether grade 1080 and higher wire rod for bead wire and tire cord should be considered a separate like product. Issues of “like product” and causation are critical to the effective enforcement of the antidumping (“AD”) and countervailing duty (“CVD”) laws for a fundamental reason: if the definitions of like product are overly broad, then AD/CVD duties may be levied against products that are not really at issue.¹ That is the case here. Yet the consequence for downstream users of these products is that they will find their ability to source these products impeded and endangered. So the question of whether wire rod for tire cord and bead wire are truly part of the same continuum as the wire rod complained of here, or whether the 1080 wire rod now required by most of the U.S. tire manufacturers is a distinct product that is not commercially available from U.S. wire rod producers is important.

The Commission should find two like products in this case: (i) grade 1080 and higher wire rod for tire cord and bead wire production, and (ii) all other subject wire rod. The specific definition of the separate like product is as follows:

¹ See “Domestic Industry Presentation by Paul Rosenthal, Kelley Drye & Warren, LLP,” (Nov 16, 2017) at Slide 34, “1080 Tire Cord and Bead Account for a Small Share of the U.S. Market and the Increase in Subject Imports.”

Wire rod, Grade 1080 and higher for tire cord and bead wire production, with 0.8 percent and higher carbon content, measuring 5.0 mm or more but not more than 6.5 mm in cross-sectional diameter, low manganese content in the range of 0.25 - 0.6 percent, and having no inclusions greater than 20 microns.²

Subject imports of wire rod, grade 1080 and higher for production of tire cord and tire bead wire are not injuring or threatening injury to the domestic wire rod industry because imports of this product serve a very specific and growing demand segment of the end-user tire industry. Due to the particular capabilities of basic oxygen furnace (“BOF”) production and the resulting physical characteristics, imports from Korea, the United Kingdom, and a handful of other suppliers of this specific product do not compete commercially with U.S. producers.³ Therefore, the Commission should reach a negative injury determination with respect to this separate like product.

II. GRADE 1080 AND HIGHER WIRE ROD FOR TIRE CORD AND TIRE BEAD WIRE CONSTITUTE A SEPARATE LIKE PRODUCT FROM THE OTHER WIRE ROD SUBJECT TO THIS INVESTIGATION.

At the outset, we endorse the analysis of the “Like product” factors set forth in POSCO’s prehearing brief.⁴ In the *Preliminary Determination*, the Commission found a single like product based on its conclusion that wire rod consists of a continuum of specialized products, which may

² See *Carbon and Certain Alloy Steel Wire Rod from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, United Arab Emirates, and the United Kingdom*, Inv. Nos. 701-TA-573-57, and 731-TA-1349-1358 (Preliminary), USITC Pub. 4693 (May 2017) (“*Preliminary Determination*”) at I-16 n.30 (citation omitted); *id.* at 5-12 ; *see also* Prehearing Staff Report (Nov. 2, 2017) (“SR”) at I-24 through I-36.

³ See Hearing Transcript (Nov. 16, 2017) (“Tr.”) at 160-161 (Mr. Hughes), 163-166 (Mr. Minnick), 206-207 (Mr. Cameron, Mr. Minnick).

⁴ Letter to Sec’y of USITC from Trade Pacific, “Carbon and Certain Alloy Steel Wire Rod from Belarus, Italy, Korea, Russia, South Africa, Spain, Turkey, Ukraine, United Arab Emirates, and the United Kingdom: Corrected Prehearing Brief of POSCO” (Nov. 20, 2017) (“POSCO Prehearing Br.”) at 23-31.

not be fully interchangeable with one another, but that collectively are have sufficient common characteristics to constitute a single like product:

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.⁵

The Commission acknowledged respondents’ argument that, to meet the specifications of tire cord manufactures and tire producers, 1080 tire cord and tire bead wire rod must be produced using the BOF process, but concluded that this fact could not furnish the requisite “clear dividing line” between 1080 tire cord and tire bead wire rod and other wire rod:

However, whether grade 1080 tire cord and tire bead wire rod meeting certain performance specifications can only be manufactured using the BOF process, which is the crux of respondents’ arguments, is not probative to a like product analysis in these investigations. This is because the domestic like product analysis compares different domestically produced products and as respondents recognize, no domestic wire rod producer uses the BOF process. Rather, domestic wire rod mills use the electric arc furnace (“EAF”) production process to produce wire rod. Consequently, 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.⁶

Similarly, the Prehearing Staff Report in the final phase identified 11 distinct types of wire rod, and suggests that the domestic producers produce all types of wire rod using the same production process:

Domestic producers manufacture various types of wire rod on essentially the same equipment, in the same facilities, and with the same production personnel. While changes to production processes are limited, changes in chemical composition, alloying elements and other raw materials, stand fittings, and cooling speed determine the quality of the wire rod produced. The basic equipment, machinery, facilities, and production personnel, however, remain the

⁵ *Preliminary Determination* at 11 (citations omitted).

⁶ *Preliminary Determination* at 9-10 (citations omitted).

same for the production of industrial quality, tire cord quality, welding quality, and cold heading quality wire rod.⁷

Both the *Preliminary Determination* and the Prehearing Staff Report misapprehend the significance of the BOF production process for grade 1080 tire cord and tire bead wire rod. First, it is not the case that domestic producers are able to produce grade 1080 tire cord and tire bead wire rod using the same production process and equipment as other wire rod in commercial or industrial quantities that satisfy the specifications of the wire producers or the tire manufacturers. As the Commission noted, all of the domestic wire rod producers use the EAF process for the steelmaking phase of wire rod production. However, none of those producers have been able to produce grade 1080 tire cord wire rod that meets purchasers' requirements using the EAF process. As explained in Kiswire's post-conference brief, grade 1080 tire cord wire rod must be exceptionally "clean," *i.e.* free from impurities, inclusions and physical defects, and must have very low manganese content.⁸ The BOF production process is inherently more conducive to meeting the exacting specifications required for grade 1080 tire cord wire rod than the EAF process featured by domestic wire rod producers. This is because the BOF process uses molten iron, as opposed to steel scrap, as the primary raw material which allows for greater control over the resulting steel and few impurities.⁹ As a result, no domestic producer has been able to qualify 1080 tire cord wire rod product produced using the EAF process for any U.S. tire cord manufacturer.¹⁰

⁷ SR at I-23.

⁸ Letter to Sec'y of USITC from Morris, Manning & Martin, LLP, "Carbon and Certain Alloy Steel Wire Rod from Belarus, Italy, Korea, Russia, South Africa, Turkey, Ukraine, United Arab Emirates, and the United Kingdom, Inv. Nos. . 701-TA-573-574 and 731-TA-1349-1358 (Preliminary): Post-Conference Brief" (Apr. 21, 2017) ("Kiswire Post-Conf. Br.") at 3-4.

⁹ *Id.* at 7; *see also* POSCO Prehearing Br. at 6-9.

¹⁰ Tr. at 164 (Mr. Minnick).

This does not mean, as the Commission suggested in the *Preliminary Determination*, that there is no distinction in production process to be drawn among domestically produced grade 1080 grade wire rod.¹¹ As the Commission acknowledged in the *Preliminary Determination*, Evraz has used imported BOF billets to produce grade 1080 tire cord.¹² This product is “like” the imported grade 1080 tire cord wire rod produced by POSCO and other export suppliers. However, because Evraz, like other domestic wire rod producers, lacks its own BOF facility, it depends upon billets imported from Canada, which prevents it or other domestic producers from producing BOF 1080 tire cord wire rod in sufficient quantities to supply a meaningful share of domestic demand.¹³

While the volume may be small, the fact that at least one domestic producer has produced grade 1080 tire cord wire rod that was manufactured using BOF billet has significance for the Commission’s like product analysis. This is also why the Commission’s statement in the *Preliminary Determination* that “whether grade 1080 tire cord and tire bead wire rod meeting certain performance specifications can only be manufactured using the BOF process . . . is not probative to a like product analysis in these investigations”¹⁴ is incorrect. The need to use an entirely different steelmaking process is more than a “minor variation,” and demonstrates a “clear dividing line” between domestic production of grade 1080 grade wire rod and other domestic wire rod production.¹⁵

¹¹ See *Preliminary Determination* at 9-10.

¹² *Id.* at 10 n.44; Tr. at 164 (Minnick).

¹³ See **Exhibit 1** at paragraph 6 and **Attachment 2**.

¹⁴ *Preliminary Determination* at 9-10.

¹⁵ See *id.* at 11.

The fact that Evraz has been willing to produce grade 1080 tire cord wire rod—albeit in very limited quantities—using imported BOF billet confirms precisely the clear dividing line between this product and all other wire rod produced by the domestic industry.¹⁶ The record does not show Evraz or other domestic producers have resorted to the use of imported BOF billets to produce any of the other eleven types of wire rod identified in the Prehearing Staff Report, whether characterized as “industrial” or “specialty.”¹⁷

Simply put, if grade 1080 tire cord and tire bead wire rod were just another niche product, among many, within a single group of products exhibiting only minor variations, then the domestic industry would be able to produce a 1080 grade wire rod that meets the specifications of domestic purchasers using the same EAF process that they use for all other wire rod. The fact that Evraz has resorted to producing this product using imported BOF billet is strong evidence that differences between 1080 tire cord and tire bead wire rod and other wire rod products are more than just “minor variations” and that there is in fact a “clear dividing line” between 1080 tire cord and tire bead wire rod and other wire rod.

¹⁶ At most, some domestic producers may be able to produce tire bead wire rod using the EAF process. This is possible because bead wire is not reduced to the same diameter as tire cord and thus is somewhat more tolerant of impurities in the steel. But there is no record evidence that any domestic producer has produced 1080 tire cord wire rod that meets specifications using EAF billets in commercial quantities that satisfy the specifications of the wire producers or the tire manufacturers.

¹⁷ See SR at Table I-6.

III. COMPETITION BETWEEN DOMESTIC PRODUCERS AND SUBJECT IMPORTS IS VIRTUALLY NONEXISTENT FOR GRADE 1080 AND HIGHER WIRE ROD FOR TIRE CORD AND BEAD WIRE PRODUCTION.

As discussed extensively in the testimony, at present there are no qualified U.S. producers of grade 1080 and higher wire rod for tire cord and bead wire in commercial or industrial quantities that satisfy the specifications of the wire producers or the tire manufacturers, and Kiswire and other grade 1080 and higher tire cord and bead wire producers are unable to purchase the product domestically.¹⁸

In order to assure that mills can produce wire rod to the high specifications demanded for grade 1080 and above tire core and bead wire, mills supplying wire rod to the tire core and bead wire manufacturers must be “qualified.” Kiswire America has been unable to qualify grade 1080 tire cord and tire bead wire rod from any domestic wire rod producer and has also been unable to source grade 1080 tire cord or bead wire rod from any domestic source. Kiswire America has attempted to qualify [

] because these mills could not produce a consistent product with the same physical characteristics of grade 1080 or higher wire rod for tire cord and bead wire.¹⁹ As discussed in the Responses To Staff Questions, [

].²⁰ Similarly, prior to ArcelorMittal’s shutdown of its Georgetown facility,

¹⁸ Tr. at 163-164 (Mr. Minnick).

¹⁹ See **Exhibit 1** at paragraph 6 and **Attachment 2**.

²⁰ See Kiswire Post-Conf. Br. at Responses to Staff Questions, pp.2-3, 11-12.

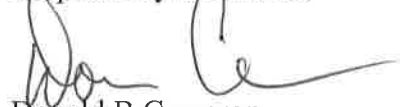
Kiswire's Pine Bluff facility worked with ArcelorMittal Georgetown facility to qualify them to produce grade 1080 for tire cord and bead wire. These efforts were also unsuccessful.²¹

Even if a domestic supplier attains the capability to produce acceptable grade 1080 and higher wire rod for tire cord and bead wire, the required qualification process could take over two years.²² Accordingly, subject imports of grade 1080 and higher tire cord and bead wire rod are not competing with the domestic industry, and this lack of competition supports a negative determination in this case.

IV. CONCLUSION

Based on the foregoing, Kiswire and Bekaert respectfully urge the Commission to find that there is no reasonable indication of material injury or threat thereof to the domestic industry from imports of grade 1080 and higher wire rod for tire cord and bead wire.

Respectfully submitted,



Donald B. Cameron
Julie C. Mendoza
R. Will Planert
Brady W. Mills
Mary S. Hodgins
Eugene Degnan
Sarah S. Sprinkle
Paul J. McGarr, Trade Analyst

*Counsel to Kiswire Ltd., Kiswire America Inc., and
Bekaert Corporation*

²¹ *Id.* at 6-7, Responses to Staff Questions pp.5-6.

²² Tr. at 164 (Mr. Minnick).

**Carbon and Certain Alloy Steel Wire Rod from Belarus, Italy, Korea, Russia, South
Africa, Spain, Turkey, Ukraine, United Arab Emirates, and the United Kingdom
Inv. Nos. 701-TA-573-574 and 731-TA-1349-1358 (Final)**

Kiswire Post-Hearing Brief Exhibit List

Exhibit No.	Title
	Responses to Commissioner Questions
Exhibit 1	Declaration of Mr. David Minnick
Exhibit 2	Data Regarding U.S. Tire Market

RESPONSES TO COMMISSIONER QUESTIONS

1. The Share Of Wire Rod For Tire Cord And Bead Wire That Is 1080 And Above

COMMISSIONER WILLIAMSON: Okay. Thank you. Let me turn to wire rod for tire cord and bead. Can other grades below 1080 be used for tire cord and tire bead? (Tr. at 91).

... Does anybody have any idea of what share of the - what is their relative share? And it's something that might be addressed post-hearing? (Tr. at 91).

ANSWER: As discussed at the hearing, David Minnick of Kiswire America estimated that 70-80 percent of wire rod for bead wire is 1080 and above, and 95 percent of the wire rod for tire cord is 1080 and above.¹ Terry Hughes of Bekaert Corporation stated that, “{f}or steel cord in North America for us, it’s 100% 1080.”² Mr. Minnick’s attached declaration shows that for Kiswire America, [] percent of wire rod for tire cord in 2016 was 1080 and above, and in 2017, the figure was [] percent 1080 and above.³ In the case of bead wire, [] percent of wire rod used by Kiswire America in 2016 was 1080 and above, and the comparable figure in 2017 was [] percent.⁴ There are other grades of wire rod below 1080 that can be used for tire cord and bead wire, but those are a small portion of the usage of wire rod for tire cord and bead wire. This wire is for certain low grade tire cord that is normal tensile wire and of very simple construction. However, tire manufacturers generally demand stronger wire to reduce the weight of the cars, and the data appear to support this.

As noted at the Preliminary Conference, Kiswire America purchased wire rod for tire cord and bead wire below 1080 from ArcelorMittal’s Georgetown facility before it closed.⁵

¹ Tr. at 207 (Mr. Minnick).

² Tr. at 207 (Mr. Hughes).

³ **Exhibit 1** at paragraph 2 and **Attachment 1**.

⁴ *Id.*

⁵ Letter to Sec’y of USITC from Morris, Manning & Martin, LLP, “Carbon and Certain Alloy Steel Wire Rod from Belarus, Italy, Korea, Russia, South Africa, Turkey, Ukraine, United Arab

Kiswire attempted to qualify Georgetown to produce grade 1080 for tire cord in 2014, but Georgetown was never able to pass the qualification process for this product.⁶

Similarly, as noted in the Declaration of David Minnick, Kiswire America [

].⁷ So when Nucor testified that: “Nucor recently shipped its first order of tire bead wire rod which was produced at our Darlington facilities in billets that were melted in our electric arc furnace,”⁸ it was **not** referring to Grade 1080 bead wire or tire cord, which it does not currently produce.⁹

The use of Grade 1080 and above for tire cord and bead wire has increased over time as automobile manufacturers have demanded lighter weight tires and increased strength. Attached as **Exhibit 2** is information and data from the U.S. Tire Manufacturers Assn. concerning the U.S. tire market.

Emirates, and the United Kingdom, Inv. Nos. . 701-TA-573-574 and 731-TA-1349-1358 (Preliminary): Post-Conference Brief” (Apr. 21, 2017) at Responses to Staff Questions at 2.

⁶ See **Exhibit 1** at paragraph 6 and **Attachment 2**, Record of Domestic Rod Supplier Tests at Kiswire.

⁷ **Exhibit 1** at paragraph 5.

⁸ Tr. at 47 (Mr. Nystrom).

⁹ See also Tr. at 127 (Mr. Nystrom): “{W}e’re just at the beginning stages of producing tire bead, and we’re pretty excited about moving through that process and developing more and more advanced tire bead applications and evaluating the tire cord into the future.” Note that [

2. The Equipment For Grade 1080 Wire Rod For Tire Cord And Bead Wire Compared To The Equipment Used For Other Grades Of Wire Rod

COMMISSIONER WILLIAMSON: Okay. What uses determine the grade of tire or bead? And is there any production equipment adjustments needed to make tire cord and tire bead wire rod? And if you wanna hit that post-hearing, I'll accept that, too. (Tr. at 92).

ANSWER: According to domestic witnesses, it is not a matter of the equipment.

According to Mr. Nystrom of Nucor: "tire bead and tire cord are made on the same equipment. It's the same type of rolling mill, same type of melt shops. It can be EAF, it can be a BOF shop, so it's just a different product among many products that we make that are wire rod."¹⁰ But since none of the U.S. producers produce tire cord using an EAF furnace, this statement appears to be more aspirational than factual.

No U.S. producer of which Kiswire or Bekaert is aware, with the exception of Evraz, produces 1080 for tire cord and bead wire in the United States. And Evraz produces Grade 1080 for tire cord using BOF ingots imported from Canada.¹¹ None of the other EAF producers are qualified to produce 1080 for tire cord, and Kiswire and Bekaert believe there are only limited quantities of Grade 1080 for bead wire available.

CHAIRMAN SCHMIDTLEIN: Are there other high end products that require the same tightly managed process and sort of cleanliness of the steel? (Tr. at 110).

ANSWER: There are, but those high end products do not need to be drawn down by 97% to 0.15-0.2 mm. As noted by [

¹⁰ Tr. at 92-93 (Nystrom).

¹¹ See Exhibit 1 at paragraph 6.

] ¹²

¹² See U.S. Purchasers' Questionnaire of [] at V-1(b), p.39.

3. Changes In The Wire Rod And Tire Cord And Bead Wire Industries since 2002

COMMISSIONER BROADBENT: So I'd like to go back to the like product argument with regard to 1080 tire cord and tire bead. So it's my understanding that in 2002, there was a scope exclusion in the wire rod case for this product and that in 2014, it was not excluded, but I don't believe anyone raised a like product argument in that case. So my question is what has changed since 2002? (Tr. at 102-103).

COMMISSIONER BROADBENT: So were they making it and was the domestic industry making it in 2002? (Tr. at 104).

COMMISSIONER JOHANSON: Given the Commission's consistent single like product definition for wire rod, to what extent is respondent's like product argument premised on technological or market changes since prior investigations? Or do you all simply contend that the Commission got it wrong when it rejected similar arguments in the past? (Tr. at 216).

ANSWER: First, no U.S. producer was making Grade 1080 wire rod for tire cord and bead wire in 2002. As discussed at the hearing, there have been a number of changes in the industry since 2002:

- The Corporate Average Fuel Economy (CAFE) standards have become far more stringent over time. This, in turn, has necessitated the drive by automobile manufacturers for stronger but lighter vehicles, including tires, as reduced weight is the primary means of increasing gas mileage. As Mr. Hughes testified, the result is 20-inch and 22-inch rims that take higher strength material to make the tires.¹³
- In 2000, Congress mandated new engineering and performance requirements for automobile tires. Those standards went into place at the end of 2002, and even more stringent standards were implemented for tires sold after September 2009. Federal Motor Vehicle Safety Standard (FMVSS) No. 139 applies to passenger and light truck tires made after September 1, 2009 for use on vehicles that have a gross vehicle weight rating

¹³ See Tr. at 216 (Mr. Hughes).

(GVWR) of 10,000 pounds or less and that were manufactured after 1975. Generally recognized as the most stringent tire performance standard in the world, FMVSS No. 139 was promulgated in response to the Transportation Recall Enhancement, Accountability and Documentation (or TREAD) Act enacted in October 2000. Among other requirements, FMVSS No. 139 mandates that tires sold in the United States perform to meet the specifications of the endurance low pressure test, which requires a tire to run for 34 hours at increasing loads on a test wheel, then run for two additional hours on the test wheel after being significantly deflated. Compliance with FMVSS No. 139 necessitates tire construction to be robust, puncture-resistant and resistant to the effects of load and heat, which requires high quality materials, including high carbon steel. Similarly, truck and bus tires sold in the United States must meet FMVSS No. 119, which includes tests for strength and high-speed performance. Additionally, truck/bus tires must meet customer and vehicle requirements for substantial load-carrying capacity to meet the demand of a diverse array of vehicles. As well, passenger/light truck and truck/bus tires are designed to contribute to vehicle fuel economy by reducing vehicle weight and lowering the tire's rolling resistance. Tire cord made from Grade 1080 and higher tire cord and tire bead quality wire rod is vital to complying with these federal standards and maintaining tire safety and performance.

- Most tire cord and bead wire today is 0.8 percent carbon and higher. In 2002, the requirement was more in the range of 0.7 percent carbon.¹⁴ The significance of this change is that U.S. producers have been largely unable to produce these qualities of wire rod using EAF furnaces. The major problem is not simply achieving the higher carbon

¹⁴ Tr. at 219 (Mr. Minnick).

content of 1080, but the need for cleanliness, the absence of residual elements and inclusions that will lead to breakage when drawing the wire rod from 5.5 mm to 0.15-0.20 mm.¹⁵ The only U.S. producer that passed for 1080 was Evraz, which was discontinued because Evraz could not produce to industrial level (quantities). Evraz was dependent on imported billets from QIT in Canada.

- In previous cases, the Commission never gathered specific data on Grade 1080 and above wire rod for tire cord and bead wire. As a result, domestic producers could claim to produce wire rod for “tire cord” or “bead wire” without being specific with respect to what specifications they could produce and what they could not. The only U.S. producer that provided Kiswire with Grade 1080 that could be used for tire cord and bead wire was Evraz, which produced it using billets imported from Canada. But Kiswire could not qualify Evraz because they could not produce in industrial quantities.

COMMISSIONER WILLIAMSON: For tire cord producers again, are there specific low bearing thresholds that are separate tire cord - that separate tire cord grades? If so, could you please share documents demonstrating and for what lows requires specific grades of tire cord? (Tr. at 227).

Okay, how do the changes in the automotive industry affect the wire rod market? I guess changes in demand in tires, but any other changes? (Tr. at 229).

ANSWER: Please refer to the above discussion of changes in the wire rod and bead wire industries since 2002. CAFE fuel standards have incentivized car manufacturers to produce stronger but lighter vehicles, including tires, as reduced weight is the primary means of

¹⁵ See **Exhibit** at paragraph 6 and **Attachment 2**, Record of Domestic Wire Rod Tests. Please note that Schedule 80 is Grade 1080, Schedule 70 is Grade 1070.

increasing gas mileage.¹⁶ As Mr. Hughes testified, the result is 20-22 inch rims that take higher strength material to make the tires.¹⁷ Similarly, in 2000, Federal Motor Vehicle Safety Standard (FMVSS) No. 139 applies to passenger and light truck tires made after September 1, 2009 for use on vehicles that have a gross vehicle weight rating (GVWR) of 10,000 pounds or less and that were manufactured after 1975. Truck and bus tires sold in the United States must meet FMVSS No. 119, which includes tests for strength and high-speed performance. Additionally, truck/bus tires must meet customer and vehicle requirements for substantial load-carrying capacity to meet the demand of a diverse array of vehicles. Tire cord made from Grade 1080 and higher tire cord and tire bead quality wire rod is vital to complying with these federal standards and maintaining tire safety and performance.

¹⁶ See Tr. at 171-172 (Ms. Norberg).

¹⁷ Tr. at 216 (Mr. Hughes).

4. BOF and EAF

COMMISSIONER WILLIAMSON: Okay, thank you. Just a couple of quick questions on the tire cord and tire bead. Do any of your firms source billets from BOF, from the BOS process to produce wire rod, and how often do you buy billets for wire rod, particularly for the 1080 or other grades? If you wanted to do it post-hearing, it's fine. (Tr. at 118).

ANSWER: As noted, Evraz manufactures Grade 1080 wire rod for tire cord wire out of ingots purchased from QIT, a Canadian producer that uses BOF. Kiswire worked with Evraz to try to qualify its 1080 wire rod for tire cord, but [

] ¹⁸

COMMISSIONER WILLIAMSON: Okay. They do say this morning, they could - now whether anybody's actually doing it - they use the electric arc furnaces to make 1080 if you have different inputs, the DRI or - is that - do you agree with that? (Tr. at 203).

ANSWER: Assertions by domestic producers that they "could" produce 1080 tire cord and tire bead wire rod are self-serving speculation that should be given no weight by the Commission. Kiswire and other U.S. customers have explained at length about the efforts they have made, without success to qualify domestic producers of 1080 grade. If the domestic industry could produce qualifying 1080 product using different inputs, one would have expected them to have done so. Kiswire [

].

¹⁸ See Exhibit 1 at paragraph 6 and Attachment 2.

COMMISSIONER WILLIAMSON: Thank you. Just to follow up on that last question, can electric arc, can they used reduced iron instead of scrap? And does that address - does that - does that make the soup a little bit more predictable or? (Tr. at 223).

ANSWER: Yes, EAFs can use direct reduced iron ("DRI") to reduce the tramp elements in the mix, but that is not sufficient to cure the problem. Many U.S. mills, including Georgetown, use or used DRI. Kiswire worked with Georgetown to try to produce Grade 1080, and they were unsuccessful.¹⁹ Moreover, if using DRI to produce Grade 1080 was that simple, U.S. mills would have done so. They have not.

¹⁹ See **Exhibit 1** at paragraph 6 and **Attachment 2**.

5. Questions Not Applicable To Grade 1080 Wire Rod For Tire Cord And Bead Wire

VICE CHAIRMAN JOHANSON: Petitioners have said subject imports have squeezed the domestic industry profit margins. Are they wrong about that? (Tr. at 200).

COMMISSIONER BROADBENT: Can the increase in the volume of subject imports be explained by purchasers' desire for multiple sources of supply, since a lot of purchasers are facing integrated producers and to be dependent on your competition for the inputs is (Tr. at 64).

ANSWER: These questions do not apply to Grade 1080 wire rod for tire cord and bead wire because domestic producers do not produce Grade 1080 wire rod for tire cord and bead wire in commercial or industrial quantities that satisfy the specifications of the wire producers or the tire manufacturers.

COMMISSIONER BROADBENT: But they're basically shifting from buying from China to buying from the subject countries? (Tr. at 66).

So when the Chinese competition stopped as a result of the order, you tried to make sales but those purchasers went to the new subject imports? (Tr. at 71)

ANSWER: To the best of our knowledge, China does not produce Grade 1080 for tire cord or bead wire.

Exhibit 1

BEFORE THE U.S. INTERNATIONAL TRADE COMMISSION

Carbon and Certain Alloy Steel Wire Rod
from Belarus, Italy, Korea, Russia, South
Africa, Spain, Turkey, Ukraine, United Arab
Emirates, and the United Kingdom

Inv. Nos. 701-TA-573-574 and 731-TA-
1349-1358 (Final)

Declaration of David Minnick

1. This declaration is being submitted by David Minnick, CEO of Kiswire America, Inc., a U.S. producer of tire cord and bead wire. As noted in my testimony at the hearing held on November, 16, 2017, Kiswire America operates four production facilities in the United States: two bead wire plants and two tire cord plants which are located in South Carolina and Arkansas. Kiswire has invested over \$250 million in these facilities. Kiswire America has suspended an additional planned investment of \$50 million pending the resolution of this investigation.
2. At the hearing, Commissioner Williamson asked about the relative share of wire rod that is used for tire cord and bead wire that is Grade 1080 and above. The numbers for Kiswire America are attached as **Attachment 1**. They show:
 - In 2016, [] percent of wire rod for tire cord was 1080 and above;
 - In 2017, [] percent of wire rod for tire cord was 1080 and above;
 - In 2016, [] percent of wire rod used for bead wire was 1080 and above; and
 - In 2017, [] percent of wire rod used for bead wire was 1080 and above.
3. At the hearing, the witness from POSCO testified that it took 5 years before it was able to produce 1080 and above wire rod for tire cord and bead wire. There are only a limited number of producers in the world that produce Grade 1080 for tire cord and beard wire:
 - POSCO in Korea.
 - Nippon Steel in Japan.
 - Kobe Steel in Japan.
 - Saarsteel in Germany.
 - British Steel in UK.
 - ArcelorMittal in Brazil
4. Petitioners testified that Global Steel Wire, S.A. (Celsa Group) and Byelorurrian Steel Works (BSW) are EAF producers that produce 1080 Grade for tire cord and bead wire. Tr. at 243-244 (Mr. Pickard). Kiswire America's parent company Kiswire Ltd. has 42 plants worldwide of which 14 produce tire cord and 11 produce bead wire. Kiswire Ltd. has not qualified either mill to produce Grade 1080 wire rod for tire cord and bead wire, and Kiswire America

is unaware that any U.S. tire manufacturer has certified them for use. Furthermore, neither of these producers is located in the United States.

5. Mr. Nystrom of Nucor stated at the hearing: "Nucor shipped its first order of tire bed wire rod which was produced at our Darlington facilities in billets that were melted in our EAF." Tr. at 46 (Mr. Nystrom). Kiswire America []
[] To my knowledge, Nucor currently does not produce Grade 1080 wire rod for either bead wire or tire cord. If they did, we would be purchasing from them.
6. As I testified, Kiswire America has worked with a number of producers to develop wire rod for tire cord and bead wire. The results are in **Attachment 2**. While Kiswire America has qualified some U.S. producers at 1065 and 1070 for tire cord and bead wire []
[], it has been unable to qualify any U. S. producer for Grade 1080.
Specifically:

[]

[]

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 27th day of November 2017.



David Minnick, CEO, Kiswire America

Attachment 1

Kiswire America

Wire Rod Usage of Grade 1080 and Over for Tire Cord and Bead Wire, 2016–2017

Steel Cord	2016	2017
Usage 1080 and Over	LC	
Total		
%		7

Bead Wire	2016	2017
Usage 1080 and Over	LC	
Total		
%		7

Source: Kiswire America

Attachment 2

Exhibit 2

This exhibit is not susceptible to public summarization.